

Scaling Heights  
Gaining Glory

**65<sup>th</sup>** ANNUAL REPORT  
वार्षिक रिपोर्ट  
2008 - 09



**FACT**

PIONEERS IN PROGRESS

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

Shri Elamaram Kareem, Minister for Industries, Inaugurates the gas scrubbing system of FACT Sulphuric Acid Plant at a Function held at FACT Udyogamandal on 23.01.09. Shri K Chandran Pillai, MP, Dr. George Sreeba, CMD of FACT, Dr. Sebastian Paul, MP, Shri K A Mohammad, MD of TCC, also seen among others.



Shri P K Gurudasan, Minister for Labour, Dr. Sebastian Paul MP, Shri K Chandran Pillai, MP, Dr. George Sreeba, CMD, Shri A Asokan, D(M), Shri Mathevan Pillai, D(F), Shri K Sasi, Director, Factories & Boilers are seen among others at the inauguration of the Kerala Institute of Welding & Research.



Shri Atul Chaturvedi, IAS, Secretary (Fertilisers) visits FACT Cochin Division





**THE FERTILISERS AND  
CHEMICALS TRAVANCORE LIMITED**

Registered Office: Eloor, Udyogamandal, Kochi.

**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the 65th Annual General Meeting of the Company will be held on Friday the 25th day of September, 2009 at 11.00.A.M at Udyogamandal Club at Eloor, Udyogamandal, Kochi to transact the following business:

**Ordinary Business**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2009 and the Profit and Loss Account for the year ended on that date and Reports of the Directors and Auditors thereon.
2. To elect a Director in place of Shri. Mathew C.Kunnumkal who retires at this Annual General Meeting and being eligible, offers himself for re-election.

**Special Business**

3. To elect Shri. Sudhir Bhargava as a Director of the company.

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

4. To elect Ms. Pratibha Karan as a Director of the company.

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

5. To elect Shri. T.M.Jeyachandran as a Director of the company.

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

6. To elect Shri. Khan Masood Ahmad as a Director of the company.

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

7. To elect Dr. R.K.Mishra as a Director of the company.

The Company has received Notice in terms of Section 257 of the Companies Act, 1956 proposing Dr. R.K.Mishra for election as a Director of the Company at this Annual General Meeting.

8. To elect Dr. B.S.Ghuman as a Director of the company.

The Company has received Notice in terms of Section 257 of the Companies Act, 1956 proposing Dr. B.S.Ghuman for election as a Director of the Company at this Annual General Meeting.



9. To elect Dr.B.Bodeiah as a Director of the company.

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

10. To elect Shri. S.Balan as a Director of the company.

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

11. To consider and if thought fit pass with or without modification the following Resolution as Special Resolution.

RESOLVED that subject to the provisions of Section 81 (1A) of the Companies Act, 1956 and other applicable provisions, if any, approval be and is hereby accorded for allotment of 29.23 crore equity shares of face value of Rs.10/- each issued at par to Government of India as conversion of loan into equity.

By Order of the Board of Directors.

Sd/-

K.V.Balakrishnan Nair  
Company Secretary

Eloor, Udyogamandal

24.08.2009

**Notes:**

1. The Register of Members will be closed from 21st September 2009 to 25th September 2009 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.3**

Government of India, Ministry of Chemicals and Fertilisers, Department of Fertilisers vide Order No. 130/8/2003-HR-1 dated 30th January 2009 appointed Shri. Sudhir Bhargava, Joint 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. Sudhir Bhargava was co-opted as additional Director of the Company with effect from 03.02.2009. 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.Sudhir Bhargava is interested in the resolution.

**Item No.4**

Government of India Ministry of Chemicals and Fertilisers, Department of Fertilisers vide Order No. 87/8/2008-HR-1 dated 25th September 2008 appointed Ms. Pratibha Karan, former IAS Officer as a Non-Official Part-time 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, Ms. Pratibha Karan was co-opted as additional Director of the Company with effect from 03.10.2008. For a fresh term from the close of the AGM, to meet the requirements under the Companies Act, she needs to be elected as a Director.

No Director other than Ms.Pratibha Karan is interested in the resolution.

**Item No.5**

Government of India Ministry of Chemicals and Fertilisers, Department of Fertilisers vide Order No. 87/8/2003-HR-1 dated 25th September 2008 appointed Shri.T.M.Jeyachandran, Chartered Accountant as a Non-Official Part-time 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.T.M.Jeyachandran was co-opted as additional Director of the Company with effect from 03.10.2008. 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.T.M.Jeyachandran is interested in the resolution.

**Item No.6**

Government of India Ministry of Chemicals and Fertilisers, Department of Fertilisers vide Order No. 87/8/2003-HR-1 dated 25th September 2008 appointed Shri.Khan Masood Ahmad, Professor, JMIU as a Non-Official Part-time 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.Khan Masood Ahmad was co-opted as additional Director of the Company with effect from 03.10.2008. 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.Khan Masood Ahmad is interested in the resolution.

**Item No.7**

Government of India Ministry of Chemicals and Fertilisers, Department of Fertilisers vide Order No. 87/8/2003-HR-1 dated 25th September 2008 appointed Dr. R.K.Mishra, Director, IPE, Hyderabad as a Non-Official Part-time 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, Dr.R.K.Mishra was co-opted as additional Director of the Company with effect from 03.10.2008. 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 Dr.R.K.Mishra is interested in the resolution.

**Item No.8**

Government of India Ministry of Chemicals and Fertilisers, Department of Fertilisers vide Order No. 87/8/2003-HR-1 dated 25th September 2008 appointed Dr. B.S.Ghuman, Professor, Punjab University as a Non-Official Part-time 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, Dr.B.S.Ghuman was co-opted as additional Director of the Company with effect from 03.10.2008. 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 Dr.B.S.Ghuman is interested in the resolution.

**Item No.9**

Government of India Ministry of Chemicals and Fertilisers, Department of Fertilisers vide Order No. 87/8/2006-HR-1 dated 4th March 2009 appointed Dr.B.Bodeiah, Ex-CMD BVFCL as a Non-Official Part-time 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, Dr.B.Bodeiah was co-opted as additional Director of the Company with effect from 06.03.2009. 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 Dr.B.Bodeiah is interested in the resolution.

**Item No.10**

Government of India Ministry of Chemicals and Fertilisers, Department of Fertilisers vide Order No. 87/8/2006-HR-1 dated 4th March 2009 appointed Shri.S.Balan, Ex-CMD RCFL as a Non-Official Part-time 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.S.Balan was co-opted as additional Director of the Company with effect from 06.03.2009. 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.S.Balan is interested in the resolution.

**Item No.11**

The Government of India, has approved a financial re-structuring package for FACT during the year 2006. As per the package, 50% of the outstanding GOI loan of Rs.584.60 crores as on 31.03.2005 (i.e Rs.292.30 crores) is to be converted into equity capital.

Government of India, Ministry of Chemicals and Fertilisers, Department of Fertilisers, has advised FACT to allot the Equity shares to Government of India at a price of Rs.10/- per share. The Department of Fertilisers has also advised FACT to obtain requisite exemption from SEBI for allotment of equity shares to Government of India at Rs.10/- per share. SEBI vide Order No.SEBI/CFD/DIL/PB/VT/165713/2009 dated 8th June 2009 has accorded approval for allotment of shares at a price of Rs.10/- per share to Government of India to the extent of Rs.292.30 crore as conversion of loan into equity.

The Board of Directors of your Company recommends the Special Resolution to comply with the directive of the Government of India, Ministry of Chemicals and Fertilisers, Department of Fertilisers.

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

**THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED**
**REGISTERED OFFICE**

 Eloor, Udyogamandal,  
 Kochi, Kerala

**BOARD OF DIRECTORS**

 Dr. George Sleeba  
 Chairman & Managing Director

 Ms. Pratibha Karan  
 Non-Official Part-time Director

 Shri. A.Asokan  
 Director (Marketing)

 Shri. T.M.Jeyachandran  
 Non-Official Part-time Director

 Shri.K.Mathevan Pillai  
 Director (Finance)

 Shri. Khan Masood Ahmad  
 Non-Official Part-time Director

 Shri.V.G.Sankaranarayanan  
 Director (Technical)

 Dr.R.K.Mishra  
 Non-Official Part-time Director

 Shri.Mathew C.Kunnumkal  
 Part-time Official Director

 Dr. B.S.Ghuman  
 Non-Official Part-time Director

 Shri.Sudhir Bhargava  
 Part-time Official Director

 Dr. B.Bodeiah  
 Non-Official Part-time Director

 Shri. S. Balan  
 Non-Official Part-time Director

**Chief Vigilance Officer**

Shri. K.C.Naredi

**Company Secretary**

Shri. K.V.Balakrishnan Nair

**Statutory Auditors**

 K.Varghese & Co  
 Chartered Accountants, Kochi

**Branch Auditors**

 M/s. A. John Moris & Co.  
 Chartered Accountants, Chennai

**Cost Auditors**

 M/s. Sukumaran & Co.,  
 Cost Accountants, Thiruvananthapuram

 M/s. S.R.Mohan & Co.  
 Chartered Accountants, Hyderabad.

**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 65th Annual Report of your Company together with the Audited Accounts and the report of the Auditors for the year 2008-09.

Your Directors are happy to inform you that during the financial year 2008-09, your Company has made an upsurge in sales, turnover and profit.

**HIGHLIGHTS**

**Net Profit - Rs.42.95 crore.**

**All time high Annual Turnover of Rs.2147 crore.**

**All time high Imported Urea Sales.**

**All time high Bio-Fertiliser production.**

**38% increase in total fertiliser sale over the previous year.**

**Introduction of New product - FACT Gypsum.**

**Launching of FACT Organic & Bio - FACT.**

**Launching of Zincated Factamfos.**

**Joint Venture operations - Incorporation of new JV Company- FRBL**

**Joint Venture with department of Factories & Boilers- KIWR**

**Production of Ammonium Sulphate using direct neutralization process.**

**Supply of waste steam to a nearby State PSU.**

**PERFORMANCE - PRODUCTION, SALES AND PROFITABILITY**

	2008-2009	2007-2008
<b>1 Production/In Tonnes</b>		
Factamfos 20:20	605047	425530
Ammonium Sulphate	128845	30478
Caprolactam	13548	6759
<b>2 Sales/In lakh Tonnes</b>		
Fertilisers	8.33	6.03
Caprolactam	0.12	0.14
<b>3 Financial/Rs.lakh</b>		
Turnover	214748	88487
Profit/Loss (-) before tax	4311.44	917.61
Provision for Fringe benefit tax	16.00	20.80
Profit/Loss after tax	4295.44	896.81
Profit/Loss b/f from previous year	(-)39517.29	(-)39535.03
Net deficit carried to Balance Sheet	(-)35221.85	(-)39517.29

Due to the accumulated loss, your Directors are not recommending any dividend for the year 2008-09.

During the year 2008-09, the production and sale of all products have shown substantial increase despite abnormal increase in raw material prices and its limited availability.

The Company's overall performance during the year 2008-09 was greatly affected by the sharp rise in the prices of key raw materials especially Sulphur and Naphtha in the first 2 quarters of the financial year and global recession in last two quarters. The steep increase in the cost of Raw materials especially that of Phosphoric acid, Sulphur, Naphtha, Benzene and Rock phosphate led to a situation where Caprolactam Plant had to be shut down for a period of more than 8 months. During the year Ammonium Sulphate plant was also shut down from 9<sup>th</sup> June 2008 to 27<sup>th</sup> August 2008. Subsequently the Ammonium Sulphate plant alone was operated by direct neutralisation process.

During the year the Company has decided to value its product Gypsum which is produced along with Phosphoric acid in the plants both in Udyogamandal and Cochin divisions. In recent years, there has been increasing demand for gypsum with a quantum jump in its realization. Six cement companies have already entered into a Memorandum of Understanding for purchase of gypsum on a regular basis. The Gypsum is also marketed now in all the Southern States as bagged gypsum on a regular basis. Further the Joint Venture project for manufacturing value added products using gypsum is nearing commissioning. Accordingly a quantity of 39.90 lakh MT, which has been assessed as the saleable quantity for the next 5 years out of a stock of 60.31 lakh MT as on 31.3.2009, has been valued at Rs. 19950 Lakh and taken into stock and shown as Income under extra-ordinary item in the Profit and Loss Account for the year 2008-09.

Towards the end of the year 2008-09, the Company has embarked on the implementation of an enterprise resource planning system - SAP - at a cost of Rs.12 crore. The system is expected to bring better integration of departments, improve the efficiency of working of departments and manpower productivity in the overall improvement in the Management Information System. SAP is expected to go live by November 2009.

The Company has entered into a Joint Venture agreement with Department of Factories and Boilers, Government of Kerala for establishment of Kerala Institute of Welding and Research to conduct courses for qualification as IBR approved welders to cater the growing needs for skilled welders both for the industries in India and abroad. A separate Society under the Travancore Literary, Scientific and Charitable Societies Act, 1955 was registered for conducting the courses relating to welding technology with a grand of Rs. 1 Crore from Government of Kerala.

FACT has launched two fertilizers with value addition of zinc – zincated factamfos and-zincated gypsum. These two products give additional micro-nutrients required by plants. In association with the Green-Kerala Clean-Kerala Mission of the Government of Kerala, FACT has initiated a massive campaign aimed at augmenting the use of organic fertilisers and bio-fertilisers in Kerala and launched two new products - FACT organic and Bio-FACT.

Performance of the Company during the first quarter of the financial year 2009-10 shows a Loss of Rs. 3451 Lakh as against the Profit of Rs.112 Lakh during the corresponding period of the previous year. The Loss during the first quarter of 2009-10 was mainly on account of annual turn around carried out during April/May 2009 and lower level of operation of Caprolactam - Ammonium Sulphate plants due to shortage of Benzene.

Your Directors are happy to inform you that with a view to achieve a 100% increase in turnover and profit over a span of 5 years, the Board of Directors have approved a vision plan for the Company for the next five years.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

A Management Discussion and Analysis Report covering the operational aspects during the year 2008-09 is enclosed.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- that in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- 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, 2009 and of profit and loss account for the year ended March 31, 2009.
- 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.
- 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.



**FACT**  
PIONEERS IN PROGRESS

# THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

## STATUTORY AUDITORS, COST AUDITORS

M/s. K.Varghese & Co., Chartered Accountants, Kochi, was re-appointed as Statutory Auditors of the Company for the year 2008-09 by the Comptroller and Auditor General of India. M/s. A.John Moris & Co, Chartered Accountants, Chennai was re-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 2008-09 by the Comptroller and Auditor General of India:

M/s. Sukumaran & Co., Cost Accountants, Thiruvananthapuram has been appointed as Cost Auditors of the Company for the year 2008-09 with the approval of the Government of India.

## Comments of Statutory Auditors

The Statutory Auditors in their report made certain comments on the Accounts of the Company for the year 2008-09. The reply to the comments of Statutory Auditors are annexed to this report.

## DIRECTORS

### RETIREMENT & APPOINTMENTS

During the year Shri.D.N.Pradhan, Director (Finance) has retired from the services of FACT on superannuation.

Government of India, Ministry of Chemicals and Fertilisers, vide order No.86/1/2007-HR-1 dated 04th November 2008 notified the appointment of Shri.K.Mathevan Pillai, Ex-General Manager, FACT, as Director (Finance).

Government of India, Ministry of Chemicals and Fertilisers, vide order No.86/2/2007-HR-1 dated 2nd December 2008 notified the appointment of Shri.V.G.Sankaranarayanan, General Manager, FACT, as Director (Technical).

Government of India, Ministry of Chemicals & Fertilisers vide order No. 130/8/2003 HR-1 dated 12th September 2008 notified the appointment of Shri Vijay Chhibber, Joint Secretary, Department of Fertilisers as part-time official Director in place of Shri Rajesh Agarwal, Director on the Board of Directors of FACT.

Government of India, Ministry of Chemicals and Fertilisers vide order No.87/8/2008-HR-1 dated 25th September 2008 notified the appointment of (i) Ms.Pratibha Karan, former IAS Officer, (ii) Shri. T.M. Jeyachandran, Chartered Accountant (iii) Shri. Khan Masood Ahmad, Professor, JMIU, (iv) Dr.R.K. Mishra, Director (IPE) and (v) Dr. B.S. Ghuman, Professor, Punjab University, as Non-Official Part-time Directors on the Board of Directors of the Company.

Government of India, Ministry of Chemicals and Fertilisers vide order No.87/8/2006-HR-1 dated 4th March 2009 notified the appointment of (i) Dr.B.Bodeiah, Ex-

CMD, BVFCL, and (ii) Shri. S.Balan, Ex-CMD, RCFL, as Non-Official Part-time Directors on the Board of Directors of the Company.

The Board placed on record its appreciation on the valuable services rendered by Shri. D.N.Pradhan, Director (Finance), Shri.Rajesh Agrawal, Director and Shri. Vijay Chhibber, Director.

