



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

Registered Office: Eloor, Udyogamandal, Kochi.

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 66th Annual General Meeting of the Company will be held on Wednesday the 29th day of September, 2010 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 31st March, 2010 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 Ms. Prabha Karan who retires at this Annual General Meeting and being eligible, offers herself for re-election,
3. To elect a Director in place of Shri. T.M.Jeyachandran who retires at this Annual General Meeting and being eligible, offers himself for re-election.
4. To elect a Director in place of Shri. Khan Masood Ahmad who retires at this Annual General Meeting and being eligible, offers himself for re-election.
5. To elect a Director in place of Prof.R.K.Mishra who retires at this Annual General Meeting and being eligible, offers himself for re-election.
6. To elect a Director in place of Dr.B.S.Ghuman who retires at this Annual General Meeting and being eligible, offers himself for re-election.
7. To elect a Director in place of Dr.B.Bodeiah who retires at this Annual General Meeting and being eligible, offers himself for re-election.
8. To elect a Director in place of Shri.S.Balan who retires at this Annual General Meeting and being eligible, offers himself for re-election.

Special Business

9. To elect Shri. Satish Chandra as a Director of the company

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



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

10. To elect Shri. Deepak Singhal as a Director of the company

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

By Order of the Board of Directors.

Sd/-
K. V. Balakrishnan Nair
Company Secretary

Elloor, Udyogamandal

26.08.2010

Notes:

1. The Register of Members will be closed from 27th September 2010 to 29th September 2010 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.9

Government of India, Ministry of Chemicals and Fertilisers, Department of Fertilisers vide Order No. 130/B/2003-HR-1 dated 03rd May 2010 appointed Shri. Satish Chandra, 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. Satish Chandra was co-opted as additional Director of the Company with effect from 06.05.2010. 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. Satish Chandra is interested in the resolution.

Item No.10

Government of India, Ministry of Chemicals and Fertilisers, Department of Fertilisers vide Order No. 130/B/2003-HR-1 dated 03rd May 2010 appointed Shri. Deepak Singhal, 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. Deepak Singhal was co-opted as additional Director of the Company with effect from 06.05.2010. 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. Deepak Singhal is interested in the resolution.



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

BOARD OF DIRECTORS

Shri K. Mathevan Pillai

Chairman & Mg. Director (from 01.07.2010)
Director (Finance)

Shri V.G. Sankaranarayanan

Director (Technical)

Shri Satish Chandra

Part-time Official Director

Shri Deepak Singhal

Part-time Official Director

Dr. George Sreeba

Chairman & Mg. Director (Upto 30.11.2009)

Shri A. Asokan

Chairman & Mg. Director (from 01.12.2009 to 30.06.2010)
Director (Marketing)

Shri Mathew C. Kunnumkal

Part-time Official Director (Upto 03.05.2010)

Shri Sudhir Bhargava

Part-time Official Director (Upto 03.05.2010)

Ms. Pratibha Karan

Non-official Part-time Director

Shri T.M. Jeyachandran

Non-Official Part-time Director

Shri Khan Masood Ahmad

Non-Official Part-time Director

Prof. R.K. Mishra

Non-Official Part-time Director

Dr. B.S. Ghuman

Non-Official Part-time Director

Dr. B. Bodeiah

Non-Official Part-time Director

Shri S. Balan

Non-Official Part-time Director

Chief Vigilance Officer

Shri A.K. Gupta

Company Secretary

Shri K.V. Balakrishnan Nair

AUDITORS

Statutory Auditors

M/s. Babu A. Kallivayalil & Co.
Chartered Accountants, Kochi

Cost Auditors

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

Branch Auditors

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

M/s. Ramanatham & Rao
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



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

CHAIRMAN'S STATEMENT

Dear Shareholders,

I deem it a privilege to chair the 66th Annual General Meeting of our esteemed company. On behalf of the Board of Directors of the company and also on my personal behalf, I extend a warm welcome to each and every one of you present here.

The Annual Report for the financial year ended 31st March 2010 along with the Directors' Report, Audited Annual Accounts and Auditor's Report have been with you for some time and with your permission, I shall take them as read.

You would have noticed that as a testimony to the transparency and excellent accounting practices followed by the company, the Comptroller and Auditor General of India has offered his comments on the accounts of the company for the year 2009-10.

The performance of the company in the financial, production and marketing fronts for the year 2009-10 have been dealt in detail in the annual report and I do not intend to repeat the same.

Dear members, ever since I joined FACT some 33 years back, I have been impressed by the great tradition and tremendous potential of this company. I assumed additional charge of the Chairman and Managing Director of this great organization on 1st September 2010. It will be my endeavour to lead our company to greater heights.

FACT, as it stands today, is the result of tireless efforts put in by many stalwarts who also nursed many dreams and hopes which they were sure to become reality in the days to come. Started as a small unit with a single product during the pre-independent era, the growth and expansion of FACT, though not astounding, cannot be belittled under any criteria. Whereas many similar units sprouted up in this part of the country during almost the same period have become mere memories, it goes to the innate strength of FACT that the storms and thundershowers have left little impact on our company. I recall here with pride that our golden days also have no parallels in the industrial annals of the country. Today when I stand before the esteemed share holders of the company to present an

overview of our company's performance, words fail to express my feelings.... My bountiful thanks to all those who made this company what it is today.

Ladies and gentlemen, FACT is on a recouping stage. We are recouping our energy, reinforcing our potential and rejuvenating ourselves. The sun is gradually coming out of the eclipse. Of course, dedicated hard work of all the employees together with a positive swing in the subsidy policy of the Government of India helped the company turn the corner during the early months of the current year. The introduction of nutrient based subsidy (NBS), may lead to far reaching changes in the Fertiliser scenario in India. The Indian fertilizer industry will become more competitive under NBS. The NBS may also encourage balanced fertilizer application and use of micro nutrients to optimize agricultural output.

I am happy to inform you that, during the first five months of the financial year 2010-11, the company has been able to continue the momentum it has already established in the production and marketing fronts. Production of our prime product Factamfos reached 2.8 lakh MT corresponding to 106% capacity utilization and the sales during the period also exceeded 2.82 lakh MT. Financial performance up to August '10 showed a profit of ₹ 19.8 crore against a loss of ₹ 41.8 crore for the corresponding period last year.

With the introduction of Nutrient based Subsidy for Factamfos and Ammonium Sulphate, all major products are generating positive contribution and the prices of raw materials and intermediates are stabilizing now. By maximizing production and marketing, the company expects to close the financial year 2010-11 with positive financial results. Company has fixed an internal targets to produce 8 Lakh MT of Factamfos, 2.25 Lakh MT of Ammonium Sulphate and 0.50 lakh MT of Caprolactam during the current year to achieve this goal. Production of Zincated Factamfos and crop specific mixtures is a new thrust area we are focusing because of its potential to increase profitability.

I am glad to inform you that on marketing front also the company has drawn up an ambitious plan.



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

In last year, the sales of Factamfos was 7.2 lakh MT. This year we are planning to market 8 lakh MT of Factamfos. Utilising the market conditions, the company is planning to improve the sales of slow moving products like Ammonium Sulphate, bagged gypsum and also organic fertilizers.

Import and trading has got a boost with enhancement of comfort letter from DDF for ₹125 crore. Two ships of MOP have already been handled and efforts are on to bring a ship of Urea to Cochin Port. The company is hopeful of expanding the Ammonium Sulphate trade to Maharashtra in the near future in association with Rashtriya Chemicals and Fertilisers Limited. Preliminary discussions on trade tie up with RCF has been done

Along with the above measures, the company has also embarked upon maximizing its market share in the sales of Organic Manure by making arrangements with Kochi, Kozhikode and Thiruvananthapuram Corporations and Kottayam Municipality.

Dear members, I am not confirming every thing is in order and presenting a rosy picture on the performance of FACT. The clouds of uncertainty is still prevails in some areas. The challenges being faced by the company in optimizing production is the scarcity of essential raw-materials in global market and shortage of working capital. Productivity has to be improved in all areas of our business. In a world of competition, we have to run faster, faster and faster to stay ahead. We are aware of the challenge. With the inherent strength and ability of this company, and with the active support and co-operation of you all, I am sure FACT will scale new heights in the near future and maintain its status as a flag ship company among PSUs in Kerala.

On the projects front, even though the company was not able to achieve much progress during the last one year, I am hopeful that the project of prestigious FACT-RCF Building Products Limited

(FRBL), which is the first Joint Venture company in the history of FACT, is nearing completion and in all probability, will be ready for commissioning in a couple of months from now. This project will be a milestone in the history of the company.

Automation of bagging and loading operations at Cochin Division and modification of the existing ammonia plant for the use of LNG are the other major projects, which are progressing as per schedule. Detailed Feasibility Report (DFR) for a new Urea Plant at Udyogamandal and augmenting NP production capacity at Cochin Division are being finalised. Speedy implementation of these two projects are vital for our survival.

Acknowledgement

I hereby place on record my sincere thanks to my colleagues on the Board of Directors for their advice and support, the Trade Unions, Officers' Forums and to all the employees of the company for their dedicated efforts and unshinied support for overcoming various challenges facing the company and for their contribution for the revival and growth of FACT. I must also thank the various departments of Government of India, in particular the Department of Fertilisers for the support given to FACT. Gratitude is also extended to the various departments of the Government of Kerala local bodies, District administration, the banks, shareholders, depositors, our auditors, dealers and the general public for the trust they have been reposing on us. I also wish to thank the print and electronic media for their constructive criticism, support and encouragement.

V.G.SANKARANARAYANAN
CHAIRMAN & MANAGING DIRECTOR

Udyogamandal
29.9.2010



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 66th Annual Report of your Company together with the Audited Accounts and the report of the Auditors for the year 2009-10.

Your Directors are happy to inform you that the Company's overall performance in the production and marketing front during the financial year 2009-10 was better than the previous year.

PERFORMANCE - PRODUCTION, SALES AND PROFITABILITY

	2009-2010	2008-2009
1 Production / In Tonnes		
Factamfos 20:20	753744	605047
Ammonium Sulphate	179548	128845
Caprolactam	42006	13548
2 Sales / In lakh Tonnes		
Fertilisers	10.45	8.33
Caprolactam	0.38	0.12
3 Financial / ₹ lakh		
Turnover	214161	214748
Profit / Loss (-) before tax	(-)10370.34	4311.44
Provision for taxation - earlier years	35.38	-
Provision for Fringe benefit tax	(-)22.21	16.00
Profit/Loss (-) after tax	(-)10383.51	4295.44
Profit/Loss (-) b/f from previous year	(-)35221.85	(-)39517.29
Net deficit carried to Balance Sheet	(-)45605.36	(-)35221.85

Due to the accumulated loss, your Directors are not recommending any dividend for the year 2009-10.

The production performance of the company during the year registered very good improvement compared to previous year with 7.54 lakh MT of Factamfos, 1.80 lakh MT of Ammonium Sulphate and 42006 MT of Caprolactam with an increase of 25%, 38% and 310% respectively.

During the year, the complex fertilizer plants at Udyogamandal and Cochin Division operated at 119% capacity compared to 76% and 101% respectively in the previous year.

During the year 2009-10, the company has made some modifications in NP plant at Udyogamandal for obtaining optimum production. Due to this modification, the production of NP plant at Udyogamandal has increased upto 800 - 820 TPD in place of 650 - 700 TPD.

Total fertilizer sales showed an increase of 25% at 10.45 lakh MT compared to 8.33 lakh MT during the year 2008-09.

The financial results for the year 2009-10 shows a loss of ₹ 103.83 crore against a profit of ₹ 42.95 crore during the year 2008-09. Previous year working results include profit on sale of land to NHAI and valuation of gypsum amounting to ₹ 199.50 crore into stock with corresponding credit to Profit & Loss account as extraordinary items.

The company could register substantial reduction in operating loss compared to last year. The operating loss has come down from ₹ 178.05 crore to ₹ 103.70 crore. The loss of ₹ 103.70 crore include arrears on account of wage revision amounting to ₹ 46.33 crore for which cash out go will be in 2010-11 and subsequent year in 8 quarterly installments starting from August 2010.

Government of India vide Order No.96/4/2008-HR-I dated 03.08.2010 has approved revision of salaries and wages of Board level and below Board level executives and employees of the company rationally with effect from 01.01.2007 and payment to be made effective from 01.08.2010. Even though the arrears from 01.08.2008 is payable on 8 equal installments, to comply with the provisions of relevant accounting standard, the arrears upto 31.03.2010 amounting to ₹ 46.33 crore has been provided in the profit and loss account for the year 2009-10.

During the year, working capital position remained very tight due to increased operations and company had to utilize a limit of ₹ 850 crore against ₹ 681 crore availed in the previous year. Consequently the interest cost has increased from ₹ 64 crore to ₹ 116 crore during the year 2009-10.

Huge burden of interest and the accounting of the arrears on pay revision are the main reasons for the negative working result for the year 2009-10.



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

During the year, the company was able to enter into a Memorandum of Understanding with three customers for sale of Caprolactam on import parity price. With this, about 2500 MT of Caprolactam has been committed for domestic sale per month.

During the year 2009-10, a new ERP system SAP was introduced at a total cost of ₹ 13 crore. The system is under stabilization.

During the year 2009-10, the company has introduced a new product Zincated Factamifos. Under the nutrient based subsidy scheme fertilisers with micro nutrients with zinc is provided with additional subsidy of ₹ 500 per MT. With continued research company could develop a product with suitable colouring agent using carbon black which is economical compared to other colouring agent in the market. The commercial production of the new product started in July 2010 in the fourth stage NP plant at Udyogamandal complex. Average production is around 200 TPD and this will improve the profitability in the year 2010-11.

As per the directions issued by the Government of India and with the concurrence of Securities and Exchange Board of India, during the year 2009-10, the company has allotted 2923 lakh equity shares of ₹ 10 each to the Government of India as conversion of loan into equity.

FACT-RCF Building Products Limited (FRBL), the Joint Venture company with Rashtriya Chemicals & Fertilisers Limited for manufacturing load bearing panels and other building products using phospho gypsum is expected to achieve mechanical completion during August 2010. The project is expected to be commissioned shortly.

Performance of the company during the first quarter of the financial year 2010-11 was encouraging. Production and sales of almost all products for the quarter ended 30th June 2010 has increased compared to the corresponding quarter in the previous year. Working results during the quarter ended 30.6.2010 shows a profit of ₹ 368 lakh as against a loss of ₹ 3451 lakh during the corresponding period of the previous year. The Company was able to generate a profit of ₹ 9.91 crore for the month of July 2010.

Government of India has announced Nutrient Based Subsidy (NBS) with effect from 01.04.2010. Under the NBS scheme, subsidy is based on actual nitrogen, phosphorus and potassic contents of different fertilizer formulation. Ammonium sulphate is also recognized for subsidy under NBS. In order to support the companies operating on costly feed stock and fuels like Naphtha, Government of India is announcing additional subsidy for these companies. With the implementation of Nutrient based subsidy and the expected additional support to Naphtha based industries, financial performance of FACT is expected to improve during the year 2010-11.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A Management Discussion and Analysis Report covering the operational aspects during the year 2009-10 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, 2010 and of profit and loss account for the year ended March 31, 2010.

c. that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d. that the directors had prepared the annual accounts on a going concern basis.

REPORT ON CORPORATE GOVERNANCE

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

STATUTORY AUDITORS, COST AUDITORS

M/s. Babu A.Kalivayalil & Co., Chartered Accountants, Kochi, was appointed as Statutory Auditors of the Company for the year 2009-10 by the Comptroller and Auditor General of India. M/s. A. John Morris & Co., Chartered Accountants, Chennai was re-appointed as Branch Auditors for Tamilnadu and Kerala area and M/s. Ramanatham & Rao, Chartered Accountants, Hyderabad was appointed as Branch Auditors for Karnataka and Andhra Pradesh area of the Company for the year 2009-10 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 2009-10 with the approval of the Government of India.

Comments of Statutory Auditors

The Statutory Auditors in their report has made certain comments on the Accounts of the Company for the year 2009-10. The reply to the comments of Statutory Auditors are annexed to this report.

DIRECTORS RETIREMENT & APPOINTMENTS

Dr. George Sreeba, Chairman and Managing Director, has retired from the services of FACT on superannuation on 30-11-2009.

Government of India, Ministry of Chemicals and Fertilisers, Department of Fertilisers vide Order No. 86/3/2007-HR-I dated 30th November 2009 entrusted additional charge of the post of Chairman and Managing Director to Shri. A.Asokan, Director (Marketing) in addition to his duties. Shri. A.Asokan has assumed charge of Chairman and Managing Director with effect from 01-12-2009.

