

**TOGETHER WE SOW.
TOGETHER WE HARVEST.
TOGETHER WE PROSPER.**



67th वार्षिक रिपोर्ट
ANNUAL REPORT
2010 - 2011



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

THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

Registered Office: Eloor, Udyogamandal, Kochi.

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 67th Annual General Meeting of the Company will be held on Thursday the 29th day of September, 2011 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, 2011 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. Pratibha Karan who retires at the 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 the 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 the Annual General Meeting and being eligible, offers himself for re-election.
5. To elect a Director in place of Dr.R.K.Mishra who retires at the 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 the 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 the 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 the Annual General Meeting and being eligible, offers himself for re-election.

Special Business

9. To elect Shri S.C.Gupta as a Director of the company.

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

10. To elect Shri V. Rajagopalan as a Director of the company.

The Company has received Notice in terms of Section 257 of the Companies Act, 1956 proposing Shri V.Rajagopalan 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

Eloor, Udyogamandal
Date: August 30, 2011

Notes:

1. The Register of Members will be closed from 27th September 2011 to 29th September 2011 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. 130/8/2003-HR-1 dated 8th August, 2011 appointed Shri S.C.Gupta, Joint Secretary (F&P), 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 S.C.Gupta was co-opted as additional Director of the Company with effect from 12-08-2011. For a fresh term from the close of the AGM, to meet the requirements under the Companies Act, he needs to be elected as a Director.

No Director other than Shri S.C.Gupta is interested in the resolution.

Item No.10

Government of India, Ministry of Chemicals and Fertilisers, Department of Fertilisers vide Order No. 130/8/2003-HR-1 dated 8th August, 2011 appointed Dr. V.Rajagopalan, Additional Secretary & Financial Adviser(AS&FA), 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, Dr. V.Rajagopalan was co-opted as additional Director of the Company with effect from 12-08-2011. 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 V.Rajagopalan is interested in the resolution.

BOARD OF DIRECTORS

Shri Sham Lal Goyal

Chairman & Managing Director (w.e.f 01.03.2011)

Shri P. Muthusamy

Director (Finance) (w.e.f. 18.03.2011)

Shri V.K. Anil

Director (Technical) (w.e.f. 28.06.2011)

Dr. V. Rajagopalan

Part-time Official Director (w.e.f. 12.08.2011)

Shri S.C. Gupta

Part-time Official Director (w.e.f. 12.08.2011)

Shri Satish Chandra

Part-time Official Director (upto 12.08.2011)

Shri V.G. Sankaranarayanan

Chairman & Mg. Director (from 01.09.2010 to 28.02.2011)
Director (Technical) - (upto 30.04.2011)

Shri K. Mathevan Pillai

Chairman & Mg. Director (from 01.07.2010 to 31.08.2010)

Shri A. Asokan

Chairman & Mg. Director (from 01.12.2009 to 30.06.2010)

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

Prof. 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 Rajesh Kundan

Company Secretary

Shri K.V. Balakrishnan Nair

AUDITORS

Statutory Auditors

M/s. Babu A. Kallivayalil & Co.
Kochi

Branch Auditors

M/s. A. John Moris & Co.
Chennai

Cost Auditors

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

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

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 67th Annual Report of your Company together with the Audited Accounts and the report of the Auditors for the year 2010-2011.

We are happy to inform you that FACT has been able to maintain an impressive level in the overall performance during the financial year 2010-11. Turn over of the company touched an all time record of ₹ 2512 crore.

HIGHLIGHTS

- All time high sales turnover • All time record sale of Gypsum
- Impressive sale of Caprolactam
- New record in production and sale of Bio-Fertilisers
- Award and Laurels in Safety and Pollution Control

PERFORMANCE - PRODUCTION, SALES AND PROFITABILITY

		2010-2011	2009-2010
1	Production / In Tonnes		
	Factamfos 20:20	644454	753744
	Ammonium Sulphate	200311	179546
	Caprolactam	44345	42006
2	Sales / In Tonnes		
	Fertilisers	932670	1044893
	Caprolactam	44136	38253
3	Financial / ₹ lakh		
	Turnover	251183	214161
	Profit before interest, depreciation & taxes	13438.72	3654.11
	Profit/Loss (-) after tax	(-)4932.67	(-)10383.51

During the year 2010-11, the company has achieved considerable improvement in the production of Ammonium Sulphate and Caprolactam.

The main reason for shortfall in the production of Factamfos as compared to previous year is the shortage of phosphoric acid.

The reason for the reduction in the sale of Factamfos as compared to 2009-10 is attributable to lower production.

Financial results of the company for the year 2010-11 shows a loss of ₹49.33 crore as against the loss of ₹103.84 crore during the year 2009-10.

Due to the accumulated loss, your Directors are not recommending any dividend for the year 2010-2011.

The loss incurred for the year under review is mainly due to the provision for gratuity, loss on sales of Fertilisers bonds provided in the accounts and huge burden on interest and financing charges.

Consequent to the increase in gratuity limit from ₹3.5 lakh to ₹10 lakh, the liability towards Gratuity provision and leave encashment

debited in the profit and loss account for the year 2010-11 is ₹85.04 crore as against ₹20.64 crore during the previous year.

Under a buy-back scheme announced by the Government of India, the Fertiliser bonds amounting to ₹265.76 crore have been sold by the Company to RBI on 31.3.2011 and 26.7.2011. Government of India agreed to compensate not less than 50% loss suffered on account of buy-back arrangement. Loss of ₹18.48 crore being 50% of loss on reduction in face value of bonds has been provided in the Annual Accounts for the year 2010-11.

The company has incurred additional expenditure of ₹25.11 crore on account of interest and financing charges for the year 2010-11 as compared to last year and the total interest and financing charges provided in the accounts for the year 2010-11 is ₹141 crore.

The production and the financial performance of the company during the first quarter of the financial year 2011-12 is also not encouraging. Due to shortage of raw materials the production fell much below the targeted levels.

The Company has taken steps to ensure availability of raw materials to optimize production in the remaining months of the financial year 2011-12. The Company has laid down plans to maximize the production of captive phosphoric acid. The availability of imported phosphoric acid is also showing some improvement. FACT has entered into a long term arrangement for supply of phosphoric acid with indigenous supplier. The Company is also proposing to enter into long term arrangement for supply of Rock phosphate. To facilitate procurement of bulk consignment of Sulphuric acid, the company has hired a Sulphuric acid storage facility at Willingdon Island.

In order to improve the turnover and profitability, the company is concentrating in marketing of traded products. During the year 2011-12, FACT has already handled a Urea ship of 32996 MT at Cochin Port. FACT is anticipating another Urea ship during the second quarter of the financial year 2011-12. Offers have already been received for import of MOP through MMTC and FACT plans to import 50000 to 75000 MT of MOP during the financial year 2011-12.

To promote Integrated Plant Nutrient Management, FACT is expanding the sale of organic manure to the State of Tamil Nadu. During the year 2011-12, FACT has considerably increased the sale of bulk Gypsum and plans to sell 50,000 MT of bagged Gypsum. The sale of bulk Gypsum is set to touch an all time record of 6 to 7 lakh MT during the year 2011-12.

On materializing the above, the Company hopes to improve its physical and financial performance and to show a positive result for the financial year 2011-12.

The Joint Venture project with RCF for manufacturing gypsum-based building material is nearing completion and the project is expected to be commissioned shortly.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A Management Discussion and Analysis Report covering the operational aspects during the year 2010-2011 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, 2011 and of profit and loss account for the year ended March 31, 2011.

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

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

REPORT ON CORPORATE GOVERNANCE

Your Directors are pleased to state that your Company has been

practicing the principles of good Corporate Governance. The Board lays emphasis on transparency and accountability for the benefit of 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.Kallivayalil & Co., Chartered Accountants, Kochi, was re-appointed as Statutory Auditors of the Company for the year 2010-11 by the Comptroller and Auditor General of India. M/s. A.John Moris & Co, Chartered Accountants, Chennai was re-appointed as Branch Auditors for Tamilnadu and Kerala area and M/s.Ramanatham & Rao, Chartered Accountants, Hyderabad was re-appointed as Branch Auditors for Karnataka and Andhra Pradesh area of the Company for the year 2010-11 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 2010-11.

Comments of Statutory Auditors

The Statutory Auditors in their report has made certain comments on the Accounts of the Company for the year 2010-11. The reply to the comments of Statutory Auditors are annexed to this report.

DIRECTORS RETIREMENT & APPOINTMENTS

Shri A.Asokan, Director (Marketing) who was holding additional charge of Chairman and Managing Director, has retired from the services of FACT on superannuation on 30.06.2010.

Government of India, Ministry of Chemicals and Fertilisers, Department of Fertilisers vide Order No.86/5/2008-HR-I dated 30th June 2010 entrusted additional charge of the post of Chairman and Managing Director to Shri K.Mathevan Pillai, Director (Finance), and Shri K.Mathevan Pillai had assumed charge of Chairman and Managing Director with effect from 01.07.2010. Shri K.Mathevan Pillai, superannuated from the service of FACT on 31.08.2010.

Government of India, Ministry of Chemicals and Fertilisers, Department of Fertilisers vide Order No. 86/5/2008-HR-I dated 6th September 2010 entrusted additional charge of the post of Chairman and Managing Director to Shri V.G.Sankaranarayanan, Director (Technical). Shri V.G.Sankaranarayanan had assumed charge of Chairman and Managing Director with effect from 01.09.2010 and held the additional charge upto 28.2.2011. Shri V.G.Sankaranarayanan, Director (Technical) superannuated from the service of FACT on 30.4.2011.

Department of Fertilisers, Ministry of Chemicals and Fertilisers, Government of India, vide Order No.130/8/2003-HR-1 dated 3rd May 2010 notified the appointment of Shri Satish Chandra, Joint Secretary, Department of Fertilisers and Shri Deepak Singhal, Joint Secretary, Department of Fertilisers, on the Board of Directors of FACT in place of Shri Mathew C,Kunnumkal, Director and Shri Sudhir Bhargava, Director, respectively.

Government of India, Ministry of Chemicals and Fertilisers, Department of Fertilisers, vide Order No.130/8/2003-HR-I dated 3rd November 2010 notified the appointment of Shri Sham Lal Goyal, Joint Secretary (P&P), Department of Fertilisers as a Director on the Board of FACT in place of Shri Deepak Singhal, Director.

Government of India, Ministry of Chemicals and Fertilisers,

Department of Fertilisers vide Order No. 86/5/2008-HR-I dated 28th February 2011 entrusted additional charge of the post of Chairman and Managing Director to Shri. Sham Lal Goyal, Joint Secretary (P&P), Department of Fertilisers, Ministry of Chemicals and Fertilisers. Shri Sham Lal Goyal has assumed charge of Chairman and Managing Director with effect from 01.03.2011.

Government of India, Ministry of Chemicals and Fertilisers, Department of Fertilisers, vide Order No.86/4/2009-HR-I dated 20th December 2010 notified the appointment of Shri P.Muthusamy, as Director (Finance). Shri P.Muthusamy has assumed charge with effect from 18.03.2011.

Government of India, Ministry of Chemicals and Fertilisers, Department of Fertilisers, vide Order No.86/1/2010-HR-I dated 28th June 2011 notified the appointment of Shri V.K.Anil, as Director (Technical). Shri V.K.Anil has assumed charge with effect from 28.06.2011.

Government of India, Ministry of Chemicals and Fertilisers, Department of Fertilisers, vide Order No.130/8/2003-HR-1 dated 8th August 2011 notified the appointment of Dr.V.Rajagopalan, Additional Secretary & Financial Adviser, Department of Fertilisers and Shri S.C.Gupta, Joint Secretary (F&P), Department of Fertilisers, as Part-time Official Directors on the Board of FACT in place of Shri Satish Chandra and Shri Sham Lal Goyal respectively.

The Board place on record its appreciation of the valuable services rendered by Shri A. Asokan, Director (Marketing), Shri K.Mathevan Pillai, Director (Finance), Shri V.G.Sankaranarayanan, Director (Technical), Shri Mathew C. Kunnumkal, Director, Shri Sudhir Bhargava, Director, Shri Deepak Singal, Director and Shri Satish Chandra, Director.

AUDIT COMMITTEE

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

been constituted.

PUBLIC DEPOSITS

The total amount of Fixed Deposits as on 31st March 2011 was ₹4873.24 lakh. As on 31-03-2011, 10 depositors have not claimed their deposits amounting to ₹ 90.35 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, Dealers, Suppliers and Customers of the Company, the Press and Electronic Media.

For and on behalf of the Board of Directors.