## AUDIT COMMITTEE

In line with the Provisions 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 31<sup>st</sup> March 2009 was Rs.1236.54 lakh. As on 31-03-2009, 3 Depositors have not claimed their deposits amounting to Rs.0.45 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

22.08. 2009

**ANNEXURE TO DIRECTORS' REPORT**

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

**A. Conservation of Energy**

1. Raw materials/Utilities consumption of all the products is monitored regularly by evaluating the critical parameters. The raw material/energy efficiency is reviewed on a monthly basis to identify the weak areas and rectify the short comings.
2. In SO<sub>2</sub> / Acid plant at Udyogamandal Complex, by modifying the duct system, flexibility in operation with either the steam driven main Air Blower or motor driven 'Andrew Yule' Blower was attained. This ensured minimizing energy cost at all situations.
3. Low load operation of Ammonia plant necessitates running two boiler feed pumps of Captive Power Plant at part load. This was avoided by installing a motor driven feed water pump of optimal capacity. Power savings expected by the installation and operation of the new pump is 70KW approximately.
4. Installation of an overhead tank for gravity feed of sulphate liquor to both Amophos plants eliminated need for pumping the same and resulted in considerable saving of energy.
5. The replacement of conventional 200W GLS lamps and 38 W Tube lights by energy efficient 20W CFL lamps in plants/control room resulted considerable savings in energy.
6. The 600 KW motor in the DH Fan in NPK plant at Cochin Division was replaced with a steam turbine drive. Conversion to steam turbine drive resulted in considerable energy savings as it could be run on excess steam available.

**B. Technology Absorption, Adaptation and Innovation**
**Efforts in brief**

1. The Ammonium Sulphate Plant at Udyogamandal was modified to produce Ammonium Sulphate, a joint product of Caprolactam, by Direct neutralization of Ammonia and

- Sulphuric acid, with out the need to run Caprolactam Plant.
2. During the year 2008-09, a scheme was developed for drawing liquid ammonia directly from Petrochemical Plants storage instead of maintaining a separate storage and pumping facility in the raw material sections of fertilizer plants.
3. Sulphuric acid plant generates surplus steam during part load operation of other steam consuming sections. A scheme was conceived, designed and implemented for making use of the surplus steam.

**Benefits derived**

1. Now FACT can produce Ammonium Sulphate directly without the production of Caprolactam.
2. The direct pumping of liquid ammonia from Petrochemical Plants to Phosphate plants reduced the Manpower requirement as well as resulted in considerable savings in energy.
3. A scheme for supply of surplus steam on chargeable basis to Travancore Cochin Chemicals Ltd (TCC) was commissioned on 16.01.2009. The scheme is beneficial to both TCC and FACT.

**3. 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 2008-09, 3842 MT of Caprolactam was exported as against 3502 MT during 2007-08. The exports were 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 earned	3633.01	3244.90
Foreign Exchange Outgo		
(i) C.I.F.Value of Imports:		
(a) Raw Materials	88516.89	42451.43
(b) Spares and Other Materials	9816.84	3681.85
(c) Capital Goods	0.00	395.56
	98333.73	46528.84
(ii) Expenditure in Foreign Currency (Cash Basis)		
(a) Consultancy Service	0.00	38.86
(b) Others	18.86	14.81
	18.86	53.67
Total (i) + (ii)	98352.59	46582.51



**Form A**

Form for disclosure of particulars with respect to conservation of energy: 2008 - 2009

**(A) POWER AND FUEL CONSUMPTION**

Particulars	Udyogamandal Division		Cochin Division		Petrochemical Division	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
(1) ELECTRICITY						
(a) Purchased						
Unit : Lakh KWH	411.65	357.73	544.84	462.16	179.94	154.32
Amount Rs in Lakh	1688.23	1336.19	2133.72	1692.33	738.00	578.16
Rate/ Unit: Rs/KWH	4.10	3.74	3.92	3.66	4.10	3.74
(b) Own Generation						
(i) Through Steam Turbine/Generator						
Unit: Lakh KWH	222.80	45.82	-	-	146.45	92.63
Unit per litre of fuel						
KWH/ litre	3.96	3.92	-	-	3.69	3.30
Cost/ Unit: Rs/ KWH	8.08	7.06	-	-	8.68	7.84
(ii) Transfer from other Divisions						
Unit: Lakh KWH	0.00	0.12	-	-	21.02	1.47
Unit per litre of fuel						
KWH/ Litre	-	3.30	-	-	3.96	3.92
Cost/ Unit: Rs/ KWH	-	7.84	-	-	8.08	7.06
(2) FURNACE OIL/LSHS						
Quantity: Tonnes	44227.34	8601.13	9506.07	9341.60	18186.04	13622.86
Total Cost Rs in Lakh	9644.33	1335.55	2287.24	1522.20	4096.82	2347.12
Average Rate Rs/MT	21806.26	15527.61	24060.88	16294.85	22527.28	17229.27

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

Sl No.	PRODUCT.	ELECTRICITY			NAPHTHA			FURNACE OIL/LSHS		
		Unit	2008 - 09	2007-08	Unit	2008 - 09	2007-08	Unit	2008 - 09	2007-08
	<b>UDYOGAMANDAL DIVISION</b>									
	Ammonia - New Plant	KWH	145	585	MT	0.6954	0.7689	MT	0.2219	0.3402*
	Sulphuric Acid	KWH	73	80	-	-	-	-	-	-
	Phosphoric Acid	KWH	0	0	-	-	-	-	-	-
	Ammonium Sulphate	KWH	54	57	-	-	-	-	-	-
	Factamfos 20:20	KWH	39	44	-	-	-	MT	0.0199	0.0199
	<b>COCHIN DIVISION</b>									
	Sulphuric Acid	KWH	18	24	-	-	-	MT	0	0.0073
	Phosphoric Acid	KWH	238	250	-	-	-	-	-	-
	Factamfos 20:20	KWH	62	72	-	-	-	MT	0.0196	0.0198
	<b>PETROCHEMICAL DIVISION</b>									
	Caprolactum	KWH	2564	3676	-	-	-	MT	1.4428	1.6486*

\* Includes fuel oil used for power generation

**FORM – B**
**RESEARCH AND DEVELOPMENT (R&D)**

FACT Research and Development Centre function with the aim of carrying out in-depth research in new fertiliser formulations and value addition of existing product lines in the Organisation.

**1. Specific Areas on which the Company carried out R&D.**
**i) Quality Control Cell**

R & D Centre is carrying out the specialised services such as monitoring and controlling the quality of the finished products and evaluation of post despatch quality as a part of three tier quality control system practiced in the Company.

**ii) Bio-fertiliser Production**

R & D Centre produces Bio-fertilisers such as Rhizobium, Azospirillum and Phosphobacter (*Bacillus Megatherium*) from its 150 TPA plant.

**iii) Study on the effects of Phosphorus Solublising Bacteria (PSB) on Rock Phosphate**

During the year 2008-09, R&D Centre has conducted a study on the effects of Phosphorus Solublising Bacteria (PSB) on Rock Phosphate.

**iv) Study on the incorporation of zinc in NP fertilizer grade 16:20:0:13**

R&D Centre has carried out a study to understand the maximum possibility of zinc incorporation in complex fertilizers.

**v) Studies on reducing Sulphur content in Factamfos:**

In order to reduce the sulphur content in Factamfos 20:20:0:13, R&D Centre has conducted study during the year 2008-09.

**vi) Zinc fortified Factamfos 20:20:0:13**

R&D Centre has conducted several experiments to incorporate zinc in the complex fertilizers Factamfos 20:20:0:13 with 0.5% zinc level.

**2. Benefits derived**

i) The monitoring and controlling the quality of finished products has established the credibility of the products of the company. The quality monitoring will also help to reduce the  $P_2O_5$  loss due to extra nutrient content in Factamfos 20:20:0:13.

ii) R & D Centre has produced 32.31 MT of Bio-fertilisers during the year 2008-2009 and despatched 28.09 MT for distribution to all the Southern states.

iii) The ability of phosphobacter to solublize the insoluble phosphate into plant assimilable phosphatic forms is established from the study on the effects of Phosphorus Solublising Bacteria (PSB) on Rock Phosphate.

iv) The study on the incorporation of zinc in NP fertilizer grade 16:20:0:13 resulted in finding that zinc fortification is possible to the level of 2%.

v) R&D Centre has submitted its report on study on reducing sulphur content in Factamfos. A trial run was completed at Cochin Division

vi) The experiments to incorporate zinc in the complex fertilizers factamfos 20:20:0:13 was successful and the zinc-fortified factamfos is now ready for launching.

**3. Future Plan of Action**

i. Studies on value addition of Ammonium Sulphate, Phosphogypsum and Organic fertilisers.

ii. Studies to find out locally available alternative carrier materials for the sustainable production of Bio-fertilisers.

iii. Efforts are initiated to continue the quality control cell activities covering the entire Marketing network.

**4. Expenditure on R&D**

Details of expenditure on R&D are given separately.

EXPENDITURE ON R&D				
Year	Capital	Revenue	Total	Rs.in Lakh
				As % of total Turnover
2006-2007	0.00	29.77	29.77	0.020
2007-2008	1.13	26.83	27.96	0.032
2008-2009	0.00	36.24	36.24	0.017



**COMMENTS OF THE STATUTORY AUDITORS AND COMPANY'S  
REPLIES ON THE ACCOUNTS FOR THE YEAR ENDED 31.03.2009**

COMMENTS	REPLY
<p>1. The company has taken into credit Rs.414.12 lakhs 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 the dispute between the company and the transporting contractor is pending decision of arbitrator and invocation of the bank guarantee is pending before the Honourable High Court of Kerala and the transporting contractor has also raised a claim of Rs.172988.17 lakh against the company, there is significant uncertainty regarding recovery of interest and consequently recognition of interest of Rs.414.12 lakh in this regard is inconsistent with AS 9. (Revenue Recognition) and consequently receivables amounting to Rs.1483.92 Lakhs accounted in this regard from 2004-05 onwards is overstated.</p> <p>2. Had the observations made by us in para above been considered, the profit before tax would have been Rs.3897.32 lakh instead of Rs.4311.44 lakh as disclosed.</p>	<p>This is the interest payable by M/s. Ardeshir B.Cursetjee And Sons Limited on the advance given by the Company against the strength of a Bank Guarantee submitted by them, which covers the due payment of interest amount also. The interest amount is receivable by the Company and as in the past, the interest income has been accounted in the current year also. Thus there is no overstatement of receivables.</p> <p>Since interest is receivable on the advance given to the contractor, the accounting of interest and the Profit before Tax disclosed may be found in order.</p>

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**Fertiliser Industry**

The fertilizer industry has played a significant role in the development of agriculture in India. Majority of the rural population in India still depend on agriculture for their livelihood and agriculture and allied activities contribute about 30% of GDP of India. Growth and development of agriculture in India derives a significant stimulus from the fertilizer industry. Development and growth of this vital industry is crucial for the sustainable growth of agriculture and to ensure food security of the nation.

The main issue confronting the fertilizer industry in India is the volatility in the prices of feed stock/raw materials coupled with the limited availability and the uncertain policy environment.

In India there has been a surge in the demand for fertilizers in the past few years. However, the robust growth in consumption propensity has not been met with the required surge in fertilizer production. This has widened the gap between demand and supply of fertilizers. Therefore India has to depend on import of large quantity of fertilizers to meet domestic demand.

**Industry Structure and Development**

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



towards the end of 1962, Government of India became the major shareholder.

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

FACT's mission is to be a market leader in Fertilisers/Petrochemicals and a significant player in all its other business 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 & 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 term.
- 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 2008-2009**

**UDYOGAMANDAL COMPLEX**

**Udyogamandal Division:** During the year 2008-09 Udyogamandal Division produced 115817 MT of Factamfos 20:20 and 128845 MT of Ammonium Sulphate. During the financial year 2007-08, production of Factamfos and Ammonium Sulphate were 90800 MT and 30478 MT respectively.

Nutrient wise the production during 2008-09 was 49700 MT of N and 23163 MT of P<sub>2</sub>O<sub>5</sub> as against 24438 MT of N and 18160 MT of P<sub>2</sub>O<sub>5</sub> during the previous year.

**Petrochemical Division:** The production of Caprolactam for the year 2008-09 was 13548 MT as against 6759 MT during the year 2007-08.

**Cochin Division:** During the financial year 2008-09 Cochin Division produced 489230 MT of Factamfos 20:20 as against 334730 MT during the year 2007-08.

The production of Nutrient nitrogen and Nutrient P<sub>2</sub>O<sub>5</sub> was 97900 MT as against 66846 MT during the last year.

During the year annual production of Sulphuric Acid and Phosphoric Acid are 268940 MT and 38220 MT respectively.

**Marketing Division:** Fertiliser sales during 2008-09 was 8.33 Lakh MT as against 6.03 lakh MT during previous year.

During the year under report, the division achieved new record in sale of imported fertilizers and bio-fertilisers. The division sold 92000 MT of imported fertilizers and 29.90 MT of bio-fertilisers during the year 2008-09.

FACT is planning to market organic fertilizers under the brand name FACT Organic. Similarly the company is also planning to market two new products developed by R&D center viz. Zinc Fortified Factamfos & Zinc Fortified Gypsum and crop specified mixtures like Coconut Mix, Rubber Mix, Banana Mix and Cardamom Mix.

**FEDO:** During the year 2008-09 FEDO has orders on hand worth Rs.2238.59 lakh compared to Rs.2080 lakh in 2007-08. FEDO has considerably improved its order position in comparison to the previous year. FEDO has earned a profit of Rs.37 lakh, compared to a loss of Rs.81 lakh during the year 2007-08.

**FEW :** The turnover of FEW for the year 2008-09 was Rs.613 lakh as against Rs.607 lakh for the year 2007-08. During the year FEW has bagged orders for a value of Rs.425 lakh as against Rs.1065 lakh for the year 2007-08.

The Process industry is expected to generate more demand for pressure vessels and heat exchangers for replacement as well as for its capacity expansion. This is likely to provide opportunities for FEW for better performance during next year.

## Opportunities and Threats

### Opportunities

- Premium product in the complex fertilizer segment containing sulphur.
- Strong Marketing network in Southern India.
- 2130 acres of land and infrastructure facilities.
- Operational efficiency and high capacity utilisation of plants.
- Scope for expansion and diversification.

### Threats

- Volatility in the prices of raw materials and feedstock like Naphtha, Furnace Oil, etc
- Inadequate compensation for Factamfos under the present price concession scheme.
- Inadequate realization from the sale of Ammonium Sulphate.
- Fluctuations in the price of Caprolactam.
- Non-availability of sufficient quantity of Benzene, Phosphoric Acid, etc.

### Segmentwise or Productwise Performance

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

### Risk and Concern

- Non-availability of sufficient working capital and severe liquidity crunch
- Lack of product differentiation.
- Decreasing Market share of FEDO & FEW due to stiff competition.
- Loss on Caprolactam on account of price de-control/ withdrawal of subsidy of the co-product Ammonium Sulphate.
- High cost of Captive Ammonia due to high price of naphtha as compared to Gas.

### 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 2008-09. There was no work stoppage affecting the normal operations of the Company.

### Human Resources Development

During the year 2008-09 the company has recruited 30 Management Trainees in technical discipline.

A special recruitment drive for filling up of 25 back log vacancies of persons with disabilities was initiated during the period under report.

### Training

During the year 2008-09, the Training Centre provided training to 818 managerial and 551 non-managerial employees. Training Centre continued to its activities on skilled development courses in employment oriented subjects, using the facility and faculty of FACT. Statutory training was provided to apprentices of various trades and 116 apprentices got trained under various streams.

### Development of SC/ST

#### Steps taken for welfare of SCs/STs

##### 1. Employment / fresh recruitment

The Company has taken all measures for reservation of SCs/STs 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. 36 SC/ST employees have joined during the period.

##### 2. Training

In-service training to Company employees is arranged through our Training Department. Maximum representation is ensured for SC/ST employees to attend in-house training programmes. 174 SC employees and 24 ST employees had undergone training this year.

For engagement of Apprentices under the Apprentices Act, reservation as per rules is provided. The representation for SC/ST in apprentices as on 31.3.2009 is as follows:

Total No.	SC	ST
133	16	1

### 3. SC/ST Grievance Cell

An SC/ST Grievance Cell is functioning in the Company to redress the grievances 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. The quarters allotted to SC/ST employees are as follows:

Total No. occupying Quarters	SC	ST
834	189	32

### 5. Reservation in Dealership

Due consideration is given for allotment of Dealership to SCs/STs. Details of dealership allotted to SC/ST is given below:

Category of Dealership	As on 31.3.2009
Total Dealership	8054
SC	588
ST	51

### Official Language

FACT gives 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.