On superannuation of Shri A.Asokan on 30th June 2010, Shri K.Mathevan Pillai (Director-Finance) has assumed charge of the post of the Chairman and Managing Director with effect from 01-07-2010.

Department of Fertilisers, Ministry of Chemicals and Fertilisers, Government of India, vide order No. 130/8/2003-HR-I dated 3rd May 2010 notified the appointment of Shri Satish Chandra, IAS, Joint Secretary, Department of Fertilisers and Shri Deepak Singhal, IAS, Joint Secretary, Department of Fertilisers, on the Board of Directors of FACT in place of Shri Mathew C.Kunnumkal, IAS, Director, and Shri Sudhir Bhargava, IAS, Director, respectively.



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

The Board place on record its appreciation of the valuable services rendered by Dr. George Steeba, Chairman & Managing Director, Sri A. Asokan, Director (Marketing), Sri Mathew C. Kunnunkal, Director and Sri Sudhu Bhaigava, Director.

AUDIT COMMITTEE

In line with the Provisions of Section 292(A) of the Companies (Amendment) Act 2008 and Clause 49 of the listing agreement with Stock Exchange, an Audit Committee of the Board has been constituted.

PUBLIC DEPOSITS

The total amount of Fixed Deposits as on 31st March 2010 was ₹. 62.28 Crore. As on 31-03-2010, 8 depositors have not claimed their deposits amounting to ₹. 2.60 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

Udyogamandal
Date: 26.06.2010

Sd/-
K. Mathewan Pillai
Chairman and Managing Director

ANNEXURE TO DIRECTORS' REPORT

Particulars Required under Companies

(Disclosure of particulars in the report of Directors) Rules 1988

A. Conservation of Energy

1. The Raw 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 Cochin Division a variable speed motor for the filter feed pump in phosphoric acid plant was installed and commissioned in February 2010. This will result in considerable energy saving.
3. In Petrochemical Division, CPP TG frequency kept reduced from 50 cycles/second to 49.5 cycles/second, resulting in savings of 4800 KWH per day.
4. In Petrochemical Division a new cooling water pump of 680 KW capacity was procured and installed for the Hyam service in place of two 585 KW cooling water pumps. This has resulted in approximate saving in energy to the extent of 490 KWH per day.
5. During annual turn-around in 2009, chilled water generated in Ammonia handling section is diverted to

Benzene vent condenser in main Tank Farm. This results in an annual saving of ₹ 2 lakh in energy.

B. Technology Absorption, Adaptation and Innovation Efforts in brief

1. In Udyogamandal Division a technology has been developed and successfully implemented for the use of concentrated phosphoric acid for optimizing the production of Pectamphos.
2. Steps have been taken for Installation of Variable Frequency Drives for energy efficient operation of equipments like CO₂ Blower in Ammonia complex, cooling tower Fan in CPP and Fume Fan in MP 150.
3. Existing trombone coolers of Acid plant were replaced with plate Heat Exchangers as part of the improvements in acid plants.
4. In Petrochemical Division, the old control system of captive power plant has been replaced with DCS and PLC system.

THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

Benefits derived

1. Due to the implementation of new technology for the use of concentrated phosphoric acid, the recycle ratio of production of Factamphos got reduced and production has increased upto 800-820 TPD in place of 650-700 TPD. This modification has resulted in an additional contribution of ₹1.2 crore per month.
2. The installation of Variable Frequency Drives will result in an estimated energy savings of about 375 MWh per annum.
3. The replacement of coolers with plate Heat Exchangers result in sustained and trouble free operation of DCDA Acid Plant.
4. The replacement of old control system has resulted in better operational control and avoidance of failures due to obsolescence of the old system.

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 2009-10, 9571 MT of Caprolactam was exported as against 3847 MT during 2008-09. The exports were mainly to China.

Details of foreign exchange earning and outgo are given separately.

FOREIGN EXCHANGE EARNINGS AND OUTGO

	Current Year ₹ in Lakh	Previous Year ₹ in Lakh
1) Foreign exchange earned	8215.79	3633.01
2) Foreign Exchange Outgo		
(i) C.I.F. Value of Imports:		
(a) Raw Materials	92880.83	88516.88
(b) Spares and Other Materials	162.17	9816.84
(c) Capital Goods	5.28	0.00
	93048.28	98333.73
(ii) Expenditure in Foreign Currency (Cash Basis)		
(a) Consultancy Service	0.00	0.00
(b) Others	20.64	18.86
	20.64	18.86
Total (i) + (ii)	93868.92	98352.59

THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

FORM - A

Form for disclosure of particulars with respect to conservation of energy: 2009-2010

(A) POWER AND FUEL CONSUMPTION

Particulars	Udyogamandal Division		Cochin Division		Petrochemical Division	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
(1) ELECTRICITY						
(a) Purchased						
Unit: Lakh KWH	485.05	411.65	487.70	544.84	249.80	179.94
Amount ₹ in lakh	1785.06	1688.23	1810.22	2133.72	900.23	738.00
Rate/Unit: ₹/KWH	3.60	4.10	3.64	3.92	3.60	4.10
(b) Own Generation						
(i) Through Steam						
Turbine/Generator						
Unit: Lakh KWH	237.07	222.80	-	-	531.38	146.45
Unit per liter of fuel						
KWH/liter	3.52	3.96	-	-	3.61	3.69
Cost/Unit: ₹/KWH at normative levels	7.82	8.08	-	-	7.97	8.68
(ii) Transfer from other Divisions						
Unit: Lakh KWH	-	-	-	-	38.85	21.02
Unit per liter of fuel						
KWH/liter	-	-	-	-	3.52	3.96
Cost/Unit: ₹/KWH at normative levels	-	-	-	-	7.82	8.08
(2) FURNACE OIL/LSHS						
Quantity: Tonnes	48333.52	44227.34	12127.97	9506.07	54072.75	18186.04
Total Cost ₹ in Lakh	10794.72	9644.33	2426.34	2287.24	12095.11	4096.82
Average Rate ₹ /MT	22333.82	21806.26	20006.15	24060.88	22368.22	22527.28

(B) CONSUMPTION PER UNIT OF PRODUCTION

Sl.No	PRODUCT	ELECTRICITY			NAPHTHA			FURNACE OIL/LSHS		
		Unit	2009-10	2008-09	Unit	2009-10	2008-09	Unit	2009-10	2008-09
1	UDYOGAMANDAL DIVISION									
	Ammonia	KWH	131	145	MT	0.8960	0.8954	MT	0.2403	0.2219
	Sulphuric Acid	KWH	83	73	-	-	-	-	-	-
	Phosphoric Acid	KWH	-	-	-	-	-	-	-	-
	Ammonium Sulphate	KWH	50	54	-	-	-	-	-	-
2	COCHIN DIVISION									
	Factamfos 20:20	KWH	41	39	-	-	-	MT	0.0208	0.0199
	Sulphuric Acid	KWH	20	18	-	-	-	MT	0.0019	0.0000
	Phosphoric Acid	KWH	405	238	-	-	-	-	-	-
	Factamfos 20:20	KWH	63	62	-	-	-	MT	0.0191	0.0186
3	PETROCHEMICAL DIVISION									
	Caprolactam	KWH	1532	2564	-	-	-	MT	1.3501	1.4428

* Includes fuel oil used for power generation

THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

FORM - B RESEARCH AND DEVELOPMENT (R&D)

FACT Research and Development Centre function with the aim of carrying out in-depth research in new fertilizer formulations, innovation in the fertilizer production for cost control and value addition of by-products and existing product lines for the benefit of all stake holders of the Company.

1. Specific Areas on which the Company carries out R&D.

i) Quality Control Cell

As per the directive of the Ministry of Agriculture, Government of India, FACT has constituted a quality control cell for efficiently monitoring the quality of finished fertilizers both in manufacturing units and field godowns, distributors and dealers.

ii) Bio-fertiliser Production

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

iii) Study to utilize off grade PD Ammonium sulphate from purge incineration section of KHI plant.

A study has been conducted to utilize the off grade Ammonium sulphate being produced from purge incineration section of KHI plant in Petrochemical Division, as value added product.

iv) Study to evaluate the effect of cake formation among different grade of NPK mixtures in stock.

R&D Centre has conducted a study to evaluate the effect of cake formation among different grade of NPK mixtures. The suitability of the import materials used for the formation of various grades of mixtures is being assessed.

v) Trial run using strong phosphoric acid and 40% Oxime Ammonium Sulphate (OAS) liquor.

A trial run was conducted to use strong phosphoric acid and OAS to enhance the production of Factamfos at 300 TPD plant.

2. Benefits derived

- i) R&D Centre's efficient monitoring and quality control efforts has resulted in enhancement of credibility of the products among the dealers and farmers. The monitoring and control of quality further strengthens the brand image and reputation of the Company.
- ii) R & D Centre has produced 83.42 MT of Bio-fertilisers during the year 2009-2010 and despatched 72.2 MT for distribution to all the Southern States.
- iii) Based on the study, two alternative methods were suggested to use off grade Ammonium Sulphate from purge incineration section of KHI plant, in 150 TPD plant without affecting the quality of the final product.
- iv) Based on study to evaluate the effect of cake formation among different grade of NPK mixtures, an interim report on various parameters of mixtures has been submitted to marketing department.
- v) The trial run using strong phosphoric acid and 40% Oxime Ammonium Sulphate liquor has been successful in all respects and the scheme was implemented for the benefit of FACT.

3. Future Plan of Action

R&D Centre plans to conduct studies on the following:

- (1) Formulation of Boron Fortified Factamfos.
- (2) Formulation of Chloride Free NPKS fertilizers by value addition of Ammonium Sulphate.
- (3) Optimization of composting parameters of Cair pith to maximize the Agro nutrients.

4. Expenditure on R&D

Details of expenditure on R&D are given separately.

EXPENDITURE ON R&D

Year	Capital	Revenue	Total	₹ in Lakh
				As % of total Turnover
2007-2008	1.13	26.83	27.96	0.032
2008-2009	0.00	36.24	36.24	0.017
2009-2010	0.00	48.39	48.39	0.023



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

COMMENTS OF THE STATUTORY AUDITORS AND COMPANY'S REPLIES ON THE ACCOUNTS FOR THE YEAR ENDED 31.3.2010

COMMENTS	REPLY
<p>1. Recognition of interest receivable of ₹ 497 lakh (Previous year ₹ 414 lakh) on mobilization advance to a contractor in violation of the Accounting Standard 9 considering the significant uncertainty in realization, who has also lodged a claim of ₹ 177325 lakh (Previous year ₹ 172988 lakh) against the Company towards shortfall charge and damages upon termination of the contract, not provided though shown as contingent liability and the dispute is under arbitration (Refer points 2(h) and 15 of Notes on Accounts of Schedule 25).</p>	<p>The interest receivable from the contractor is on the mobilization advance given by the Company against the strength of a Bank Guarantee submitted by them. The terms of the Bank Guarantee covers the due payment of interest 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.</p>
<p>2. Reliance on the value of stock of gypsum of ₹ 20308 lakh (Previous year- ₹ 19950 lakh) accounted for the first time during 2008-09, based on five years expected sales, since trend of sales till date is not matching the projection on an year to year basis (Refer point 16(c) of Notes on Accounts of Schedule 25).</p>	<p>The new FRBL project for producing load bearing panels and other value added building products, using phospho gypsum is under the final stage of commissioning. On commissioning of the project, 1.5 lakh MT of gypsum is required as raw material for production of load bearing panels and other building products. Besides, the company has recently launched new branded products namely Bagged Gypsum, Zincated Gypsum, etc. The sale of these new products will go up in the coming years. Since the present assessment of expected sales in the coming years is in line with our estimation, the value of stock taken is in order.</p>
<p>3. Non-provision of diminution in value of long term investments (Refer Schedule No.7) in Fertiliser Companies Government of India Special Bonds, as required under Accounting Standard 13 issued by the Institute of Chartered Accountants of India, as the Company considers it as temporary. (Refer point 8 of Notes on Accounts of Schedule 25).</p>	<p>The Fertilizer bonds are issued by the Government of India. These bonds are redeemable at par on maturity by the Government of India. The Fertiliser Association of India has represented to the Government of India to redeem the fertilizer bonds at par or make good the loss incurred to the Company due to market fluctuation. The company has treated this as long term investment. Being a government security the decline in the market value is a temporary phenomenon, and no provision is considered necessary.</p>
<p>4. Non-provision of liability for additional terminal benefits to the employees presently in service, not quantified, consequent to the wage revision with retrospective effect as approved by the Government of India in August 2010, required under Accounting Standard 15 issued by the Institute of Chartered Accountants of India. (Refer point 1(a) of Notes on Accounts of Schedule 25).</p>	<p>The order for implementation of the revision of salaries and wages of Board level and below Board level executives/employees of the Company is issued by the Government of India only on the final stages of the closing of accounts. However, the company had made provision amounting to ₹ 4633.32 lakh towards increase in salaries and wages and the terminal benefits payable to the employees retired after 31.12.2008. The liability towards Gratuity and Leave encashment for those who are continuing in service as on the date of order has to be ascertained by the actual value in due course of time. As the amount is not ascertainable at the time of finalisation of accounts, the same has been disclosed as a note on accounts - Schedule 25 (22 a).</p>
<p>5. Had the quantifiable qualification in paragraph (1) above been effected, the loss before tax for the year would have been higher by ₹ 497 lakh and the current assets would have been lower by ₹ 1981 lakh, taking into account such income accumulation of earlier years; others being not quantified.</p>	<p>Since interest is receivable on advance given to the Contractor, the accounting of interest and cumulative amount under current assets is in order.</p>

THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Fertiliser Industry

India is the third largest manufacturer of nitrogenous and phosphatic fertilizers in the world. The Indian Fertiliser industry provides a very vital input for agriculture ensuring self reliance in food grain production and food security of the nation. Growth and development of fertilizer industry is playing an important role in the growth of the economy as a whole.

There has been stagnation in domestic capacity and production of fertilizers in the past decade resulting in sizeable increase in imports. The Government of India has been consistently monitoring the manufacture and marketing of fertilizers to ensure balanced use of fertilizers. Implementation of Nutrient Based Subsidy (NBS) on decontrolled phosphatic and potassic fertilizers with effect from 1st April 2010 is a major step towards comprehensive reforms in fertilizer sector. The introduction of NBS is expected to promote the use of crop specific fertilizers and is expected to attract investment in Indian fertilizer industry.

The significant challenge being faced by the Indian Fertilizer Industry is the volatility of the prices of feed stock and raw materials and its limited availability in international market. The cost of feedstock and raw material constitute a large part of the total cost of production of fertilizers. The Government has played and continue to play an important role in ensuring the availability of feedstock and raw materials at a reasonable price.

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:

- To produce and market Fertilisers & Caprolactam and other products efficiently and economically besides achieving a reasonable and consistent growth.
- To effectively manage the assets and resources of the company to ensure a reasonable return on investment.
- To focus on cost reduction and technology upgradation in order to become competitive in its line of business.
- To constantly innovate and develop new products and services to satisfy customer requirements.
- To invest in new business lines, where profit can be made on a

sustainable basis over the long term.

- 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 2009-2010 UDYOGAMANDAL COMPLEX

Udyogamandal Division: During the year 2009-10 Udyogamandal Division produced 176544 MT of Factamlos 20/20 and 79546 MT of Ammonium Sulphate. During the financial year 2008-09, production of Factamlos and Ammonium Sulphate were 115617 MT and 128845 MT respectively.

Nutrient wise the production during 2009-10 was 72295 MT of N and 35309 MT of P₂O₅, as against 49709 MT of N and 23164 MT of P₂O₅, during the previous year.

Petrochemical Division: The production of Caprolactam for the year 2009-10 was 42006 MT as against 13548 MT during the year 2008-09.

Cochin Division: During the financial year 2009-10, Cochin Division produced 577200 MT of Factamlos 20/20 as against 489230 MT during the year 2008-09.

The production of Nutrient nitrogen and Nutrient P₂O₅ was 115357 MT each as against 97900 MT during the last year.

During the year 2009-10, the division produced 223620 MT of sulphuric acid and 5770 MT of phosphoric acid.

Marketing Division: During the financial year 2009-10 the Marketing Division could achieve an increase in sales of all products as compared to previous year. Fertiliser sales during 2009-10 was 10.45 Lakh MT as against 8.33 Lakh MT during previous year. Sale of Factamlos during the year was 726113 MT as compared to 505823 MT during the year 2008-09.

Import of fertilizers has crossed 1.57 lakh MT which is an all time record in the history of FACT. During the year the division imported 73781 MT of MOP and 83587 MT of Urea.