Sd/-

Udyogamandal

Sham Lal Goyal

Date: August 30, 2011

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. Raw materials/Utilities consumption of all the products is monitored regularly by evaluating the critical parameters. The energy efficiency is reviewed on a monthly basis to identify the weak area and rectify the short-comings.
2. A variable frequency drive was installed for Cooling Tower Fan (75KW) in Captive Power Plant in Ammonia Complex. Variable frequency drives were fitted for CO2 blower in Ammonia complex and Fume Fan in 4th Stage Ammophos plant. Energy reduction resulting in savings above ₹ 11 lakh per year is realized.
3. Upgradation of insulation for Hadsa reactor and circulation system was carried out which caused reduction in load of Ammonia compressor drive turbine

in Hyam plant of Petrochemical Division. Steam consumption for the turbine has reduced from 41 TPH to 40 TPH.

4. For optimum steam balancing of Udyogamandal Steam network, Motor driven Air Blower in SO2 acid plant was lined up instead of Steam driven blower.
5. A large solar water heater having a capacity of 4000 litres per day has been installed at Udyogamandal Cafeteria.

B. Technology Absorption, Adaptation and Innovation Efforts in brief

1. In Petrochemical Division the working speed of Variable Frequency Drive of a 75 KW for AGT 4501B was reduced by 18% for energy saving.

2. A bio-gas plant has been installed in Udyogamandal for processing the food waste generated in the canteen in eco-friendly way and reducing fuel requirement at the same time.
3. A critical heat exchanger required for ISRO for their 6MW Plasma Wind Tunnel facility was designed by FEDO and fabricated by FEW successfully and has earned appreciation.

Benefits derived

1. Operation of Variable Frequency Drive of 75 KW for AGT 4501B in reduced speed has resulted in savings ₹ 1.5 lakh per annum in energy cost.
2. Bio-gas generated is used as fuel for cooking and has reduced LPG consumption.
3. ISRO has expressed keen desire for continued association with FEW and further orders are expected.

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 2010-11, 11985 MT of Caprolactam was exported as against 9571 MT during 2009-10. The exports were mainly to China, Thailand and Malaysia. FACT is an associate member of Federation of Indian Export Organisation and holding Two Star Export House Status.

Details of foreign exchange earning and outgo are given separately.

FOREIGN EXCHANGE EARNINGS AND OUTGO		
Foreign Exchange Outgo	Current Year ₹ in Lakh	Previous Year ₹ in Lakh
(i) C.I.F. Value of Imports:		
(a) Raw Materials	77069.04	92880.83
(b) Spares and Other Materials	148.24	162.17
(c) Capital Goods	62.54	5.28
	77279.82	93048.28
(ii) Expenditure in Foreign Currency (Cash Basis)		
(a) Consultancy Service	156.08	0.00
(b) Others	18.30	20.64
	174.38	20.64
Total (i) + (ii)	77454.20	93068.92
Foreign exchange earned	13443.85	9215.79

FORM – A

Form for disclosure of particulars with respect to conservation of energy: 2010-2011

(A) POWER AND FUEL CONSUMPTION

Particulars	Udyogamandal Division		Cochin Division		Petrochemical Division	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
(1) ELECTRICITY						
(a) Purchased						
Unit: Lakh KWH	508.95	495.05	517.72	497.70	236.58	249.80
Amount ₹ in lakh	1864.95	1785.06	1904.74	1810.22	867.44	900.23
Rate/Unit: ₹/KWH	3.66	3.60	3.68	3.64	3.66	3.60
(b) Own Generation						
(i) Through Steam						
Turbine/Generator						
Unit: Lakh KWH	239.34	237.07	-	-	555.09	531.39
Unit per litre of fuel						
KWH/litre	3.58	3.52	-	-	3.33	3.61
Cost/Unit: ₹/KWH at normative levels	9.89	7.82	-	-	8.94	7.97
(ii) Transfer from other Divisions						
Unit: Lakh KWH		-	-	-	26.26	38.65
Unit per litre of fuel						
KWH/litre		-	-	-	3.58	3.52
Cost/Unit: ₹/KWH at normative levels		-	-	-	9.89	7.82
(2) FURNACE OIL/LSHS						
Quantity: Tonnes	52135	48334	11450	12128	55191	54073
Total Cost ₹ in Lakh	13389	10795	2823	2426	14352	12095
Average Rate ₹ /MT	25682	22334	24654	20006	26004	22368

(B) CONSUMPTION PER UNIT OF PRODUCTION

SI.No	PRODUCT	ELECTRICITY			NAPHTHA			FURNACE OIL/LSHS			
		Unit	2010-11	2009-10	Unit	2010-11	2009-10	Unit	2010-11	2009-10	
1	UDYOGAMANDAL DIVISION										
	Ammonia	KWH	129	131	MT	0.6970	0.6980	MT	0.2301	0.2403	*
	Sulphuric Acid	KWH	76	83	-			-			
	Phosphoric Acid	KWH		-	-			-			
	Ammonium Sulphate	KWH	45	50							
	Factamfos 20:20	KWH	44	41	-			MT	0.0204	0.2080	
2	COCHIN DIVISION										
	Sulphuric Acid	KWH	14	20	-			MT	0.0033	0.0019	
	Phosphoric Acid	KWH	288	405	-			-			
	Factamfos 20:20	KWH	66	63	-			MT	0.0200	0.0191	
3	PETROCHEMICAL DIVISION										
	Caprolactam	KWH	1847	1532				MT	1.3249	1.3501	*

* Includes fuel oil used for power generation

FORM – B
RESEARCH AND DEVELOPMENT (R&D)

The Research and Development Centre function with the aim of carrying out in-depth research in new fertiliser formulations, innovation in the fertiliser production for cost control and value addition of by-products, existing product lines and waste utilisation in the organisation. R & D is carrying out the specialised services such as the monitoring and controlling the quality of the finished products before they are dispatched to the market and periodical collection of product samples from field godowns, distributors, dealers for the evaluation of post dispatch quality as a part of three tiers quality control system being practiced by the Company. R & D Centre is also producing biofertilisers and despatching directly to marketing area of the company in all the four southern states.

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

a) Development of Coir pith based formulation for Agri/ Horti End use:

A preliminary investigative study was conducted on Coir pith compost developed by the Central Coir Research Institute, Alleppy for marketing the same.

b) Optimization of raw-material Consumption

R&D Centre carried out research on optimization of Raw-material consumption in the production of Factamfos 20:20:0:13.

c) Coloring of Zincated Factamfos

R&D Centre carried out research/study to make suitable color to Zincated Factamfos with eco-friendly materials.

d) Bio-fertilisers

R&D continued the production of Bio-fertilisers such as Rhizobium, Azospirillum and Phosphobacter(Bacillus Megatherium) from its 150 TPA plant.

e) Micro-nutrient fortification

R&D Centre has conducted study on Micro-nutrient fortification in complex fertilizers.

2. Benefits derived

- a) The study on Coir pith compost has identified shortfall in parameters prescribed on the Fertiliser Control Order 1985. An alternate study was requested on this area by Central Coir Research Institute, Alleppy to formulate a marketable Coir pith Compost meeting all the parameters referred in the FCO.
- b) Based on the research on the raw-material consumption, R&D has devised a formula for feed rates of inputs for Factamfos 20:20:0:13 based on the product composition, mole ratio and plant load for 100% yield. It is most suitable and handy for any complex fertiliser manufacturing plants at FACT.
- c) On successful completion of study on coloring of Zincated Factamfos, 250kg of dye was prepared at R&D Centre to carry out trial run production of colored Factamfos. Trial run production of Zincated Factamfos with color was completed at 150 TPD plant successfully.
- d) During the year 2010-11 R&D Centre has enhanced the Bio-fertiliser production to the level about 75 MT.
- e) R&D Centre has developed Micro-nutrient Fortified Complex fertilizer. Micro-nutrient Fortification in Complex Fertilizers will bring 10% additional income to the Company.

3. Future Plan of Action

- (i) Continue the quality control cell activities covering entire marketing network of FACT.
- (ii) Ensuring the productivity of biofertilisers in accordance with the demand from the Marketing Division.
- (iii) The study on incorporation of micronutrient Boron in Factamfos.
- (iv) Extending value added service to other departments and divisions.

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
2008-2009	0.00	36.24	36.24	0.017
2009-2010	0.00	48.39	48.39	0.023
2010-2011	0.00	73.27	73.27	0.029

**REPLIES TO THE OBSERVATIONS OF STATUTORY AUDITORS ON THE
ACCOUNTS FOR THE YEAR 2010-11**

OBSERVATION	REPLY
<p>a) Valuation of closing stock of by-product gypsum, for rupees 20,354 lakhs as at year end based on five years expected sales, in variation to Accounting Standard 2 issued by the Institute of Chartered Accountants of India. (Ref. Point 14(d) of Notes on Accounts – Schedule 25).</p>	<p>i) <u>Background</u></p> <p>Gypsum is a by-product produced along with Phosphoric Acid. Till the financial year 2007-08, the Company had not considered value of gypsum in the books of accounts in the absence of viable market for gypsum. However, during the financial year 2007-08, certain companies had shown interest and reached Memorandum of Understanding with the Company for lifting gypsum, establishing viable market for gypsum. This has resulted in qualification of accounts of 2007-08 for not considering the net realizable value of gypsum in the books of accounts. During the subsequent years, the Company started recognizing the net realizable value of gypsum on a conservative basis by taking into account only five years estimated sales quantity out of total stock available on the balance sheet date. Statutory Auditor accepted the valuation of Gypsum as on 31.3.2010 as is evident from their Audit Report of 2009-10 accounts, though the Auditor expressed reservations on the quantum of Gypsum stock considered for such valuation.</p> <p>ii) <u>Generally Accepted Accounting Practice:</u></p> <p>As per paragraph 49 of the “Framework for the Preparation and Presentation of Financial Statement” issued by the Institute of Chartered Accountants of India, an asset has been defined as follows:</p> <p>“An asset is a resource controlled by an enterprise as a result of past events from which future economic benefit are expected to flow to the Enterprise”.</p> <p>Paragraph 3 of Accounting Standard 2 – “Valuation of Inventories” defines inventories as follows:</p> <p><i>“Inventories are assets (a) held for sale in the ordinary course of business, (b) in the process of production of such sale, or (c) in the form of materials or supplies to be consumed in the production process or in the rendering of services”.</i></p> <p>Paragraph 5 as well as paragraph 10 of Accounting Standard 2 which covers the method of valuation of such inventory are relevant for the issue under consideration.</p> <p>As the Company holds the stock of gypsum for sale in its ordinary course of business the stock of gypsum is an asset which falls within the meaning of Inventories as per AS : 2.</p> <p>iii) <u>Treatment of stock of Gypsum in the Accounts:</u></p> <p>Based on the above, it is evident that (a) the stock of gypsum is an asset of the Company, being a resource controlled by the Company as a result of past events from which future economic benefits are expected to flow to it, (b) the stock of gypsum existing at the Balance Sheet date is the inventory of the Company, (c) the stock of gypsum should therefore be valued at net realizable value as provided in para 10 of AS: 2 and (d) any deviation of valuing the stock of gypsum in the books of accounts would result in contravention of the accounting standards as notified in the Companies Act, 1956 and would not give a true and fair view of the accounts of the Company. Accordingly, the Company correctly valued stock of 37 Lakh MT of Gypsum at the net realizable value which has also been disclosed in point 14(d) of Notes on Accounts of Schedule 25.</p> <p>Therefore, there is no over-statement of current assets by ₹ 20,354 Lakhs or under-statement of loss by ₹ 20,354 lakhs as qualified by the Statutory Auditor in their Audit Report.</p>

**REPLIES TO THE OBSERVATIONS OF STATUTORY AUDITORS ON THE
ACCOUNTS FOR THE YEAR 2010-11**

OBSERVATION	REPLY
<p>b) <i>Reduction of estimated loss provision of rupees 504 lakhs during the year on retired assets determined in previous year, based on the re-assessment of estimated realisable value as at year end in variation to Accounting Standard 10 issued by the Institute of Chartered Accountants of India. [Refer point 6 of Notes on Accounts of Schedule 25].</i></p>	<p>i) <u>Background</u> The company took a decision to scrap Ammonia and Urea plants of CD during the financial year 2009-10. Appropriate disclosure is made in point No.6 of Notes on Accounts of Schedule 25 and also as a separate distinctive item in Schedule 5 – Fixed Assets.</p> <p>ii) <u>Generally Accepted Accounting Practice:</u> As per generally accepted accounting practices, para 24 of the Accounting Standard 10 – Accounting for Fixed Assets is as under: <i>Material items retired from active use and held for disposal should be stated at the lower of the net book value and net realisable value and shown separately in the financial statements.</i> The Accounting Standard 10 – Accounting for Fixed Assets has however not defined the net realizable value. However, para 3.2 of the Accounting Standard 2 on valuation of inventory defines net realizable value as under: <i>Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.</i> As a principle, when an entity identifies a fixed asset, as held for sale, it is expected that the carrying amount of that asset will be primarily recovered from its sale rather than from its continuing use in the production of goods or rendering of services. As such, these assets are not considered as fixed assets and the valuation principle applicable to the current assets are applied. In order to give effect to the presentation of the net realizable value, the given asset book value is compared with the net realizable value as on the balance sheet date and any reduction in the realizable value below the book value is considered as an expense immediately. Any changes in the net realizable value which is to be given effect in the books of accounts can be accounted only through passing an entry by either debiting or crediting the Profit and Loss account. In other words, the position of net realizable value is to be presented in respect of such assets where such net realizable value is lesser than the book value.</p> <p>iii) <u>Treatment of retired assets in the accounts</u> The book value of the asset retired from the active service is ₹4065 lakhs and the net realizable value based on the available evidence as on the balance sheet date is ₹ 3245 lakhs and the company has brought down the book value of the asset to the net realizable value at ₹ 3245 lakhs. Since the company has brought down the assets retired from active use at the lower of the net book value and the net realisable value, the question of reduction of estimated loss provision of ₹ 504 lakhs during the year on retired assets does not arise. Therefore, there is no overstatement of fixed assets or understatement of loss of ₹ 504 lakhs as qualified by the statutory auditor in their audit report.</p>