### Pollution Control Activities

FACT has been always giving top priority for social responsibility and environmental protection. During the year 2008-09, FACT installed a new start - up alkali scrubber for the Sulphuric acid plants in Udyogamandal division. The new system will ensure that the SO<sub>2</sub> emission and the resulting atmospheric pollution during start - up is minimised. With the new facility, FACT has been unique distinction of having start - up scrubber system in all its Sulphuric acid plants.

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 plant was kept in operation along with the parent plant through out the year for treating the effluents by effective pollution control measures. The characteristics of the treated effluents leaving the factory and the emission from the stacks are maintaining within the limits set by the Kerala State Pollution Control Board. FACT has 3 computerised ambient air monitoring station installed at Udyogamandal to monitoring the quality of the air around the factory and to ensure a clean environment to the locality.

### Short term strategies/Plans

In order to survive in the highly competitive environment and be resilient to effects of market factors like volatility in raw material prices, FACT has set forth a road map aimed at improving the efficiency and productivity of its existing plants and for growth and diversification mainly in the core sector relating to the production of fertilizers and petrochemicals. FACT has also plans to foray into related sectors like infrastructure development through joint venture projects on its land which will bring in additional revenue to the company. Following are the short term plans / strategies of the company to enhance its profitability.

#### 1. Mechanisation of bagging operation at Cochin Division

In order to improve productivity and reduce manpower by 65%, it is proposed to fully automate the labour intensive bagging and loading operations at Cochin Division. This scheme involves installing automatic bagging machine and use of wagon and truck loading machines to reduce the dependency on manual labour. The estimated cost for the modification is approximately Rs.21 crore and it is planned for completion by end of 2010.

## 2. Marketing of Organic Fertilisers

FACT intends to strengthen its presence in the field of organic fertilizers. The Company has drawn up plans for marketing of organic fertilizers generated from the solid waste treatment plant of the Corporation of Kochi at Bramapuram.

## 3. Complex Fertilisers

At present FACT has a capacity to produce 6.33 lakh MT of complex fertilizers – Factamfos 20:20:0:13. FACT intends to expand its existing complex fertilizers plant at Cochin Division from 2000 MT to 3000 MT per day. This will increase the turnover of the company by Rs.500 crore.

## 4. Container Freight Station

FACT intends to set up Container Freight Station at Udyogamandal in association with Container Corporation of India Limited and Central Warehousing Corporation.

### Long Term Policies

#### 1. Switch over to LNG

The Company has drawn up plans for switch over of feed stock for the Ammonia plant and fuel for the boilers and complex fertilizer plants to LNG as and when the LNG terminal comes on line at Kochi. The required modifications on the plants for switch over of feed stock are planned for completion by April 2011. The Company expects to reap the benefits of a lower LNG price compared to naphtha to generate profit in its existing plants. The availability of LNG would also improve the viability of the new ventures planned by the company.

#### 2. New Urea Plant

FACT intends to put up a new Urea plant with a capacity of 5 lakh MT per annum at Udyogamandal as an add on to the existing 900 TPD Ammonia Plant. The estimated cost for the project is Rs.695 crore. This project is targeted to be on line by the time LNG is available in Kerala by 2011-12.

#### 3. Revamp of the raw material storage and handling system at Willingdon Island

To cater to the receipt and handling of larger volumes of raw materials to meet the requirements of the proposed expansion/revamps it will be essential to refurbish the present facilities at Willingdon Island. This would include

replacement of the old conveyor systems, improving the dust handling facilities, increasing the number of barge unloading points and replacement of the grab type ship unloader with modern continuous type ship unloader. This will improve the unloading rate of bulk raw materials like sulphur, rock etc. from the present average of 3000 MT per day to 10000 – 15000 MT per day. This would provide substantial economic benefits to the company in the form of reduced freight by way of facilitating the handling of larger shipments.

The estimated cost for these modifications will be around Rs.70 crore. These schemes are proposed to be made ready by 2011-12.

#### 4. Expansion of Caprolactam production capacity

FACT intends to expand the production capacity of its Caprolactam plant by 1,00,000 MTPA utilizing the low sulphate route. The ammonium sulphate production after the expansion will remain at the current levels of 2,25,000 MTPA. This project envisages meeting the additional requirements of cyclohexanone partly through a revamp of the existing Anone plant and partly through imports. The estimated cost of this project is Rs.750 crore and it will increase the turn over of FACT by Rs.800 crore. The possibility of reviving the earlier techno-commercial interest shown in this venture by the process licensor M/s.Stamcarbon will be explored again.

### Outlook for the future

On completion of all these projects and implementation of the Vision Plan for the next five years, FACT will become profitable on a sustainable basis. The profitability will increase substantially after FACT is able to switch over from naphtha to LNG as feed stock. FACT expects to achieve a 100% increase in its present turnover and profit during the next five years.



## REPORT ON CORPORATE GOVERNANCE

### I 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

SI.No	Name	Nature of Directorship
1	Dr.George Sleeba	Chairman and Managing Director
2	Shri A.Asokan	Director(Marketing)
3	Shri.K.Mathevan Pillai	Director (Finance)
4	Shri. V.G.Sankaranarayanan	Director (Technical)
5	Shri. Mathew C.Kunnumkal	Part-time Official Director. (Nominee of Govt. of India)
6	Shri.Sudhir Bhargava	Part-time Official Director (Nominee of Govt. of India)
7	Ms.Pratibhakaran	Non-Official Part-time Director
8	Shri.T.M.Jeyachandran	Non-Official Part-time Director
9	Shri.Khan Masood Ahmad	Non-Official Part-time Director
10	Dr. R.K.Mishra	Non-Official Part-time Director
11	Dr.B.S.Ghuman	Non-Official Part-time Director
12	Dr.B.Bodeiah	Non-Official Part-time Director
13	Shri. S.Balan	Non-Official Part-time Director

### Board Meetings

SI.No	Date of the Board Meeting	Venue	Filled strength	Directors present
1	21.04.2008	Kochi	5	4
2	09.05.2008	New Delhi	4	4
3	12.07.2008	Udyogamandal	4	3
4	08.08.2008	Udyogamandal	4	3
5	26.09.2008	Udyogamandal	4	3
6	31.10.2008	Udyogamandal	9	5
7	12.01.2009	Udyogamandal	11	10
8	21.02.2009	New Delhi	11	8
9	23.03.2009	Udyogamandal	13	12

**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	01-04-2008/31-03-2009	9	9	2
2	Shri.D.N.Pradhan	01-04-2008/30.04.2008	1	1	-
3	Shri A.Asokan	01-04-2008/31-03-2009	9	8	1
4	Shri.K.Mathevan Pillai	03-11-2008/31-03-2009	3	3	-
5	Shri. V.G.Sankaranarayanan	04-12-2008/31-03-2009	3	3	-
6	Mathew C.Kunnumkal	01-04-2008/31-03-2009	9	8	5
7	Shri.Rajesh Agrawal	01-04-2008/27-09-2008	4	1	2
8	Shri Vijay Chhibber	27-09-2008/22-01-2009	3	0	-
9	Shri.Sudhir Bhargava	03-02-2009/31-03-2009	2	2	3
10	Ms.Pratibha Karan	03-10-2008/31-03-2009	4	2	1
11	Shri.T.M.Jeyachandran	03-10-2008/31-03-2009	4	3	-
12	Shri.Khan Masood Ahmad	03-10-2008/31-03-2009	4	3	-
13	Dr.R.K.Mishra	03-10-2008/31-03-2009	4	4	2
14	Dr.B.S.Ghuman	03-10-2008/31-03-2009	4	3	-
15	Dr.B.Bodeiah	06-03-2009/31-03-2009	1	1	-
16	Shri.S.Balan	06-03-2009/31-03-2009	1	1	-

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

Sl.No.	Name	Age	Date of Directorship	Remarks
1	Shri Mathew C.Kunnumkal	58	05-02-2008	Director retiring by rotation and being re-elected
2	Shri. Sudhir Bhargava	54	03-02-2009	New Director
3	Ms.Pratibha Karan	65	03-10-2008	New Director
4	Shri.T.M.Jeyachandran	55	03-10-2008	New Director
5	Shri.Khan Masood Ahmad	56	03-10-2008	New Director
6	Dr.R.K.Mishra	60	03-10-2008	New Director
7	Dr.B.S.Ghuman	55	03-10-2008	New Director
8	Dr.B.Bodeiah	64	06-03-2009	New Director
9	Shri.S.Balan	64	06-03-2009	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 Additional Secretary and Financial Adviser in the Department of Fertilisers, Ministry of Chemicals and Fertilisers. He is also a Director of Rashtriya Chemicals and Fertilisers Ltd, National Fertilisers Ltd, Hindustan Antibiotics Ltd, Hindustan Insecticides Ltd and Krishak Bharati Co-operative Ltd.

**Shri Sudhir Bhargava**

Shri Sudhir Bhargava is a Post Graduate in Physics and International Economics Finance and international development policy belongs to 1979 Batch of Indian Administrative Service. Held number of key positions in the Ministry. At present he is the Joint Secretary in the Department of Fertilisers, Ministry of Chemicals and Fertilisers. He is also a Director of Madras Fertilisers Ltd, National Fertilisers Ltd and Oman India Fertiliser Company. He is a member of the Audit Committee of the Board.

**Ms.Pratibha Karan**

Ms. Pratibha Karan is a retired IAS officer. She held various key positions in Government of India and has rich administrative experience. She is also a Director of Knight Watch Security Limited. She is a member of the Shareholders/Investors Grievance Committee of the Board.

**Shri. T.M.Jeyachandran**

Shri.T.M.Jeyachandran is a Fellow of the Institute of Chartered Accountants of India. He has rich professional and administrative experience. He is the Chairman of the Audit Committee of the Board. He is also a member of other Sub-Committees of the Board.

**Shri. Khan Masood Ahmad**

Shri. Khan Masood Ahmad is a Professor in the Department of Economics, in Jamia Millia Islamia Central University. He is specialised in the area of Econometrics, International Finance & Banking. He is a member of the Shareholders/Investors Grievance committee of the Board.

**Dr.R.K.Mishra**

Dr.R.K.Mishra is the Director of Institute of Public Enterprise, Hyderabad. He is a graduate in International Management Programme, SDA Bocconi, Milan, Italy. Dr. R.K.Mishra has been awarded Fellowships by UNDESA, ICSSR and UGC. He has several international and national



publications. He is also a Director of Mishra Dhatu Nigam Limited. He is a member of the Audit Committee and other Sub-committees of the Board.

**Dr.B.S.Ghuman**

Dr.B.S.Ghuman is a Post Graduate in Economics and awarded Doctorate in Economics. He is an eminent economist, working as Dean, Faculty of Arts and Professor of Public Administration in Punjab University, Chandigarh. He has rich experience in Administration. He was a member of the Board of Directors of FACT from 13.12.2002 to 30.12.2005. He is a member of the Audit Committee and other Sub-committees of the Board.

**Dr. B.Bodeiah**

Dr.B.Bodeiah is a graduate in Mechanical Engineering and a Post Graduate in Industrial Engineering. He obtained his Ph.D from International University USA. He has 38 years of experience in Fertiliser Industry. He held various key positions in Coromondal Fertilisers Ltd and National Fertilisers Limited. He was the Chairman and Managing Director of BVFCL.

**Shri.S.Balan**

Shri. S. Balan has rich administrative and professional experience in Fertiliser Industry. He was the Chairman and Managing Director of Rashtriya Chemicals and Fertilisers Limited. During 2001 he held the additional charge of the post of Director (Finance) FACT and from 1.3.2004 to 4.7.2005 he held additional charge of the post of Chairman and Managing Director, FACT.

**V Audit Committee**

Sl.No	Name	Nature of Directorship
1	Shri. T.M.Jeyachandran	Non-official Part-time Director
2	Shri Sudhir Bhargava	Part-time Official Director
3	Prof. R.K.Mishra	Non-official Part-time Director
4	Dr.B.S.Ghuman	Non-official Part-time Director
5	Director (Finance)	Permanent Invitee
6	Chief Vigilance Officer	Permanent Invitee
7	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 Members	Number of Members Attended
21.04.2008	3	2
12-07-2008	3	2
31-10-2008	2	2
12.01.2009	4	3

## 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 (nominees of the Government of India). FACT is paying only sitting fee to Non-official Part-time Directors for attending Board/Sub-Committee meeting.

Remuneration of the below Board level executives are fixed on the basis of Government guidelines in this regard with the approval of the Board of Directors and Government of India.

The remuneration/wages of employees/workers is finalized on the basis of agreement with unions and with the approval of Board/Government of India.

The Company has constituted a Sub-Committee of the Board consisting of the following Directors to consider the revision of Salaries/Wages of below Board level executives and unionised workers.

1. Prof. R.K.Mishra, Director
2. Dr. B.S.Ghuman, Director
3. Shri. K. Mathevan Pillai, Director (Finance)

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 consisting of the following Directors to look into the complaints/grievances of Shareholders.

1. Ms. Pratibha Karan, Director
2. Shri. A.Asokan, Director (Marketing)
3. Shri. Khan Masood Ahmad, Director

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

The Committee meets once in 15 days provided there is any share transfer request to approve. As on 31-3-2009 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.

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 Standing Purchase committee

The Board of Directors of company has constituted a standing purchase committee for import/ procurement of Fertilisers, Raw-materials and intermediates. The members of the committee are:

- |   |   |          |
|---|---|----------|
| 1. Prof.R.K.Mishra, Director                        | - | Chairman |
| 2. Shri. T.M.Jeyachandran, Director                 | - | Member   |
| 3. Shri. A.Asokan, Director (Marketing)             | - | Member   |
| 4. Shri. K. Mathevan Pillai, Director (Finance)     | - | Member   |
| 5. Shri. V.G.Sankaranarayanan, Director (Technical) | - | Member   |

### IX General Body Meetings

Year	Date	Time	Venue	Detailsof Special Resolution
2005-2006 AGM	29-09-2006	10.00AM	Udyogamandal	Enhancement of Authorised Capital
2006-2007 AGM	28-09-2007	10.30AM	Udyogamandal	Nil
2007-2008 AGM	27-09-2008	10.30AM	Udyogamandal	Nil

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

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

### X. Disclosure

During the year 2008-09, 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 Nifty, Sensex, etc. is not found feasible.

#### XI 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](http://www.fact.co.in)

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

#### XII General Shareholders Information

Information relating to the Annual General Meeting & Financial Calendar for 2009-2010 are given below:

<b>65<sup>th</sup> Annual General Meeting</b>			
Day	Date	Time	Venue
Friday	25th September 2009	11.00 AM	Udyogamandal Club

<b>Financial Calendar for 2009-10</b>		
1st Quarter Financial Results	Published on	24.07.2009
2nd Quarter	" "	4 <sup>th</sup> week of October 2009
3rd Quarter	" "	4 <sup>th</sup> week of January 2010
4th Quarter	" "	4 <sup>th</sup> week of April 2010

<b>Dates of Book Closure</b>	21st September 2009 to 25 <sup>th</sup> September 2009
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<b>Dividend Payment date</b>	No dividend is being declared
------------------------------	-------------------------------

<b>Listing</b>
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 2009-2010

<b>Stock Code</b>	
Name of Stock Exchange	Stock Code
National Stock Exchange of India Ltd, Mumbai	FACT



**XIII Market Price**

The high, low market price during each month in last financial year 2008-09 as available from the National Stock Exchange of India Limited are given below:

Month	High (Rs.)	Low (Rs.)
April-2008	39.90	23.00
May-2008	42.40	33.10
June-2008	34.95	26.50
July-2008	28.85	24.45
August-2008	30.45	27.00
September-2008	36.00	25.70
October-2008	25.40	16.10
November-2008	23.70	16.90
December-2008	21.70	16.90
January-2009	22.40	17.70
February-2009	28.55	18.85
March-2009	24.00	19.00

**XIV Share transfer /Depository Agent:** M/s. Cameo Corporate Services Limited, 'Subramanian Building' No.1, Club House Road, Chennai-600002.

**XV Share Transfer System**

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

**XVI Distribution of shareholding as on 31-03-2009**

Shareholding of nominal value of Rs.	Shareholders		Amount (Rs)
	Number	% to Total	
Upto 5000	12955	89.47	16290250
5001 - 10000	864	5.97	7572460
10001 - 20000	340	2.35	5420100
20001 - 30000	111	0.77	2857260
30001 - 40000	60	0.41	2189970
40001 - 50000	54	0.37	2583490
50001 - 100000	46	0.32	3340220
100001 and above	49	0.34	3507465990
Total	14479	100.00	3547719740



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

In accordance with the Direction of SEBI, trading of FACT shares have been brought under Compulsory De-mat segment for all categories of investors with effect from 26<sup>th</sup> June 2001. The Company has executed tripartite agreement with both the Depositories ie NSDL and CDSL and the share transfer agents of the Company. As on 31-3-2009, 6250462 Equity shares have been dematerialized.