The Division has sold 67 MT of Bio-fertilisers and 1,52,647 MT of traded products during the year 2009-10, which is an all-time record performance in the history of the sale of bio-fertilisers and traded products.

For the financial year 2010-11, the Division is aiming for an overall increase of 20% in sales as compared to that of 2009-2010.

FEDO: During the year 2009-10, FEDO has achieved a turnover of ₹ 762 lakh. FEDO has considerably improved its order position in comparison to the previous year.

During March 2010, work order for the second phase of IOCL BOOT project was awarded to FEDO for a Consultancy service fee of ₹ 15 crore.

FEDO is hopeful of getting work orders in the design of cross country pipeline and terminals of Petronet LNG project at Kochi.

FEW: The turnover of FEW for the year 2009-10 was ₹ 316 lakh. During the year FEW has bagged orders worth ₹ 648 lakh.

During the year 2010-11, FEW expects to capitalize the demand from the process industry for pressure vessels and heat exchangers for replacement as well as for its capacity expansion. FACT has signed a Memorandum of Agreement with Cochin Shipyard Ltd and this is expected to bring in orders from Cochin Shipyard Limited to FEW for Ship components such as Tanks, Fabricated ducts and Spud pipes.

THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

Opportunities & Threats

Opportunities

- Premium product in the complex fertilizer segment containing sulphur
- Strong Marketing network in Southern India
- 2150 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.
- Fluctuations in the price of Caprolactam
- Non-availability of sufficient quantity of Benzene, Phosphoric Acid etc.

Segment-wise or Product-wise Performance

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

Risk and Concern

- Non-availability of sufficient working capital and severe liquidity crunch
- Lack of product differentialior.
- Decreasing Market share of FFCO & FEW due to stiff competition.
- High cost of Captive Ammonia due to high price of naphtha as compared to Liquefied Natural Gas.

Internal Control System and its adequacy

The Company has adequate internal control system commensurate 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.

HUMAN RESOURCES DEVELOPMENT

Industrial Relations

The Industrial Relations situation was generally peaceful during the year 2009-10. There was no work stoppage affecting the normal operations of the Company due to HR related issues.

Recruitment

In view of the specific direction issued by the Government of India to fill up backlog vacancies reserved for SCs/STs in recruitment, a special recruitment drive was launched to fill such vacancies. Accordingly 43 SC/ST employees joined the company based on the special recruitment drive. Further as per specific directions issued by the Chief Commissioner for persons with disabilities to fill up shortfall in reservation for PWD in direct recruitment, a special

recruitment drive was launched and against which 8 PWD employees were also joined.

Career growth

Existing vacancies in various cadres were filled to the extent possible by regularizing employees already in the stagnation grades for maintaining higher levels of production and also for maintaining the morale of the employees.

DEVELOPMENT OF SC/ST

Employment of Reserved Categories

	TOTAL	SC	ST	OBC	PWD	EX-SER	TOTAL
No. of employees	3499	491	164	1066	73	47	1781
% of total employees		14	3	30.5	2.1	1.3	50.8

Steps taken for the Welfare of SCs/STs

1. Employment / Fresh recruitment

The Company has taken all measures for maintaining reservation of SCs / STs in employment in accordance with the Presidential directives.

2. Training

In service training to company employees is arranged through the Training Department. Maximum representation is ensured for SC / ST employees to attend in-house training programmes. 167 SC employees and 26 ST employees had undergone training this year.

For engagement of Apprentices under the Apprentices Act, reservations as per rules is provided. The representation for SC / ST in Apprentices as on 31.03.2010 is as follows.

Total No. of Apprentices	SC	ST
159	25	1

3. SC/ST Grievance Cell

An SC / ST Grievance cell is functioning at Corporate level comprising the Chairman who is also the Chief Liaison Officer for matters pertaining to reservation of SC / ST and their Grievances in the company, liaison officers of the various divisions and two officers each belonging to SC and ST. 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.

THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

4. Allotment of Residential Quarters

Due consideration is given for allotment of Residential Quarters to SC/ST employees.

5. Reservation of 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 31.3.2010
Total Dealership	7897
SC	513
ST	99

Corporate Social Responsibility

FACT is committed to operate in an economically, socially and environmentally sustainable manner, while recognizing the interest of its stake holders. Various activities undertaken by FACT during the year 2009-10 as part of its Corporate Social Responsibility is described below.

(i) General Health Insurance

FACT has joined hands with Government of Kerala to introduce a General Health Insurance for about 3000 families residing in Eloor Grama Panchayath. The Company has contributed ₹ 8 lakh towards the premium for the General Health Insurance.

(ii) Drinking water supply

To meet the scarcity of water in Eloor Grama Panchayath, FACT is providing about 1500 M3 water per day to more than 500 residential users of the Eloor Grama Panchayath.

(iii) Community Health Centre

The Community in which factories at Udyogamandal and Cochin Division are located are given free medical consultation services on two days in a month. This has benefited the people at large as experienced Doctors attached to the Factory Occupational Health Centre provide the medical expert diagnosis and services.

(iv) Farmer Education programme

FACT is conducting regular agricultural seminars, dealer training programmes, crop campaigns, field demonstrations etc. This has helped the farmers to gain experience in scientific practices to be adopted for successful farming. The field staff regularly meet the farmers to clarify doubts if any, and inculcate the adoption of modern technology for integrated farming.

(v) Soil Testing and Agronomy Services

During the year 2009-10, 2814 number of soil samples were collected by the field staff from various villages in the States of Andhra Pradesh, Karnataka, Tamilnadu and Kerala. The soil samples were analysed and the results along with fertilizer recommendations were distributed to farmers. The farmers were also educated on the agronomic practices to be adopted, namely crop variety selection, type of soil tillage to be adopted, use of available organics in fields, dosage of fertilizers to be used etc. These activities have benefited the farming community to maximize their crop yields.

(vi) Fire and Emergency Services

The well equipped fire services established in FACT provide emergency services not only to the surrounding areas but also to Ernakulam district as well.

(vii) Training facilities

-In addition to Employees and Apprentices Training, FACT Training Centre has of late emerged as a Skill Development Academy offering the following courses, utilizing its resources for the benefit of the public at large:

- One year Diploma in Fire & Safety Engineering for ITI/Plus 2passed students.
- 3 months Certificate course in Heavy Equipman Operabon
- 3 months Certificate course in Instrumentation & Maintenance.

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 grant of ₹1 crore from Government of Kerala.

Kerala Institute of Welding & Research functioning at FACT Training Centre has started a 3 months Certificate course in Welding leading to award of IBR certificate in Welding.

(viii) Marketing of composted organic

FACT has undertaken the marketing of composted organic house-hold and market generated waste materials. Agreements have been entered into with the Corporation of Kochi, Kozhikode, Thiruvananthapuram and with Kottayam Municipality for supply of composted organic and to market the same under the brand name 'FACT Organic'.

THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

Official Language

FACT is regularly conducting programmes in Hindi for the benefits of its employees, spouse and children of employees, students of Ernakulam Revenue District and employees of other Central PSUs coming under the purview of Cochin TOLIC.

Oral Hindi classes and Hindi workshops are also being conducted to impart basic knowledge in official language to the employees. Regular meetings of official language implementation committee are being held under the Chairmanship of the Chairman and Managing Director. Meetings of official language compliance officers are also being held under the Chairmanship of Executive Director (Finance) to review the progress in the use of Rajabhasha and plan measures to speed up the implementation of Rajabhasha.

Pollution Control Activities

Production units of FACT are certified for ISO 14001, which always give top priority to ensure clean air and better living environment to the inhabitants around the factory. The effluent treatment plants and emission control facilities are kept in operation along with the parent plants throughout the year and treated liquid effluents and gases emissions discharged from plants conformed to the standards prescribed by the Kerala State Pollution Control Board.

FACT has three computerised ambient air quality monitoring stations to monitor the quality of the air around the factory and to ensure clean environment in the locality.

An online analyzer for Ammonia, Oxides of Nitrogen and Sulphur Dioxide installed in the Hyam Plant Stack, ST-1 has been in service to monitor and reduce the atmospheric pollution. On line Liquefied Petroleum Gas (LPG) detector installed in Main Tank Farm area and On-line Ammonia detectors installed in Ammonia Storage and Handling area for an earlier warning on LPG and Ammonia leak have been in service.

To attain zero effluent discharge from Amophos plants, a scheme has been developed and implemented for collection and recycling of the effluents from Amophos plants. Suitable measures has also been implemented for reduction in the quantity of trade effluent discharged to river.

Short Term strategies/Projects

In order to improve the efficiency of operation and profitability, FACT has undertaken certain short term projects. The following are the main Short Term Projects being implemented by FACT to improve the operational efficiency and profitability:

1) Mechanisation of bagging operation at FACT(CO)

The automation of the labour intensive bagging and loading operations at Cochin division is in progress. The automation of bagging will improve the productivity levels while at the same time help in reducing manpower. The total cost of the scheme is ₹ 20 crore and it is expected to be completed by March 2011.

2) Switch over of feedstock and fuel to LNG

Taking advantage of the expected availability of cheaper feedstock LNG from the upcoming LNG Terminal of Petronet LNG at Puthuvypadam, FACT has taken steps to carry out modification of its existing ammonia plant and also the boilers for the use of LNG. M/s. Haldrup Topsoe will undertake the engineering works for the feedstock conversion of the Ammonia plant. BHEL has undertaken a study for the works for the boilers. FACT intends to design these plants for dual feedstock and fuel in order to take advantage of the relative economies of different raw materials.

FACT is also taking steps to sign a Gas Transmission and Gas supply agreement with GAIL/BPCL/IOC for the transport and supply of the required quantities of gas from the LNG Terminal.

3) Production of Zincated Ammonium Phosphate

FACT has carried out studies on diversifying its product range by carrying out trials on the production of Zincated Ammonium Phosphate at Udyogamandal successfully. This product is likely to yield a higher return to FACT and will also serve as FACT's endeavour to promote the balanced use of fertilizer nutrients in the country.

Long Term strategies/Projects

1) New Urea Plant at Udyogamandal

FACT has drawn up plans to set up a 5 lakh MT per annum Urea plant at Udyogamandal as an add on to the existing Ammonia plant utilizing the carbon dioxide being vented from this plant. Preparation of the Detailed Project report and selection of the process licensors is in progress. The cost estimated for this project is ₹ 695 crore. Implementation of this project is scheduled for 2012-2013.

2) Augmenting NP production capacity

FACT is going ahead with its plans to expand the production capacity of complex fertilisers at FACT (Cochin Division) from 2000 TPD to 3000 TPD. Site selection has been completed and preparation of the DPR is in progress. To cater to the higher volumes of raw materials to be handled up on expansion of the production facility, expansion/revamp of the Raw material handling facility at Willington Island has also been planned. The total cost of these ventures is expected to be approximately ₹ 283 crore. Implementation is planned by 2012.

3) Container Freight Stations

FACT has intentions to generate additional revenue from its land resources by foraying into the field of infrastructure development. FACT has signed an MOU with Container Corporation of India (CONCOR) and Central Warehousing Corporation(CWC) for setting up Container freight stations by the side of the new highway to the Vallarpadam Terminal which passes through FACT's premises. The final business plans for these ventures has been drawn up. Construction of these freight stations is expected to be completed within a year.

4) Trade and Convention Centre

A state of the art trade and convention centre is planned at FACT campus at Udyogamandal as a joint venture with KSIDC. This project will provide world class facilities for trade exhibitions and international conventions. The detailed feasibility report (DFR) for this venture is being prepared.

Outlook for future

With the implementation of the Nutrient Based Subsidy and the expected increased revenues from the Growth and Diversification activities, FACT is expected to sustain its profitability in the coming years.

The profitability will further improve once FACT is able to switch over from Naphtha to LNG as feed stock which is expected by 2012-13.

THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

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

Sl.No	Name	Nature of Directorship
1	Shri.K.Maihevan Pillai	Chairman and Managing Director/ Director (Finance)*
2	Shri. V.G.Sankaranarayanan	Director (Technical)
3	Shri. Deepak Singh	Part-time Official Director (Nominee of Govt. of India)
4	Shri.Sahsh Chandra	Part-time Official Director (Nominee of Govt. of India)
5	Ms.Praticha Karan	Non-Official Part-time Director
6	Shri T.M.Jeyachandran	Non-Official Part-time Director
7	Shri.Khan Masood Ahmad	Non-Official Part-time Director
8	Prof. R.K.Mitra	Non-Official Part-time Director
9	Dr.E.S.Ghuryan	Non-Official Part-time Director
10	Dr.B.Boddegh	Non-Official Part-time Director
11	Shri. S.Balan	Non-Official Part-time Director

* Additional charge of the post of Chairman & Managing Director

Board Meetings

Sl.No	Date of Board Meeting	Venue	Filled strength	Directors present
1	26.06.2009	Udyogamandal	13	13
2	13.08.2009	Udyogamandal	13	07
3	19.08.2009	New Delhi	13	12
4	05.10.2009	Udyogamandal	13	10
5	29.11.2009	Udyogamandal	13	10
6	31.01.2010	Kochi	12	09



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

Attendance in Board Meetings

Sl.No	Name of Director	Period	No. of Meeting held	No. of Meeting Attended	No. of Director-ship in other Boards
1	Dr. George Sreeba	01-04-2009/30-11-2009	05	05	02
2	Shri A.Asokan	01-04-2009/31-03-2010	06	06	01
3	Shri. K. Mathevan Pillai	01-04-2009/31-03-2010	06	05	NA
4	Shri. V.G. Sankaranarayanan	01-04-2009/31-03-2010	06	06	Nil
5	Mathew C. Kunnumkal	01-04-2009/31.03.2010	06	05	05
6	Shri. Sudhir Bhargava	01-04-2009/31-03-2010	06	02	03
7	Ms. Prabhha Karan	01-04-2009/31-03-2010	06	03	01
8	Shri. T.M. Jayachandran	01-04-2009/31-03-2010	06	06	Nil
9	Shri. Khan Masood Ahmed	01-04-2009/31-03-2010	06	03	Nil
10	Prof. R.K. Mishra	01-04-2009/31-03-2010	06	05	02
11	Dr. B.S. Ghuman	01-04-2009/31-03-2010	06	04	NI
12	Dr. B. Bodeiah	01-04-2009/31-03-2010	06	06	NA
13	Shri. S. Balan	01-04-2009/31-03-2010	06	06	NI

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

Sl.No.	Name	Age	Date of Directorship	Remarks
1	Shri Deepak Singhal	51	06.05.2010	Additional Director
2	Shri. Satish Chandra	48	06.05.2010	Additional Director
3	Ms. Prabhha Karan	66	03.10.2008	Director retiring by rotation and being re-elected
4	Shri. T.M. Jayachandran	56	03.10.2008	Director retiring by rotation and being re-elected
5	Shri. Khan Masood Ahmed	58	03.10.2008	Director retiring by rotation and being re-elected
6	Prof. R.K. Mishra	61	03.10.2008	Director retiring by rotation and being re-elected
7	Dr. B.S. Ghuman	56	03.10.2008	Director retiring by rotation and being re-elected
8	Dr. B. Bodeiah	65	06.03.2009	Director retiring by rotation and being re-elected
9	Shri. S. Balan	55	06.03.2009	Director retiring by rotation and being re-elected



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

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

Shri Deepak Singhal

Shri Deepak Singhal, belongs to 1982 Batch of Indian Administrative Service. He has rich and varied experience in administrative and industrial field. At present he is the Joint Secretary in the Department of Fertilisers, Ministry of Chemicals and Fertilisers. He is in the Board of Rashtriya Chemicals and Fertilisers Ltd, National Fertilisers Ltd, Khetak Bhatti Co-operative Ltd., and ICS Senaga. He is the Chairman and Managing Director of Fertilizer Corporation of India Limited and Hindustan Fertilizer Corporation of India Limited.

Shri Satish Chandra

Shri Satish Chandra is a Senior IAS Officer of 1966 batch. 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, Government of India. He has lot of administrative experience. He is also a Director of Madras Fertilisers Ltd, National Fertilisers Ltd, Oman India Fertiliser Company and Indian Potash Limited. He is a member of the Audit Committee of the Board.

Ms. Pralibha Karan

Ms. Pralibha 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.