**REPLIES TO THE OBSERVATIONS OF STATUTORY AUDITORS ON THE
ACCOUNTS FOR THE YEAR 2010-11**

OBSERVATION	REPLY
<p>c) <i>Recognition of interest income of rupees 597 lakhs during the year besides the accumulated interest receivable as at year end of ₹ 3,568 lakhs on mobilisation advance to a contractor in variation of the Accounting Standard 9 issued by the Institute of Chartered Accountants of India, considering the significant uncertainty in realisation. This contractor has also lodged a claim of rupees 1,77,713 lakhs against the Company towards shortfall charge and damages upon termination of the contract, shown as contingent liability and the dispute is under arbitration. [Refer points 13 of Notes on Accounts of Schedule 25].</i></p>	<p>i) <u>Background</u> Appropriate disclosure in respect of the items given has been made in point No.13 (b) of the notes to the accounts of schedule 25. It is pertinent to note that the party who is liable to pay interest on the interest bearing mobilization advance has lodged certain other claims which is also appropriately disclosed in point No. 13(a) of the notes on accounts of schedule 25. The amount accounted in the books of the account towards interest upto the financial year is ₹ 2578 lakhs as against ₹ 3568 lakhs as indicated in the audit report. Further, the auditor has stated that the current assets are overstated by ₹ 597 lakhs against the current assets of ₹ 2578 lakhs in respect of interest receivable.</p> <p>ii) <u>Generally Accepted Accounting Practice:</u> With regard to effect of uncertainties on revenue recognition, para 9.1, 9.3 and 9.4 of Accounting Standard of relevant for the issue is re-produced below: 9.1 <i>Recognition of revenue requires that revenue is measurable and that at the time of sale or the rendering of the service it would not be unreasonable to expect ultimate collection.</i> 9.3 <i>When the uncertainty relating to collectability arises subsequent to the time of sale or the rendering of the service, it is more appropriate to make a separate provision to reflect the uncertainty rather than to adjust the amount of revenue originally recorded.</i> 9.4 <i>An essential criterion for the recognition of revenue is that the consideration receivable for the sale of goods, the rendering of services or from the use by others of enterprise resources is reasonably determinable. When such consideration is not determinable within reasonable limits, the recognition of revenue is postponed.</i> As a principle, the issue to be considered for evaluating the uncertainty is whether the amount due is reasonably determinable and it would not be unreasonable to expect ultimate collection.</p> <p>iii) <u>The treatment considered in the books:</u> The interest bearing mobilisation advance was given to the party against the strength of a bank guarantee submitted by them and the company is entitled to receive interest from the contractor as per the terms of the release of mobilisation advance. The company does not foresee any uncertainties in the ultimate collection of the interest and the interest receivable is quantifiable. In the absence of uncertainty, an amount of ₹ 2578 lakhs has been accounted as interest receivable as on 31st March 2011 whereas the auditor qualified only ₹ 597 lakhs as overstatement of current assets citing significant uncertainty. Therefore, there is no understatement of losses by ₹ 597 lakhs and overstatement of current assets by ₹ 597 lakhs.</p>

**REPLIES TO THE OBSERVATIONS OF STATUTORY AUDITORS ON THE
ACCOUNTS FOR THE YEAR 2010-11**

OBSERVATION	REPLY
<p>d) Capitalisation of cost of revamping of main cooling tower of rupees 747 lakhs in the nature of repairs and withdrawal of rupees 175 lakhs on estimation out of estimated gross block of rupees 394 lakhs, in variation to Accounting Standard 10 issued by the Institute of Chartered Accountants of India.</p>	<p>i) <u>Background</u> In connection with the various process requirements, the company is maintaining and operating cooling towers. In the earlier years, cooling tower of DCDA Plant at Udyogamandal and cooling tower of the Ammonium Sulphate plant at Udyogamandal were revamped and capitalized. In the instant case, cooling tower erected in the year 1989 had outlived its life span and necessitated re-building of a new cooling tower. Consequently, the company dismantled the old cooling tower and erected a new cooling tower in its place with the re-use of the existing mechanical equipments and motors wherever found technically suitable. The identity of the old asset is lost and in its place a new asset with an upgraded technology, efficiency and an enhanced life span of 18-20 years beyond the original life span of 15-18 years of the outlived and dismantled cooling tower has been installed. The company has withdrawn the entire net block of ₹19.68 lakhs in respect of old cooling tower as an asset in the books of accounts. The new asset was capitalized at ₹ 759.74 lakhs which included the depreciated value amount of ₹ 10.93 lakhs of machines, motors etc. of the old cooling tower asset. The said capitalized asset was subject to depreciation during the financial year 2010-11 and an amount of ₹ 30.65 lakhs was already charged to Profit and Loss account as depreciation. The net block appearing in the books of accounts of the new asset as on 31.3.2011 is ₹ 729.09 lakhs.</p> <p>ii) <u>Generally Accepted Accounting Practices:</u> It is the generally accepted view that expenditure on improvements or betterments or expenditure that add new fixed asset unit or that have an effect of improving the previously assessed standard of performance eg., an extension in assets useful life, an increase in its capacity or a substantial improvement in the quality of output or a reduction in previously assessed operating costs are capitalized. Para 23 of the Accounting Standard 10 - Accounting for Fixed assets is re-produced as under: <i>Subsequent expenditures related to an item of fixed asset should be added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.</i></p> <p>iii) <u>Treatment of New Cooling Tower in the books of Accounts:</u> Since a new asset has been created in respect of the retired asset, having an extended lifespan with improved technology, the company has correctly considered the said facility as a capital asset in terms of Accounting Standard 10 and capitalized the amount thereof after writing off of the old asset and taking credit for retained mechanical equipments and motors as per technical assessment. Therefore, there is no understatement of the loss of ₹ 747 lakhs or overstatement of fixed assets by ₹ 747 lakhs as qualified by the statutory auditor in their audit report.</p>
<p>e) Subsidy receivable of rupees 2,068 lakhs on Ammonium Sulphate recognised as revenue during 2009-10 since the request of the Company for subsidy is under the consideration of the Government of India and is still pending, though payment of subsidy was discontinued by the Government during that year.</p>	<p>As per the request of Dept. of Fertilisers, the Tariff Commission has already conducted a cost study with regard to Ammonium Sulphate and Govt. has solicited the views of FACT on the report. Government has issued a letter dated 22.7.2011 stating that the matter is under consideration of the Government. The company has received a payment of ₹80.10 lakhs on 13.7.2010 being the freight subsidy for April 2009. The observation of the auditor that payment of subsidy was discontinued by the Government does not reflect the factual position.</p>
<p>In view of the pointwise clarifications, it is evident that the accounts have been drawn up based on Generally Accepted Accounting Principles, Accounting Standards as notified under Companies Act, 1956 to reflect the true and fair view of the accounts. All relevant details, documents, etc. in respect of the specific issues were made available to the Statutory Auditor emphasizing the correctness of the treatment given in the books of accounts. Acceptance of the observations of the auditor would be violative of Generally Accepted Accounting Principles, Accounting Standards and would lead to presentation of accounts which will not give a true and fair view of the accounts.</p>	

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Fertiliser Industry

India is predominantly an agrarian economy. Growth and development of agriculture in India derives a significant stimulus from the fertilizer Industry.

The Indian Fertiliser Industry has helped in the growth of the Indian economy by enhancing the agricultural productivity and providing a major support to the farmers. Fertiliser industry has also played a pivotal role in India's food security.

The main objective of fertilizer industry in India is to make sure that there is a proper supply of primary and secondary nutrients to farmers in adequate quantities.

There has been a surge in the demand for fertilizers in India in the past few years and the robust growth in consumption propensity has not been met with the required surge in fertilizer production. This has led to an increase in dependence of the country on import of fertilisers. For raw materials also the Industry has to depend on import. The overseas suppliers of raw materials realize the predicament of Indian Fertiliser Industry and exploit the situation through clever pricing.

Today, the Indian fertilizer industry is developing fast in terms of using the latest world-class technology. Indian manufacturers of fertilizers are now adopting some of the most advanced manufacturing processes to prepare innovative new products to supplement the Indian agriculture.

The Nutrient Based Subsidy Scheme on fertilizers formulated by the Government of India witnessed some far reaching changes in fertilizer sector. This would pave the way for more investment in fertilizer sector, balanced use of fertilizers and the use of micro nutrients to increase the farm productivity.

The non-availability of sufficient quantity of feed stock and raw material in international market and the volatility in price are the biggest challenges being faced by Fertiliser Industry in India.

Industry Structure and Development

The Fertilisers And Chemicals Travancore Limited (FACT) was incorporated in 1943. In 1947 FACT started production of Ammonium Sulphate with an installed capacity of 10,000 MT per annum at Udyogamandal, near Cochin. In the year 1960, FACT became a Kerala State 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 significant player in Fertilisers, Petrochemicals and other business such as Engineering and Technology services.

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 2010-2011

UDYOGAMANDAL COMPLEX

Udyogamandal Division: During the year 2010-11 Udyogamandal Division produced 164594 MT of Factamfos 20:20, including 42714 MT of Zincated Factamfos and 200311 MT of Ammonium Sulphate. During the financial year 2009-2010 production of Factamfos and Ammonium Sulphate were 176544 MT and 179546 MT respectively. During the year, the division achieved a capacity utilization of 111% in production of Factamfos.

Nutrient wise the production during 2010-11 was 74182 MT of N and 32919 MT of P2O5 as against 72295 MT of N and 35309 MT of P2O5 during the previous year.

Udyogamandal Division has won the prestigious National Safety Council Safety Award for the year 2010 based on the lowest accident rate among the large scale industries.

Petrochemical Division: The production of Caprolactam for the year 2010-11 was 44345 MT as against 42006 MT during the year 2009-10. Petrochemical Division was the State winner (3rd price) of Safety Awards 2010 constituted by Department of Factories and Boilers, Government of Kerala in the category of very large Chemical Factories.

Cochin Division: During the financial year 2010-11 Cochin Division produced 479860 MT of Factamfos 20:20 as against 577200 MT during the year 2009-10.

The production of Nutrient nitrogen and Nutrient P2O5 was 95809 MT each as against 115357 MT during the last year.

During the year 2010-11, the division produced 245380 MT of Sulphuric acid and 36050 MT of phosphoric acid.

Marketing Division: During the financial year 2010-11 the Fertiliser sales was 9.33 Lakh MT as against 10.45 lakh MT during previous year. Sale of Factamfos during the year was 642732 MT as compared to 726113 MT during the year 2009-10. The sale of Ammonium Sulphate during the year was 220080 MT as compared to 144986 MT during the previous year.

Import of fertilizers during the year 2010-11 was 0.50 lakh MT as compared to 1.57 lakh MT in the previous year.

The Division has sold 75 MT of Bio-fertilisers during the year 2010-11 compared to 67 MT during the previous year.

FEDO: During the year 2010-2011, FEDO has achieved a turnover of ₹975 lakh as against ₹ 724.01 lakh during the year 2009-10. 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 ₹ 15 crore. This shall continue to be the major engagement of FEDO for the year 2011-2012.

FEDO is hopeful of getting work orders in the LPG Bottling units and Oil Terminal of HPCL, IOCL and BPCL.

FEW : The turnover of FEW for the year 2010-11 was ₹ 640 lakh as against ₹ 632 lakh during the year 2009-10. During the year FEW has bagged orders worth ₹ 1241.96 lakh.

FEW expects an increase in turnover during 2011-2012, FEW expect a sustained demand from process industry for pressure vessel and heat exchangers for replacement as well as for its capacity expansion. The demand for fabricated components for ship building is expected to bring orders to FEW.