**XVIII 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.

**XIX Plant Locations**

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

**XX 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 Sleeba

**CHAIRMAN AND MANAGING DIRECTOR**

Udyogamandal  
22.08.2009



**FACT**  
PIONEERS IN PROGRESS

## THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

**K.VARGHESE & CO.**  
**CHARTERED ACCOUNTANTS**  
Sageti Business Centre, IInd Floor,  
Choolackal Building, Opp. Metro Plaza,  
North Market Road,  
Ernakulam - 682 014.

Phone: 0484-2398398  
94470 70400  
92872 70400

e-mail:kochi@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 31<sup>st</sup> March 2009, 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.

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  
M.No.20674

Place : Kochi  
Date : 22-08-2009



**FACT**  
PIONEERS IN PROGRESS

# THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

**K.VARGHESE & CO.**

**CHARTERED ACCOUNTANTS**

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## AUDITORS' REPORT

To the Members,

The Fertilisers and Chemicals Travancore Limited, Udyogamandal.

1. We have audited the attached Balance sheet of the Fertilisers and Chemicals Travancore Limited, Udyogamandal, as at 31<sup>st</sup> March, 2009 the Profit and Loss Account and also the Cash Flow statement for the year ended on that date annexed thereto. The Balance Sheet as at 31-03-2009 and the Profit & Loss Account and also the Cash flow statement for the year ended on that date of the Company together with the schedules and notes attached thereon as approved by the Board of Directors, authenticated on its behalf and audited and reported upon by us on 30-6-2009 have been since amended by the Company, based on the provisional comments issued by the Principal Director of Commercial Audit and Ex-Officio Member, Audit Board, Chennai under Section 619(4) of the Companies Act 1956. These financial statements are the responsibilities of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) Amendment Order, 2004 issued by the Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.

4. Further to our comments in the Annexure referred above, we report that:

a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

b. In our opinion proper books of account as required by law have been kept by the Company in so far as appears from our examination of those books and proper returns adequate for the purposes of our Audit have been received from the area/regional offices not visited by us. The area/regional Auditor's 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. 414.12 lakhs 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 the dispute between the company and 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.414.12 lakhs in this regard is inconsistent with AS 9. (Revenue Recognition) and consequently receivables amounting to Rs. 1483.92 Lakhs accounted in this regard from 2004-05 onwards is overstated to such extent is overstated.

- e. Attention is invited to Para I of the Audit Report to the effect that the said statements of Accounts of the Company dealt with by this report are as amended and reapproved by the Board of Directors of the Company for the reason stated

therein and this report is made on the said accounts amended as stated above.

- f. 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.
- g. We further report that:-

**Had the observations made by us in para 4 (d) above been considered, the profit before tax would have been Rs.3897.32 lakhs instead of Rs.4311.44 lakhs as disclosed.**

In our opinion and to the best of our information and according to the explanations given to us, and our observations in para (d) 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 Balance sheet, of the 'State of affairs' of the Company as at 31<sup>st</sup> March 2009.
2. In the case of 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

M.No.20674

Place : Kochi  
Date : 22.08.09

**K. VARGHESE & CO.****CHARTERED ACCOUNTANTS**

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**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 location of fixed assets except in the case of certain Regional Offices where location of fixed assets are not properly recorded as reported by branch auditors.  
  
(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 and major weaknesses in internal control.
- (5) According to the Information and explanations given to us, the contracts or arrangements, which need to be entered in the register maintained under Section 301 of the Companies Act are maintained by the company.
- (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 have 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 31<sup>st</sup> March, 2009, 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.

(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 given guarantee for loan taken by FACT - RCF Building Products Ltd from State Bank of India, Palarivattom to the extend of Rs.17.50 Crore.

(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 except temporary deployment in working capital.

(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) According to the information available and furnished to us, a fraud on the company was carried by a Transporting contractor by way of pilferage of 80 MT sulphuric acid valuing around Rs.19.36 lakhs despatched from Udyogamandal Division to Cochin Division during September / October 2008.

For K Varghese & Co.  
Chartered Accountants

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

Place: Kochi  
Date: 22.08.09



**FACT**  
PIONEERS IN PROGRESS**THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED****K.VARGHESE & CO.**

Phone: 0484-2398398

**CHARTERED ACCOUNTANTS**

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**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 Schedule	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	342.22	2005-09	Commissioner of Income Tax
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	9.11	2003-04 to 2005-06	CESTAT Bangalore
5	Service Tax Act	Tax, Penalty & Interest demanded - disputed by the company	24.84	2005-06 to 2008-09	Commissioner of Central Excise, Kochi
6	Customs Act	Differential Duty- Disputed by the company	39.36	91-92 & 92-93	CESTAT, Chennai
7	Central Excise Act	Duty with interest and penalty on shortages written off	58.01	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	392.14	2000 to 2001	High Court of Punjab and Hariyana

**BALANCE SHEET AS AT 31ST. MARCH 2009**

SCHEDULE	As at 31.03.2009 Rs.in Lakh.		As at 31.03.2008 Rs.in Lakh.	
<b>I SOURCES OF FUNDS:</b>				
1 Shareholders' Funds				
a) Share Capital	1	64707.20	64707.20	
b) Reserves & Surplus	2	87.03	91.16	64798.36
2 Loan Funds:				
a) Secured Loans	3	68109.98	36404.26	
b) Unsecured Loans	4	12873.45	10442.39	46846.65
<b>TOTAL</b>		<b>145777.66</b>		<b>111645.01</b>
<b>II APPLICATION OF FUNDS:</b>				
1 Fixed Assets				
a) Gross Block		147201.37	146501.61	
b) Less: Depreciation and Impairment loss		108595.26	104081.81	
c) Net Block	5	38606.11	42419.80	
d) Capital Work-in-progress	6	686.71	907.80	43327.60
2 Investments	7		28130.50	54.50
3 Current Assets, Loans and Advances				
a) Inventories	8	41260.03	31844.48	
b) Sundry Debtors	9	27137.12	7585.22	
c) Cash & Bank Balances	10	2242.06	6746.39	
d) Other Current Assets	11	1071.17	501.98	
e) Loans & Advances	12	10642.31	11068.34	
		82352.69	57746.41	
4 Less: Current Liabilities & Provisions	13			
a) Liabilities		35122.53	25414.43	
b) Provisions		4097.67	3596.65	
		39220.20	29011.08	
Net Current Assets		43132.49		28735.33
5 a) Miscellaneous expenditure (to the extent not written off or adjusted)	14	0.00		10.29
b) Profit and loss account		35221.85		39517.29
<b>TOTAL</b>		<b>145777.66</b>		<b>111645.01</b>
Notes on Accounts	25,26 & 27			

The Significant Accounting Policies and the Schedules referred to form an integral part of the Balance Sheet and Profit and Loss Account.  
For and on behalf of the Board

Sd/-  
**K.V. Balakrishnan Nair**  
Secretary

Sd/-  
**T.M.Jeyachandran**  
Director

Sd/-  
**K.Mathevan Pillai**  
Director (Finance)

Sd/-  
**Dr. George Sreeba**  
Chairman & Managing Director

Place: New Delhi  
Date :19th August 2009

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

Place: Kochi  
Date : 22.08.09

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



**FACT**  
PIONEERS IN PROGRESS

# THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

INCOME	SCHEDULE	2008-09	2007-08
		Rs.in Lakh.	Rs.in Lakh.
Sales		71950.22	59041.99
Less Excise Duty		1261.19	1665.59
Net Sales	15	70689.03	57376.40
Subsidy/Concession on fertilisers	16	141047.27	29236.09
Gross Income from contracts and other services		1129.70	783.77
Other Income	17	4543.27	2149.79
<b>Total Income</b>		<b>217409.27</b>	<b>89546.05</b>
<b>EXPENDITURE</b>			
Cost of Materials Consumed	18	165161.00	48016.02
Cost of Purchased products sold	18	8723.15	3330.00
Repairs and Maintenance	19	2824.58	3248.24
Employees Remuneration and Benefits	20	13498.58	11749.85
Other expenses	21	37169.25	16066.52
Materials and other direct charges on contracts		381.39	296.30
Interest & Financing charges	22	6395.60	6220.66
Depreciation and Impairment loss		4623.24	3545.19
Increase(-) / Decrease in stock	23	-3562.89	16154.46
<b>Total Expenditure</b>		<b>235213.90</b>	<b>108627.24</b>
<b>Profit / Loss (-) before Extraordinary items and Adjustments in respect of prior years</b>		<b>-17804.63</b>	<b>-19081.19</b>
Extraordinary items			
Valuation of stock of accumulated Gypsum		19950.00	0.00
Profit on sale of land		2166.07	0.00
Grant in aid (non-plan) from Government of India		0.00	20000.00
Adjustments in respect of prior years :Net Debit/Credit(-)	24	0.00	1.20
<b>Profit / Loss (-) before Tax</b>		<b>4311.44</b>	<b>917.61</b>
Provision for Taxation - Current		0.00	0.00
Provision for Fringe Benefit Tax		16.00	20.80
<b>Profit / Loss (-) after Tax</b>		<b>4295.44</b>	<b>896.81</b>
Profit/Loss (-) brought forward from previous year		-39517.29	-39535.03
Employee Benefits (AS 15) Transitional period		0.00	-879.07
<b>Net deficit carried to Balance sheet</b>		<b>-35221.85</b>	<b>-39517.29</b>
<b>Earnings per Share- Basic (Rs)</b>		<b>0.66</b>	<b>0.14</b>
<b>Diluted (Rs)</b>		<b>0.66</b>	<b>0.14</b>

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/-  
**T.M.Jeyachandran**  
Director

Sd/-  
**K.Mathevan Pillai**  
Director (Finance)

Sd/-  
**Dr. George Sreeba**  
Chairman & Managing Director

Place: New Delhi  
Date :19th August 2009

As per our report of even date attached.

**For K.VARGHESE &Co.**  
Chartered Accountants

Place: Kochi  
Date : 22.08.09

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

SCHEDULES TO BALANCE SHEET	As at 31.03.2009 Rs.in Lakh	As at 31.03.2008 Rs.in Lakh
<b>1 <u>SHARE CAPITAL</u></b>		
<b>Authorised:</b> 100,00,00,000 (previous year 100,00,00,000) Equity Shares of Rs. 10/- each	100000.00	100000.00
<b>Issued Subscribed and Paid up:</b>		
Equity Shares of Rs.10/- each fully paid up 35,47,71,974 (Previous year 35,47,71,974)	35477.20	35477.20
Equity shares to be allotted to the Government of India - Conversion of loan into equity (note no.7)	29230.00	29230.00
	<b>64707.20</b>	<b>64707.20</b>
<b>2 <u>RESERVES AND SURPLUS</u></b>		
<b>Capital Reserves:</b>		
Subsidy from Kerala State Government under Industrial Housing Scheme	2.64	2.64
<b>Deferred Government Grant:</b>		
Indo EEC Fertilisers Education Project	73.18	76.36
Bio Fertiliser Project	11.21	12.16
	<b>87.03</b>	<b>91.16</b>
<b>3 <u>SECURED LOANS</u></b>		
<b>From Banks:</b>		
Cash Credit:	42882.90	27402.13
Foreign Currency Demand Loan :	0.00	1603.60
Term Loan from Banks	5066.28	7398.53
(Secured by (a) hypothecation of stock 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.)		
Overdraft from the State Bank of India (Secured by pledge of Fertiliser bonds issued by the Government of India)	20160.80	0.00
	<b>68109.98</b>	<b>36404.26</b>
<b>4 <u>UNSECURED LOANS</u></b>		
Fixed Deposit from Public (including Rs. 336.28 Lakh due for repayment within a year Previous Year Rs. 0.40 lakh)	1236.09	567.39
From Government of India (including Rs. 1392.50 Lakh due for repayment within a year. Previous year Rs. 1100.00 Lakh)	9242.50	8500.00
Interest accrued and due	2394.86	1375.00
	<b>12873.45</b>	<b>10442.39</b>

**FACT**

PIONEERS IN PROGRESS

**THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED****5. FIXED ASSETS :****SCHEDULES TO BALANCE SHEET**

Rs.in lakh

	GROSS BLOCK (AT COST)				DEPRECIATION				IMPAIRMENT LOSS	NET BLOCK	
	As at 01.04.2008	Additions during the year	Deductions/ Adjustments during the year	As at 31.03.2009	Upto 31.03.2008	For the year	On sales & adjustments during the year	Upto 31.03.2009	Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
Land Free hold	1709.90	16.84	-19.29	<b>1707.45</b>	0.00	0.00	0.00	0.00	0.00	1707.45	1709.90
Roads & Culverts	1034.84	0.00	0.00	<b>1034.84</b>	745.09	23.59	0.00	<b>768.68</b>	0.00	266.16	289.75
Buildings	6489.95	20.73	-1.98	<b>6508.70</b>	4800.41	131.26	-1.63	<b>4930.04</b>	28.11	1550.55	1661.43
Railway Sidings	312.32	0.00	0.00	<b>312.32</b>	295.49	0.77	0.00	<b>296.26</b>	0.00	16.06	16.83
Plant & Machinery	128454.10	433.92	-7.23	<b>128880.79</b>	87993.38	4258.22	0.00	<b>92251.60</b>	2802.83	33826.36	37657.89
Data processing Equipments	1066.90	191.58	-7.63	<b>1250.85</b>	957.84	59.05	-7.06	<b>1009.83</b>	0.00	241.02	109.06
Furniture & Office Equipment	643.04	3.97	-1.17	<b>645.84</b>	587.71	6.06	-0.60	<b>593.17</b>	0.00	52.67	55.33
Vehicles	374.36	10.00	-2.53	<b>381.83</b>	348.63	4.16	-2.42	<b>350.37</b>	0.00	31.46	25.73
Service Equipment	6017.76	161.40	-49.82	<b>6129.34</b>	5209.87	135.19	-45.16	<b>5299.90</b>	2.17	827.27	805.72
Minor Assets	165.30	1.76	0	<b>167.06</b>	165.30	1.76	0.00	<b>167.06</b>	0.00	0.00	0.00
Plant & Machinery- Retired	62.47	0.00	-52.92	<b>9.55</b>	52.92	0.00	-52.92	<b>0.00</b>	0.00	9.55	9.55
<b>Total (A)</b>	<b>146330.94</b>	<b>840.20</b>	<b>-142.57</b>	<b>147028.57</b>	<b>101156.64</b>	<b>4620.06</b>	<b>-109.79</b>	<b>105666.91</b>	<b>2833.11</b>	<b>38528.55</b>	<b>42341.19</b>
Indo EEC project:-											
Land Free hold	20.91	0.00	0.00	<b>20.91</b>	0.00	0.00	0.00	<b>0.00</b>	0.00	20.91	20.91
Buildings	133.27	0.00	0.00	<b>133.27</b>	76.41	2.84	0.00	<b>79.25</b>	0.00	54.02	56.86
Furniture & Office Equipment	4.66	2.13	0.00	<b>6.79</b>	4.45	0.31	0.00	<b>4.76</b>	0.00	2.03	0.21
Service Equipment	11.83	0.00	0.00	<b>11.83</b>	11.20	0.03	0.00	<b>11.23</b>	0.00	0.60	0.63
<b>Total (B)</b>	<b>170.67</b>	<b>2.13</b>	<b>0.00</b>	<b>172.80</b>	<b>92.06</b>	<b>3.18</b>	<b>0.00</b>	<b>95.24</b>	<b>0.00</b>	<b>77.56</b>	<b>78.61</b>
<b>Grand Total (A+B)</b>	<b>146501.61</b>	<b>842.33</b>	<b>-142.57</b>	<b>147201.37</b>	<b>101248.70</b>	<b>4623.24</b>	<b>-109.79</b>	<b>105762.15</b>	<b>2833.11</b>	<b>38606.11</b>	<b>42419.80</b>
Previous year	145847.49	1223.42	-569.30	146501.61	96984.49	4805.82	-541.61	101248.70	2833.11	42419.80	44762.93

	2008-09	2007-08
Depreciation for the year	<b>4623.24</b>	4805.82
Prior year adjustment	<b>0.00</b>	6.33
Impairment loss adjusted during the year (Plant & Machinery)	<b>0.00</b>	-1266.96
Amount charged to Profit & Loss Account	<b>4623.24</b>	3545.19

	2008-09	2007-08
Cumulative Depreciation up to the year	<b>105762.15</b>	101248.70
Cumulative Impairment Loss	<b>2833.11</b>	2833.11
Amount deducted form gross block	<b>108595.26</b>	104081.81