Prof. R. K.Mishra

Prof.R.K.Mishra is the Director of Institute of Public Enterprise, Hyderabad. He is a graduate in International Management Programme, SDA Bocconi, Milan, Italy. He 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

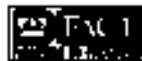
Dr.B.S.Ghuman is a Post Graduate in Economics and awarded Doctorate in Economics. He is an eminent economist, working as Dean, Faculty of Arts and Professor of Public Administration in Punjab University, Chandigarh. He has rich experience in Administration. He was a member of the Board of Directors of 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 39 years of experience in Fertiliser Industry. He held various key positions in Coromandal Fertilisers Ltd and National Fertilisers Limited. He was the Chairman and Managing Director of BFVCL.

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.



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

V Audit Committee

Sl.No	Name	Nature of Directorship
1	Shri. T.M.Jeyachandran	Non-official Part-time Director
2	Shri Satish Chandra	GOI Nominee 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
25.06.2009	04	03
19.08.2009	04	04
31.01.2010	04	03
27.03.2010	04	03

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 meeting of the Board/Sub-Committee of the Board.

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.



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

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. Prabha Karan, Director
2. Shri V.G. Sankaranarayanan, Director (Technical)
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 31.3.2010 there is no valid share transfer request pending for approval.

The complaints of Investors/Shareholders are promptly attended to either by the share transfer agents or the Company directly and no genuine complaints of Shareholders remain unattended. During the year the Company attended to 28 complaints of Shareholders/Investors.

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

VIII Standing Purchase Committee

The Board of Directors of the 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. K. Mathevan Pillai, Director (Finance) | - | Member |
| 3. Shri. V.G.Sankaranarayanan, Director (Technical) | - | Member |
| 4. Shri. T.M.Jeyachandran, Director | - | Member |
| 5. Shri. S Balan, Director | - | Member |

IX General Body Meetings

Year	Date	Time	Venue	Details of Special Resolution
2006-2007 AGM	28-09-2007	10.30AM	Udyogamandal	Nil
2007-2008 AGM	27-09-2008	11.00AM	Udyogamandal	Nil
2008-2009 AGM	25.09.2009	11.00AM	Udyogamandal	Allotment of 29.23 Crore equity shares @Rs. 10/- per share to Government of India

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

Dr.George Steeba, Chairman and Managing Director, Shri A.Asokan, Director (Marketing), Shri K.Mathevan Pillai, Director(Finance), Shri V.G. Sankaranarayanan, Director (Technical) and Shri T.M. Jeyachandran, Director (Chairman of the Audit Committee) have attended the last Annual General Meeting.



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

X. Disclosure

During the year 2009-2010, the Company has not entered into any transactions of material nature with Directors and/or relatives that may have a potential conflict with the interests of the Company at large.

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

The shares of the Company are very scarcely traded and hence a broad based comparison with the NSE/Sensex, etc. is not found feasible.

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

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

XII General Shareholders Information

Information relating to the Annual General Meeting & Financial Calendar for 2010-2011 are given below:

85 th Annual General Meeting	
Day	Wednesday
Date	29th September 2010
Time	11.00 AM
Venue	Udyogamandal Club

Financial Calendar for 2010-11	
1st Quarter Financial Results	Published on 10-08-2010
2nd Quarter	1st week of November, 2010
3rd Quarter	1st week of February, 2011
4th Quarter	1st week of May, 2011

Dates of Book Closure	27th September, 2010 to 28th September, 2010
Dividend Payment date	No dividend is being declared

Listing

The shares of the Company is listed in the National Stock Exchange of India Ltd., Mumbai. Listing fee has been paid to the Stock Exchange up to the year 2010-2011

Stock Code

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



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

XIII Market Price

The high, low market price during each month in last financial year 2009-2010 as available from the National Stock Exchange of India Limited are given below:

Month	High (Rs.)	Low (Rs.)
April-2009	32.50	22.80
May-2009	45.00	28.60
June-2009	58.10	40.35
July-2009	48.45	33.60
August-2009	38.50	33.70
September-2009	42.75	34.70
October-2009	41.75	34.50
November-2009	48.00	32.50
December-2009	41.10	37.50
January-2010	73.30	41.00
February-2010	70.40	54.50
March-2010	54.00	46.80

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 31-03-2010

Shareholding of nominal value of Rs. 10	Shareholders		Amount(Rs.)
	Number	% to Total	
Upto 5000	14233	90.21	17012290
5001 - 10000	859	5.44	7319690
10001 - 20000	347	2.30	5449570
20001 - 30000	105	0.67	2735990
30001 - 40000	68	0.43	2464260
40001 - 50000	46	0.29	2189620
50001 - 100000	73	0.46	5497100
100001 and above	47	0.30	8426051030
Total	15778	100.00	6470719740



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

XVII De-materialization of shares and liquidity

In accordance with the Direction of SEBI, trading of FACT shares have been brought under Compulsory De-mat segment for all categories of investors with effect from 26th June 2010. The Company has executed tripartite agreement with both the Depositories i.e NSDL and CDSL and the share transfer agents of the Company. As on 31-3-2010, 62,59,484, 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

CFO/CEO's CERTIFICATION

We certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

Udyogamandal
Date: 26.08.2010

Sd/-
K.Mathevan Pillai
CHAIRMAN AND MANAGING DIRECTOR

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.

Udyogamandal
Date: 26.08.2010

Sd/-
K.Mathevan Pillai
CHAIRMAN AND MANAGING DIRECTOR



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

BABU A. KALLIVAYALIL & CO.
CHARTERED ACCOUNTANTS

II nd FLOOR, MANCHILU COMPLEX,
P.T. USHA ROAD, KOCHI -682 011

PHONE: 0484-2363119, 2380868
TELEFAX: 0484-2360868

E-mail: bakoo@vsnl.net, bakco.ca@gmail.com

**AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF
CORPORATE GOVERNANCE**

To the Members of **THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED**

We have examined the compliance of conditions of Corporate Governance by the **FERTILISERS AND CHEMICALS TRAVANCORE LIMITED**, for the year ended **March 31, 2010** as stipulated in Clause 49 of the Listing Agreement of the said Company with National Stock Exchange Limited.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We further report that the Company has obtained affirmation of compliance with the Code of Conduct from whole-time directors and key managerial personnel as at March 31, 2010.

Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For Babu A. Kallivayalil & Co.,
Chartered Accountants
Firm Registration Number : 05374S

Sd/-
E. V. Thomas
Partner
Membership No. 03679

Kochi
August 26, 2010



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

BABU A. KALLIVAYALIL & CO. CHARTERED ACCOUNTANTS

11th FLOOR, MANCHU COMPLEX, P.T. USHA ROAD, KOCHI - 682 011
PHONE: 0484-2363119, 2380888. TELEFAX: 0484-2380868
E-mail: bakco@vsnl.net, bakco.ca@gmail.com

AUDITORS' REPORT

To the members of THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

1. We have audited the attached Balance Sheet of the THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED as at March 31, 2010 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility 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 the 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 misstatement. 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 the 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, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 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 purposes of our audit;

(b) in our opinion, proper books of account as required by law have been kept by the company 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 audited by us. The area / regional Auditors' Reports have been given to us and have been appropriately dealt with in preparing our report;

(c) the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the area/regional offices. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 except for the points (a) and (b) below:

i Recognition of interest receivable of rupees 497 lakhs (Previous year rupees 414 lakhs) on mobilization advance to a contractor in violation of the Accounting Standard 9 considering the significant uncertainty in recalculation, who has also lodged a claim of rupees 17325 lakhs (Previous year rupees 17298 lakhs) against the Company towards shortfall charge and damages upon termination of the contract, not provided though shown as contingent liability and the dispute is under arbitration. (Refer points 2(h) and 15 of Notes on Accounts of Schedule 25)

ii Reliance on the value of stock of gypsum of rupees 20308 lakhs (Previous year rupees 19950 lakhs) accounted for the first time during 2009 - 10, based on five years expected sales, since trend of sales till date is not matching the projection on an year to year basis. (Refer point 16 (c) of Notes on Accounts of Schedule 25)



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

iii) *Non-provision of diminution in value of long term investments (Refer Schedule No.7) in Fertilizer Companies Government of India Special Bonds, as required under Accounting Standard 13 issued by the Institute of Chartered Accountants of India, as the Company considers it as temporary (Refer point 8 of Notes of Accounts of Schedule 25)*

iv) *Non-provision of liability for additional terminal benefits to the employees presently in service, not quantified, consequent to the wage revision with retrospective effect as approved by the Government of India in August 2010, required under Accounting Standard 15 issued by the Institute of Chartered Accountants of India (Refer point 11 of Notes on Accounts of Schedule 25)*

(d) We further report that:-

Had the quantifiable qualification in paragraph 4 (c) i, above been effected, the loss before tax for the year would have been higher by rupees 407 lakhs and the current assets would have been lower by rupees 1981 lakhs, taking into account such income accumulation of earlier year's, other being not quantified.

(e) Being a Government Company the provisions of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not applicable.

Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with 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.

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010.

(ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date and

(iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For Babu A.Kallivayalil & Co.,
Chartered Accountants
Firm Registration Number : 05374S**

Sd/-
CA. E. V. Thomas
Partner
Membership No. 03679

Kochi
August 17, 2010

Annexure referred to in paragraph 3 of the Auditors' Report to the Members of THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED, on the financial statements for the year ended March 31, 2010

- i. a) The Company has maintained proper records showing full particulars including quantitative detail 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 stated to be physically verified by the Management during the year, which in our opinion is reasonable having regard to the size of the Company & nature of its assets. As explained to us, no material discrepancies were noticed on such physical verification.
- c) In our opinion and according to the information and explanations given to us, fixed assets disposed off during the year were not substantial and therefore, do not affect the going concern status.
- ii. a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) In our opinion, 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 generally proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material and have been properly dealt with in the books of account.
- iii. As informed to us, the company has neither granted nor taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act 1956, and hence reporting requirements under clauses (iii) (a) to (g) of this clause do not apply.
- iv. In our opinion and according to the information and explanations given to us, the Company has an internal audit control generally commensurate with the size and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. According to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.
- v. a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered, in the register maintained under Section 301 of the Companies Act, 1956, have been entered in the register under that section.



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

- b) In our opinion and according to the information and explanations given to us, there are no transactions in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the year to rupees Five Lakhs or more in respect of any party.
- vi. 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 58 A and 58 AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975, with regard to the deposit accepted from the public.
- vii. On the basis of the test checks conducted by us and according to the explanations given to us, the Company has an internal audit system, generally commensurate with size and nature of its business.
- viii. 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 by the Company.

We have however not made a detailed examination of the records with a view to determining whether these records are accurate or complete.

- ix. a) According to the information and explanations given to us and according to the books and records of the Company produced to us and examined by us, in our opinion, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, service tax, sales tax, customs duty and excise duty and other material statutory dues applicable to it with the appropriate authorities during the year and there were no outstanding as at March 31, 2010 for a period of more than six months from the date they became payable.
- 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, customs duty, excise duty, service tax, entry tax and cess as at March 31, 2010 which have not been deposited on account of disputes are furnished below:

Name of the Statute	Nature of the dues	Amount (Rupees) (Rupees)	Period to which the dispute relates	Forum where the dispute is pending
Income Tax Act	Disallowance contested by the company	10.48 lakhs	1997-98	High Court of Kerala
Income Tax Act	Disallowance contested by the company	1.32 lakhs	2005-06	Commissioner of Income Tax, Kochi
Income Tax Act	Disallowance contested by the company	32.55 lakhs	2005-06	Income Tax Appellate Tribunal, Kochi
Income Tax Act	Additional Tax and interest demanded on payments to foreign technicians contested by the company	78.21 lakhs	1994-95 to 1997-98	High Court of Kerala
Finance Act 1984	Tax, penalty and interest demanded, disputed by the Company	9.77 lakhs	2003 - 04 to 2005 - 06	CESTAT, Bangalore
Finance Act 1994	Tax, penalty and interest demanded, disputed by the Company	46.38 lakhs	2005 - 06 to 2008 - 09	Commissioner of Central Excise, Kochi
Customs Act	Differential duty disputed by the Company	39.36 lakhs	1991 - 92 to 1992 - 93	CESTAT, Chennai
Central Excise Act	Duty with interest and penalty on shortages written off	60.85 lakhs	2003 - 04	Adjudicating Authority
Madhya Pradesh Entry Tax	Entry tax demanded disputed by the Company	3.67 lakhs	1960 - 84	Board of Revenue (Commercial Tax Tribunal), Gwalior, Madhya Pradesh
Sales Tax Act Orissa	Sales Tax demanded, disputed by the Company	63 lakhs	1985 - 92	High Court of Orissa
Sales Tax & Central Sales Tax Act Punjab	Sales Tax demanded, disputed by the Company	355.07 lakhs	2000 - 01	High Court of Punjab and Haryana



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

- x. The accumulated losses of the Company as at March 31, 2010 are more than fifty percent of its net worth and it has incurred cash losses during the year, though not in the immediately preceding financial year.
- xi. Based on our examination of the records of the Company and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks as at Balance Sheet date.
- xii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund / society. Therefore, the provision of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has given guarantee for loan taken by FACT-FCF Building Products Limited from State Bank of India, to the extent of ₹ 17.50 crore. (Refer point number 2 (iii) of Notes on Accounts of Schedule 25).
- xvi. 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.
- xvii. 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 has not been used for long term investments.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- xix. The Company has not issued any debentures.
- xx. The Company has not raised any money by public issue during the year.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and as per the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For Babu A. Kallivayalil & Co.,
Chartered Accountants
Firm Registration Number : 05374S

Sd/-
CA. E. V. Thomas
Partner
Membership No. 03679

Kochi
August 17, 2010



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

CONFIDENTIAL

Indian Audit and Accounts Department
Office of the Principal Director of Commercial Audit and
Ex-Officio Member, Audit Board, Chennai.

PDCA/CA-Corp/II-4-233/FACT/2010-11-57

23-09-2010

The Chairman & Managing Director
The Fertilisers and Chemicals Travancore Limited,
Udyogamandal, Kerala

Sr.

Sub: Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the accounts of FACT Ltd., Udyogamandal for the year ended 31 March 2010.

I forward herewith the Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the accounts of FACT Ltd., Udyogamandal for the year ended 31 March 2010.

The receipt of this letter may kindly be acknowledged

Yours faithfully,
Sd/-

(K. SRINIVASAN)

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
AND ex-OFFICIO MEMBER AUDIT BOARD

Encl: as above

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED, UDYOGAMANDAL FOR THE YEAR ENDED 31 MARCH 2010

The preparation of financial statements of The Fertilisers and Chemicals Travancore Limited, Udyogamandal for the year ended 31 March 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 17 August 2010.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of The Fertilisers and Chemicals Travancore Limited, Udyogamandal for the year ended 31 March 2010. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under Section 619(4) of the Companies Act, 1956.