Opportunities & Threats

Opportunities

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

Threats

- Non-availability of sufficient quantity of Phosphoric Acid and other inputs.
- Volatility in the prices of raw materials and feedstock like Naphtha, Furnace Oil, etc.
- Fluctuations in the price of Caprolactam

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 range.
- Decreasing Market share of FEDO & FEW due to stiff competition.
- High cost of working capital.

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 2010-11. There was no work stoppage affecting the normal operations of the Company due to HR related issues.

Recruitment

Considering the attrition of technical hands and professionals, during the year 2010-11, the company has recruited technically/professionally qualified candidates as Management Trainees. In view of the specific directions issued by the Government of India to fill up back log vacancies reserved for SC / ST in recruitment, a special recruitment drive was launched to fill such vacancies. Consequent to this, 1 SC and 5 ST candidates were recruited during the year as Technician (Process)-cum-Apprentice. Further to specific directions issued by the Chief Commissioner, for persons with Disabilities to fill up short fall reservation for Persons with Disabilities in direct recruitment through a special recruitment drive, one PH candidate was recruited during the year as Depot Assistant.

Career growth

Existing vacancies in various cadres were filled to the extent possible by promotion as well as 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 as on 31.03.2011 is given below:

	TOTAL	SC	ST	OBC	PWD	EX-SER	TOTAL
No. of employees	3314	449	108	1066	73	41	1737
%of total employees		13.5	3.2	32	2.2	1.2	52.4

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. In view of the specific directions issued by the Government of India to fill the backlog vacancies in recruitments reserved for SC / ST, a special recruitment drive was launched for filling 56 such vacancies (31 SC and 25 ST). Out of this 30 SC and 19 ST candidates have already been appointed. For filling the remaining one SC vacancy and six ST vacancies, action is in progress.

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 programme. 186 SC employees and 33 ST employees had undergone training during the year 2010-11.

For engagement of Apprentices under the Apprentices Act, representation as per rules is provided. The representation for SC / ST in Apprentices as on 31.03.2011 is as follows:

Total No. of Apprentices	SC	ST
156	25	2

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.

4. Allotment of Residential Quarters

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

Total Number of Employees Occupying Quarters	SC	ST
748	166	39

5. Reservation of Dealership

In allotment of dealership, due consideration is given to SCs and STs. Details of dealership allotted to SC/ST is given below:

Category of Dealership	As on 31.3.2011
Total Dealership	7983
SC	515
ST	100

Corporate Social Responsibility

Village Adoption Programme

Under the Village Adoption Programme, 10 progressive farmers having at least one acre of land, in a village is identified. The soils of the plots are analyzed for major, secondary and micro nutrients. Based on the soil test results, soil and crop specific nutrients as per the respective State Agricultural University recommendations in the form of a proprietary fertilizer mixture developed by FACT are given to the farmers. In addition, micronutrients specified by the University were supplied free of cost. FACT has conducted 7 such Village Adoption Programmes in Kerala, Tamil Nadu, Andhra Pradesh and Karnataka.

Farmer Training Programme

The farmer training programme is intended to impart training to limited group of 20-25 farmers on balanced use of fertilisers based on soil test results. The objectives of this programme are to create awareness on soil sampling methodology and use of balanced fertiliser based on soil test results. FACT has conducted 13 two day Farmer Training Programmes in all the four southern States

Field Demonstration

The Field Demonstration Programme aims to demonstrate the

effectiveness of correct fertiliser application at farmer level. For this, one acre of plot of the farmer is divided into 2 equal 50 cents plots - control plot and treatment plot. In control plot, farmer's practice is followed. In treated plot, Agricultural University recommended FACTMIX is given based on soil test results. The yield difference between treated plot and control plot are compared. FACT has conducted 9 Field demonstrations during the year 2010-11. During the year, a farmer's fair was organized and effectiveness of balanced fertilizer application was explained to the farmers.

Drinking Water supply to residents of Eloor Municipality

FACT is supplying drinking water for more than 3000 households of Eloor Municipality.

Official Language

FACT continued to give top priority for the implementation of the provisions of the Official Language Act and Rules and the related instructions given by Government of India. Official Language Implementation Committee meetings are held regularly under the Chairmanship of Chairman and Managing Director and the progress is reviewed in the use of Rajabhasha. Company is providing incentives for encouraging employees who are doing excellent work in Hindi. Parliamentary Committee on Official Language had visited FACT Head Office in June 2010 and at Madurai Regional Office in January 2011. During the year 2010-11, FACT has conducted Hindi workshops, spoken Hindi classes, Rajabhasha Orientation Programme and Rajabhasha Seminar. In addition to this, the company has conducted various Hindi competitions for spouse and children of FACT employees, students of neighboring schools, students of the schools in Ernakulam Revenue District and for the employees of other Public Sector Undertakings.

Pollution Control Activities

Production units of FACT are certified for ISO 14001, which always give top most 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 confirmed 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.

The company is maintaining all effluent parameters within the limits as specified by the Statutory Authorities.

Part of the treated effluent generated is used for dilution purpose in the Effluent Treatment Plant and for irrigation in Plant area. During the year saplings were planted at company premises as a measure of Green-belt development.

During the year 2010-11, Udyogamandal Division secured Third Place among large Scale industries in making substantial and sustained effort in Pollution Control, from Kerala State Pollution Control Board.

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) Feed Stock conversion of Ammonia Plant to LNG

LNG is expected to be available at Kochi by end of 2012. It is proposed to carry out modifications in the Ammonia Plant for using cheaper LNG as feed stock and fuel for Ammonia manufacture as soon as it is available. The Project will bring an energy saving in the Ammonia Plant to the tune of 0.3 Gcal / MT Ammonia. The total cost of the project is estimated as ₹ 31.57 Crore. The pay back period of this project on account of energy savings alone is just six months.

2) Conversion of fuel for the boilers to LNG

It is also proposed to carry out modification in the 5 boilers at Udyogamandal Complex to use LNG. The total cost of the venture is expected to ₹ 45 crore to be implemented in 2 phases.

3) Automation of Bagging & Wagon Loading System at Cochin Division

The product handling and despatch facilities at Cochin Division-NP plant is manual. The scheme includes automation of bagging and loading operations with high capacity automated bagging machines and wagon and truck loading machines, at an estimated total cost of ₹24 Crore.

4) Sulphuric Acid Storage Facility at Willingdon Island

The company has decided to set up its own Sulphuric acid storage facility at Willingdon Island to enable receipt of Bulk Acid shipments of above 5000 MT. It is proposed to set up 2 storages of 8200 MT each. The total cost of this project is ₹12 Crore. The benefits of this project are the availability of Bulk quantities of Sulphuric Acid which will facilitate increasing captive production of phosphoric acid.

5) Automation of Mixing Centre at Cochin Division

FACT is planning to set up a granulated fertilizer mixing plant at Cochin Division, Ambalamedu. The project is proposed to be executed on a Lumpsum Turnkey (LSTK) mode with the Project Management Contract (PMC) handled by FEDO.

6) Revamp of Phosphoric Acid Plant at Cochin Division

One of the major problems being faced by the company to sustain higher levels of production at present is the non availability of sufficient quantities of imported phosphoric acid. In order to meet the challenge posed by this problem, FACT intends to revamp its phosphoric acid plant at Cochin Division to increase the capacity from 360 Tonnes per day to 500 Tonnes per day. The revamp would meet the company's requirements for producing 2500 MT of NP complex fertilizer on a daily basis.

7) Production and Marketing of SSP

Taking cue from the increasing prices of DAP, the Government of India has been promoting the production and marketing of SSP in the country. FACT intends to set up a 500 Tonnes per day SSP plant. The estimated cost of this venture is approximately Rs.60 crore. The DPR is being prepared by FEDO and the funding avenues including JV participation are being examined.

FACT has also plans to enter into the area of SSP marketing from existing SSP plants in the southern region through a tie up with the owners of the existing plants.

Long Term Strategies / Projects

1) New Urea Plant at Udyogamandal

FACT has a proposal for setting up a new Urea plant of capacity 1500 MT per day at Udyogamandal utilising the CO₂ being vented from the Ammonia Plant at a Project Cost of ₹940 Crore. A pre Feasibility report has been prepared by FACT Engineering And Design Organisation (FEDO). It is proposed to prepare a DPR based data collected from the Bids received.

2) A New 1000 TPD NP Plant

FACT is considering to set up an additional NP Plant of 1000 TPD capacity at Cochin Division along with revamp of Willingdon Island Facilities for handling increased volumes of Raw-materials utilizing modern equipments to increase the discharge rates from shipments. The estimated project cost is ₹283 Crore (including Port improvement schemes) distributed over 3 years.

Outlook for the future

FACT has submitted a Financial Restructuring proposal to the Government of India, requesting assistance to tide over the interest burden and for sustainable growth of the company in the long run.

On implementation of the financial restructuring package and new projects for expansion and modernization, FACT is expected to sustain profitability in the coming years.

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

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 of Director	Period	Nature of Directorship
1	Shri Sham Lal Goyal	04-11-2010/31-03-2011	Chairman and Managing Director
2	Shri P. Muthusamy	18-03-2011/31-03-2011	Director (Finance)
3	Shri A.Asokan	01-04-2010/30-06-2010	Director (Marketing)
4	Shri K.Mathevan Pillai	01-04-2010/31-08-2010	Director (Finance)
5	Shri V.G.Sankaranarayanan	01-04-2010/31-03-2011	Director (Technical)
6	Shri Mathew C.Kunnumkal	01-04-2010/03-05-2010	Part-time Official Director
7	Shri Sudhir Bhargava	01-04-2010/03-05-2010	Part-time Official Director
8	Shri Satish Chandra	06-05-2010/31-03-2011	Part-time Official Director
9	Shri Deepak Singhal	06-05-2010/03-11-2010	Part-time Official Director
10	Ms Pratibha Karan	01-04-2010/31-03-2011	Non-Official Part-time Director
11	Shri T.M.Jeyachandran	01-04-2010/31-03-2011	Non-Official Part-time Director
12	Prof. Khan Masood Ahmad	01-04-2010/31-03-2011	Non-Official Part-time Director
13	Prof. R.K.Mishra	01-04-2010/31-03-2011	Non-Official Part-time Director
14	Dr. B.S.Ghuman	01-04-2010/31-03-2011	Non-Official Part-time Director
15	Dr. B.Bodeiah	01-04-2010/31-03-2011	Non-Official Part-time Director
16	Shri S.Balan	01-04-2010/31-03-2011	Non-Official Part-time Director

Board Meetings

Sl.No	Date of Board Meeting	Venue	Filled strength	Directors present
1	23.04.2010	Udyogamandal	12	8
2	25.06.2010	New Delhi	12	9
3	17.08.2010	Udyogamandal	11	8
4	27.10.2010	New Delhi	10	8
5	06.01.2011	New Delhi	10	9
6	25.02.2011	New Delhi	10	9

Attendance in Board Meetings

Sl.No	Name of Director	Period	No.of Meeting held	No.of Meeting Attended	No.of Director-ship in other Boards
1	Shri A.Asokan	01-04-2010/30-06-2010	2	2	2
2	Shri K.Mathevan Pillai	01-04-2010/31-08-2010	3	3	1
3	Shri V.G.Sankaranarayanan	01-04-2010/31-03-2011	6	6	1
4	Shri P. Muthusamy	18-03-2011/31-03-2011	0	0	-
5	Shri Mathew C.Kunnumkal	01-04-2010/03-05-2010	1	0	-
6	Shri Sudhir Bhargava	01-04-2010/03-05-2010	1	0	-
7	Shri Satish Chandra	06-05-2010/31-03-2011	5	4	4
8	Shri Deepak Singhal	06-05-2010/03-11-2010	3	2	6
9	Shri Sham Lal Goyal	04-11-2010/31-03-2011	2	2	3
10	Ms Pratibha Karan	01-04-2010/31-03-2011	6	5	1
11	Shri T.M.Jeyachandran	01-04-2010/31-03-2011	6	3	-
12	Prof. Khan Masood Ahmad	01-04-2010/31-03-2011	6	6	-
13	Prof. R.K.Mishra	01-04-2010/31-03-2011	6	6	2
14	Dr. B.S.Ghuman	01-04-2010/31-03-2011	6	5	-
15	Dr. B.Bodeiah	01-04-2010/31-03-2011	6	5	-
16	Shri S.Balan	01-04-2010/31-03-2011	6	5	-

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

Sl.No.	Name	Age	Date of Directorship	Remarks
1	Dr. V.Rajagopalan	57	12.08.2011	New Director
2	Shri S.C. Gupta	49	12.08.2011	New Director
3	Ms Pratibha Karan	67	03.10.2008	Director retiring by rotation and being re-elected
4	Shri T.M.Jeyachandran	57	03.10.2008	Director retiring by rotation and being re-elected
5	Shri Khan Masood Ahamad	59	03.10.2008	Director retiring by rotation and being re-elected
6	Dr. R.K.Mishra	62	03.10.2008	Director retiring by rotation and being re-elected
7	Dr. B.S.Ghuman	57	03.10.2008	Director retiring by rotation and being re-elected
8	Dr.B.Bodeiah	66	06.03.2009	Director retiring by rotation and being re-elected
9	Shri S.Balan	66	06.03.2009	Director retiring by rotation and being re-elected

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

Dr. V. Rajagopalan

Dr.V.Rajagopalan belongs to 1978 batch of Indian Administrative Service. He held number of key positions in various Government Departments and has rich and varied experience in administrative and industrial field. At present he is the Additional Secretary and Financial Adviser in the Department of Fertilisers, Ministry of Chemicals & Fertilisers, Government of India.