SCHEDULES TO BALANCE SHEET		As at 31.03.09 Rs.in Lakh	As at 31.03.08 Rs.in Lakh
<b>6</b>	<b><u>CAPITAL WORK - IN - PROGRESS</u></b>		
	Work - in - progress	566.61	574.78
	Goods in transit/Material pending inspection	120.10	333.02
		<b>686.71</b>	<b>907.80</b>
<b>7</b>	<b><u>INVESTMENTS (AT COST)</u></b>		
	<b>Longterm Investments</b> Rs.Lakh		
	<b>In Government Securities:</b>		
	(i) Tamilnadu Development Loan 2009 of Rs.35000/- @ 11.50%	0.35	0.35
	Quoted : Face Value	0.35	
	Market Value	0.35	
	(ii) 7% Fertilizer companies GOI special bonds 2022	14943.00	0.00
	Quoted : Face Value	14943.00	
	Market Value	13792.39	
	(iii) 6.20% Fertilizer companies GOI special bonds 2022	192.50	0.00
	Quoted : Face Value	192.50	
	Market Value	162.36	
	(iv) 6.65% Fertilizer companies GOI special bonds 2023	11440.50	0.00
	Quoted : Face Value	11440.50	
	Market Value	10071.41	
	<b>In Trade Investments (Unquoted)</b>		
	(i) 1,50,00,000 Equity Shares of Rs.10/- each in FACT-RCF Building Products Ltd.	1500.00	0.00
	(ii) 6,81,820 Equity Shares of Rs.10/- each in Travancore Cochin Chemicals Ltd., including 3,40,910 Bonus shares.	34.09	34.09
	(iii) 15 Equity Shares of Rs.1000/- each fully paid-up in Capexil Agencies Ltd.	0.15	0.15
	(iv) 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)		
	(v) 10,001 shares of Rs.10/- each fully paid-up in FACT Co-operative Society Ltd.	1.00	1.00
	(vi) 7 shares of Rs.100/- each fully paid-up in Meherabad Co-operative Housing Society Ltd.	0.01	0.01
	(vii) 10 shares of Rs.50/- each fully paid-up in Good Earth Housing Society Ltd. (Rs.500)		
		<b>28130.50</b>	<b>54.50</b>

**FACT**  
PIONEERS IN PROGRESS**THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED****SCHEDULES TO BALANCE SHEET**

		As at 31.03.09 Rs.in Lakh	As at 31.03.08 Rs.in Lakh
<b>8</b>	<b><u>INVENTORIES</u></b>		
	(As taken , valued and certified by the Management).		
	Machinery Spares	3085.75	3012.66
	General Stores	7565.39	8405.98
		<b>10651.14</b>	<b>11418.64</b>
	Less: Provision towards obsolescence and storage losses	2047.01	2142.89
		<b>8604.13</b>	<b>9275.75</b>
	Loose Tools	3.81	3.87
	Raw Materials (including stock intended for sale)	4389.91	15568.75
	Stock of Finished /Semi Finished/ Intermediate products	28049.75	4536.86
	Materials-in-transit/ Materials-at-site pending inspection	212.43	2459.25
		<b>41260.03</b>	<b>31844.48</b>
<b>9</b>	<b><u>SUNDRY DEBTORS</u></b>		
	a. Debts outstanding for a period exceeding six months		
	(i) Considered good:		
	Secured	2.55	3.15
	Unsecured	459.50	1074.59
	(ii) Debts considered doubtful	987.54	1122.29
	b. Other Debts : Considered good		
	Secured	10.63	7.58
	Unsecured	26664.44	6499.90
		<b>28124.66</b>	<b>8707.51</b>
	Less: Provision for doubtful debts	-987.54	-1122.29
		<b>27137.12</b>	<b>7585.22</b>
<b>10</b>	<b><u>CASH AND BANK BALANCES</u></b>		
1	Cash, Cheques and Stamps on hand	76.23	12.01
2	With Scheduled Banks:		
	Current Account	2149.19	6718.30
3	With Post Office/Treasury Savings Account Includes lodged with the Assistant Educational Officer, Alwaye, towards security for running the school (Rs.0.35 lakh) and with Kerala Water Authority towards security deposit. (Rs.12.16.lakh)	12.51	12.10
4	Short Term deposits with scheduled banks etc.	4.13	3.98
		<b>2242.06</b>	<b>6746.39</b>



SCHEDULES TO BALANCE SHEET	As at 31.03.09 Rs.in Lakh	As at 31.03.08 Rs.in Lakh
<b>11 OTHER CURRENT ASSETS</b>		
Interest accrued on investments and deposits	453.41	0.02
Other accrued income	268.94	188.88
Others	348.82	313.08
	<b>1071.17</b>	<b>501.98</b>
<b>12 LOANS AND ADVANCES</b>		
Advances recoverable in cash or in kind or for value to be received: Considered Good - Secured:		
Advance for purchase of conveyance to employees	0.35	1.13
Considered Good - Unsecured:		
i ) Other Loans and Advances *	5045.64	5390.92
ii ) Advance Income tax (net of provision for income tax)	181.68	101.11
iii ) Income tax deducted at source	56.39	49.83
iv ) Materials given on loan	21.58	0.00
Considered Doubtful	94.73	94.73
Less : Provision	-94.73	-94.73
Balance with Customs, Port Trust etc.	3055.00	1773.58
Kerala VAT Refund receivable	1287.37	2834.58
Cenvat credit deferred	44.08	60.27
Kerala VAT credit deferred	17.31	19.05
Deposits	792.95	704.00
Prepaid expenses	139.96	133.87
	<b>10642.31</b>	<b>11068.34</b>
* Includes amount due from Directors / Officer of the Company Maximum amount due at any time during the year	Nil Nil	Nil Nil
<b>13 CURRENT LIABILITIES AND PROVISIONS</b>		
a. <b>Liabilities:</b>		
Creditors:-		
For Supplies and Services	8718.79	6887.24
Liabilities against Acceptances (Bills Payable)	0.00	3003.24
Dues to Employees	82.67	85.28
Other Liabilities	25919.37	15148.32
Unpaid matured deposit	0.45	3.70
Interest accrued but not due on loans	401.25	286.65
	<b>35122.53</b>	<b>25414.43</b>
b. <b>Provisions:</b>		
Provision for Leave encashment	4097.67	3596.65
	<b>39220.20</b>	<b>29011.08</b>
<b>14 MISCELLANEOUS EXPENDITURE</b>		
(to the extent not written off or adjusted)		
Ex-gratia under Voluntary Retirement Scheme		
At the beginning of the year	10.29	15.44
Less Written off during the year under Salaries & Wages	-10.29	-5.15
Balance carried to Balance Sheet	0.00	10.29



**FACT**  
PIONEERS IN PROGRESS**THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED**

<b>SCHEDULES TO PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2009</b>		<b>2008-09 Rs.in Lakh</b>	<b>2007-08 Rs.in Lakh</b>
<b>15 SALES</b>	<b>SCHEDULE</b>		
Own Products	<b>26.5.B 1</b>	<b>69054.66</b>	56618.26
Less: Excise duty		<b>1261.19</b>	1665.59
		<b>67793.47</b>	54952.67
Purchased Products	<b>26.5.B 2</b>	<b>4777.38</b>	3514.55
Total		<b>72570.85</b>	58467.22
Less: Sales Discount/Dealers Margin		<b>1881.82</b>	1090.82
Net Sales		<b>70689.03</b>	57376.40
<b>16 SUBSIDY/CONCESSION ON FERTILISERS</b>			
Complex fertilisers			
Factamfos 20:20:0:13		<b>133135.13</b>	29030.63
Ammonium Sulphate		<b>2022.42</b>	0.00
Muriate of Potash (M O P)		<b>5889.72</b>	205.46
		<b>141047.27</b>	29236.09
<b>17 OTHER INCOME</b>			
Income from investments:			
	Current Year	Previous Year	
	(Rs.in lakh)		
Government Securities	455.86	0.04	
Others	<u>5.83</u>	<u>5.83</u>	
Tax deducted at source	0.00	0.00	<b>461.69</b>
Provision for doubtful debts written back			<b>166.07</b>
Provision for obsolescence written back (Net)			<b>95.88</b>
Upfront premium on land-FRBL project			<b>1000.00</b>
Excess provisions written back			
(i) Usage of imported Ammonia for Urea (1997-98 , 2000-01 and 2001-02)			<b>898.17</b>
(ii) Sales tax and interest thereon (1979-80 to 1997-98)			<b>586.40</b>
Miscellaneous Income			<b>864.51</b>
Interest receipts:			
a) On deposits with banks			<b>11.90</b>
b) On loans, advances, claims, overdues etc.			<b>448.06</b>
Gain on exchange rate variation (net)			<b>0.00</b>
Excess on verification of products & stores(net)			<b>0.00</b>
Profit on sale of assets (net)			<b>6.46</b>
Transfer from deferred Govt. grants:			
a) On EEC project			<b>3.18</b>
b) On Bio-Fertiser project			<b>0.95</b>
			<b>4543.27</b>
<b>18 MATERIALS CONSUMED</b>	<b>26.5.</b>		
Materials consumed:	<b>A 1 &amp; A2</b>		
Opening Stock including trading products		<b>15568.75</b>	6710.49
Purchases including trading products		<b>162726.89</b>	60204.28
Adjustments for loans etc		<b>-21.58</b>	0.00
		<b>178274.06</b>	66914.77
Less : Closing Stock including trading products		<b>4389.91</b>	15568.75
		<b>173884.15</b>	51346.02
Less : Cost of purchased materials sold-shown seperately	<b>26.5.A2</b>	<b>8723.15</b>	3330.00
		<b>165161.00</b>	48016.02



<b>SCHEDULES TO PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2009</b>		<b>2008-09 Rs.in Lakh</b>	<b>2007-08 Rs.in Lakh</b>
<b>19</b>	<b><u>REPAIRS AND MAINTENANCE</u></b>		
	Plant and Machinery	2216.53	2599.86
	Roads and Buildings	195.66	164.16
	Other Assets	412.39	484.22
		<b>2824.58</b>	<b>3248.24</b>
<b>20</b>	<b><u>EMPLOYEES' REMUNERATION AND BENEFITS</u></b>		
	Salaries, Wages and Bonus	10520.20	8975.75
	Amortisation of Ex-Gratia on Voluntary Retirement Scheme	10.29	5.15
	Contribution to Provident Fund	1037.64	907.57
	Gratuity	995.12	1062.04
	Other Welfare Expenses	935.33	799.34
	<b>TOTAL</b>	<b>13498.58</b>	<b>11749.85</b>
<b>21</b>	<b><u>OTHER EXPENSES</u></b>		
	Power and Fuel	20805.50	9018.29
	Operating Supplies	827.40	725.10
	Packing Materials	1836.45	1189.77
	Loss on exchange rate variation (net)	4440.99	0.00
	Factory General Charges	1372.67	942.18
	Transporting charges - intermediate products	220.86	57.23
	Factory Licence Fee	2.40	2.40
	Rent and Hire	266.16	289.55
	Insurance	105.02	173.00
	Bank Charges	321.59	249.30
	Postage, Telegrams and Telephones	77.67	70.99
	Printing and Stationery	54.97	43.93
	Travelling Expenses (including Directors travel Rs.20.13 lakh)	333.39	338.77
	Director's Sitting fee	1.56	0.00
	Legal Expenses	21.12	105.42
	General Charges	193.40	173.96
	Auditors' Fees and Expenses (including for Branch Auditors)		
	For Audit	4.85	4.18
	For Expenses	3.03	2.60
	For Certification	2.07	1.94
	Cost Auditors' Fees and Expenses		
	Cost Audit Fees	0.50	0.51
	Cost Audit Expenses	0.08	0.08
	Entertainment	1.63	1.88
	Rates and Taxes	66.07	234.63
	Freight, Handling and other charges	6172.93	3459.03
	Advertisement and Sales Promotion	21.98	15.69
	Provision for excise duty on closing stock - Finished goods	79.31	
	Less: Provision for excise duty on opening stock - Finished goods	7.06	
		<b>72.25</b>	<b>-1314.42</b>
	Bad debts written off	2.07	0.43
	Provision for doubtful debts/advances	31.32	56.71
	Damages/Shortages of Stores, Spares & Products (Net)	11.08	0.00
	Loss on sale/retirement of assets (net)	0.00	4.51
	Provision for obsolescence of stores (Net)	0.00	354.68
	Research and Development Expenditure (Includes depreciation of Rs1.31 lakh on Research and Development Assets)	36.24	26.83
		<b>37307.25</b>	<b>16229.17</b>
	Less : Allocated Expenses (net of income from inter-divisional jobs of Rs.102.94 lakh)	<b>138.00</b>	<b>162.65</b>
		<b>37169.25</b>	<b>16066.52</b>

<b>SCHEDULES TO PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2009</b>		2008-09 Rs.in Lakh	2007-08 Rs.in Lakh
<b>22</b>	<b><u>INTEREST &amp; FINANCING CHARGES</u></b>		
	On loans from the Government of India	1098.80	932.50
	Cash Rebate	70.05	91.85
	On Cash Credit/Loans from banks	4488.03	4526.04
	Others	738.72	670.27
		<b>6395.60</b>	<b>6220.66</b>
<b>23</b>	<b><u>INCREASE(-)/DECREASE IN STOCK</u></b>		
	<b>Opening Stock :</b>		
	Finished/Semi Finished/Intermediate Products (Includes excise duty Rs.7.06 lakh)	4536.86	20691.32
		<b>4536.86</b>	<b>20691.32</b>
	<b>Closing Stock :</b>		
	Finished/Semi Finished/Intermediate Products (Includes excise duty Rs.79.31 lakh) as per Balance Sheet	28049.75	4536.86
	<b>Less :</b> Valuation of stock of accumulated Gypsum shown as Extraordinary item in Profit and Loss Account	19950.00	0.00
		<b>8099.75</b>	<b>4536.86</b>
	<b>NET INCREASE(-)/ DECREASE</b>	<b>-3562.89</b>	<b>16154.46</b>
<b>24</b>	<b><u>ADJUSTMENTS IN RESPECT OF PRIOR YEARS :</u></b>		
	<b>Debit</b>		
	Freight and handling	0.00	7.64
	Others	0.00	0.27
	Debit total	<b>0.00</b>	<b>7.91</b>
	<b>Credit</b>		
	Depreciation	0.00	6.33
	Freight and handling	0.00	0.38
	Crebit total	<b>0.00</b>	<b>6.71</b>
	<b>Net Debit / Credit (-)</b>	<b>0.00</b>	<b>1.20</b>



## 25. Notes on Accounts

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### (i) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on historical cost convention.

#### (ii) 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.

#### (iii) 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.

#### (iv) 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, Ammonium Sulphate and Muriate of Potash are accounted on receipt basis at destination.

#### (v) FIXED ASSETS

a Fixed Assets are stated at cost of acquisition/ construction less depreciation and adjustment for impairment.

b All expenditure (other than for process know-how) incurred during construction upto the date the plant is ready for commercial production is capitalised.

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

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

#### (vi) 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.

#### (vii) 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.

#### (viii) VALUATION OF INVESTMENTS

Investments of long term nature are valued at cost.

#### (ix) 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. In cases where there has been a decline in the price of material and it is estimated the cost of finished product will exceed the net realisable value, the materials are written down to net realisable value/ replacement cost whichever is lower.

**SIGNIFICANT ACCOUNTING POLICIES**

- (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. Intermediate products are valued at lower of cost or net realisable value derived from finished products 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.
- (x) **DEFERRED REVENUE EXPENDITURE**  
Deferred Revenue Expenditure is written off in five equal annual instalments.
- (xi) **SUBSIDIES/GRANTS**  
Subsidies/Grants related to revenue expenditure are deducted from the respective expenses.
- (xii) **EMPLOYEE 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.
- (xiii) **RESEARCH AND DEVELOPMENT**  
The expenditure for Research and Development except on Fixed Assets is charged to revenue.
- (xiv) **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(-) ).
- (xv) **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.
- (xvi) **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.
- (xvii) **CLAIMS BY COMPANY**  
Claims on underwriters, carriers and on Customs and Central Excise Departments are taken into account on acceptance.



**SCHEDULES TO ACCOUNTS**

25 Notes on Accounts		Rs.in Lakh	
		31.03.2009	31.03.2008
<b>2</b>	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	58.01	55.16
	b) Service Tax	33.95	25.46
	c) Sales Tax / Entry tax	458.81	1271.76
	d) Customs Duty	40.04	40.04
	e) Income Tax	619.02	168.22
	f) ESI	18.68	16.39
	g) Power	196.71	196.71
	h) Suppliers and contractors	178618.82	178135.11
	i) Others	1028.25	921.04
	(ii) Excise duty demand of Rs.23.79 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. 22.27 lakh).		
	(iii) Guarantees given to various clients/Statutory Authorities for performance of contracts/obligations are not included, as the money value thereof cannot be ascertained.		
<b>3</b>	Estimated amount of contracts remaining to be executed on capital account and not provided for	909.53	66.16
<b>4</b>	Fixed Assets include:		
	a) Out of the total 2149.20 acres of land held by the Company, 158.17 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. 1904'1/4/2007-FCA-1 dated 04.01.2008. Adjustment has been made in the accounts based on the compensation ascertained. The company is confident of realising the amount.	2173.86	0.00
	b) Land for Rs.488.46 lakh (Previous year Rs.485.12 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.		