Sd/-
(K. SRINIVASAN)

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT AND
ex-OFFICIO MEMBER AUDIT BOARD

Place, Chennai
Date: 23-09-2010



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

BALANCE SHEET AS AT 31ST MARCH 2010

SCHEDULE	As at 31.03.2010		As at 31.03.2009	
	₹ in Lakh.		₹ in Lakh.	
I SOURCES OF FUNDS:				
1 Shareholders' Funds				
a) Share Capital	1	64707.20	64707.20	64784.23
b) Reserves & Surplus	2	83.11	64790.31	87.03
2 Loan Funds:				
a) Secured Loans	3	85492.57	68109.98	80963.43
b) Unsecured Loans	4	22393.15	107886.72	12873.45
TOTAL		172676.03		145777.66
II APPLICATION OF FUNDS:				
1 Fixed Assets	5			
a) Gross Block		137353.03	147201.37	
b) Less: Depreciation and Impairment loss		101003.29	108595.26	
c) Net Block		36349.83	38606.11	
d) Capital Work-in-Progress	6	1941.86	37991.69	39292.82
2 Investments	7		28130.15	28130.50
3 Current Assets, Loans and Advances				
a) Inventories	8	57584.37	41260.03	
b) Sundry Debtors	9	50978.94	27137.12	
c) Cash & Bank Balances	10	2818.28	2304.82	
d) Other Current Assets	11	1138.18	1071.17	
e) Loans & Advances	12	16574.87	10579.55	
		128094.64	82352.69	
4 Less: Current Liabilities & Provisions	13			
a) Liabilities		57191.58	30474.80	
b) Provisions		8954.25	8745.40	
		67145.83	39220.20	
Net Current Assets			60948.83	43132.49
5 a) Miscellaneous expenditure (to the extent not written off or adjusted)	14		0.00	0.00
b) Profit and Loss account			45805.36	35221.85
TOTAL			172676.03	145777.66
Notes on Accounts	25, 26 & 27			

The Significant Accounting Policies, Notes on Accounts 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/-
Prof. R.K. Mishra
Director

Sd/-
V.G. Sankaranarayanan
Director (Technical)

Sd/-
K. Mathew P Pillai
Chairman & Managing Director

For our report attached
For Babu A. Kalivayalil & Co.
Chartered Accountants
Firm registration No. 053745

Sd/-
E.V. Thomas
Partner
Membership No. 03879
Place: Udyogamandal
Date: August 17, 2010



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

INCOME	SCHEDULE	2009-10	2008-09
		₹ in Lakh.	₹ in Lakh.
Sales		111788.07	71950.22
Less Excise Duty		2822.06	1261.19
Net Sales	15	108966.01	70689.03
Subsidy/Concession on fertilisers	16	100516.58	141047.27
Gross Income from contracts and other services		1109.54	1129.70
Other Income	17	5361.32	4543.27
Total Income		215953.55	217409.27
EXPENDITURE			
Materials Consumed	18	125821.95	165161.00
Cost of Traded products sold	18	21952.31	8723.15
Repairs and Maintenance	19	3507.81	2824.58
Employees Remuneration and Benefits	20	20402.80	13498.58
Other expenses	21	60235.57	37169.25
Materials and other direct charges on contracts		271.82	381.39
Interest & Financing charges	22	11597.28	6395.60
Depreciation and Impairment loss		2427.17	4623.24
Increase(-) / Decrease in stock	23	-9692.82	-3582.89
Total Expenditure		228323.89	235213.90
Operating Profit / Loss (-)		-10370.34	-17804.63
Extraordinary items			
Valuation of stock of accumulated Gypsum		0.00	19950.00
Profit on sale of land		0.00	2188.07
Adjustments in respect of prior years (Net Debit/Credit)	24	0.00	0.00
Profit / Loss (-) before Tax		-10370.34	4311.44
Provision for Taxation - Earlier years		35.38	0.00
Provision for Fringe Benefit Tax		-22.21	16.00
Profit / Loss (-) after Tax		-10383.51	4295.44
Profit/Loss (-) brought forward from previous year		-35221.85	-39517.29
Net deficit carried to Balance sheet		-45605.36	-35221.85
Earnings per Share- Basic (₹)		-1.60	0.66
Divided (₹)		-1.60	0.66
Notes on Accounts	25, 26 & 27		

The Significant Accounting Policies, Notes on Accounts 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

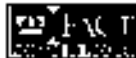
Sd/-
Prof. R.K. Mishra
Director

Sd/-
V.G. Sankaranarayanan
Director (Technical)

Sd/-
Kallathevan Pillai
Chairman & Managing Director

For our report attached
For Babu A. Kalliyayil & Co.
Chartered Accountants
Firm registration No. 053746

Sd/-
E.V. Thomas
Partner
Membership No. 03679
Place: Udyogamandal
Date: August 17, 2010



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

SCHEDULES TO BALANCE SHEET		As at 31.03.2010 ₹ in Lakh.	As at 31.03.2009 ₹ in Lakh.
1	SHARE CAPITAL		
	Authorised: 100,00,00,000 (Previous year 100,00,00,000) Equity Shares of ₹ 10/- each	100000.00	100000.00
	Issued, Subscribed and Paid up: Equity Shares of ₹ 10/- each fully paid up 64,70,71,974 (Previous year 35,47,71,974) (Of the above shares 29,23,00,000 shares are allotted during the year as fully paid up pursuant to the Government of India order towards conversion of loan into equity.) Equity shares to be allotted to the Government of India - Conversion of loan into equity	64707.20	35477.20
		0.00	29230.00
		64707.20	64707.20
2	RESERVES AND SURPLUS		
	Capital Reserves: Subsidy from Kerala State Government under Industrial Housing Scheme	2.54	2.54
	Deferred Government Grant: Indo EEC Fertiliser Education Project	70.21	73.18
	Bio Fertiliser Project	10.26	11.21
		83.11	87.03
3	SECURED LOANS		
	From Banks: Cash Credit: Term Loan from Banks (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.)	52455.39 2826.40	42882.90 5066.28
	Overdraft from the State Bank of India (Secured by pledge of Fertiliser bonds issued by the Government of India.)	20210.78	20160.80
		54472.57	68109.98
4	UNSECURED LOANS		
	Fixed Deposit from Public (including ₹ 1412.84 Lakh due for repayment within a year Previous Year ₹ 336.28 lakh)	5228.13	1236.09
	From Government of India (including ₹ 2372.50 Lakh due for repayment within a year Previous Year ₹ 1392.50 lakh)	12542.50	9242.50
	Interest accrued and due	3522.52	2394.86
		22393.15	12873.45



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

5. FIXED ASSETS :

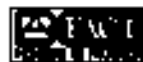
SCHEDULES TO BALANCE SHEET

₹ in Lakh.

	GROSS BLOCK (AT COST)				DEPRECIATION				IMPAIRMENT LOSS	NET BLOCK	
	As at 01.04.2009	Additions during the year	Deductions/Adjustments during the year	As at 31.03.2010	Upto 31.03.2009	For the year	On sales & adjustments during the year	Upto 31.03.2010	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
Land Free hold	1707.46	0.00	8.08	1715.51	0.00	0.00	0.00	0.00	0.00	1715.51	1707.46
Roads & Culverts	1034.84	16.76	-0.10	1051.50	768.68	21.83	-0.05	790.46	0.00	261.04	265.16
Buildings	6508.70	5.92	-197.67	6316.95	4930.04	118.08	-139.02	4909.10	17.18	1390.67	1550.55
Railway Sidings	312.32	0.00	0.00	312.32	296.26	0.45	0.00	296.71	0.00	16.61	16.06
Plant & Machinery	128880.79	140.32	-13610.63	115210.48	92251.60	3925.56	-9619.79	86357.36	853.88	27999.21	30826.36
Data Processing Equipments	1250.85	300.06	-0.69	1550.22	1009.83	101.85	-0.05	1111.63	0.00	438.59	241.02
Furniture & Office Equipment	645.84	0.81	-6.00	640.65	593.17	5.10	-7.26	591.01	0.00	49.04	52.87
Vehicles	381.83	4.33	-22.75	363.41	350.37	5.33	-21.61	334.09	0.00	29.32	31.45
Service Equipment	6129.34	11.49	-58.31	6082.52	5289.60	120.83	-40.48	5369.95	1.84	700.43	827.27
Minor Assets	167.06	1.43	10.16	178.65	167.06	1.43	10.16	178.65	0.00	0.00	0.00
Plant & Machinery- Held	9.55	0.00	2743.11	2752.66	0.00	0.00	0.00	0.00	0.00	2752.66	9.55
Intangible Asset:-											
Software	0.00	1007.10	0.00	1007.10	0.00	83.93	0.00	83.93	0.00	923.17	0.00
Total (A)	147028.57	1488.22	-11335.42	137181.37	105966.91	4384.41	-10018.10	100033.22	872.90	38275.26	38528.55
Indo EEC project:-											
Land Free hold	20.91	0.00	0.00	20.91	0.00	0.00	0.00	0.00	0.00	20.91	20.91
Buildings	133.27	0.00	0.00	133.27	79.25	2.70	0.00	81.95	0.00	51.32	54.02
Furniture & Office Equipment	6.79	0.00	-3.19	3.60	4.76	0.00	-1.35	3.41	0.00	0.19	2.03
Service Equipment	11.83	0.00	2.05	13.88	11.23	0.27	0.22	11.72	0.00	2.16	0.60
Total (B)	172.80	0.00	-1.14	171.64	95.24	2.97	-1.13	97.08	0.00	74.58	77.56
Grand Total (A+B)	147201.37	1488.22	-11336.56	137353.03	105762.15	4387.38	-10019.23	100130.30	872.90	38349.83	38606.11
Previous year	146501.81	842.33	-142.57	147201.37	101248.70	4823.24	-109.79	105782.15	2833.11	38806.11	42419.80

	2009-10	2008-09
Depreciation for the year	4387.38	4823.24
Impairment loss withdrawn during the year (Net)	1960.21	0.00
Amount charged to Profit & Loss Account:	2427.17	4823.24

	2009-10	2008-09
Cumulative Depreciation up to the year	100130.30	105762.15
Cumulative Impairment loss	872.90	2833.11
Amount deducted from Gross Block	101003.20	108595.26



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

SCHEDULES TO BALANCE SHEET		As at 31.03.2010 ₹ In Lakh.	As at 31.03.2009 ₹ in Lakh.
6 CAPITAL WORK - IN - PROGRESS			
Work - in - progress		1521.53	566.61
Goods in transit / Material pending inspection		120.33	120.10
		1641.86	686.71
7 INVESTMENTS (AT COST)			
Longterm investments	₹ in Lakh		
(Quoted, trade)			
In Government Securities:			
(i) Tamilnadu Development Loan 2009 of ₹ 35000/- @ 11.50% (Redeemed during the year)		0.00	0.35
(ii) 7% Fertilizer companies GOI special bonds 2022		14943.00	14943.00
Quoted - Face Value	14943.00		
Market Value	13411.34		
(iii) 6.20% Fertilizer companies GOI special bonds 2022		192.50	192.50
Quoted - Face Value	192.50		
Market Value	162.90		
(iv) 6.65% Fertilizer companies GOI special bonds 2023		11440.50	11440.50
Quoted - Face Value	11440.50		
Market Value	10083.61		
In Trade Investments (Unquoted)			
(i) 1,50,00,000 Equity Shares of ₹ 10/- each in FACT-PCF Building Products Ltd.		1500.00	1500.00
(ii) 8,81,820 Equity Shares of ₹10/- each in Travancore Cochin Chemicals Ltd. Including 3,40,910 Bonus shares.		34.09	34.09
(iii) 15 Equity Shares of ₹ 1000/- each fully paid-up in Capexil Agencies Ltd.		0.15	0.15
(iv) 3,24,000 Equity Shares of ₹ 10/- each fully paid-up in Indian Potash Ltd. including 1,35,000 Bonus Shares		16.90	16.90
Others (Unquoted)			
(i) 10,001 shares of ₹ 10/- each fully paid-up in FACT Co-operative Society Ltd.		1.00	1.00
(ii) 7 shares of ₹ 100/- each fully paid-up in Meherabad Co-operative Housing Society Ltd.		0.01	0.01
(iii) 10 shares of ₹ 50/- each fully paid-up in Good Earth Housing Society Ltd. ₹ 500 (Previous year ₹ 500)			
		28130.15	28130.50



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

SCHEDULES TO BALANCE SHEET	As at 31.03.2010 ₹ in Lakh.	As at 31.03.2009 ₹ in Lakh.
8 INVENTORIES (As taken, valued and certified by the Management)		
Machinery Spares	7234.83	7188.97
General Stores	3447.61	3462.17
	10682.54	10651.14
Less: Provision towards obsolescence and storage losses	2631.32	2047.01
	8051.22	8604.13
Loose Tools	3.88	3.81
Raw Materials (including stock intended for sale)	7881.25	4389.91
Stock of Finished /Semi Finished/ Intermediate products	37742.57	28049.75
Materials-in-transit/ Materials-at-see pending inspection	4105.45	212.43
	57584.37	41260.03
9 SUNDRY DEBTORS		
a. Debts outstanding for a period exceeding six months		
(i) Considered good.		
Secured	3.73	2.55
Unsecured	3491.86	459.50
(ii) Debts considered doubtful	838.75	987.54
b. Other Debts : Considered good		
(i) Secured	21.18	10.63
(ii) Unsecured	47462.07	26664.44
	51917.89	28124.86
Less: Provision for doubtful debts	-938.75	-987.54
	50978.94	27137.12
10 CASH AND BANK BALANCES		
1 Cash, Cheques and Stamps on hand	15.31	76.23
2 With Scheduled Banks		
Current Account	873.62	2149.19
3 With Post Office/Treasury Savings Account includes lodged with the Assistant Educational Officer, Alwaye, towards security for running the school (₹ 0.37 lakh) and with Kerala Water Authority towards security deposit. (₹ 9.04 lakh)	9.41	12.51
4 Short Term deposits with scheduled banks etc.	1919.94	66.89
	2818.28	2304.82



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

SCHEDULES TO BALANCE SHEET		As at 31.03.2010 ₹ in Lakh.	As at 31.03.2009 ₹ in Lakh.
11 OTHER CURRENT ASSETS			
Interest accrued on investments and deposits		453.40	453.41
Other accrued income		268.85	268.94
Others		395.83	348.82
		1138.10	1071.17
12 LOANS AND ADVANCES			
Advances recoverable in cash or in kind or for value to be received:			
Considered Good - Secured:			
Advance for purchase of conveyance to employees		0.03	0.35
Considered Good - Unsecured:			
i) Other Loans and Advances *		6373.88	5045.64
ii) Advance Income tax (net of Provision for income tax)		455.94	181.68
iii) Income tax deducted at source		68.25	56.39
iv) Materials given on loan		0.00	21.58
Considered Doubtful		128.38	94.73
Less : Provision		-128.38	-94.73
Balance with Customs, Port Trust etc.		6048.97	3055.00
Kerala VAT Refund receivable		1797.87	1287.37
Central credit deferred		11.16	44.08
Kerala VAT credit deferred		17.31	17.31
Deposits		641.53	730.19
Prepaid expenses		158.93	139.96
		15574.87	10579.55
		Nil	Nil
* Includes amount due from Directors / Officers of the Company Maximum amount due at any time during the year		Nil	Nil
13 CURRENT LIABILITIES AND PROVISIONS			
a Liabilities:			
Creditors:-			
For Supplies and Services		37229.27	8718.79
Liabilities against Acceptances (Bills Payable)		580.00	0.00
Dues to Employees		4683.78	82.87
Other Liabilities		13710.58	21271.84
Unpaid matured deposit		2.80	0.45
Interest accrued but not due on loans		985.35	401.25
		57191.56	30474.60
b Provisions:			
Provision for Leave encashment, Provident fund and Gratuity		9954.25	8745.40
		9954.25	8745.40
14 MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)			
Ex-gratia under Voluntary Retirement Scheme			
At the beginning of the year		0.00	10.29
Less Written off during the year under Salaries & Wages		0.00	-10.29
Balance carried to Balance Sheet		0.00	0.00

THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010				2009-10 ₹ in Lakh.	2008-09 ₹ in Lakh.
		SCHEDULE			
15	SALES				
	Own Products	25.5.B 1	108247.10	68054.66	
	Less: Excise duty		2822.06	1261.19	
			105425.04	67793.47	
	Purchased Products	25.5.B 2	7110.14	4777.38	
	Total		112535.18	72570.85	
	Less: Sales Discount/Dealer Margin		3589.17	1881.82	
	Net Sales		108946.01	70689.03	
16	SUBSIDY/CONCESSION ON FERTILISERS				
	Complex fertilisers				
	Factamios 20:20:0:13		81081.74	133135.13	
	Ammonium Sulphate		2153.30	2022.42	
	Muriate of Potash (M O P)		17281.54	5869.72	
			100516.58	141047.27	
17	OTHER INCOME				
	Income from investments:				
		Current Year	Previous Year		
		₹ in Lakh			
	Government Securities	1819.04	455.86		
	Others	7.29	5.83	1826.33	451.69
	Tax deducted at source	0.00	0.00		
	Provision for doubtful debts written back			0.00	166.07
	Provision for obsolescence written back (Net)			0.00	95.88
	Uplift premium on land-F&CBL project			0.00	1000.00
	Excess provisions written back			444.33	1484.57
	Miscellaneous Income			1095.53	854.51
	Interest receipts:				
	a) On deposits with banks			50.87	11.90
	b) On loans, advances, claims, overdues etc.			578.41	448.06
	Gain on exchange rate variation (net)			1261.83	0.00
	Profit on sale of assets (net)			0.00	6.46
	Transfer from deferred Govt. grants:				
	a) On EEC project			2.97	3.18
	b) On Bio-Fertiliser project			0.95	0.95
				5361.32	4543.27
18	MATERIALS CONSUMED	25.5. A 1 & A2			
	Materials consumed :				
	Opening Stock including traded products		4388.91	15588.75	
	Purchases including traded products		150865.60	162726.89	
	Adjustments for loans etc		0.00	-21.58	
			155255.51	178274.06	
	Less : Closing Stock including traded products		7681.25	4389.91	
			147574.26	173884.15	
	Less : Cost of traded products sold-shown separately	25.5.A2	21952.31	8723.15	
			125621.95	165161.00	