Shri S.C.Gupta

Shri S.C.Gupta belongs to 1986 batch of Indian Administrative Service. He held number of key positions in various Government Departments and 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 & Fertilisers, Government of India.

Ms. Pratibha Karan

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

Shri T.M.Jeyachandran

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

Prof. Khan Masood Ahmad

Shri Khan Masood Ahamad 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 Coromondal 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.

V Audit Committee

SI.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
* up to 12.8.2011		
Director (Finance), Chief Vigilance Officer and Head of Internal Audit Department are permanent invitees to the meetings of the Audit Committee of the Board.		
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
17-08-2010	4	2
24-10-2010	4	3
11-11-2010	4	2
25-02-2011	4	4

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.

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

VII Shareholders/Investors Grievance Committee

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

Ms. Pratibha Karan, Director
Shri Khan Masood Ahmad, Director
Shri V.K.Anil, Director (Technical) (From 29.06.2011)

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 48 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 Share Transfer committee

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 31-3-2011 there is no valid share transfer request pending for approval.

IX 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 T.M.Jeyachandran, Director | - | Member |
| 3. | Shri S.Balan, Director | - | Member |
| 4. | Shri P.Muthusamy, Director (Finance) | - | Member (From 18.03.2011) |
| 5. | Shri V.K.Anil, Director (Technical) | - | Member (From 28.06.2011) |

X General Body Meetings

Year	Date	Time	Venue	Details of Special Resolution
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
2009-2010 AGM	29.09.2010	11.00AM	Udyogamandal	Nil

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

Sri. V.G.Sankaranarayanan, Chairman and Managing Director, Sri. T.M.Jeyachandran, Director and Chairman of Audit Committee have attended the last Annual General Meeting.

XI. Disclosure

During the year 2010-2011, 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.

Since the volume of business relating to FACT shares in Stock Exchange is nominal, a broad based comparison with the NSE/Sensex, etc., is not found feasible.

XII Means of communications

The quarterly Un-audited Financial Results of the Company are announced within 45 days 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.

XIII General Shareholders Information

Information relating to the Annual General Meeting & Financial Calendar for 2011-2012 are given below:

67th Annual General Meeting	
Day	Thursday
Date	29th September 2011
Time	11.00 AM
Venue	Udyogamandal Club

Financial Calendar for 2011-12	
1st Quarter Financial Results	Published on 12-08-2011
2nd Quarter " "	1st week of November, 2011
3rd Quarter " "	1st week of February, 2012
4th Quarter " "	1st week of May, 2012

Dates of Book Closure	27th September 2011 to 29th September 2011
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 2011-2012	
Stock Code	
Name of Stock Exchange	Stock Code
National Stock Exchange of India Ltd, Mumbai	FACT

XIV Market Price

The high, low market price during each month in last financial year 2010-2011 as available from the National Stock Exchange of India Limited are given below:

Month	High (₹)	Low (₹)
April -2010	56.90	46.90
May -2010	58.40	47.90
June-2010	54.75	50.50
July-2010	55.30	50.25
August-2010	54.45	49.80
September-2010	52.30	49.25
October-2010	54.80	49.10
November-2010	65.00	48.75
December-2010	56.25	47.50
January-2011	56.00	47.10
February-2011	51.80	40.80
March-2011	44.80	40.00

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

XVI Share Transfer System

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

XVII Distribution of shareholding as on 31-03-2011

Shareholding of nominal value of ₹ 10	Shareholders		Amount(₹)
	Number	% to Total	
Upto 5000	14668	90.39	17290390
5001 - 10000	882	5.44	7578340
10001 - 20000	344	2.12	5477510
20001 - 30000	104	0.64	2723030
30001 - 40000	63	0.39	2306990
40001 - 50000	55	0.34	2654190
50001 – 100000	65	0.40	5055740
100001 and above	47	0.28	6427633550
Total	16228	100.00	6470719740

XVIII 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 2001. The Company has executed tripartite agreement with both the Depositories ie NSDL and CDSL and the share transfer agents of the Company. As on 31-3-2011, 62,68,724 Equity shares have been dematerialized.

XIX 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.

XX Plant Locations

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

XXI 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 and those we have evaluated the effectiveness of the internal control systems of the company.

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: August 30, 2011

Sd/-
Sham Lal Goyal
CHAIRMAN AND MANAGING DIRECTOR

**BABU A. KALLIVAYALIL & CO.
CHARTERED ACCOUNTANTS**

IIInd FLOOR, MANCHU COMPLEX, P.T. USHA ROAD, KOCHI -682 011
PHONE: 0484-2363119, 2380868, TELEFAX: 0484-2380868
E-mail: bakco@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, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with National Stock Exchange of India 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.

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 of 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/-

Kochi
August 26, 2011

Babu Abraham Kallivayali
Partner, Membership No.26973

BABU A. KALLIVAYALIL & CO.
CHARTERED ACCOUNTANTS

IIInd FLOOR, MANCHU COMPLEX, P.T. USHA ROAD, KOCHI -682 011
PHONE: 0484-2363119, 2380868, 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 FERTILISERS AND CHEMICALS TRAVANCORE LIMITED** as at March 31, 2011 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 consider appropriate and according to the information and explanations given to us, we annexed here to 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 Auditor's 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;

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

6. 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) to (e) given below:*

(a) Valuation of closing stock of by-product gypsum, for rupees 20,354 lakhs as at year end based on five years expected sales, in variation to Accounting Standard 2 issued by the Institute of Chartered Accountants of India. [Refer point 14 (d) of Notes on Accounts of Schedule 25].

(b) Reduction of estimated loss provision of rupees 504 lakhs during the year on retired assets determined in previous year, based on the re-assessment of estimated realisable value as at year end in variation to Accounting Standard 10 issued by the Institute of Chartered Accountants of India, [Refer point 6 of Notes on Accounts of Schedule 25].

(c) Recognition of interest income of rupees 597 lakhs during the year besides the accumulated interest receivable as at year end of rupees 3,568 lakhs on mobilisation advance to a contractor in variation of the Accounting Standard 9 issued by the Institute of Chartered Accountants of India, considering the significant uncertainty in realisation. This contractor has also lodged a claim of rupees 1,77,713 lakhs against the Company towards shortfall charge and damages upon termination of the contract, shown as contingent liability and the dispute is under arbitration. [Refer points 13 of Notes on Accounts of Schedule 25].

(d) Capitalisation of cost of revamping of main cooling tower of rupees 747 lakhs in the nature of repairs and withdrawal of rupees 175 lakhs on estimation out of estimated gross block of rupees 394 lakhs, in variation to Accounting Standard 10 issued by the Institute of Chartered Accountants of India.

(e) Subsidy receivable of rupees 2,068 lakhs on ammonium sulphate recognised as revenue during 2009-10, since the request of the Company for subsidy is under the consideration of the Government of India and is still pending, though payment of subsidy was discontinued by the Government during that year.

We further report that:-

Had the quantifiable qualifications in paragraph 6 (a) to (d) above been effected, the loss before tax for the year would have been higher by rupees 22,202 lakhs and the current assets would have been lower by rupees 20,951 lakhs and fixed assets would have been lower by rupees 1,251 lakhs.

7. 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, 2011;
- (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

New Delhi
August 12, 2011

Sd/-
Babu Abraham Kallivayalil
Partner, Membership No. 26973

**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, 2011**

- i. a) The Company has maintained generally proper records showing full particulars including quantitative details and situation of fixed assets.
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 inventories have been physically verified by the management during the year. 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 proper records of inventories. 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, to/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 internal control system needs to be strengthened especially considering the emerging requirements, to commensurate with the size of the Company 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.

- b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating to rupees five lakhs or more during the year 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 Reserve Bank of India, 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 deposits 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 the size of the Company 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 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, 2011 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, 2011, which have not been deposited on account of disputes are furnished below:

Name of the Statute	Nature of the dues	Amount (Rupees)	Period to which the dispute relates	Forum where dispute is pending
Income Tax Act, 1961	Tax demand due to disallowances	10 lakhs	1997-98	High Court of Kerala
Income Tax Act, 1961	Tax demand due to disallowances	8 lakhs	2005-06	Income Tax Appellate Tribunal, Kochi
Income Tax Act, 1961	Additional Tax and interest demanded on payments to foreign technicians	78 lakhs	1994-95 to 1997-98	High Court of Kerala
Finance Act, 1994	Tax, penalty and interest demand	10 lakhs	2003 - 04 to 2005 - 06	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
Finance Act, 1994	Tax, penalty and interest demanded, disputed by the Company	41 lakhs	2005 - 06 to 2008 - 09	Commissioner of Central Excise, Kochi
Customs Act, 1962	Differential duty	39 lakhs	1991 - 92 to 1992 - 93	Customs, Excise and Service Tax Appellate Tribunal, Chennai
Central Excise Act, 1944	Duty with interest and penalty on shortages written off	64 lakhs	2003 - 04	Adjudicating Authority
Madhya Pradesh Entry Tax	Entry tax demand	4 lakhs	1980 - 84	Board of Revenue (Commercial Tax Tribunal), Gwalior, Madhya Pradesh
Sales Tax Act, Orissa	Sales Tax demand	63 lakhs	1985 - 92	High Court of Orissa
Sales Tax & Central Sales Tax Act, Punjab	Sales Tax demand	380 laks	2000 - 01	High Court of Punjab and Haryana

- (x) *The accumulated losses of the Company as at March 31, 2011 after giving effect to the qualifications in the Auditors' Report are more than Fifty percent of its net worth and it has incurred cash losses during the year and also 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 provisions 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 – RCF Building Products Limited from State Bank of India, to the extent of Rs. 15.50 Crore. (Refer Point no. 1 (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 Company were, prima-facie, applied during the year 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 basis 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 been informed of such case by the Management.

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

Sd/-

Babu Abraham Kallivayalil
Partner, Membership No. 26973

New Delhi
August 12, 2011

BALANCE SHEET AS AT 31ST MARCH 2011

		As at 31.03.2011 ₹ in Lakh.		As at 31.03.2010 ₹ in Lakh.	
SCHEDULE					
I SOURCES OF FUNDS:					
1	Shareholders' Funds				
	a) Share Capital	64707.20		64707.20	
	b) Reserves & Surplus	79.37	64786.57	83.11	64790.31
2	Loan Funds:				
	a) Secured Loans	65218.06		85492.57	
	b) Unsecured Loans	31631.89	96849.95	22393.15	107885.72
	TOTAL		161636.52		172676.03
II APPLICATION OF FUNDS:					
1	Fixed Assets				
	a) Gross Block	139889.75		137353.03	
	b) Less: Depreciation and Impairment loss	105041.67		101003.20	
	c) Net Block	34848.08		36349.83	
	d) Capital Work-in-Progress	881.47	35729.55	1641.86	37991.69
2	Investments		13840.06		28130.15
3	Current Assets, Loans and Advances				
	a) Inventories	61374.75		57584.37	
	b) Sundry Debtors	11229.91		6124.86	
	c) Cash & Bank Balances	5525.69		2818.28	
	d) Other Current Assets	37856.51		45679.86	
	e) Loans & Advances	18156.42		15840.99	
		134143.28		128048.36	
4	Less: Current Liabilities & Provisions				
	a) Liabilities	55542.46		56905.44	
	b) Provisions	17071.94		10194.09	
		72614.40		67099.53	
	Net Current Assets		61528.88		60948.83
5	Profit and Loss account		50538.03		45605.36
	TOTAL		161636.52		172676.03
	Significant Accounting Policies	24			
	Notes on Accounts	25			
	Additional information	26			
	Balance sheet abstract and Companies				
	General business Profile	27			
	Cash flow statement	28			

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
Per our report attached.
For Babu A. Kallivayalil & Co.
Chartered Accountants
Firm registration No. 05374S

Sd/-
P. Muthusamy
Director (Finance)

Sd/-
Sham Lal Goyal, IAS
Chairman & Managing Director

Sd/-
Babu Abraham Kallivayalil
Partner
Membership No. 26973

Place: New Delhi
Date: 12th August, 2011.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

INCOME	SCHEDULE	2010-11 ₹ in Lakh.	2009-10 ₹ in Lakh.
Sales		134237.73	111788.07
Less Excise Duty		5118.57	2822.06
Net Sales	14	129119.16	108966.01
Subsidy/Concession on fertilisers	15	115927.52	100516.58
Gross Income from contracts and other services		1025.95	1109.64
Other Income	16	6040.78	5361.32
Total Income		252113.41	215953.55
EXPENDITURE			
Materials Consumed	17	143220.81	125621.95
Cost of Traded products sold	17	8847.29	21952.31
Repairs and Maintenance	18	4512.46	3507.81
Employees Remuneration and Benefits	19	26804.60	20387.40
Other expenses	20	54414.20	50250.97
Materials and other direct charges on contracts		164.75	271.82
Interest & Financing charges	21	14108.67	11597.28
Depreciation and Impairment loss	5	4262.72	2427.17
Increase(-) / Decrease in stock	22	-110.57	-9692.82
Total Expenditure		256224.93	226323.89
Operating Profit / Loss (-)		-4111.52	-10370.34
Adjustments in respect of prior years :Net Debit/Credit(-)	23	821.15	0.00
Profit / Loss (-) before Tax		-4932.67	-10370.34
Provision for Taxation - Earlier years		0.00	35.38
Provision for Fringe Benefit Tax		0.00	-22.21
Profit / Loss (-) after Tax		-4932.67	-10383.51
Profit/Loss (-) brought forward from previous year		-45605.36	-35221.85
Net deficit carried to Balance sheet		-50538.03	-45605.36
Earnings per Share- Basic (₹)		-0.76	-1.60
Diluted (₹)		-0.76	-1.60
Significant Accounting Policies	24		
Notes on Accounts	25		
Additional information	26		
Balance sheet abstract and Companies			
General business Profile	27		
Cash flow statement	28		

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.