**SCHEDULES TO ACCOUNTS**

25 Notes on Accounts	Rs.in Lakh	
	31.03.2009	31.03.2008
<p>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 (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 balance 50% consideration of Rs 312.40 lakh is yet to be received and accordingly the amount is shown under "other current assets-others".</p> <p>d) As per the Joint Venture agreement with M/s Rashtriya Chemicals and Fertilisers Limited (RCF) the company has made available 11 acres of land at Cochin Division on lease basis to M/s. FACT-RCF Building Products Limited for a period of 20 years on an upfront premium of Rs.1000 lakh and an yearly rent of Rs.10 per year.</p> <p>5 Cost of Railway siding includes Rs 85.43 lakh (Previous year Rs.85.43 lakh), written down value Rs.4.72 lakh (Previous year Rs.5.48 lakh), held jointly with M/s.Bharat Petroleum Corporation Limited (Kochi Refinery).</p> <p>6 Fertiliser bonds issued by the Government of India towards the settlement of subsidy dues to the tune of Rs.26576.00 lakh has been considered under " Long term Investments" are maturing in the year 2022/2023.</p> <p>7 Allotment of Equity Shares towards conversion of Government of India loan of Rs 29230.00 lakh into equity is pending(Previous year Rs.29230.00 lakh).</p> <p>8 (i). During 2008-09 the Company received certificates worth for Rs 152.52 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 31.03.2009 is Rs.49.59 lakh.</p> <p>(ii) The Duty Free Replenishment Certificate (DFRC) on export of Caprolactam held by the company pending utilisation/sale as on 31.03.09 is Nil (Previous year 9 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 Nil. (Previous year is Rs. 60.57 lakh). The balance DFCE amount available as on 31.03.2009 for duty free import of such materials is Rs 10.75 lakh. (Previous year is Rs 10.75 lakh).</p>		



**SCHEDULES TO ACCOUNTS**

25	Notes on Accounts	Rs.in Lakh	
		31.03.2009	31.03.2008
9	<p>(i) During the year Rs.557.50 lakh has been paid to the Government of India towards repayment of principal amount due. However the same has been adjusted by the Government towards interest due vide letter No 11/13/2008/PAO/Ferts/1114 dtd 06.02.2009. The company has taken up with the Government to adjust the amount paid towards principal as a part of financial relief. In case the final decision is for adjustment towards interest, there will be additional interest to the tune of Rs. 44.95 lakh.</p> <p>(ii) 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 for default /delay in payment. Accordingly penal interest amounting to Rs 551.25 lakh is not considered in the accounts.</p>		
10	Loans and Advances unsecured considered good includes Rs.10.51 lakh being amount paid against demands disputed pending appeals. (Previous year Rs.64.33 lakh) and Rs.0.49 lakh being expenses incurred on bids submitted by the Company to clients, not charged to revenue pending decision on such bids (Previous year Rs.0.34 lakh).		
11	Loans and advances classified as "unsecured and considered good" include advances paid covered by Bank Guarantees and interest accrued.	2473.36	2059.24
12	Amount paid for materials supplied but rejected by the Company pending settlement.	44.98	37.23
13	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 for Rs.172988.17 Lakh which is pending before the Arbitrator has been included under contingent liabilities. Interest of Rs.414.12 lakh for 2008-09 receivable from the contractor on the outstanding mobilisation advance has been provided in the accounts.(Previous year Rs.344.78 lakh).		
14	<p>a) The physical verification of raw materials and finished products has been carried out on or around 31st March 2009. The differences over book figures in the case of rawmaterial has been adjusted in consumption (Excess / Shortage (-)).</p> <p>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.</p>	106.21	337.21
		-11.08	16.22
15	The accumulated stock of Gypsum has been physically verified during the year. Out of 60.31 lakh Tonnes of stock available, 39.90 lakh tonnes has been taken into stock at net realisable value, being the quantity expected to be sold in the next five years and considered as income under extraordinary item in the Profit and Loss Account.	19950.00	0.00





**SCHEDULES TO ACCOUNTS**

25 Notes on Accounts	Rs.in Lakh	
	31.03.2009	31.03.2008
16 Sundry debtors shown as unsecured and considered good include Rs.1.99 lakh covered by Bank Guarantees (Previous year Rs.9.20 lakh).		
17 Cash and Bank balances include Rs.149.67 lakh (Previous year Rs.400.01 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.1.89 lakh (Previous year Rs.1.71 lakh) deposited in pursuance of court orders.		
18 Subsidy/Concession on fertilisers has been accounted on sales basis upto 30.11.2008. With effect from 01.12.2008 the same has been accounted on the receipt at destination basis as per Government of India order. However, there is no impact on profitability on this account.		
19 Consequent to change in the Accounting Policy of treating VRS Exgratia payment as expenditure for the year in which it is spent in line with A.S.26, instead of treating it as deferred revenue expenditure, the net profit has come down by Rs 46.46 lakh and resultant decrease in "Miscellaneous Expenditure to the extent not written off or adjusted".		
20 Consequent to reduction in caprolactam realisation, intermediate products are valued at below cost. The reduction in this account amounts to Rs.700 lakh.		
21 a) Contract revenue recognised in the period.	1129.70	783.77
b) Advance received against contract in progress.	13.71	17.00
c) Retention by customers against contract in progress.	82.73	75.43
d) Aggregate amount of cost incurred and recognised profit (less recognised loss) on contracts in progress upto the reporting date.	1789.78	1679.05
e) Gross amount due from customers for contract work as an asset.	855.23	689.41
f) Gross amount due to customers for contract work as a liability.	59.04	50.06
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.91.11 lakh (Previous year Rs.179.14 lakh) and capital Rs.34.94 lakh (Previous year Rs.126.78 lakh).		
h) Excise duty on own division jobs is ascertained based on Cost Accounting Standard 4.		
22. 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, the impact on account of wage revision is not ascertainable at this stage. However in the case of both managerial and non-managerial employees, 50% Dearness Allowance has been merged with Basic Pay as on 01.01.2007 and payment made prospectively from 01.08.2008 as per Government orders.		
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.		
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.	23.67	24.91

**SCHEDULES TO ACCOUNTS**

25	Notes on Accounts	Rs.in Lakh	
		31.03.2009	31.03.2008
23	Remuneration to Chairman and Managing Director, Director (Marketing), Director (Finance) and Director (Technical)		
	i. Salary and Perks	21.11	18.31
	ii. Provident Fund Contribution	2.25	2.11
	iii. Production Incentive	0.03	0.04
	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.		
	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.		
24	Effect of change in Foreign Exchange rates :		
	a) The net additional gain/loss(-) on account of exchange rate differences included in the Profit and Loss Account.	-4440.99	1135.44
	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.	0.00	5.51
25 a.	Sundry creditors include Rs.1.48 lakh payable to Small Scale Industrial Undertakings to the extent such parties have been identified from the available documents / information. (Previous year Rs.3.40 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.		
	b. The company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 and hence the disclosure relating to unpaid as at the year end together with interest paid/payable has not been given.		
26	The Company has deferred tax asset of Rs 84065.37 lakh (Previous year Rs.89782.63 lakh) as on 31.03.2009 because of unabsorbed depreciation and accumulated losses. The deferred tax liability as on 31.03.09 is Rs. 31711.37 lakh (Previous year Rs. 29350.35 lakh). Since there is net deferred tax asset as on 31.03.2009, as matter of prudence the deferred tax asset is not considered in the Accounts.		
27	The Company has a system of obtaining confirmation of balances from third parties. Some of the parties have confirmed the balances.		
28	Information available upto 25th April 2009 has been considered in finalising the accounts.		
29	Figures for the previous year have been regrouped and recast wherever necessary to conform with the current year classification.		



**SCHEDULES TO ACCOUNTS**

**25 Notes on Accounts**

30 The disclosure required under Accounting Standard 15 "Employee Benefits" Defined contribution plan	Rs in Lakh	
	31.03.2009	31.03.2008
Contribution to defined contribution plan recognised and charged off during the year are:-		
1 Employer's contribution to Provident Fund and Pension Scheme	1037.64	907.57
2 Employer's contribution to Superannuation benefit fund (Rs.100/-)	0.00	0.00
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 the deficiency, if any. Based on the actuarial valuation, there is no deficiency in respect of two provident fund trusts constituted for the purpose.		

**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.

a. Changes in the present value of obligations (P V O)	Rs.in Lakh		Rs.in Lakh	
	Leave encashment (unfunded)		Gratuity (Funded)	
	2008-09	2007-08	2008-09	2007-08
Present value of obligations at the beginning of the year	3596.65	3161.60	5617.19	4779.31
Interest cost	268.45	253.23	449.38	358.45
Current service cost	476.81	183.84	137.28	137.28
Benefits paid	-171.00	-108.94	-449.10	-355.07
Actuarial loss/(gain) on obligation	-73.24	106.92	516.46	697.22
Present value of obligations at the end of the year	4097.67	3596.65	6271.21	5617.19
<b>b. Changes in the fair value of plan assets</b>				
Fair value of plan assets at the beginning of the year			1469.85	1683.41
Expected return on investment			116.36	141.51
Employer's contribution	171.00	108.94	500.00	0.00
Benefits paid	-171.00	-108.94	-449.10	-335.07
Actuarial loss/gain on plan assets	0.00	0.00	0.00	0.00
Fair value of plan assets at the end of the year	0.00	0.00	1637.11	1469.85
Actuarial return on investment	0.00	0.00	116.36	141.51
<b>c. Amount recognised in Balance sheet</b>				
Present value of obligations at the end of the year	4097.67	3596.65	6271.21	5617.19
Fair value of plan assets at the end of the year	0.00	0.00	1637.11	1469.85
Unfunded net liability recognised in Balance sheet	4097.67	3596.65	4634.10	4147.34
<b>d. Expenses recognised in Profit and Loss Account during the year</b>				
Current service cost	476.81	183.84	137.28	137.28
Interest cost	268.45	253.23	449.38	358.45
Expected return on investment	0.00	0.00	116.36	141.51
Net actuarial (gain) / loss recognised during the year	-73.24	106.92	516.46	697.22
Total Expenses recognised in Profit & Loss Account during the year	672.02	543.99	986.76	1051.44
<b>e. Investment details</b>	% invested as at 31st March		% invested as at 31st March	
LIC Group Gratuity (Cash Accumulation) policy			100%	100%
<b>f. Actuarial assumptions</b>	(1994-96) Ultimate		LIC (1994-96) Ultimate	
Mortality rate	7.00%	8.00%	8.00%	8.00%
Discount rate	5.00%	5.00%	5.00%	5.00%
Salary escalation rate			9.40%	9.35%
Expected rate of return on plan assets				



**SCHEDULES TO ACCOUNTS**

**25 Notes on Accounts**

- 31 **RELATED PARTY DISCLOSURES (ACCOUNTING STANDARD 18)**  
 List of Related Parties  
Joint Ventures  
 FACT-RCF Building Products Ltd.  
Key Management Personnel  
 Dr. George Sreeba, Chairman and Managing Director.  
 Sri. K. Mathevan Pillai, Director (Finance) (From 04.11.2008 onwards)  
 Sri. A. Asokan, Director (Marketing)  
 Sri. V.G. Sankaranarayanan, Director (Technical) (From 03.12.2008 onwards)  
 Sri. D.N. Pradhan, Director (Finance) (upto 30.04.2008)  
Transactions with related parties:  
 Remuneration to key management personnel : Rs.23.39 lakh  
 Guarantees given to joint Venture : Rs.1750 lakh  
 Expenditure incurred on employees deputed to Joint Venture: Rs.12.48 lakh  
 Receivables : Rs.15.66 lakh  
 Payables : Rs. Nil
- 32 **EARNINGS PER SHARE (ACCOUNTING STANDARD - 20)**  
 i) Earnings Rs.4295.44 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. 0.66  
 (Basic and Diluted)

33	The disclosure of provisions movements as required under Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets"	Rs.in Lakh	
		Year ended 31.03.2009	Year ended 31.03.2008
<b>a</b>	<b>Provision towards obsolescence and storage losses</b>		
	Provision at the beginning of the year	2142.89	1747.07
	Provision made during the year	36.00	395.82
	Utilisation during the year		
	Released during the year	131.88	
	Provision at the end of the year	2047.01	2142.89
<b>b</b>	<b>Provision for doubtful debts</b>		
	Provision at the beginning of the year	1122.29	1173.92
	Provisions made during the year	31.32	56.62
	Written off during the year	2.07	57.99
	Released during the year	164.00	50.26
	Provision at the end of the year	987.54	1122.29
<b>c</b>	<b>Provision for doubtful loans and advances</b>		
	Provision at the beginning of the year	94.73	94.64
	Provisions made during the year		0.09
	Written off during the year		
	Released during the year		
	Provision at the end of the year	94.73	94.73



**SCHEDULES TO ACCOUNTS**

**25 Notes on Accounts**

**34 FINANCIAL REPORTING ON INTEREST IN JOINT VENTURES (ACCOUNTING STANDARD 27)**

**FACT-RCF Building Products Ltd.**

During the year a jointventure with Rashtriya Chemicals and Fertilisers Ltd.(RCF) for manufacture of Rapid building materials from Gypsum at Cochin Division has been formed. The company has invested Rs.1500 lakh as its share in the Joint venture. Other details are:-

Name : FACT-RCF Building products Ltd.

Country of incorporation : India

Ownership interest : 50% (31.03.09 )

**The Company's share in assets, liabilities, income, expenses , contingent liabilities and capital commitments of Joint venture**

	Rs.in lakh	
	31.03.2009	31.03.2008
1. Assets		
Longterm assets	1632.42	NA
Current assets	116.52	NA
2. Liabilities		
Current Liabilities & Provisions	231.54	NA
Other Liabilities	34.00	NA
3. Income	0.39	NA
4. Expenses	23.23	NA
5. Contingent Liability	Nil	NA
6. Capital commitments	975.85	NA

35 Consequent to the Provisional Comments issued by the Principal Director of Commercial Audit and Ex-officio Member Audit Board, Chennai, the company distinctly disclosed the accumulated stock of Gypsum as income under Extraordinary item in the Profit and Loss Account as against the original exhibition of including the same along with the normal stock as on 31.03.2009. This has the effect on Profit before Extraordinary items and Adjustments in respect of prior years of Rs.2145.37 lakh into Loss before Extraordinary items and Adjustments in respect of prior years of Rs.17804.63 lakh.

**SCHEDULES TO ACCOUNTS**
**25 Notes on Accounts**
**36 SEGMENTAL REPORTING (ACCOUNTING STANDARD 17)**
**Segment Information for the year ended 31st March 2009**  
**Information about Primary Business Segments**

	Rs.in lakh	Rs.in lakh	Rs.in lakh	Rs.in lakh
	Fertiliser	Petrochemical	Others (Unallocated)	Total
<b>REVENUE</b>				
External Revenue	202225.30 (73074.69)	12020.93 (15249.07)	2703.08 (843.78)	216949.31 (89167.54)
<b>TOTAL REVENUE</b>	<b>202225.30</b> (73074.69)	<b>12020.93</b> (15249.07)	<b>2703.08</b> (843.78)	<b>216949.31</b> (89167.54)
<b>SEGMENT RESULTS</b>				
Profit before interest, taxation and before Exceptional items	-1195.80 (-7454.51)	-10642.89 (-3869.04)	525.50 (-161.26)	-11313.19 (-11484.81)
Unallocated Corporate Expense			555.80 (1755.43)	555.80 (1755.43)
Operating Profit	-1195.80 (-7454.51)	-10642.89 (-3869.04)	-30.30 (-1916.69)	-11868.99 (-13240.24)
Interest Expense	0.00 (0.00)	0.00 (0.00)	6395.60 (6220.66)	6395.60 (6220.66)
Interest Income	0.00 (0.00)	0.00 (0.00)	459.96 (378.51)	459.96 (378.51)
Income Tax	0.00 (0.00)	0.00 (0.00)	16.00 (20.80)	16.00 (20.80)
Exceptional item-Income	19950.00 (0.00)	0.00 (0.00)	2166.07 (20000.00)	22116.07 (20000.00)
Profit after Interest, Taxation and Exceptional items	18754.20 (-7454.51)	-10642.89 (-3869.04)	-3815.87 (12220.36)	4295.44 (896.81)
<b>OTHER INFORMATION</b>				
Segment Assets	103938.48 (78400.39)	14300.85 (13305.51)	66758.53 (48950.19)	184997.86 (140656.09)
Segment Liabilities	28853.95 (18990.76)	3612.70 (1365.05)	152531.21 (120300.28)	184997.86 (140656.09)
Depreciation	4233.70 (4243.45)	329.92 (516.09)	59.62 (52.61)	4623.24 (4812.15)
Capital Expenditure	632.33 (731.67)	42.45 (477.94)	167.55 (13.81)	842.33 (1223.42)

The business segments are:-

Segment	Products
Fertiliser	Ammonium Phosphate, Ammonium Sulphate, Mixtures , MOP, Urea
Petrochemical	Caprolactam

Segments have been identified taking into account the organisation structure.