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010		2009-10 ₹ in Lakh.	2008-09 ₹ in Lakh.
19 REPAIRS AND MAINTENANCE			
Plant and Machinery	3068.54	2218.53	
Roads and Buildings	185.41	195.66	
Other Assets	252.86	412.39	
	3507.81	2824.58	
20 EMPLOYEES' REMUNERATION AND BENEFITS			
Salaries, Wages and Bonus	17352.81	10520.20	
Amortisation of Ex-Gratia on Voluntary Retirement Scheme	0.00	10.29	
Contribution to Provident Fund	1212.76	1037.64	
Gratuity	920.16	995.12	
Other Welfare Expenses	916.98	835.33	
TOTAL	20402.80	13498.58	
21 OTHER EXPENSES			
Power and Fuel	30067.91	20805.50	
Operating Supplies	783.31	827.40	
Packing Materials	2621.27	1836.45	
Loss on exchange rate variation (net)	0.00	4440.99	
Factory General Charges	1843.29	1372.67	
Transporting charges - intermediate products	202.38	220.86	
Factory Licence Fee	4.89	2.40	
Rent and Hire	298.09	268.16	
Insurance	66.68	105.02	
Bank Charges	369.40	321.59	
Postage, Telegrams and Telephones	81.54	77.67	
Printing and Stationery	56.42	54.97	
Traveling Expenses (including Directors travel ₹ 22.19 lakh)	338.72	333.39	
Director's Sitting fee	3.70	1.56	
Legal Expenses	22.19	21.12	
General Charges	275.18	193.40	
Auditors' Fees and Expenses (including for Branch Auditors)			
For Audit	4.85	4.85	
For Expenses	2.60	3.03	
For Certification	5.41	2.07	
Cost Auditors' Fees and Expenses			
Cost Audit Fees	0.50	0.50	
Cost Audit Expenses	0.10	0.08	
Entertainment	1.36	1.63	
Rates and Taxes	86.41	66.07	
Freight Handling and Other charges	8873.03	6172.93	
Advertisement and Sales Promotion	25.36	21.98	
Provision for excise duty on closing stock - Finished goods	2537.97		
Less: Provision for excise duty on opening stock - Finished goods	79.31		
Bad debts written off	2458.66	72.25	
Provision for doubtful debts/advances	9.68	2.07	
Damages/Shortages of Stores, Spares & Products (Net)	38.89	31.32	
Loss on sale/retirement of assets (net)	33.01	11.08	
Provision for obsolescence of stores (Net)	1321.91	0.00	
Research and Development Expenditure	584.31	0.00	
(Includes depreciation of ₹ 0.94 lakh on Research and Development Assets)	48.39	35.24	
	50657.18	37307.25	
Less: Allocated Expenses (net of income from inter-divisional jobs of ₹ 278.71 lakh.)	321.59	138.00	
	50235.57	37169.25	



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010	2009-10 ₹ in Lakh.	2008-09 ₹ in Lakh.
22 INTEREST & FINANCING CHARGES		
On loans from the Government of India	1357.51	1098.80
Cash Rebate	43.19	70.05
On Cash Credit/Loans from banks	8758.72	4488.03
Others	1487.76	738.72
	11997.28	6395.60
23 INCREASE(-)/DECREASE IN STOCK		
Opening Stock :		
Finished/Semi Finished/Intermediate Products	28049.75	4536.88
Includes excise duty ₹ 79.31 lakh (Previous year ₹ 7.07 lakh)	28049.75	4536.88
Closing Stock :		
Finished/Semi Finished/Intermediate Products	37742.57	28049.75
Includes excise duty ₹ 2537.87 lakh (Previous year ₹ 79.31 lakh)	37742.57	28049.75
Less: Valuation of stock of accumulated Gypsum shown as Extraordinary item in Profit and Loss Account.	0.00	19950.00
	37742.57	8099.75
	-9692.82	-3562.89
24. ADJUSTMENTS IN RESPECT OF PRIOR YEARS		
Debit		
Opening stock of Gypsum (Excise duty)	1643.88	0.00
Debit total	1643.88	0.00
Credit		
Provision for excise duty on opening stock of Gypsum	1643.88	0.00
Credit total	1643.88	0.00
Net Debit / Credit (-)	0.00	0.00



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

Schedule Number 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, on accrual basis in accordance with the generally accepted accounting principles in India and comply with the applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

(ii) REVENUE AND EXPENDITURE RECOGNITION

- a Revenue is recognised and expenditure is accounted for on accrual basis
- b Interest on overdue 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 and freight subsidy 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 tangible 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 gullways (factory) for which depreciation has been charged at 10% as against 5% prescribed in the Companies Act, 1956. On additions to assets, depreciation is charged from the date of such addition and on sale or discarding of assets upto the date of such sale or discarding. In the case of intangible assets, depreciation is charged equally over a period of five years from the date of commissioning on straight-line method.

(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.



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

Schedule Number 25. Notes on Accounts

1. SIGNIFICANT ACCOUNTING POLICIES

(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 imported and indigenous raw 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.
- (ii) Materials-in-process are not valued consistently.
- (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) SUBSIDIES / GRANTS

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

(xi) 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.

(xii) RESEARCH AND DEVELOPMENT

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

(xiii) 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-/-)

(xiv) PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

- a) 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.

(xv) PRIOR PERIOD ADJUSTMENTS

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

(xvi) CLAIMS BY COMPANY

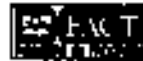
Claims on underwriters, carriers and on Customs and Central Excise Departments are taken into account on acceptance.



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

SCHEDULES TO ACCOUNTS

25 Notes on Accounts		₹ in Lakh	
		31.03.2010	31.03.2009
2	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	60.85	58.01
b)	Service Tax	58.15	33.95
c)	Sales Tax / Entry tax	421.74	458.81
d)	Customs Duty	40.04	40.04
e)	Income Tax	599.34	619.02
f)	ESI	215.42	18.68
g)	Power	0.00	196.71
h)	Suppliers and contractors	178879.05	178618.82
i)	Others	405.18	990.17
(ii)	Excise duty demand of ₹ 24.85 lakh on purchase of Raw material pending appeal, has not been considered since the liability rests with supplier as per order terms. (Previous Year ₹ 23.79 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. In addition company has provided Corporate Guarantees amounting to ₹ 1750 lakh for the term loan of M/s FACT-RCF Building Product Ltd.		
3	Estimated amount of contracts remaining to be executed on capital account and not provided for.	398.28	909.53
4	Fried Assets include		
a)	Out of the total 2150.39 acres of land held by the Company, 158.83 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 Vakkampadam, consequent to the advice from the Government of India vide letter No. 190414/2007-FCA-1 dated 04.01.2008. Adjustment has been made in the accounts during the year 2008-09 based on the compensation ascertained. The Government of Kerala vide Order No. GO(MS)/113/2010 RD dated 24.03.2010 had accorded approval for the transfer of land and unconditionally receive the amount from National Highway Authority of India towards compensation. The Company expects to realise the amount shortly, which is classified as 'Other Loans and Advances' under 'Loans and Advances'.	2173.86	2173.86
b)	Land for ₹ 496.52 lakh (Previous year ₹ 488.46 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.		



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

SCHEDULES TO ACCOUNTS

25 Notes on Accounts	₹ in Lakh	
	31.03.2010	31.03.2009
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, ₹ 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 Emro Infrastructure Limited towards balance 50% consideration of ₹ 312.40 lakh is yet to be received and accordingly the amount is classified as 'Others under Current Assets'		
d) As per the Joint Venture agreement with M/s Rashtriya Chemicals and Fertilisers Limited (RCF) the company during 2008-09, 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 ₹ 1000 lakh and an yearly rent of ₹ 10 per year.		
5 Cost of Railway siding includes ₹ 85.43 lakh (Previous year ₹ 85.43 lakh) written down value ₹ 4.27 lakh (Previous year ₹ 4.72 lakh), held jointly with M/s. Bharat Petroleum Corporation Limited (Kochi Refinery)		
6 During the year the company had implemented SAP ERP system, which is under stabilisation. The cost of Licence fee and implementation amounting to ₹ 1007.10 lakh has been capitalised as Intangible Asset and will be depreciated equally over a period of five years from the date of commissioning.		
7 During the year company has decided to scrap Ammonia & Urea plants at Cochin Division. These plants have been restated at estimated realisable value of ₹ 2740.79 lakh under Retired Plant and Machinery. Loss on retirement amounting to ₹ 1324.23 lakh has been charged during the year. Accordingly excess provision for Impairment loss amounting to ₹ 2010.53 lakh was withdrawn during the year. Obsolescence provision on spares of these plants have been made for ₹ 364.84 lakh as against the original cost of ₹ 453.50 lakh and balance being the estimated realisable value		
8 Fertiliser bonds issued by the Government of India towards the settlement of subsidy dues to the tune of ₹ 26576.00 lakh has been considered under 'Long term investments' and are maturing in the year 2022:2023. The Market value as on 31st March 2010 is ₹ 23658 lakh resulting in diminution in value of ₹ 2918 lakh (previous year ₹ 2551 lakh). The decline in Market value is considered to be temporary in nature and hence no provision is made		
9 During the year the company has allotted Equity Shares worth ₹ 29230.00 lakh (2923 lakh Equity shares of ₹ 10/- each) to the Government of India towards conversion of loan given to the Company at par as directed by the Government of India after obtaining approval from the Securities Exchange Board of India, though the SEBI guideline value per share works out to ₹ 35.49 at the time of allotment.		
10 (i) During 2009-10 the Company received certificates worth for ₹ 402.84 lakh (Previous year ₹ 52.52 lakh) under Duty Entitlement Passbook Scheme (DEPB), on export of Caprolactam to be used for duty free import of Raw-materials, Stores and Spares etc. The customs Duty due on importing during the year has been adjusted against the DEPB value and accounted with cost of respective material. The DEPB entitlement unutilized as on 31.03.2010 is ₹ 399.92 lakh (Previous year ₹ 49.59 lakh).		
(ii) The balance of Duty Free Credit Entitlement (DFCE) amount available as on 31.03.2010 for duty free import of Raw-materials, Stores and Spares etc is Nil. (Previous year is ₹ 10.75 lakh.)		



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

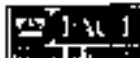
SCHEDULES TO ACCOUNTS

25 Notes on Accounts		₹ in Lakh	
		31.03.2010	31.03.2009
11	<p>(i) In the year 2008-09 ₹ 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 dttd 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 ₹ 114.64 lakh. (Previous year ₹ 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 ₹ 805.75 lakh is not considered in the accounts (Previous year ₹ 536.25 lakh).</p>		
12	Loans and Advances unsecured considered good includes ₹ 72.98 lakh being amount paid against demands disputed pending appeals (Previous Year ₹10.51 lakh). Provision has been made under 'Other liabilities' with respect to ₹ 5.12 lakh, being the amount deposited in Court as per Court Order in QP 497/92 (Paul Mathew & Sons Vs FACT). The expenses incurred on bids submitted by the Company to clients, not charged to revenue pending decision on such bids, ₹ Nil (Previous year ₹ 0.49 lakh).		
13	Loans and advances classified as "Considered good-Unsecured" include advances paid covered by Bank Guarantees and interest accrued.	2970.75	2473.36
14	Amount paid for materials supplied but rejected by the Company pending settlement.	47.80	44.98
15	The contract for the barge transportation of Ammonia has been cancelled void ab initio during 2004-05 by the Company. Accordingly the shortfall charges has not been provided in the accounts. The Contractor's claim for shortfall charges (for the period 01.04.2003 to 22.04.2006) and damages for ₹ 177,324.72 lakh which is pending before the Arbitrator has been included under Contingent liabilities. Interest of ₹ 497.40 lakh for 2009-10 receivable from the contractor on the outstanding mobilisation advance has been provided in the accounts. (Previous year ₹ 414.12 lakh.)		
16	<p>a) The physical verification of raw materials and finished products has been carried out on or around 31st March 2010. The differences over book figures in the case of raw material 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> <p>c) Out of 39.80 lakh MT Gypsum brought to stock in the previous year, the Company is holding a stock of 36.82 lakh MT of Gypsum as on 31.03.2010. The Gypsum sales is picking up due to enquiries from new sources and with the commissioning of the FRBL project. The Company has launched new products like bagged Gypsum and Zincated Gypsum and sales promotion efforts are carried out to boost the sales. It is expected that the sale will pick up in the coming years and Company will be able to dispose of the stock as originally planned.</p>	-28.70	106.21
		-33.01	-11.08
17	Sundry debtors shown as Considered good and Unsecured include ₹ 0.11 lakh covered by Bank Guarantees (Previous Year ₹ 1.99 lakh).		



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

25 Notes on Accounts		₹ in Lakh	
		31.03.2010	31.03.2009
18	Cash and Bank balances include ₹ 147.64 lakh (Previous Year ₹ 149.67 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 ₹ 2.06 lakh (Previous Year ₹ 1.89 lakh) deposited in pursuance of Court Orders.		
19	Subsidy/Concession on Ammonium Sulphate for the full year (₹ 822.92 lakh) and Factamfos for the period July 2009 to March 2010 (₹ 7493.15 lakh) has been accounted on the basis of estimates as per known policy parameters, pending notification by the Government of India.		
20	The closing stock of Ammonium Sulphate, Factamfos & MOP at plant and in-transit are valued at cost, which is lower than net realisation including the newly introduced Nutrient Based Subsidy w.e.f 01.04.2010.		
21	a) Contract revenue recognised in the period.	1109.84	1129.70
	b) Advance received against contract in progress.	0.00	13.71
	c) Retention by customers against contract in progress.	8.42	82.73
	d) Aggregate amount of cost incurred and recognised profit (less recognised loss) on contracts in progress upto the reporting date	1420.51	1789.78
	e) Gross amount due from customers for contract work as an asset.	801.43	855.23
	f) Gross amount due to customers for contract work as a liability.	2.07	59.04
	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 ₹ 221.37 lakh (Previous year ₹ 91.11 lakh), and capital ₹ 203.09 lakh (Previous Year ₹ 34.94 lakh).		
	h) Excise duty on own division jobs is ascertained based on Cost Accounting Standard 4		
22	a) Government of India has approved revision of wages for all categories of employees notionally with effect from 1.1.2007 and payment to be made effective from 1.8.2008. <p>a) Those who have retired from service between 1.1.2007 and 31.7.2008 shall be paid the terminal benefits only like leave salary, gratuity at the revised scale of pay.</p> <p>b) Those who retired from service between 1.8.2008 to 31.7.2010 shall be paid the arrears of salary as well as the terminal benefits at the revised scale of pay.</p> <p>c) The arrears of salary from 1.8.2008 to 31.7.2010 shall be paid to the employees who are in service in eight equal quarterly installments starting from August 2010. The Government has approved the implementation of the revised scale of pay without any revision for perquisites and risk pay. HRA is payable at the pre-revised salary at applicable rates. The Government have considered the projected operational results for the year 2010-2011 and 2011-2012 to assess the affordability of the wage revision implementation and agreed for payment of arrears over a period of two years in 8 equal quarterly installments.</p> <p>The liability on account of the above amounting to ₹ 4633.32 lakh has been provided in the accounts. Consequential liability on account of gratuity and leave encashment in respect of existing employees are not ascertainable at this stage, as the same has to be ascertained by approved actuarial value which is a time consuming process and hence not provided in the accounts.</p>		



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

SCHEDULES TO ACCOUNTS

25 Notes on Accounts	₹ in Lakh	
	31.03.2010	31.03.2009
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 ₹ 750/- per employee as part of festival advance during 1996-97, and is being recovered at the time of separation from company's service.	22.86	23.67
23 Remuneration to Chairman and Managing Director, Director (Marketing), Director (Finance) and Director (Technical)		
i Salary and Perks	37.50	21.11
ii Provident Fund Contribution	3.34	2.25
iii Production Incentive	0.88	0.03
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.	1261.93	-4440.99
b) The amount of exchange difference in respect of forward exchange contracts (unexpired portion of forward exchange premium) to be recognised in the Profit & Loss Account of the next accounting year.	0.00	0.00
25 a) Sundry creditors include ₹ 1.55 lakh payable to Small Scale Industrial Undertakings to the extent such parties have been identified from the available documents / information. (Previous year ₹ 1.48 lakh). There are no dues (Previous year-NIL) owed by the Company to Small Scale Industrial Undertaking exceeding ₹ 1 lakh which is outstanding for more than 30days.		
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 be given.		
26 The Company has deferred tax asset of ₹ 91508 lakh (Previous year ₹ 84065 lakh) as on 31.03.2010 because of unabsorbed depreciation and accumulated losses. The deferred tax liability as on 31.03.10 is ₹ 29170 lakh (Previous year ₹ 31711 lakh). Since there is net deferred tax asset as on 31.03.2010, 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 3rd August 2010 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.		