Sd/-
K.V. Balakrishnan Nair
Secretary
Per our report attached.
For Babu A. Kallivayalil & Co.
Chartered Accountants
Firm registration No. 05374S

Sd/-
Babu Abraham Kallivayalil
Partner
Membership No. 26973

Place: New Delhi
Date: 12th August, 2011.

For and on behalf of the Board

Sd/-
P. Muthusamy
Director (Finance)

Sd/-
Sham Lal Goyal, IAS
Chairman & Managing Director

SCHEDULES TO BALANCE SHEET	As at 31.03.2011 ₹ in Lakh.	As at 31.03.2010 ₹ in Lakh.
1 SHARE CAPITAL Authorised: 100,00,00,000 (Previous year 100,00,00,000) Equity Shares of ₹ 10/-each Issued, Subscribed and Paid up: Equity Shares of ₹ 10/- each fully paid up 64,70,71,974 (Previous year 64,70,71,974) (Of the above shares 29,23,00,000 shares are allotted during the year 2009-10 as fully paid up pursuant to the Government of India order towards conversion of loan into equity.)	100000.00	100000.00
	64707.20	64707.20
	64707.20	64707.20
2 RESERVES AND SURPLUS Capital Reserves: Subsidy from Kerala State Government under Industrial Housing Scheme Deferred Government Grant : Indo EEC Fertiliser Education Project Bio Fertiliser Project	2.64	2.64
	67.42	70.21
	9.31	10.26
	79.37	83.11
3 SECURED LOANS From Banks: Cash Credit: Term Loan (Secured by (a) hypothecation of current / movable assets viz. stock of raw materials, book debts, stores and spares semi-finished goods, finished goods receivables etc.(b) first charge on 533.608 acres of land (Previous year 533.608 acres) and buildings in the states of Kerala, Tamilnadu and Karnataka (c) first charge on certain Plant and Machinery in Udyogamandal and Petrochemical Divisions.) Overdraft from the State Bank of India (Secured by pledge of Fertiliser bonds issued by the Government of India.)	53204.16 126.41	62455.39 2826.40
	11887.49	20210.78
	65218.06	85492.57
4 UNSECURED LOANS Fixed Deposit from Public (including ₹ 799.12 Lakh due for repayment within a year Previous Year ₹ 1412.84 lakh) From Government of India (including ₹ 4250.00 Lakh due for repayment within a year Previous Year ₹ 2372.50 lakh) Interest accrued and due	4782.89	6228.13
	22199.00	12642.50
	4650.00	3522.52
	31631.89	22393.15

5. FIXED ASSETS :

SCHEDULES TO BALANCE SHEET

₹ in Lakh.

	GROSS BLOCK (AT COST)				DEPRECIATION				IMPAIRMENT LOSS	NET BLOCK	
	As at 01.04.2010	Additions during the year	Deductions/ Adjustments during the year	As at 31.03.2011	Upto 31.03.2010	For the year	On sales & adjustments during the year	Upto 31.03.2011	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land Free hold	1715.51		7.65	1723.16	0.00			0.00	0.00	1723.16	1715.51
Roads & Culverts	1051.50	38.50		1090.00	790.46	20.61		811.07	0.00	278.93	261.04
Buildings	6316.95		-0.95	6316.00	4909.10	103.70	-0.82	5011.98	14.85	1289.17	1390.67
Railway Sidings	312.32			312.32	296.71			296.71	0.00	15.61	15.61
Plant & Machinery	115210.48	2127.43	-261.88	117076.03	86357.39	3791.62	-216.10	89932.91	728.82	26414.30	27999.21
Data Processing Equipments	1550.22	24.47		1574.69	1111.63	159.44		1271.07	0.00	303.62	438.59
Furniture & Office Equipment	640.05	12.52		652.57	591.01	4.78		595.79	0.00	56.78	49.04
Vehicles	363.41	21.71		385.12	334.09	7.89		341.98	0.00	43.14	29.32
Service Equipment	6082.52	54.79	-7.92	6129.39	5380.25	97.11	-7.33	5470.03	1.56	657.80	700.43
Minor Assets	178.65	0.77		179.42	178.65	0.77		179.42	0.00	0.00	0.00
Plant & Machinery- Retired	2752.66		504.24	3256.90	0.00			0.00	0.00	3256.90	2752.66
Intangible Asset:-											
Software	1007.10	15.39		1022.49	83.93	201.68		285.61	0.00	736.88	923.17
Total (A)	137181.37	2295.58	241.14	139718.09	100033.22	4387.60	-224.25	104196.57	745.23	34776.29	36275.25
Indo EEC project:-											
Land Free hold	20.91			20.91	0.00			0.00	0.00	20.91	20.91
Buildings	133.27			133.27	81.95	2.57		84.52	0.00	48.75	51.32
Furniture & Office Equipment	3.60			3.60	3.41			3.41	0.00	0.19	0.19
Service Equipment	13.88			13.88	11.72	0.22		11.94	0.00	1.94	2.16
Total (B)	171.66	0.00	0.00	171.66	97.08	2.79	0.00	99.87	0.00	71.79	74.58
Grand Total (A+B)	137353.03	2295.58	241.14	139889.75	100130.30	4390.39	-224.25	104296.44	745.23	34848.08	36349.83
Previous year	147201.37	1488.22	-11336.56	137353.03	105762.15	4387.38	-10019.23	100130.30	872.90	36349.83	38606.11

Note: Company is holding lease hold land to the extent of 158.82 acres (Previous year 158.82 acres) - Value ₹ Nil (Previous year ₹ Nil)

	2010-11	2009-10
Depreciation for the year	4390.39	4387.38
Impairment loss withdrawn during the year (Net)	127.67	1960.21
Amount charged to Profit & Loss Account:	4262.72	2427.17

	2010-11	2009-10
Cumulative Depreciation up to the year	104296.44	100130.30
Cumulative Impairment loss	745.23	872.90
Amount deducted from Gross Block	105041.67	101003.20

SCHEDULES TO BALANCE SHEET	As at 31.03.2011 ₹ in Lakh.	As at 31.03.2010 ₹ in Lakh.
6 CAPITAL WORK - IN - PROGRESS		
Work - in - progress	812.54	1521.53
Goods in transit / Material pending inspection	68.93	120.33
	881.47	1641.86
7 INVESTMENTS		
Current Investments ₹ in Lakh		
(Quoted, trade)		
In Government Securities:		
(i) 7% Fertilizer companies GOI special bonds 2022*	6986.23	0.00
Quoted : Face Value 7471.50		
Market Value (See Note No.7) 6986.23		
(ii) 6.20% Fertilizer companies GOI special bonds 2022*	87.61	0.00
Quoted : Face Value 96.25		
Market Value (See Note No.7) 87.61		
(iii) 6.65% Fertilizer companies GOI special bonds 2023*	5212.07	0.00
Quoted : Face Value 5720.25		
Market Value (See Note No.7) 5212.07		
* The above bonds are hypothecated to State Bank of India.		
Longterm Investments (At cost)		
In Government Securities: (Quoted, trade)		
Fertilizer companies GOI special bonds	0.00	26576.00
In Trade Investments (Unquoted)		
(i) 1,50,00,000 Equity Shares of ₹ 10/- each in FACT-RCF Building Products Ltd.	1500.00	1500.00
(ii) 6,81,820 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	18.90	18.90
Others (Unquoted)		
(v) 10,001 shares of ₹ 10/- each fully paid-up in FACT Co-operative Society Ltd.	1.00	1.00
(vi) 7 shares of ₹ 100/- each fully paid-up in Meherabad Co-operative Housing Society Ltd.	0.01	0.01
(vii) 10 shares of ₹ 50/- each fully paid-up in Good Earth Housing Society Ltd. ₹ 500/- (Previous year ₹ 500/-)		
	13840.06	28130.15

SCHEDULES TO BALANCE SHEET	As at 31.03.2011 ₹ in Lakh.	As at 31.03.2010 ₹ in Lakh.
8 INVENTORIES (As taken , valued and certified by the Management)		
Machinery Spares	7078.64	6781.43
General Stores	4641.90	3447.61
Retired Spares	453.50	453.50
	12174.04	10682.54
Less: Provision towards obsolescence and storage losses	2866.75	2631.32
	9307.29	8051.22
Loose Tools	0.00	3.88
Raw Materials (including stock intended for sale)	13814.01	7681.25
Stock of Finished /Semi Finished/ Intermediate products	37853.14	37742.57
Materials-in -transit/ Materials-at- site pending inspection	400.31	4105.45
	61374.75	57584.37
9 SUNDRY DEBTORS		
a Debts outstanding for a period exceeding six months		
(i) Considered good:		
Secured	5.16	3.73
Unsecured	137.40	239.17
(ii) Debts considered doubtful	1028.20	938.75
b Other Debts : Considered good		
Secured	0.29	21.18
Unsecured	11087.06	5860.78
	12258.11	7063.61
Less: Provision for doubtful debts	-1028.20	-938.75
	11229.91	6124.86
10 CASH AND BANK BALANCES		
1 Cash, Cheques and Stamps on hand	70.31	15.31
2 With Scheduled Banks:		
Current Account	3036.89	873.62
3 With Post Office/Treasury Savings Account includes lodged with the Assistant Educational Officer, Alwaye, towards security for running the school (₹ 0.38 lakh) and with Kerala Water Authority towards security deposit. (₹ 9.31 lakh)	9.69	9.41
4 Short Term deposits with scheduled banks (Under lien to banks against Letter of credit / Bank Guarantee opened)	2408.80	1919.94
	5525.69	2818.28

SCHEDULES TO BALANCE SHEET	As at 31.03.2011 ₹ in Lakh.	As at 31.03.2010 ₹ in Lakh.
11 OTHER CURRENT ASSETS		
Interest accrued on investments and deposits	226.70	453.40
Other accrued income	37483.44	45143.03
Others	146.37	83.43
	37856.51	45679.86
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	0.00	0.03
Considered Good - Unsecured:		
i) Other Loans and Advances *	7001.95	6640.00
ii) Advance Income tax (net of Provision for Income tax)	499.26	455.94
iii) Income tax deducted at source	95.63	69.25
Considered Doubtful	152.42	128.38
Less : Provision	-152.42	-128.38
Balance with Customs, Port Trust etc.	8081.73	6048.97
Kerala VAT Refund receivable	1521.89	1797.87
Cenvat credit deferred	16.85	11.16
Kerala VAT credit deferred	17.31	17.31
Deposits	688.68	641.53
Prepaid expenses	233.12	158.93
	18156.42	15840.99
Includes amount due from Directors / Officers of the Company	Nil	Nil
* Maximum amount due at any time during the year	Nil	Nil
13 CURRENT LIABILITIES AND PROVISIONS		
a Liabilities:		
Creditors:-		
For Supplies and Services	31809.61	37229.27
Liabilities against Acceptances (Bills Payable)	0.00	580.00
Dues to Employees	2801.33	4683.76
Other Liabilities	17610.25	13424.46
Unpaid matured deposit	90.35	2.60
Interest accrued but not due on loans	3230.92	985.35
	55542.46	56905.44
b Provisions:		
Provision for Leave encashment, Provident fund and Gratuity	17071.94	10194.09
	72614.40	67099.53