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

Figures given in brackets pertains to previous year.

RECONCILIATION OF REVENUE	Rs.in Lakh
Segment Revenue as above	216949.31
Add Interest Income	459.96
Revenue as per Profit and Loss Account	217409.27

**SCHEDULES TO ACCOUNTS**
**26 INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPH 3 & 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956 FOR THE YEAR ENDED 31.03.2009**
**1 Value of imported and indigenous raw materials and spare parts consumed and percentage thereof to total consumption.**

	Current year	Percentage	Previous year	Percentage
	Rs.in lakh		Rs.in lakh	
<b>A Raw Materials:</b>				
Imported	82832.92	50.15	29053.97	60.51
Indigenous	82328.08	49.85	18962.05	39.49
	<b>165161.00</b>	<b>100.00</b>	<b>48016.02</b>	<b>100.00</b>
<b>B Spare Parts &amp; Components</b>				
Imported	68.59	4.72	172.64	9.00
Indigenous	1383.51	95.28	1745.62	91.00
	<b>1452.10</b>	<b>100.00</b>	<b>1918.26</b>	<b>100.00</b>

**2 CIF Value of Imports**

- (i) Raw Materials
- (ii) Spares and other materials
- (iii) Capital Goods

	Current year	Previous year
	Rs.in lakh	Rs.in lakh
(i) Raw Materials	88516.89	42451.43
(ii) Spares and other materials	9816.84	3681.85
(iii) Capital Goods	0.00	395.56
	<b>98333.73</b>	<b>46528.84</b>

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

- (i) Consultancy service
- (ii) Others

(i) Consultancy service	0.00	38.86
(ii) Others	18.86	14.81
	<b>18.86</b>	<b>53.67</b>

**B Earnings in foreign currency**

- (i) Export of goods (FOB Basis)
- (ii) Others

(i) Export of goods (FOB Basis)	3633.01	3244.90
(ii) Others	0.00	0.00
	<b>3633.01</b>	<b>3244.90</b>

\* 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	
			2008-09	2007-08
	M.T.	M.T.	M.T.	M.T.
<b>1 Udyogamandal Division</b>				
Sulphuric Acid @	402550	379500	199257	110582
Phosphoric Acid	33000	33000	0	0
Ammonium Sulphate	225000	225000	128845	30478
Factamfos 20:20	181020	148500	115817	90800
Ammonia(900 TPD plant) #	326700	326700	182572	27121
Bio Fertiliser	150	150	32	3
<b>2 Cochin Division:</b>				
Ammonia	198000	198000	0	0
Sulphuric Acid	330000	330000	268940	187240
Phosphoric Acid	115000	115000	38220	46700
Urea	330000	330000	0	0
Complex Fertilisers :	485000	485000		
Factamfos 20:20			489230	334730
<b>3 Petrochemical Division</b>				
Caprolactam	50000	50000	13548	6759
Nitric Acid	3800	3800	1376 +	605 +
Soda Ash	4750	4750	1407	1134
<b>Marketing Division</b>				
Mixed Manures			16531	6989

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

# Includes Synthesis gas expressed in terms of Ammonia

+ At 55 % concentration



SCHEDULES TO ACCOUNTS

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

	OPENING STOCK		CLOSING STOCK		PURCHASES				CONSUMPTION			
	Quantity	Value	Quantity	Value	2008-09		2007-08		2008-09		2007-08	
					Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
A.1 RAW MATERIALS	M T	Rs/lakh	M T	Rs/lakh	M T	Rs/lakh	M T	Rs/lakh	M T	Rs/lakh	M T	Rs/lakh
1 Naphtha	1808	628.05	1921	492.82	127073	36130.93	20834	6220.71	126960	36266.16	20856	6100.15
2 Sulphur - Imported	35877	10411.71	13073	799.72	127260	19725.61	99250	17638.46	150064	29337.60	90175	8217.44
3 Rock Phosphate-Imported	8546	393.24	1913	215.19	125486	19985.00	156258	7031.83	132119	20163.05	158777	7034.53
4 Phosphoric Acid-Imported	656	141.06	692	300.77	29928	18932.72		13.04	29892	18773.01	6901	1492.78
5 Ammonia - Imported	7051	975.78	849	199.81	15259	3851.18	93057	12755.73	21461	4627.15	89017	12176.62
6 Phosphoric Acid	9	2.17	2574	1017.71	57869	44251.15	33765	8220.10	55304	43235.61	34178	8307.73
7 Benzene	331	167.12					2386	1299.32	331	167.12	6888	3405.27
8 Caustic Soda	133	25.69	133	25.14	1547	292.56	873	168.02	1547	293.11	962	185.21
9 Benzene - Imported	5183	2698.78	1752	645.69	5940	3317.07	5245	2722.89	9371	5370.16	62	24.11
10 Sulphur - Indigeneous					5808	1981.60	1547	240.57	5808	1981.60	1547	240.57
11 Sulphuric Acid					16097	268.80	33854	704.89	16097	268.80	33854	704.89
12 Anone-Imported			739	493.66	3088	3283.78			2349	2790.12		
13 Cyclohexane			348	161.30	1998	1464.85			1650	1303.55		
<b>TOTAL</b>		<b>15443.60</b>		<b>4351.81</b>		<b>153485.25</b>		<b>57015.56</b>		<b>164577.04</b>		<b>47889.30</b>

## SCHEDULES TO ACCOUNTS

## 26.5 PARTICULARS OF OPENING AND CLOSING STOCKS, PURCHASES, SALES AND CONSUMPTION (Continued)

	OPENING STOCK		CLOSING STOCK		PURCHASES				CONSUMPTION				COST OF GOODS SOLD				
					2008-09		2007-08		2008-09		2007-08		2008-09		2007-08		
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	
A.2 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						134	5.55							186	7.73	
2	M.O.P.-Imported	299	34.13	2	0.82	21099	6110.46			1592	457.01	925	105.51	19804	5686.76	2017	229.99
3	M.O.P.- R C F							100	4.21			100	4.21				
4	M.O.P.-IPL	205	8.76	122	5.20	1421	60.76	420	17.81	1503	64.28	215	9.05	1	0.04		
5	Urea - MCF							27	1.24							27	1.24
6	Urea-Imported	1830	75.94	417	15.20	70527	2563.70	27560	1143.82	900	32.85	71	2.96	71040	2591.59	25659	1064.92
7	Urea-KRIBHCO					427	21.71	42530	1901.85			25	1.10	427	21.71	42505	1900.75
8	Ultrafos	19	1.01	1	0.11	130	10.89	2002	108.15					148	11.79	2404	125.37
9	Rajphos			375	14.13	490	18.44			115	4.31						
10	DAP-Coramandel,					4621	411.26							4621	411.26		
11	Others		5.31		2.64		44.42		6.09		47.09		3.89				
	<b>TOTAL</b>	125.15		38.10		9241.64		3188.72		605.54		126.72		8723.15			3330.00
	<b>TOTAL (A1+A2)</b>		15568.75		4389.91		162726.89		60204.28		165182.58		48016.02		8723.15		3330.00
	Adjustments for loans										-21.58						
	<b>NET TOTAL</b>		15568.75								165161.00		48016.02				

**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	2008-09		2007-08	
						Quantity MT	Value Rs./lakh	Quantity MT	Value Rs./lakh
<b>B1</b>	<b>FINISHED PRODUCTS</b>								
1	Ammonium Sulphate	.163	12.17	10959	1064.24	117941	12833.07	56312	4236.14
2	Factamfos 20:20	13607	1721.95	6819	689.76	605823	39230.20	465378	33879.55
3	Mixed Manures	134	7.97	3724	254.88	12937	1016.42	8533	636.38
4	Caprolactam	41	53.92	1298	976.20	12291	11580.24	14379	14858.45
5	Nitric acid	25	1.42	361	26.54	1040	73.52	624	29.89
6	Soda Ash	7	0.69	301	39.10	1113	121.52	1253	112.80
7	Gypsum *		0	3990000	19950.00	344320	2665.64	241888	1079.43
8	Others (including intermediates)		2738.74		5049.03		272.86		120.03
* Accumulated stock accounted during the year and considered as extraordinary item in the Profit and Loss Account ( Refer item No.15 of Notes on Accounts)									
	<b>TOTAL</b>		<b>4536.86</b>		<b>28049.75</b>		<b>67793.47</b>		<b>54952.67</b>
<b>B2</b>	<b>PURCHASED PRODUCTS</b>								
1	Mixtures/Fertilisers							186	10.32
2	M.O.P.- Imported					19804	882.28	2017	89.86
3	M.O.P.- IPL					1	0.05		
4	Urea-MCF							27	1.30
5	Urea-Imported					71040	3431.23	25659	1239.31
6	Urea KRIBHCO					427	20.07	42505	2006.69
7	Ultra fos					148	11.69	2404	167.07
8	DAP-Coromandel					4621	432.06		
	<b>TOTAL</b>						<b>4777.38</b>		<b>3514.55</b>

Sd/-  
**K.V. Balakrishnan Nair**  
 Secretary  
 Place: New Delhi  
 Date : 19th August 2009

Sd/-  
**T.M. Jeyachandran**  
 Director

For and on behalf of the Board

Sd/-  
**K. Mathevan Pillai**  
 Director (Finance)

Sd/-  
**Dr. George Sreeba**  
 Chairman & Managing Director

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

Place : Kochi  
 Date : 22.08.09

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



**FACT**  
PIONEERS IN PROGRESS

# THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

## 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.

371

Date Month Year

Balance Sheet Date

31 03 2009

State Code No.

09

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

Public Issue

Nil

Bonus Issue

Nil

Rights Issue

Nil

Private Placement

Nil

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

Total Liabilities

14577766

Total Assets

14577766

**Sources of Funds:**

Paid up Capital

3547720

Shares pending allotment

2923000

Secured loans

6810998

Reserves and Surplus

8703

Unsecured loans

1287345

**Application of Funds :**

Net Fixed Assets/Capital work in

Progress

3929282

Net Current Assets

4313249

Accumulated Losses

3522185

Investments

2813050

Misc. Expenditure

0

**Performance of Company (Amount in Rs. Thousands)**

Turnover (incl. Other Income)

21740927

Extraordinary items (Income)

2211607

Profit/Loss Before Tax

431144

Earnings per share (Rs.)

0.66

Total Expenditure

23521390

Profit/Loss After Tax

429544

Dividend Rate

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/-

**T.M.Jeyachandran**

Director

Sd/-

**K.Mathevan Pillai**

Director (Finance)

Sd/-

**Dr. George Sleeba**

Chairman & Managing Director

Place: New Delhi

Date :19th August 2009

As per our report of even date attached.

**For K.VARGHESE & Co.**

Chartered Accountants

Sd/-

K. Varghese

Partner (M.No.20674)

Place: Kochi

Date : 22.08.09

**CASH FLOW STATEMENTS FOR THE YEAR ENDED 31.03.2009**

PARTICULARS	For the year ended 31.03.2009 (Rs.in lakh)	For the year ended 31.03.2008 (Rs. in lakh)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extraordinary items	-17804.63	-19081.19
Adjustments For:		
Depreciation/Impairment loss/Deferred Rev. Expenditure	4629.40	3546.34
Provision for Obsolescence/Bad & Doubtful debts (Net)	-230.63	344.28
Income from Investments	-461.69	-5.87
(Profit)/loss on sale of assets (Net)	-6.46	4.51
Interest	6395.60	6220.66
Operating Profit before Working Capital changes	-7478.41	-8971.27
Adjustments for:		
Investments	-28076.00	0.00
Trade and Other Receivables	-16940.84	10527.80
Inventories	10630.33	2375.32
Trade and other Payables	9110.32	-13352.01
<b>Cash generated from Operations</b>	<b>-32754.60</b>	<b>-9420.16</b>
Direct Taxes	-16.00	-20.80
<b>Cash Flow before extraordinary items</b>	<b>-32770.60</b>	<b>-9440.96</b>
Prior Period - (excluding non cash)	0.00	-7.53
Net Cash from Operating Activities	-32770.60	-9448.49
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets/Capital Work - in - Progress	-621.24	-864.79
Sale of Fixed Assets	39.24	24.59
Interest Received	2.46	0.04
Divident Received	5.83	5.83
Investment in Share/Bonds	28076.00	0.00
<b>Net Cash used in Investing Activities</b>	<b>-573.71</b>	<b>-834.33</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings (Net)	2431.06	1138.19
Increase/Decrease in cash credit with Banks	31705.72	-6603.49
Interest	-5296.80	-5288.16
Grant in aid (non-plan) from Government of India	0.00	20000.00
Net cash used in Financing Activities	28839.98	9246.54
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>-4504.33</b>	<b>-1036.28</b>
<b>CASH AND CASH EQUIVALENTS</b>		
AS AT 01.04.2008 (Opening Balance)	6746.39	7782.67
AS AT 31.03.2009 (Closing balance)	2242.06	6746.39

For and on behalf of the Board

 Sd/-  
**K.V. Balakrishnan Nair**  
 Secretary

 Sd/-  
**T.M.Jeyachandran**  
 Director

 Sd/-  
**K.Mathevan Pillai**  
 Director (Finance)

 Sd/-  
**Dr. George Sleeba**  
 Chairman & Managing Director

 Place: New Delhi  
 Date : 19th August 2009

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

 Place: Kochi  
 Date : 22.08.09

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

**FACT**  
PIONEERS IN PROGRESS**THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED**

**DETAILS OF CAPITAL EXPENDITURE INCURRED ON TOWNSHIP AND OTHER SOCIAL OVERHEADS AS REQUIRED BY O.M.No.BPE-1(17)/ADV(F)/69 DATED 5-3-69 FROM THE MINISTRY OF FINANCE (BUREAU OF PUBLIC ENTERPRISES) UPTO 31st MARCH 2009**

	Rs/lakh				
	Gross Block as at 31.3.2008	Written down value as at 31.03.2008	Additions/ adjustments 2008-2009	Depreciation for the year 2008-2009	Depreciated value as at 31-03-2009
Land (Estimated) Staff Quarters etc., in Township	191.97	191.97	-5.79	0.00	186.18
Sewers & Drains	1302.88	491.18	-0.36	26.62	464.20
Hospitals	280.85	100.81	0.00	5.11	95.70
Schools	61.81	19.13	0.00	0.96	18.17
Shops	93.43	36.60	0.00	1.83	34.77
	12.08	2.95	0.00	0.15	2.80
	1943.02	842.64	-6.15	34.67	801.82

**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 2009**

	Rs/lakh		
Particulars	Expenditure	Income	Net Expenditure
Staff Quarters	495.03	148.05	346.98
Schools	1.83	18.56	-16.73
Medical facilities	593.50	52.97	540.53
Other Welfare Expenses	443.23	74.48	368.75
Estate Establishment	40.49	0.00	40.49
Notional interest at 6% p.a on Capital outlay on Township and overheads	116.58	0.00	116.58
	1690.66	294.06	1396.60

**STATEMENT SHOWING EXPENDITURE ON PUBLIC RELATIONS AND PUBLICITY (AS REQUIRED) BY BPE O.M.No.BPE/GL/042/78 BPE (IR)21(1)/78 DATED 18-12-1978) FOR THE YEAR ENDED 31st MARCH 2009**

Particulars	Rs./lakh
Salaries and Wages including Provident Fund	12.51
Advertisement Charges	10.80
Propaganda and Publicity	2.80
Exhibition	0.00
Demonstration, Sign Boards, Cost of Fertilisers, Village adoption, Soil Testing and Agronomy Services	0.00
Audio-visual film, Slides production, Projection charges and equipment	0.00
Running and Maintenance Expenses of Publicity vehicles and Travel Expenses	0.05
	26.16

**SUMMARISED ACCOUNTS**

Rs.in lakh

	2008-09	2007-08	2006-07
<b>RESOURCES</b>			
Net Worth	29485	25180	25157
Borrowings and Deferred Credits	78589	45472	50937
Capital Reserve	87	91	95
	<b>108161</b>	<b>70743</b>	<b>76189</b>
<b>UTILISATION OF RESOURCES</b>			
Fixed Assets	147201	146502	145847
Less: Depreciation & Impairment loss	108595	104082	101084
	<b>38606</b>	<b>42420</b>	<b>44763</b>
Capital Work-in Progress	687	908	1268
Investments	28131	55	55
Net Current Assets	40737	27360	30103
	<b>108161</b>	<b>70743</b>	<b>76189</b>
<b>EARNINGS</b>			
Sale of Products and services (net)	212866	87396	146805
Accretion/decretion(-) to Work in progress and finished goods	23513	-16154	7350
Jobs done for internal use	0	0	134
Other Income	4543	2150	2049
	<b>240922</b>	<b>73392</b>	<b>156338</b>
<b>OUT GOINGS</b>			
Direct Materials & Inputs	197956	62633	133300
Employees' remuneration and benefits	13499	11750	10899
Other expenses	16303	8324	13192
Depreciation/Impairment loss	4623	3545	6381
Interest	6396	6221	5340
	<b>238777</b>	<b>92473</b>	<b>169112</b>
Profit / Loss (-) for the year	2145	-19081	-12774
Income/Expenses (-) in respect of prior years	0	-1	-105
Extraordinary items (Income)	2166	20000	614
Profit/Loss(-) before tax	4311	918	-12265
Provision for Taxation	16	21	208
Profit/Loss(-) after tax	<b>4295</b>	<b>897</b>	<b>-12473</b>