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

SCHEDULES TO ACCOUNTS

25 Notes on Accounts		₹ in Lakh			
30 The disclosure required under Accounting Standard 15 "Employee Benefits"		31.03.2010		31.03.2009	
		<p>Defined contribution plan Contribution to defined contribution plan recognised and charged off during the year are:-</p> <p>1 Employer's contribution to Provident Fund and Pension Scheme</p> <p>2 Employer's contribution to Superannuation benefit fund (₹ 100/-)</p> <p>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.</p>		1212.75	1037.84
<p>Defined benefit plan Gratuity fund is managed under Group Gratuity (Cash Accumulation) policy by LIC Life Insurance Corporation of India. The present value of obligation is determined on the basis of actuarial valuation using projected unit credit method. The present value of obligations for leave encashment is recognised in the same manner.</p>					
a. Changes in the present value of obligations (P V O)		₹ in Lakh		₹ in Lakh	
		Leave encashment (Unfunded)		Gratuity (Funded)	
		2009-10	2008-09	2009-10	2008-09
	Present value of obligations at the beginning of the year	4097.67	3596.65	6271.21	5617.19
	Interest cost	310.11	268.45	501.70	449.38
	Current service cost	664.93	476.81	108.92	137.28
	Benefits paid	-355.74	-171.00	-505.64	-449.10
	Actuarial loss/(gain) on obligation	395.11	-73.24	213.13	516.46
	Present value of obligations at the end of the year	5112.08	4097.67	6589.32	6271.21
b. Changes in the fair value of plan assets				1637.11	1469.85
	Fair value of plan assets at the beginning of the year			130.21	116.36
	Expected return on investment			500.00	500.00
	Employer's contribution	355.74	171.00	-505.64	-449.10
	Benefits paid	355.74	-171.00	0.00	0.00
	Actuarial loss/(gain) on plan assets	0.00	0.00	1761.68	1637.11
	Fair value of plan assets at the end of the year	0.00	0.00	130.21	116.36
	Actual return on investment:	0.00	0.00		
c. Amount recognised in Balance sheet					
	Present value of obligations at the end of the year	5112.08	4097.67	6589.32	6271.21
	Fair value of plan assets at the end of the year	0.00	0.00	1761.68	1637.11
	Unfunded net liability recognised in Balance sheet	5112.08	4097.67	4827.64	4634.10
d. Expenses recognised in Profit and Loss Account during the year					
	Current service cost	664.93	476.81	108.92	137.28
	Interest cost	310.11	268.45	501.70	449.38
	Expected return on investment	0.00	0.00	130.21	116.36
	Net actuarial (gain) / loss recognised during the year	395.11	-73.24	213.13	516.46
	Total Expenses recognised in Profit & Loss Account during the year	1370.15	672.02	699.54	966.76
e. Investment details		% invested as at 31st March		% invested as at 31st March	
	LIC Group Gratuity (Cash Accumulation) policy			26.74	28.11
f. Actuarial assumptions		(1994-96) Ultimate		LIC (1994-96) Ultimate	
	Mortality rate	7.00%	7.00%	8.00%	8.00%
	Discount rate	5.00%	5.00%	5.00%	5.00%
	Salary escalation rate	-	-	9.40%	9.40%
	Expected rate of return on plan assets	-	-	-	-

THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

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 Sleeba, Chairman and Managing Director. (Up to 30.11.2009)

Sri A Asokan, Chairman and Managing Director. (From 01.12.2009)

Sri K. Mathewan Pillai, Director (Finance)

Sri A Asokan, Director (Marketing)

Sri V G Sankaranarayanan, Director (Technical)

Transactions with related parties

Remuneration to key management personnel: ₹ 40.92 lakh (Previous year ₹ 23.39 lakh)

Guarantees given to Joint Venture: ₹ Nil (Previous year ₹ 1750 lakh)

Expenditure incurred on employees deputed to Joint Venture: ₹ 47.00 lakh (₹ 12.49 lakh)

Receivables as on 31st March: ₹ 62.68 lakh (Previous year ₹ 15.66 lakh)

Payables as on 31st March: ₹ Nil (Previous year ₹ Nil)

32 EARNINGS PER SHARE (ACCOUNTING STANDARD - 20)

i) Earnings ₹ 10383.51 Lakh (Loss)

ii) Number of Shares - Issued, Subscribed and Paid up - 647071974

iii) Earning Per Share ₹ -1.60

(Basic and Diluted)

33 The disclosure of provisions movement as required under Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets"

₹ in Lakh

Year ended 31.03.2010	Year ended 31.03.2009
--------------------------	--------------------------

a. Provision towards obsolescence and storage losses

Provision at the beginning of the year

2047.01 2142.89

Provisions made during the year

584.31 38.00

Utilisations during the year

0.00 0.00

Released during the year

0.00 131.88

Provision at the end of the year

2631.32 2047.01

b. Provision for doubtful debts

Provision at the beginning of the year

987.54 1122.29

Provisions made during the year

5.04 31.32

Written off during the year

9.65 2.07

Released during the year

44.18 184.00

Provision at the end of the year

938.75 987.54

c. Provision for doubtful loans and advances

Provision at the beginning of the year

94.73 94.73

Provisions made during the year

33.55 0.00

Written off during the year

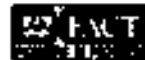
0.00 0.00

Released during the year

0.00 0.00

Provision at the end of the year

128.38 94.73



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

SCHEDULES TO ACCOUNTS

25 Notes on Accounts

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

FACT-RCF Building Products Ltd.

In the year 2008-09, a joint venture 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 ₹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% (31.03.10)

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

	₹ in Lakh	
	31.03.2010	31.03.2009
1.Assets		
Longterm assets	4235.68	1625.71
Current assets	229.57	116.53
2.Liabilities		
Current Liabilities & Provisions	589.31	231.87
Other Liabilities	2433.19	34.01
3.Income	0.11	0.39
4.Expenses	37.42	31.66
5.Contingent Liability	50.75	Nil
6.Capital commitments	745.75	1688.80



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

SCHEDULES TO ACCOUNTS

25 Notes on Accounts

35. SEGMENTAL REPORTING (ACCOUNTING STANDARD 17)

Segment Information for the year ended 31st March 2010
Information about Primary Business Segments

REVENUE	₹ in Lakh	₹ in Lakh	₹ in Lakh	₹ in Lakh
	Fertiliser	Petrochemical	Others (Unallocated)	Total
External Revenue	172497.46 (202225.30)	39785.41 (12020.93)	2961.40 (2703.08)	215224.27 (216949.31)
TOTAL REVENUE	172497.46 (202225.30)	39785.41 (12020.93)	2961.40 (2703.08)	215224.27 (216949.31)
SEGMENT RESULTS				
Profit before Interest, Taxation and before Exceptional Items	9094.94 (-1195.80)	-4771.47 (-10642.89)	-689.97 (525.50)	3633.50 (-11313.19)
Unallocated Corporate Expense			3135.84 (555.80)	3135.84 (555.80)
Operating Profit	9094.94 (-1195.80)	-4771.47 (-10642.89)	-3825.81 (-30.30)	497.66 (-11968.99)
Interest Expense	0.00 (0.00)	0.00 (0.00)	11597.28 (8395.60)	11597.28 (6395.60)
Interest Income	0.00 (0.00)	0.00 (0.00)	729.28 (459.96)	729.28 (459.96)
Income Tax	0.00 (0.00)	0.00 (0.00)	13.17 (16.00)	13.17 (16.00)
Exceptional Item-Income	0.00 (19950.00)	0.00 (0.00)	0.00 (2166.07)	0.00 (22116.07)
Profit after Interest, Taxation and Exceptional items	9094.94 (18754.20)	-4771.47 (-10642.89)	-14706.96 (-3815.87)	-10383.51 (4295.44)
OTHER INFORMATION				
Segment Assets	125585.59 (103938.46)	29997.41 (14300.85)	84237.84 (66758.53)	239821.84 (184997.86)
Segment Liabilities	33670.07 (28853.95)	13480.18 (3612.70)	192691.59 (152531.21)	239821.84 (184997.86)
Depreciation	3936.43 (4233.70)	256.16 (329.92)	194.79 (59.62)	4387.38 (4623.24)
Capital Expenditure	191.02 (632.33)	2.32 (42.45)	1294.88 (167.55)	1488.22 (842.33)

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 pertain to previous year

RECONCILIATION OF REVENUE

Segment Revenue as above	₹ in Lakh. 215224.27
Add Interest Income	729.28
Revenue as per Profit and Loss Account	215953.55



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

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 31.03.2010

1. Value of imported and indigenous raw materials and spare parts consumed and percentage thereof to total consumption.

	Current year	Percentage	Previous year	Percentage
	₹ in lakh		₹ in lakh	
A Raw Materials.				
Imported	64851.32	51.48	82832.92	50.15
Indigenous	60970.63	48.54	82328.08	49.85
	125821.95	100.00	165161.00	100.00
B Spare Parts & Components				
Imported	101.33	4.90	68.59	4.72
Indigenous	1994.20	95.10	1383.51	95.28
	2095.53	100.00	1452.10	100.00
2 CIF Value of Imports			Current year	Previous year
			₹ in lakh	₹ in lakh
(i) Raw Materials			92880.83	88516.89
(ii) Spares and other materials			162.17	5816.84
(iii) Capital Goods			5.28	0.00
			93048.28	94333.73
3 A Expenditure in foreign currency (Cash Basis) *				
(i) Consultancy service			0.00	0.00
(ii) Others			20.64	18.86
			20.64	18.86
B Earnings in foreign currency				
(i) Export of goods (FOB Basis)			9215.79	3633.01
(ii) Others			0.00	0.00
			9215.79	3633.01

* Including tax deducted at source

THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

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	
			2009-10	2008-09
	M.T.	M.T.	M.T.	M.T.
1 Udyogamandal Division				
Sulphuric Acid @	402550	379500	245417	198257
Phosphoric Acid	33000	33000	0	0
Ammonium Sulphate	225000	225000	173546	128845
Fectamfos 20:20	181020	148500	176544	115817
Ammonia(900 TPD plant) †	326700	326700	200108	182572
Bio Fertiliser	150	150	83	32
2 Cochin Division:*				
Sulphuric Acid	330000	330000	223620	268840
Phosphoric Acid	115000	115000	5770	38220
Complex Fertilisers :	485000	485000		
Fectamfos 20:20			577200	489230
3 Petrochemical Division				
Caprolectam	50000	50000	42006	13548
Nitric Acid	3800	3800	4523 +	1378 +
Soda Ash	4750	4750	5778	1407
4 Marketing Division				
Mixed Manures			21483	16531

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

† Includes Synthesis gas expressed in terms of Ammonia

* Ammonia & Urea plants at Cochin Division are not included above as the company had decided to scrap these plants.

+ At 55 % concentration



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

SCHEDULES TO ACCOUNTS

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

A.1 RAW MATERIALS	OPENING STOCK		CLOSING STOCK		PURCHASES				CONSUMPTION					
					2009-10		2008-09		2009-10		2008-09		2008-09	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	M T	₹/lakh	M T	₹/lakh	M T	₹/lakh	M T	₹/lakh	M T	₹/lakh	M T	₹/lakh	M T	₹/lakh
1	1921	492.82	1901	658.11	139579	43221.02	127073	36130.93	139689	43055.73	126960	38266.16	126960	38266.16
2	13073	799.72	11649	896.17	155865	8990.70	127280	19725.61	157290	6894.25	150064	29337.60	150064	29337.60
3	1913	215.19	28256	1788.75	46322	2511.48	125486	19985.00	20179	1336.82	132119	20163.05	132119	20163.05
4	692	300.77	547	152.91	100764	27908.54	29928	18932.72	100909	28056.40	25892	18773.01	25892	18773.01
5	849	198.81	3035	544.09	68323	11420.39	19259	3851.18	68137	11078.11	21461	4627.15	21461	4627.15
6	2574	1017.71	790	258.40	86842	13359.21	57869	44251.15	48828	14118.52	55304	43235.61	55304	43235.61
7					5725	2248.27			5725	2248.27	331	167.12	331	167.12
8	133	25.14	221	57.30	5581	1453.28	1547	282.56	5480	1421.10	1547	293.11	1547	293.11
9	1752	845.89	8351	3226.17	38749	18467.92	5940	3377.07	35150	15887.44	9371	5370.18	9371	5370.18
10					501	21.58	5808	1881.60	501	21.58	5808	1881.60	5808	1881.60
11					5002	45.97	16097	268.80	5002	45.97	16097	268.80	16097	268.80
12	739	493.65				0.24	3088	3283.78	738	483.90	2349	2780.12	2349	2780.12
13	348	161.30					1988	1464.85	348	161.30	1650	1303.55	1650	1303.55
TOTAL	4261.81		7582.90			128046.58		153485.25		124815.48		164577.04		164577.04



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

SCHEDULES TO ACCOUNTS

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

A.2	TRADED PRODUCTS	OPENING STOCK		PURCHASES						CONSUMPTION						COST OF GOODS SOLD	
		2009-10		2008-09		2009-10		2008-09		2009-10		2008-09		2009-10		2008-09	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
		M T	₹/lakh	M T	₹/lakh	M T	₹/lakh	M T	₹/lakh	M T	₹/lakh	M T	₹/lakh	M T	₹/lakh	M T	₹/lakh
1	M.O.P.-Imported	2	0.82	969	40.76	73781	19543.92	21099	6110.46	2766	732.79	1592	457.01	70048	18771.19	19804	5686.76
2	M.O.P.-PL	128	5.20	47	2.06	1218	53.88	1421	60.76	1293	57.02	1503	64.26	0	0.00	1	0.04
3	Urea-Imported	417	15.20	774	32.11	83587	3210.24	70527	2563.70	631	12.21	900	32.85	82599	3181.12	71040	2591.59
4	Urea-KRIBHCO							427	21.71							427	21.71
5	Ultrabos	1	0.11	1	0.11			130	10.89							148	11.79
6	Rajphos	375	14.13	372	14.00			490	18.44	3	0.13	115	4.31				
7	DAP-Coromandel							4621	411.26							4821	411.26
8	Others		2.64		9.31		10.98		44.42		4.31		47.09		0.00		
	TOTAL		38.10		98.35		22819.02		9241.64		806.46		605.54		21952.31		8723.15
	TOTAL (A1+A2)		4389.91		7681.25		150865.60		162726.89		125821.95		165182.98		21952.31		8723.15
	Adjustments for loans												-21.58				
	NET TOTAL		4389.91		7681.25		150865.60		162726.89		125821.95		165161.00		21952.31		8723.15



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

SCHEDULES TO ACCOUNTS

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

	OPENING STOCK		CLOSING STOCK		2009-10		2008-09	
	Quantity MT	Value ₹/lakh	Quantity MT	Value ₹/lakh	Quantity MT	Value ₹/lakh	Quantity MT	Value ₹/lakh
B1 FINISHED PRODUCTS								
1 Ammonium Sulphate	10959	1064.24	44973	4056.79	146966	15005.94	117941	12833.07
2 Factories 20-20	6819	689.76	25133	2312.30	726113	45709.80	605823	39230.20
3 Mixed Manures	3724	254.88	3919	275.17	21147	1794.08	12937	1016.42
4 Caprolactam	1298	976.20	5051	8042.15	34253	38674.04	12291	11580.24
5 Nitric acid	361	26.54	52	4.74	4631	378.77	1040	73.52
6 Soda Ash	301	39.10	2036	179.86	4040	358.41	1113	121.52
7 Gypsum	3919000	19950.00	3682362	20308.22	340176	2174.18	344320	2665.64
8 Others (including intermediates)		5049.03		4583.34		1332.82		272.86
TOTAL		29049.75		37742.67		105425.04		67793.47
B2 TRADED PRODUCTS								
1 M.O.P.-Imported					70048	3120.82	19804	862.28
2 M.O.P. - IPL							1	0.06
3 Urea-Imported					82599	3989.52	71040	3431.23
4 Urea-KRIBICO							427	26.07
5 Uralabs							148	11.69
6 DAP-Coromandel							4621	432.06
TOTAL						7110.14		477.39

For and on behalf of the Board

Sd/
Prof. R.K. Mathur
Director

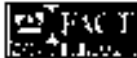
Sd/
K. Mathewas Prasad
Chairman & Managing Director

Sd/
V.G. Sankaranarayanan
Director (Technical)

Sd/
K.V. Balakrishnan Hegde
Secretary

For our report attached
For Balu A. Kathiravelil & Co
Chartered Accountants
Firm Registration No. 053745