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011			2010-11 ₹ in Lakh.	2009-10 ₹ in Lakh.
14	SALES	SCHEDULE		
	Own Products	26.5.B 1	136882.89	108247.10
	Less: Excise duty		5118.57	2822.06
			131764.32	105425.04
	Purchased Products	26.5.B 2	2465.07	7110.14
	Total		134229.39	112535.18
	Less: Sales Discount/Dealer Margin		5110.23	3569.17
	Net Sales		129119.16	108966.01
15	SUBSIDY/CONCESSION ON FERTILISERS			
	Complex fertilisers			
	Factamfos 20:20:0:13		89118.73	81081.74
	Ammonium Sulphate		19797.44	2153.30
	Muriate of Potash (M O P)		7011.35	17281.54
			115927.52	100516.58
16	OTHER INCOME			
	Income from investments:			
		Current Year	Previous Year	
		₹ in Lakh.		
	Government Securities	1788.79	1819.04	
	Others	<u>6.48</u>	<u>7.29</u>	
			1795.27	1826.33
	Excess provisions written back		18.38	444.33
	Miscellaneous Income		1523.97	1095.53
	Interest receipts:			
	a) On deposits with banks		107.59	50.87
	b) On loans, advances, claims, overdues etc.		998.55	678.41
	Gain on exchange rate variation (net)		1132.48	1261.93
	Profit on sale/realisable value of assets (net)		460.80	0.00
	Transfer from deferred Government grants:			
	a) On EEC project		2.79	2.97
	b) On Bio-Fertiliser project		0.95	0.95
			6040.78	5361.32
17	MATERIALS CONSUMED	26.5. A 1 & A2		
	Materials consumed :			
	Opening Stock including traded products		7681.25	4389.91
	Purchases including traded products		158200.86	150865.60
			165882.11	155255.51
	Less : Closing Stock including traded products		13814.01	7681.25
			152068.10	147574.26
	Less : Cost of traded products sold-shown seperately	26.5.A2	8847.29	21952.31
			143220.81	125621.95

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011		2010-11 ₹ in Lakh.	2009-10 ₹ in Lakh.
18 REPAIRS AND MAINTENANCE			
Plant and Machinery		4122.59	3068.54
Roads and Buildings		118.58	186.41
Other Assets		271.29	252.86
		4512.46	3507.81
19 EMPLOYEES' REMUNERATION AND BENEFITS			
Salaries, Wages and Bonus		18018.81	17352.91
Contribution to Provident Fund		1571.47	1212.75
Gratuity		5983.90	920.16
Other Welfare Expenses		1230.42	901.58
		26804.60	20387.40
20 OTHER EXPENSES			
Power and Fuel		35496.46	30067.91
Operating Supplies		673.42	793.31
Packing Materials		2660.87	2621.27
Factory General Charges		2110.23	1858.69
Transporting charges - intermediate products		121.17	202.38
Factory Licence Fee		5.92	4.89
Rent and Hire		387.75	296.09
Insurance		86.51	86.68
Bank Charges		380.09	369.40
Postage, Telegrams and Telephones		80.11	81.54
Printing and Stationery		95.89	56.42
Travelling Expenses [(including Directors travel ₹ 16.92 lakh) (Previous year ₹ 22.19 lakh)]		369.55	338.72
Director's Sitting fee		3.80	3.70
Legal Expenses		40.55	22.19
General Charges		339.78	275.18
Auditors' Fees and Expenses (including for Branch Auditors)			
For Audit		5.96	4.85
For Expenses		4.13	2.50
For Certification		4.25	5.41
Cost Auditors' Fees and Expenses			
Cost Audit Fees		0.50	0.50
Cost Audit Expenses		0.10	0.10
Entertainment		1.32	1.36
Rates and Taxes		59.88	86.41
Freight, Handling and Other charges		8865.48	8873.03
Advertisement and Sales Promotion		33.29	25.38
Provision for excise duty on closing stock - Finished goods (Previous Year ₹ 2537.97 lakh)	3584.45		
Less: Provision for excise duty on opening stock - Finished goods (Previous Year ₹ 79.31 lakh)	<u>2537.97</u>	1046.48	2458.66
Bad debts written off		1.13	9.68
Provision for doubtful debts/advances		131.87	38.69
Damages/Shortages of Stores, Spares & Products (Net)		7.45	33.01
Loss on sale/retirement of assets (Net)		0.00	1321.91
Loss on sale/dimintion in value of investments		1848.39	0.00
Provision for obsolescence of stores (Net)		235.43	584.31
Research and Development Expenditure [Includes depreciation of ₹ 0.79 lakh(Previous year ₹ 0.94 lakh) on Research and Development Assets]		73.27	48.39
		55171.03	50572.56
Less : Allocated Expenses [net of income from inter-divisional jobs of ₹ 683.86 lakh (Previous year ₹ 278.71 lakh)]		756.83	321.59
		54414.20	50250.97

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011	2010-11 ₹ in Lakh.	2009-10 ₹ in Lakh.
21 INTEREST & FINANCING CHARGES		
On loans from the Government of India	3019.76	1307.61
Cash Rebate	4.58	43.19
On Cash Credit/Loans from banks	9062.78	8758.72
Others	2021.55	1487.76
	14108.67	11597.28
22 INCREASE(-)/DECREASE IN STOCK		
Opening Stock :		
Finished/Semi Finished/Intermediate Products		
Includes excise duty ₹ 2537.97 lakh (Previous year ₹ 79.31 lakh)	37742.57	28049.75
	37742.57	28049.75
Closing Stock :		
Finished/Semi Finished/Intermediate Products		
Includes excise duty ₹ 3584.45 lakh (Previous year ₹ 2537.97 lakh)	37853.14	37742.57
	37853.14	37742.57
NET INCREASE(-)/ DECREASE	-110.57	-9692.82
23 ADJUSTMENTS IN RESPECT OF PRIOR YEARS:		
Debit		
Interest	821.15	0.00
Opening stock of Gypsum (Excise duty)	0.00	1643.88
Debit total	821.15	1643.88
Credit		
Provision for excise duty on opening stock of Gypsum	0.00	1643.88
Credit total	0.00	1643.88
Net Debit / Credit (-)	821.15	0.00

SCHEDULE TO ACCOUNTS

24. Significant Accounting Policies

I. Basis for preparation of financial statements.

The financial statements are prepared under historical cost convention on accrual basis as a going concern in accordance with the generally accepted accounting principles in India and to comply with all material aspects with the mandatory accounting standards notified by the Companies (Accounting Standard) Rules 2006 and the provisions of the Companies Act, 1956.

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Differences between estimates and actuals are recognized in the period in which they materialize.

II. 1) Fixed Assets:

- (a) Fixed assets are stated at acquisition cost less accumulated depreciation / amortization and cumulative impairment.
- (b) Land purchased/acquired and under the possession of the company are treated as free hold land.
- (c) Technical know-how / license fee relating to plant / facilities are capitalized as part of cost of the underlying asset.
- (d) Income approach is adopted for accounting Government grants related to depreciable fixed assets. Grants utilized for acquisition of depreciable Fixed Assets are treated as Deferred Government Grants and the same is recognized in the Profit and Loss account on a systematic and rational basis over the useful life of the assets.
- (e) 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 godowns (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.
- (f) 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.

2) Construction period expenses on Project:

- (a) Revenue expenses exclusively attributable to projects incurred during construction period are capitalized. However, such expenses in respect of capital facilities being executed along with production / operation simultaneously are charged to revenue.
- (b) Financing cost incurred during construction period on loans specifically borrowed and utilized for projects is capitalized upto the date of capitalization.
- (c) Financing cost, if any, incurred on general borrowings used for projects is capitalized at the weighted average cost. The amount of such borrowings is determined after setting off the amount of internal accruals, if any.

III. Capital Stores:

Capital stores are valued at cost. Specific provision is made for likely diminution in value, wherever required.

IV. Intangible Assets:

- a) Technical know-how / license fee relating to production process and process design are recognized as intangible assets and amortised on a straight line method over a period of 5 years or life of the underlying plant / facility whichever is earlier.
- b) Expenditure incurred on Research and Development, other than capital account is charged to revenue.
- c) Costs incurred on computer software purchased/developed resulting in future economic benefits, are capitalized as intangible assets and amortised over a period of 5 years.

SCHEDULE TO ACCOUNTS

24. Significant Accounting Policies

V Inventory Valuation:

- a) Raw materials and stores and spares are valued at or below cost. Cost being ascertained on moving weighted average method. 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 realizable value, the materials are written down to net realizable value.
- b) Materials in process are not valued consistently.
- c) Finished/Trading products are valued at lower of cost or net realizable value in the aggregate, productwise. Intermediate products are valued at lower of cost or net realizable value derived from finished products and saleable by-product at realizable value. Cost of Finished / semi-finished / intermediate products are determined based on annual average cost excluding interest and head office and administrative overheads. Cost of finished goods in warehouse includes freight and handling charges.
- d) Materials in transit / under inspection are valued at cost.

VI. Capital Commitments:

Estimated amount of contracts remaining to be executed on capital accounts, above ₹ Five lakh in each case, are considered for disclosure.

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. Investments:

Long term investments are valued at cost, after providing for diminution in value if it is of a permanent nature. Current investments are valued (individually) at lower of cost and quoted/fair value.

IX. Revenue Recognition:

- a) Sales are recognized on an accrual basis when all significant risks and rewards of ownership are transferred to the buyer and the company retains no effective control of the goods transferred.
- b) Gross sales (net of returns) include excise duty, wherever applicable.
- c) Recognition of subsidy is generally made on the basis of in principle recognition / approval/ settlement of claims by the Government of India as per the policy in force.
- d) Other income is recognized on an accrual basis.
- e) Dividend income is recognized when right to receive dividend is established.
- f) Interest income is recognized when no significant uncertainty as to its realization exists.
- g) Scrap, salvaged / waste materials and sweepings are accounted for on realization.
- h) Claims on underwriters, carriers and on Customs and Central Excise Departments are taken into account on acceptance. Insurance and other miscellaneous claims are recognized on receipt/ acceptance of claim. Contractual pass through incentives, benefits etc. are recognized on receipt basis.

SCHEDULE TO ACCOUNTS

24. Significant Accounting Policies

X. Excise Duty:

Excise duty is accounted on the basis of both payments made in respect of goods cleared as also provision made for goods lying in stock. Closing stock value of finished goods includes excise duty payable / paid on such goods.

XI. Foreign Currency Transactions:

- a) Receivables and payables in foreign currency as on the reporting date including forward exchange contracts are restated at the rate prevailing at that date.
- b) The premium in respect of forward exchange contracts is recognized over the life of the contracts.
- c) Variations arising on account of fluctuations in foreign exchange rates are treated as revenue (gain/loss (-)).

XII. Employee Benefits:

- a) The company's contribution to the Provident Fund is remitted to separate trust established for this purposes based on a fixed percentage of the eligible employees salary and charged to Profit and Loss account. Shortfall, if any, in the fund assets based on the Government specified minimum rate of return will be made good by the company and charged to Profit and Loss account.
- b) The company operates defined benefit plan for gratuity and leave encashment. The cost of providing such defined benefits is determined using the projected unit credit method of actuarial valuation made at the end of the year and the gratuity fund is administered through a fund maintained by insurance company. Actuarial gain/loss is charged to Profit and Loss account.

XIII. Grants:

- a) Government grants in the nature of promoters' contribution are credited to Capital reserve and treated as part of Shareholders funds.
- b) In case of depreciable assets, the cost of the asset is shown at gross value and grant thereon is treated as Capital Grants which are recognized as income in the Profit and Loss account over the period and in the proportion in which depreciation is charged.
- c) Revenue grants relating to revenue expenses are deducted from the respective expenses.
- d) In respect of revenue grants released by Government, the treatments in the accounts are considered as per the respective schemes notified by the Government. Other revenue grants relating to revenue expenses are considered as income and credited to Profit and Loss account.

XIV. Taxes:

- a) Provision for current tax is made in accordance with the provisions of the Income Tax Act, 1961.
- b) Deferred tax on account of timing difference between taxable income and accounting income is provided considering the tax rates and tax laws enacted or substantively enacted by the Balance Sheet date.
- c) Deferred tax assets are not recognized unless, in the management judgment there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

SCHEDULE TO ACCOUNTS

24. Significant Accounting Policies

XV. Cenvat:

Cenvat credit and VAT credit on eligible materials is recognised on receipt of such materials and Cenvat credit of eligible service tax is recognized on payment of service tax to the service provider.

XVI. Segment Reporting:

The accounting policies adopted for segment reporting are in line with the accounting policies of the company.

- a) Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis have been included under unallocable corporate expenses.
- b) Investments, advance towards investments and other advances, which are not allocable to segments, are excluded from segment capital employed.