**FACT**  
PIONEERS IN PROGRESS

# THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

## CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED 31ST MARCH 2009

	Rs.in Lakh		
	2008-09	2007-08	2006-07
<b>SOURCES OF FUNDS</b>			
Funds Generated from Operations:			
Profit after tax (before adjustment of Grant-in-aid)	4295	0	0
Depreciation and Impairment loss	4509	2993	6401
Long-term loan	743	1500	3000
Short-term loan	32374	-6965	18889
Grant-in-aid received from the Government of India	0	20000	0
	<b>41921</b>	<b>17528</b>	<b>28290</b>
<b>APPLICATION OF FUNDS</b>			
Loss for the year (before adjustment of Grant-in-aid)	0	19103	12473
Capital expenditure (net)	478	295	982
Investments in Shares/Bonds	28076	0	0
Miscellaneous Expenditure not written off (net)	-10	-5	-151
Increase/decrease (-) in Working Capital	13377	-1865	14986
	<b>41921</b>	<b>17528</b>	<b>28290</b>

## STATEMENT OF CHANGES IN WORKING CAPITAL

	Rs.in Lakh		
	2008-09	2007-08	2006-07
Cash and bank balance	-4504	-1036	4320
Inventories	9415	-2771	9086
Sundry debtors	19552	-11649	4417
Other Current assets	569	-228	360
Loans and advances	-426	1401	-302
	<b>24606</b>	<b>-14283</b>	<b>17881</b>
Creditors and other liabilities	11229	-12418	2895
Increase/decrease (-) in Working capital	13377	-1865	14986
	<b>24606</b>	<b>-14283</b>	<b>17881</b>

## VALUE ADDED STATEMENT

PARTICULARS	2008-09		2007-08		2006-07	
	Rs. lakh	%	Rs. Lakh	%	Rs. lakh	%
Value of Production * (Including other income)	240922		73392		156338	
Less: Cost of Direct materials & inputs	197956		62633		133300	
Value Added	42966		10759		23038	
Waiver of Interest by the Government of India	0		0		0	
<b>TOTAL</b>	<b>42966</b>		<b>10759</b>		<b>23038</b>	
Applied in the following way:						
Employee remuneration and benefits	13499	31	11750	109	10899	47
Other operating expenses	16303	38	8324	77	13192	57
Depreciation	4623	11	3545	33	6381	28
Interest	6396	15	6221	58	5340	23
Adjustment in respect of prior years	0	0	1	0	105	0
Provision for Income-Tax	16	0	21	0	208	1
Extraordinary items: Expense/Income (-)	-2166	-5	-20000	-185	-614	-2
Retained Profit / Loss (-)	4295	10	897	8	-12473	-54
<b>TOTAL</b>	<b>42966</b>	<b>100</b>	<b>10759</b>	<b>100</b>	<b>23038</b>	<b>100</b>

\* Net of sales discount/ dealer margin



# 10 YEARS FINANCIAL HIGHLIGHTS

(Rs. lakh)

		2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
1	Sales	70689	57376	105501	101917	98055	76751	92718	94682	118071	104557
2	Subsidy	141047	29236	40216	36578	19712	15230	16616	23055	55219	50467
3	Total(1+2)	211736	86612	145717	138495	117767	91981	109334	117737	173290	155024
4	Income from Contracts & Services	1130	784	1222	850	650	1021	2348	1991	2931	1787
5	Other Income	4543	2150	2049	1203	2779	1276	2021	2468	2236	1847
6	Stock:Accretion(+)/Decretion(-)	23513	-16154	7350	241	1231	6726	-9415	389	-1241	9608
7	Interest waived by Government of India	0	0	0	0	0	0	1310	16717	0	0
8	<b>Total Income</b>	<b>240922</b>	<b>73392</b>	<b>156338</b>	<b>140789</b>	<b>122427</b>	<b>101004</b>	<b>105598</b>	<b>139302</b>	<b>177216</b>	<b>168266</b>
9	Material Consumed	167825	49931	104343	95275	79545	57298	58785	66318	97744	86818
10	Salaries & Allowances	12563	10951	10157	9441	10728	14820	15389	16156	12765	12596
11	Repairs & Maintenance	2825	3248	2791	2742	2416	2409	3815	3850	4210	4719
12	Power & Fuel	20806	9018	22435	22422	18587	17209	18088	18041	33699	27900
13	Other Manufacturing Expenses	23739	9559	17665	12271	9706	16092	18950	24268	24455	26242
14	Past period Expen/Income(-)	0	1	105	9	3480	8	-40	31	10	-17
15	<b>Total Expenditure</b>	<b>227758</b>	<b>82708</b>	<b>157496</b>	<b>142160</b>	<b>124462</b>	<b>107836</b>	<b>114987</b>	<b>128664</b>	<b>172883</b>	<b>158258</b>
16	Gross Margin (8-15)	13164	-9316	-1158	-1371	-2035	-6832	-9389	10638	4333	10008
17	Extraordinary Items (Income)	2166	20000	614	35503	0	0	0	0	0	0
18	Interest	6396	6221	5340	3985	8423	3281	3972	3892	9878	7646
19	Depreciation / Impairment loss	4623	3545	6381	6527	6318	6609	6632	6683	9650	6342
20	Profit/Loss (-) before taxation	4311	918	-12265	23620	-16776	-16722	-19993	63	-15195	-3980
21	Provision for taxation/Refund of tax (-)	16	21	208	54	20	0	0	6	0	0
22	<b>Net profit / (Loss)</b>	<b>4295</b>	<b>897</b>	<b>-12473</b>	<b>23566</b>	<b>-16796</b>	<b>-16722</b>	<b>-19993</b>	<b>57</b>	<b>-15195</b>	<b>-3980</b>
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	38606	42420	42763	50826	56941	66333	71968	76016	79125	81416
26	Capital work-in-progress	687	908	1268	627	450	627	1111	2114	2808	1783
27	Current assets, Loans & Advances	82352	57746	72030	54150	40802	48009	53031	60996	72585	83878
28	Current Liabilities & Provisions (1)	(1) 41615	30386	41927	39032	34023	35603	33996	30303	43339	40353
29	Investments	28131	55	55	55	55	55	55	55	65	65
30	Misc. expenditure to the extent not w.off	0	10	15	166	2595	3091	579	0	0	0
31	Accumulated Loss	35222	39517	39535	27062	50628	30561	13839	0	0	0
32	<b>Total Utilisation</b>	<b>143383</b>	<b>110270</b>	<b>115739</b>	<b>93854</b>	<b>117448</b>	<b>113073</b>	<b>106587</b>	<b>108878</b>	<b>111244</b>	<b>126789</b>
33	<b>Working Capital (27-28)</b>	<b>40737</b>	<b>27360</b>	<b>30103</b>	<b>15118</b>	<b>6779</b>	<b>12406</b>	<b>19035</b>	<b>30693</b>	<b>29246</b>	<b>43525</b>
34	Long term borrowings	9243	8500	7000	4000	61940	57446	50440	48795	47438	43962
35	Short term borrowings	69346	36972	43937	25048	19927	19967	20482	18260	21523	25357
36	Share Capital (Incl. Pending allotment)	64707	64707	64707	64707	35477	35477	35477	35477	35477	35477
37	Reserves & Surplus	0	0	0	0	0	0	0	6154	6608	21804

38	Capital Reserve		87	91	95	99	104	183	188	192	198	189
39	<b>Total Sources</b>		<b>143383</b>	110270	115739	93854	117448	113073	106587	108878	111244	126789
40	<b>Networth (36+37-30-31)</b>		<b>29485</b>	25180	25157	37479	-17746	1825	21059	41631	42085	57281
41	<b>Capital employed (25+33)</b>	(2)	<b>79343</b>	69780	74866	65944	63720	78739	91003	106709	108371	124941
42	Finished Goods		<b>28050</b>	4537	20691	13341	13100	11836	5251	14510	14315	15345
43	Work in progress		<b>0</b>	0	0	0	363	396	255	412	217	428
44	Raw Materials		<b>4390</b>	15569	6711	4409	1463	961	4991	3501	4422	7514
45	Stores, Spares & Loose tools		<b>8608</b>	9280	6928	6617	6337	6371	7838	8459	9645	14736
46	Materials in transit		<b>212</b>	2459	286	1163	1626	123	357	2963	1131	566
47	Sundry debtors		<b>27137</b>	7585	19234	14817	9997	22815	29118	21284	28509	27764
48	Cash & bank balance		<b>2242</b>	6746	7782	3463	2278	2466	1649	4324	6372	10897
49	Loans & advances		<b>10642</b>	11068	9668	9969	5601	2999	3543	4874	6675	4452
50	Other Current Assets		<b>1071</b>	502	730	371	37	42	29	669	1299	2176
51	<b>Total (42 to 50)</b>		<b>82352</b>	57746	72030	54150	40802	48009	53031	60996	72585	83878
52	Current Liabilities	(1)	<b>37517</b>	26789	39644	37092	32383	34178	32682	29231	43339	40333
53	Provisions		<b>4098</b>	3597	2283	1940	1640	1425	1314	1072	0	20
54	<b>Total (52+53)</b>		<b>41615</b>	30386	41927	39032	34023	35603	33996	30303	43339	40353
55	<b>Net Working Capital (51-54)</b>		<b>40737</b>	27360	30103	15118	6779	12406	19035	30693	29246	43525
56	<b>Gross Internal resources (19+22-17)</b>		<b>6752</b>	-15558	-6706	-5410	-10478	-10113	-13361	6740	-5545	2362
57	<b>Installed Capacity (MT)</b>											
	Ammonium Sulphate		<b>225000</b>	225000	225000	225000	225000	225000	225000	225000	225000	225000
	Factamphos 20:20		<b>633500</b>	633500	633500	633500	633500	633500	633500	633500	633500	633500
	DAP											
	Urea		<b>330000</b>	330000	330000	330000	330000	330000	330000	330000	330000	330000
	Caprolactam		<b>50000</b>	50000	50000	50000	50000	50000	50000	50000	50000	50000
	N		<b>324450</b>	324450	324450	324450	324450	324450	324450	324450	324450	324450
	P2O5		<b>131900</b>	131900	131900	131900	131900	131900	131900	131900	131900	131900
58	<b>Production (MT)</b>											
	Ammonium Sulphate		<b>128845</b>	30478	183490	172986	200564	190268	182222	220945	238066	231286
	Factamphos 20:20		<b>605047</b>	425530	721202	745902	560788	567678	673678	826119	838108	784515
	DAP		<b>0</b>	0	0	0	0	0	0	0	0	0
	Urea		<b>0</b>	0	0	0	0	0	9590	22260	275170	265298
	Caprolactam		<b>13548</b>	6759	41327	38666	44932	41794	40409	48865	52541	50723
	N		<b>147551</b>	91384	182039	184816	153474	152731	176685	220978	343241	326585
	P2O5		<b>121009</b>	85106	144240	149180	112158	113536	134736	165224	167622	156903
59	<b>Capacity utilisation (%)</b>											
	N		<b>45.48</b>	28.17	56.11	56.96	47.30	47.07	54.46	68.11	105.79	100.66
	P2O5		<b>91.74</b>	64.52	109.36	113.10	85.03	86.08	102.15	125.26	127.08	118.96

(1) Including Interest accrued and due.

(2) Does not include capital work- in- progress.



# THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

## THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

Registered office: Eloor, Udyogamandal, Kochi

65th Annual General Meeting  
Friday, 25th September 2009 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 65th Annual General Meeting being held on 25th September 2009 and/or at any adjournment thereof.

Signature of Shareholder or Proxy

### PROXY FORM

#### THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

Registered Office: Eloor, Udyogamandal, Kochi

I/We.....in the district of.....being a member of the above named Company (Folio No.....) hereby appoint Mr.....in the district of.....as my/our Proxy to vote for me/us on my/our behalf at the 65th Annual General Meeting of the Company to be held on Friday the 25th September 2009 at 11.00 am at Udyogamandal Club at Eloor, Udyogamandal and at any adjournment thereof.

Signed this.....day of.....2009

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

FOR OFFICE USE ONLY
No.of Shares
Proxy No.

Affix 30 paise Revenue Stamp
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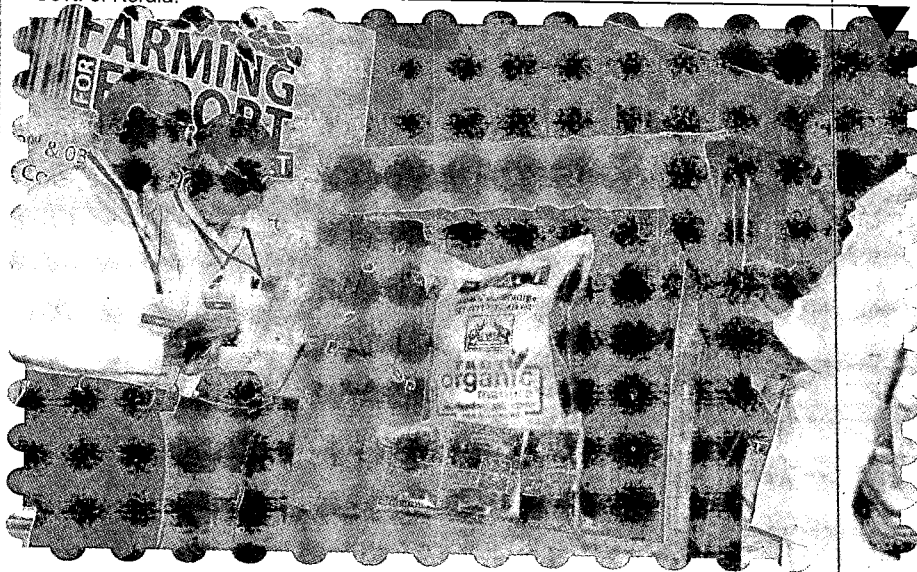
#### IMPORTANT

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.

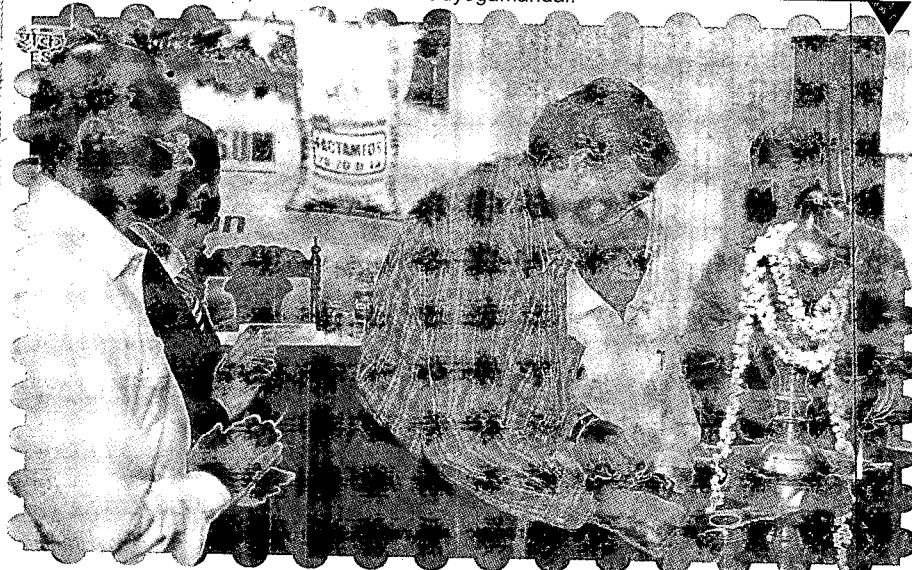
CMD Dr. George Sleeba, speaks at the customer meet for rail movement of bulk gypsum held at Kochi



Launching of 'FACT ORGANIC' by Shri Mullakara Ratnakaran, Hon'ble Minister for Agriculture, Govt. of Kerala.



Launching of zincated Products - FACTAMFOS & GYPSUM- by Shri Atul Chaturvedi, IAS, Secretary (Fertilisers), Govt. of India at Udyogamandal.





## WIDE RANGE OF FACT PRODUCTS



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