Sd/
E.V. Thomas
Partner
Membership No. 02879
Place: Udyogmandal
Date: August 17, 2010



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	Date	Month	Year	State Code
371	31	03	2010	09
Balance Sheet Date				
Capital raised during the year (Amount in ₹ Thousands)				
Public Issue				Rights Issue
Nil				Nil
Bonus Issue				Private Placement
Nil				Nil
Position of mobilisation and deployment of funds (Amount in ₹ Thousands)				
Total Liabilities				Total Assets
17267603				17267603
Sources of Funds:				
Paid up Capital				Reserves and Surplus
6470720				8311
Secured Loans				Unsecured Loans
8549257				2239315
Application of Funds:				
Net Fixed Assets/Capital work in progress				Investments
3799169				2913015
Net Current Assets				Misc. Expenditure
6094883				0
Accumulated Losses				
4580536				
Performance of Company (Amount in ₹ Thousands)				
Turnover (incl. Other Income)				Total Expenditure
21595355				22632389
Extraordinary Items				
0				
Profit/Loss Before Tax				Profit/Loss After Tax
-1037034				-1038351
Earnings per share (₹)				Dividend Rate
-1.60				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/-
Prof. R.K. Mishra
Director

Sd/-
V.G.Sankaranarayanan
Director (Technical)

Sd/-
K.Mathavan Pillai
Chairman & Managing Director

For our report attached
For Babu A. Kalivayalil & Co.
Chartered Accountants.
Firm registration No. 053745

Sd/-
E.V. Thomas
Partner
Membership No. 03679
Place: Udipogamandal
Date: August 17, 2010



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010

PARTICULARS	For the year ended 31.3.2010 ₹ in Lakh.	For the year ended 31.3.2009 ₹ in Lakh.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary items	-10370.34	-17004.63
Adjustments For:		
Depreciation/Impairment loss /Deferred Rev. Expenditure	2423.25	4629.40
Provision for Obsolescence/Bad & Doubtful Debts (Net)	569.17	-230.63
Income from Investments	-1828.33	-461.69
(Profit)/Loss on sale of assets (Net)	1321.91	-6.46
Interest	11597.28	6395.60
Operating Profit before Working Capital changes	3714.94	-7478.41
Adjustments for		
Trade and Other Receivables	-28889.01	-16878.08
Inventories	-16908.85	10630.33
Trade and Other Payables	27745.66	9110.32
Cash generated from Operations	-14337.06	-4615.84
Direct Taxes	-13.17	-16.00
Cash Flow before extraordinary items	-14350.23	-4631.84
Prior Period - (excluding non cash)	0.00	0.00
Net Cash from Operating Activities	-14350.23	-4631.84
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets/Capital Work-in-Progress	-2443.37	-621.24
Sale of Fixed Assets	-4.58	39.24
Interest Received	1819.04	2.46
Dividend Received	7.29	5.83
Investment in Bonds(Net)	0.35	-28076.00
Net cash used in Investing Activities	-621.27	-28649.71
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings (Net)	8392.04	2431.06
Increase/Decrease in Cash credit with Banks	17382.59	31705.72
Interest	-10289.57	-5296.80
Net cash used in Financing Activities	15484.96	28839.98
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	513.46	-4441.57
CASH AND CASH EQUIVALENTS		
AS AT 01.04.2009 (Opening Balance)	2304.62	6746.39
AS AT 31.03.2010 (Closing Balance)	2818.28	2304.62
For and on behalf of the Board		
Sd- K.V. Balakrishnan Nair Secretary	Sd- Prof. R.K. Mishra Director	Sd- Y.G. Ganekararathiyadan Director (Technical)
		Sd- K. Malhevan Pillai Chairman & Managing Director
<p>For our report attached For Babu A. Kallarayalli & Co. Chartered Accountants. Firm registration No. 053745</p> <p>Sd- E.V. Thomas Partner Membership No. 03679 Place, Udyogamandal Date August 17, 2010</p>		



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(FY)69 DATED 5-3-69 FROM THE MINISTRY OF FINANCE (BUREAU OF PUBLIC ENTERPRISES) UPTO 31st MARCH 2010

	Gross Block as at 31.3.2009	Written down value as at 31.3.2009	Additions/ Adjustments 2009-2010	Depreciation for the year 2009-2010	₹ in Lakh. Depreciated value as at 31.03.2010
Land (Estimated)	186.18	186.18	0.00	0.00	186.18
Staff Quarters etc. in Township	1320.17	482.60	5.88	26.21	462.27
Sewers & Drains	280.85	95.70	0.00	4.83	90.87
Hospitals	61.81	18.17	0.00	0.91	17.26
Schools	93.43	34.77	0.00	1.74	33.03
Shops	12.08	2.80	0.00	0.07	2.73
	1654.52	820.22	5.88	33.76	792.34

DETAILS OF MAINTENANCE AND OTHER REVENUE EXPENDITURE ON TOWNSHIP AND OTHER SOCIAL OVERHEADS AS REQUIRED BY O.M.No.BPE-1(17)ADV(FY)69 DATED 5-3-69 FROM THE MINISTRY OF FINANCE (BUREAU OF PUBLIC ENTERPRISES) DURING THE YEAR ENDED 31st MARCH 2010

Particulars	₹ in Lakh.		
	Expenditure	Income	Net Expenditure
Staff Quarters	491.55	170.61	320.94
Schools	3.62	19.68	-16.06
Medical Facilities	651.58	39.39	612.19
Other Welfare Expenses	460.87	56.12	404.75
Estate Establishment	63.92	0.00	63.92
Notional interest at 6% p.a on Capital outlay on Township and overheads	117.27	0.00	117.27
	1788.81	285.80	1503.01

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 2010

Particulars	₹ in Lakh.
Salaries and Wages including Provident Fund	16.42
Advertisement Charges	14.03
Propaganda and Publicity	10.56
Exhibition	0.08
Demonstration, Sign Boards, Cost of Fertilisers, Village adoption	0.71
Soil Testing and Agronomy Service	0.00
Audio-visual film, Slides production, Projection charges and equipment	0.00
Running and Maintenance Expense of Publicity vehicles and Travel Expense	0.00
	41.80

THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

SUMMARISED ACCOUNTS

	₹ in Lakh.		
	2009-10	2008-09	2007-08
RESOURCES			
Net Worth	18102	29465	25180
Borrowing and Deferred Credits	104364	78589	45472
Capital Reserve	83	87	91
	123548	108161	70743
UTILISATION OF RESOURCES			
Fixed Assets	137353	147201	148502
Less: Depreciation & Impairment loss	101003	108505	104082
	36350	38696	44420
Capital Work-in-Progress	1642	887	908
Investments	28130	28131	55
Net Current Assets	57427	40737	27360
	123548	108161	70743
EARNINGS			
Sale of Products and services (net)	210582	212866	87396
Accretion/decretion (-) to Work in progress and finished goods	9693	3563	-16154
Other Income	5381	4543	2150
	225646	220972	73392
OUT GOINGS			
Direct Materials & Inputs	181531	197956	62633
Employees remuneration & benefits	20403	13499	11750
Other expenses	20059	18303	8324
Depreciation/impairment loss	2427	4623	3545
Interest	11597	6396	6221
	236017	236777	92473
Profit/Loss (-) for the year	-10371	-17805	-19081
Income/Expenses (-) in respect of prior years	0	0	-1
Extraordinary items (Income)	0	22118	20000
Profit/Loss (-) before tax	-10371	4311	918
Provision for Taxation	13	16	21
Profit/Loss (-) after tax	-10384	4295	897



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED 31st MARCH 2010

	₹ in Lakh.		
	2009-10	2008-09	2007-08
SOURCE OF FUNDS			
Funds Generated from Operations:			
Profit after tax	0	4295	0
Depreciation and Impairment loss	2358	4508	2993
Long-term loan	3400	743	1500
Short-term loan	22375	32374	-6885
Grant-in-aid received from the Government of India	0	0	20000
	28133	41921	17528
APPLICATION OF FUNDS			
Loss for the year (before adjustment of Grant-in-aid)	10384	0	19103
Capital expenditure (net)	1062	478	295
Investments in Shares/Bonds	-1	28076	0
Miscellaneous Expenditure not written off (net)	0	-10	-5
Increase/decrease (-) in Working Capital	16688	13377	-1865
	28133	41921	17528

STATEMENT OF CHANGES IN WORKING CAPITAL

	₹ in Lakh.		
	2009-10	2008-09	2007-08
Cash and Bank Balance	513	-4504	-1036
Inventories	16324	9415	-2771
Sundry debtors	23842	19552	-11649
Other Current Assets	67	569	-228
Loans and Advances	4995	-426	1401
	45741	24606	-14283
Creditors and other liabilities	29053	11229	-12418
Increase/decrease (-) in Working capital	16688	13377	-1865
	45741	24606	-14283

VALUE ADDED STATEMENT

PARTICULARS	2009-10		2008-09		2007-08	
	₹ in Lakh.	%	₹ in Lakh.	%	₹ in Lakh.	%
Value of production* (including other income)	225846		220972		73392	
Less: Cost of Direct Materials & inputs	181531		197958		62633	
Value Added	44115		23016		10759	
Waiver of Interest by the Government of India	0		0		0	
TOTAL	44115		23016		10759	
Applied in the following way:						
Employee remuneration and benefits	20403	46	13499	59	11750	109
Other operating expenses	20099	45	16303	71	8324	77
Depreciation	2427	6	4623	20	3545	33
Interest	11597	26	6396	28	6221	58
Adjustment in respect of prior years	0	0	0	0	1	0
Provision from Income Tax	13	0	16	0	21	0
Extraordinary Items: Expense/Income (-)	0	0	-22116	-96	-20000	-185
Retained Profit/Loss (-)	-10384	-24	4295	18	897	8
TOTAL	44115	100	23016	100	10759	100

* Net of sales discount/Trade Margin



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

10 YEARS FINANCIAL HIGHLIGHTS

	₹ in Lakh.									
	2006-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
1 Sale	108966	70689	57376	105501	101917	96055	76751	92718	94682	118071
2 Subsidy	100517	141047	29236	40216	36578	19712	15230	16616	23055	55219
3 Total (1+2)	209483	211736	86612	145717	138495	117767	91981	109334	117737	173290
4 Income from Contracts & Services	1110	1130	764	1222	850	650	1021	2348	1991	293
5 Other Income	5351	4543	2150	2049	1203	2779	1276	2021	2468	2236
6 Stock Accretion (+) / Depletion (-)	9653	3563	-16154	7350	241	1231	6726	-9415	3189	-1241
7 Interest Waived by Government of India	0	0	0	0	0	0	0	1310	16717	0
8 Total Income	225647	270972	73392	156336	140789	124427	101004	165596	139302	177216
9 Material Consumed	129037	167825	49301	104343	96275	79545	57298	58785	63318	97744
10 Salaries & Allowances	19486	12563	10851	5157	9441	10728	14820	15389	16156	12765
11 Repairs & Maintenance	3508	2825	3246	2791	2742	2416	2409	3815	3850	4210
12 Power & Fuel	30068	20906	8018	22435	22422	18587	17208	18088	18041	33899
13 Other Manufacturing Expenses	38865	23739	9559	17865	12271	9706	16092	18950	24268	24455
14 Past period Expenditure (-)	0	0	1	105	9	3480	8	-40	31	10
15 Total Expenditure	221994	227756	82708	157496	142160	124462	107836	114987	128684	172883
16 Gross Margin (8-15)	3653	-6786	-9316	-1158	-1371	-2035	-6832	-9389	10638	4933
17 Extraordinary Items (Income)	0	22116	20000	614	35503	0	0	0	0	0
18 Interest	11597	6396	6221	5240	3985	8423	3281	3972	3892	9878
19 Depreciation / Impairment loss	2427	4823	3645	6381	6587	6318	6609	8832	6883	9650
20 Profit/Loss before taxation	-10371	4311	918	-1265	23620	-16778	-16722	-19993	63	-15195
21 Provision for taxation/relief of tax (-)	13	16	21	208	54	20	0	0	6	0
22 Net Profit/Loss (-)	-10384	4295	897	-12473	23566	-16796	-16722	-19983	57	-15195
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 Profit	36350	39605	42420	44763	50826	59941	66303	71968	76016	79125
26 Capital Work-in-Progress	1642	687	908	1268	627	450	627	1111	2114	2808
27 Current assets, Loans & Advances	128085	82352	57746	72030	54150	40802	48008	53031	60996	72585
28 Current Liabilities & Provisions	70668	41615	30398	41927	39032	34023	35600	33996	30303	43339
29 Investments	28130	28131	55	55	55	55	55	55	55	65
30 Misc. expenditure to the extent not w.off	0	0	10	15	186	2585	3091	579	0	0
31 Accumulated loss	45805	35222	39517	39535	27062	50628	30561	13838	0	0
32 Total Utilization	169164	143383	110270	115739	93854	117448	113073	106587	108678	111244
33 Working Capital (27-28)	57427	40737	27360	30103	15118	6779	12406	19035	30893	29246
34 Long term borrowings	12543	8243	8500	7600	4800	61540	57446	50440	48795	47439
35 Short term borrowing	91721	69346	36872	43837	25816	19827	19957	20482	18280	21523
36 Share Capital (incl. Pending allotment)	64707	64707	64707	64707	64707	64707	35477	35477	35477	35477
37 Reserves & Surplus	0	0	0	0	0	0	0	0	8154	6608



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

	83	87	91	95	99	104	183	188	192	198
38 Capital Reserve										
39 Total Sources	169154	143383	110270	115739	93854	17448	113073	106587	108878	111244
40 Networth (36+37-30-31)	18102	29465	23190	25157	37479	17746	1925	21059	41631	42065
41 Capital employed (25+33)	93777	79343	69760	74866	65944	63720	78739	31003	106709	108371
42 Finished Goods	37743	28050	4527	20691	13341	13100	11836	5251	14530	14315
43 Work in progress	0	0	0	0	0	363	396	255	42	217
44 Raw materials	7681	4380	5569	6711	4408	1483	961	4891	3501	4422
45 Stores, Spares & Loose tools	8855	6606	9280	6928	8617	6337	6371	7836	8459	9645
46 Materials in transit	4105	212	2459	286	1163	1626	123	357	2963	1131
47 Sundry debtors	50979	27137	7595	19234	14817	9397	22815	29118	21284	28508
48 Cash & bank balance	2818	2305	6746	7782	3483	2378	2466	1649	4324	6372
49 Loans & advances	15575	10579	11066	9668	9469	5601	2999	3543	4874	5675
50 Other Current Asset	1139	1071	502	730	371	37	42	29	669	1399
51 Total (42 to 50)	128095	82352	57746	72030	54150	40802	48008	53031	60886	72585
52 Current Liabilities	50714	32870	26789	38844	37082	32383	34178	32682	29231	43339
53 Provisions	9954	8745	3587	2283	1940	1640	1425	1314	1072	0
54 Total (52+53)	70668	41615	30376	41827	39032	34023	35603	33996	30303	43339
55 Net Working Capital (51-54)	57427	40737	27369	30103	15118	6779	12406	19035	30693	29246
56 Gross internal resources (19+22-17)	7957	13198	15558	6706	5410	10478	10113	13361	6740	5545
57 Installed Capacity (MT)										
Ammonium Sulphate	225000	225000	225000	225000	225000	225000	225000	225000	225000	225000
Facialphos 20-20	633500	633500	633500	633500	633500	633500	633500	633500	633500	633500
DAP										
Urea	330000	330000	330000	330000	330000	330000	330000	330000	330000	330000
Caprolactam	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000
N	173050	324450	324450	324450	324450	324450	324450	324450	324450	324450
P2O5	131900	131900	131900	131900	131900	131900	131900	131900	131900	131900
58 Production (MT)										
Ammonium Sulphate	179546	128345	30478	183490	172988	200664	190268	182222	220945	238066
Facialphos 20-20	753744	605047	425530	721202	745902	580788	567678	673678	625119	838108
DAP	0	0	0	0	0	0	0	0	0	0
Urea	0	0	0	0	0	0	0	0	0	0
Caprolactam	42006	13548	6798	41327	38666	44932	41794	40409	48665	52541
N	187735	147551	91364	182038	184818	153474	152731	176685	220978	343241
P2O5	150748	121008	85106	144240	149180	112158	113536	134736	165224	167622
59 Capacity Utilisation (%)										
N	108.49	45.48	28.17	56.11	56.96	47.30	47.07	54.46	68.11	106.79
P2O5	114.29	91.74	64.52	109.38	113.10	85.03	86.08	102.15	126.26	127.06

1 Including Interest accrued and due
2 Does not include Capital work-in-Progress