XVII. Contract Operation:

- a) In contract operations revenue is recognized 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 recognized fully irrespective of the progress of work.

XVIII. Prior Period Adjustments:

Individual items of Income and Expenditure relating to a prior period and exceeding ₹ One Lakh is accounted as a prior period item and disclosed accordingly.

XIX. Contingent Liabilities:

- a) Show Cause notices issued by various Government Authorities are not considered as Obligation.
- b) When the demand notices are raised against such show cause notices and are disputed by the company, these are classified as disputed obligations.
- c) The treatment in respect of disputed obligations, in each case, is as under:
 - i) a provision is recognized in respect of present obligations where the outflow of resources is probable.
 - ii) all other cases are disclosed as contingent liabilities unless the Possibility of outflow of resources is remote.

SCHEDULES TO ACCOUNTS

25 Notes on Accounts		₹ in Lakh	
		31.03.2011	31.03.2010
1	<p>Contingent Liabilities not provided for :</p> <p>(i) Claims against the company pending before various legal / statutory authorities and not acknowledged as debts in respect of:</p> <p>a) Excise Duty</p> <p>b) Service Tax</p> <p>c) Sales Tax / Entry tax</p> <p>d) Customs Duty</p> <p>e) Income Tax</p> <p>f) ESI</p> <p>g) Suppliers and contractors</p> <p>h) Others</p> <p>(ii) Excise duty demand of ₹ 26.42 lakh on purchase of Raw material, pending appeal, has not been considered since the liability rests with supplier as per order terms (Previous Year ₹ 24.85 lakh).</p> <p>(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 Guarantee for the term loan of M/s FACT-RCF Building Product Ltd.</p>	<p>63.79</p> <p>51.47</p> <p>446.97</p> <p>40.04</p> <p>599.34</p> <p>218.16</p> <p>179569.57</p> <p>375.82</p> <p>1750.00</p>	<p>60.85</p> <p>43.48</p> <p>421.74</p> <p>40.04</p> <p>599.34</p> <p>215.42</p> <p>178979.05</p> <p>398.15</p> <p>1750.00</p>
2	<p>Estimated amount of contracts remaining to be executed on capital account and not provided for.</p>	<p>593.58</p>	<p>341.70</p>
3	<p>Fixed Assets include:</p> <p>a) Out of the total 2150.69 (Previous year 2150.69 acres) acres of land held by the Company,158.82 acres (Previous year 158.82 acres) are held under leasehold right. Out of this, lease agreement in respect of 15.47 acres (Previous year 15.47 acres) of leasehold land belonging to Cochin Port Trust is under renewal.</p> <p>b) Land for ₹ 504.17 lakh (Previous year ₹ 496.52 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.</p> <p>c) Possession of 50 acres of land in Cochin Division was handed over to the Government of Kerala for Common Hazardous Waste Treatment Storage and Disposal Facility (TSDF) Project in May 2006 for which 50% consideration, has been received in cash.</p> <p>The title deed for sale of this land is yet to be executed. Allotment of shares of Kerala Enviro Infrastructure Limited towards balance 50% consideration is yet to be received and accordingly the amount is classified under 'Loans and Advances'.</p>	<p>312.40</p> <p>312.40</p>	<p>312.40</p> <p>312.40</p>

SCHEDULES TO ACCOUNTS

25 Notes on Accounts	₹ in Lakh	
	31.03.2011	31.03.2010
<p>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.</p> <p>e) Underpass/ Overbridge on the newly constructed container terminal approach road on the land acquired by the National Highway Authority of India is meant for exclusive FACT use forming part of railway siding/approach road for movement of FACT products. Pending construction of railway siding / approach road, the expenditure of ₹ 335.08 lakh incurred on under pass/overbridge has been included in the capital work in progress, since it is having future economic benefits.</p>		
4	Cost of Railway siding includes ₹ 85.43 lakh (Previous year ₹ 85.43 lakh), written down value ₹ 4.27 lakh (Previous year ₹ 4.27 lakh), held jointly with M/s. Bharat Petroleum Corporation Limited (Kochi Refinery).	
5	The cost of Licence fee and implementation of SAP ERP system software has been capitalised during the year 2009-10 as Intangible Asset and depreciated proportionately over a period of five years from the date of commissioning. Addition during the year is ₹ 15.39 lakh (Previous Year ₹ 1007.10 lakh).	
6	During the year 2009-10 company has decided to scrap Ammonia & Urea plants at Cochin Division. These plants have been restated at estimated realisable value of ₹ 3245.03 lakh (Previous year ₹ 2740.79 lakh) under Retired Plant and Machinery. Similarly the value of spares on these plants have also been restated at realisable value of ₹ 104.97 lakh (Previous year ₹ 88.66 lakh) as against the original cost of ₹ 453.50 lakh (Previous year ₹ 453.50 lakh).	
7	During the year the Government of India has decided to buyback the remaining "Fertiliser Companies Government of India special bonds" (Fertiliser bonds- issued by it in an earlier year in lieu of subsidy dues) in two equal installments during 2010-11 and 2011-12 through Reserve Bank of India and also decided to share at least 50% of the loss on such sale of Fertiliser bonds. Accordingly the company has sold 50% of the Fertiliser bonds of each coupon rates held (Aggregate face value of ₹ 13288.00 lakh) on 31st March 2011 and accounted for a loss of ₹ 846.30 lakh after recognising 50% compensation towards loss receivable from the Government of India. In respect of unsold bonds of face value of ₹ 13288.00 lakh the company has valued at fair value of ₹ 12285.91 lakh, being the sale value realised on sale of said bonds on 26th July 2011 plus ₹ 1002.08 lakh being 50% compensation of the loss as per Government notification. The company has accounted for the loss of ₹ 1002.09 lakh on this account.	
8	During the year the Company received certificates worth for ₹ 749.99 lakh (Previous year ₹ 402.84 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. In respect of DEPB license received, Customs Duty entitlement amount is accounted under "Balance with Customs, Port Trust etc.-in Loans and Advances" and credited to "Other Income". The Customs Duty due on imports during the year has been adjusted against the DEPB value and accounted with cost of respective material. The DEPB entitlement unutilized as on 31.03.2011 is ₹ 749.99 lakh (Previous year ₹ 399.92 lakh).	

SCHEDULES TO ACCOUNTS

25 Notes on Accounts		₹ in Lakh	
		31.03.2011	31.03.2010
9	<p>(i) During the year 2008-09 company had paid ₹ 557.50 lakh towards instalments due on loans received from the Government of India .However the Government of India had adjusted this amount against interest due. Taking cognizance of the Government decision , the company has also adjusted the same during the year towards interest. Consequently the additional interest on the principal amount ₹ 184.33 lakh has been charged to Profit and Loss account during the year.</p> <p>(ii) During the year company has provided ₹ 1303.95 lakh as penal interest on loans received from the Government of India. Of this ₹ 601.02 lakh has been provided as current year interest and ₹ 702.93 lakh has been provided as prior year adjustments.</p>		
10	<p>(a) Loans and Advances unsecured considered good includes ₹ 70.15 lakh being amount paid against demands disputed pending appeals (Previous Year ₹ 72.98 lakh).</p> <p>(b) Provision has been made under 'Other liabilities' with respect to ₹5.12 lakh , being the amount deposited in court as per court order in OP 497/92 (Paul Mathew & Sons Vs FACT).</p>		
11	Loans and advances classified as " Considered good-Unsecured" include advances paid covered by Bank Guarantees and interest accrued.	3568.19	2970.75
12	Amount paid for materials supplied but rejected by the Company pending settlement	20.50	47.60
13	<p>a) The contract for the barge transportation of Ammonia awarded to a private company has been cancelled void ab initio during 2004-05 by the Company. The Contractor's claim for shortfall charges (for the period 01.04.2003 to 22.04.2008) and damages for ₹ 177713.07 lakh (Previous year ₹ 177324.72 lakh)which is pending before the Arbitrator has not been provided in the accounts and is included under Contingent liabilities based on the assessment of the management.</p> <p>b) Interest of ₹ 597.42 lakh for 2010-11 receivable from the contractor on the interest bearing mobilisation advance still retained by the party, has been considered in the accounts (Previous year ₹ 497.40 lakh).</p>		
14	<p>a) The physical verification of raw materials and finished products has been carried out on or around 31st March 2011. 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) The company provides for redundancy / obsolescence keeping in view the estimated realisable value, in respect of a)stores and spares lying in stores for morethan 10 years b) stores and spares identified as surplus having an age of 5-10 years and c) all damaged stores and spares. However no provision for redundancy / obsolescence is considered in respect of insurance spares.</p>	161.00	-28.70
		-21.64	-16.75
		235.43	584.31

SCHEDULES TO ACCOUNTS

25 Notes on Accounts		₹ in Lakh	
		31.03.2011	31.03.2010
d)	As a conservative policy consistently followed , 37 lakh MT (Previous year 36.82 lakh MT) only of Gypsum (out of 49.98 lakh MT stock on hand as on 31.03.2011) has been valued at net realisable value (inclusive of Excise Duty),in the accounts as on 31.03.2011 on the basis of estimated saleable quantity in the next five years.	20353.70	20308.22
15	Sundry debtors shown as Considered good and Unsecured include ₹ Nil covered by Bank Guarantees (Previous Year ₹ 0.11 lakh)		
16	Cash and Bank balances include ₹ 147.63 lakh (Previous Year ₹ 147.64 lakh) being the balance of amount received from clients for execution of jobs on Total Responsibility basis lying in a specified account to meet the matching liabilities under Current Liabilities.		
17	a) Contract revenue recognised in the period.	1025.95	1109.64
	b) Advance received against contract in progress.	0.70	0.00
	c) Retention by customers against contract in progress.	8.65	8.42
	d) Aggregate amount of cost incurred and recognised profit (less recognised loss) on contracts in progress upto the reporting date.	1592.34	1420.51
	e) Gross amount due from customers for contract work as an asset.	818.37	801.43
	f) Gross amount due to customers for contract work as a liability.	0.30	2.07
	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 ₹ 558.34 lakh (Previous year ₹ 221.37 lakh), and capital ₹ 451.59 lakh (Previous year ₹ 203.09 lakh).		
	h) Excise duty on own division jobs is ascertained based on Cost Accounting Standard 4.		
18	a) 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. Accordingly no provision has been made in the accounts.		
	b) 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 seperation from company's service.	20.71	22.86
19	Remuneration to Chairman and Managing Director, Director (Marketing), Director (Finance) and Director (Technical)		
	i. Salary and Perks	57.52	37.50
	ii. Provident Fund Contribution	4.25	3.34
	iii. Production Incentive	0.07	0.08

SCHEDULES TO ACCOUNTS

25 Notes on Accounts		₹ in Lakh	
		31.03.2011	31.03.2010
20	<p>The whole time Directors have been allowed the use of company car and for private journey upto a ceiling of 9000 kms. per year, on payment as prescribed by the Government.</p> <p>Gratuity payable to the Directors has not been disclosed as the contribution payable has been provided in the accounts and separate figures are not ascertainable.</p> <p>Effect of change in Foreign Exchange rates :</p> <p>The net additional gain/loss(-) on account of exchange rate differences included in the Profit and Loss Account.</p>	1132.48	1261.93
21	<p>a. Sundry creditors include ₹ 4.20 lakh payable to Small Scale Industrial Undertakings to the extent such parties have been identified from the available documents/ information (Previous year ₹ 1.55 lakh). Dues owed by the Company to Small Scale Industrial Undertakings exceeding ₹ 1 lakh which is outstanding for more than 30 days is ₹ Nil (Previous year-Nil).</p> <p>b. The company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 and hence the disclosure relating to unpaid as at the year end together with interest paid/payable has not been given.</p>		
22	<p>The Company has deferred tax asset of ₹ 85658 lakh (Previous year ₹ 91598 lakh) as on 31.03.2011 because of unabsorbed depreciation and accumulated losses. The deferred tax liability as on 31.03.11 is ₹ 23949 lakh (Previous year ₹ 25782 lakh). Since there is net deferred tax asset as on 31.03.2011, as matter of prudence the deferred tax asset is not considered in the Accounts. The net impact (favourable) in tax on account of this comes to ₹ 20500 lakh(Previous year ₹ 22371 lakh).</p>		
23	<p>The Company has a system of obtaining confirmation of balances from third parties. Some of the parties have confirmed the balances.</p>		
24	<p>Company continues to fall under section 23 of Sick Industrial Companies (Special Provisions) Act, 1985. A report under section 23 of SICA was made in February 2004 to the Board for Industrial and Financial Reconstruction.</p>		

SCHEDULES TO ACCOUNTS

25 Notes on Accounts					
25	The disclosure required under Accounting Standard 15 “Employee Benefits”	₹ in Lakh			
	Defined contribution plan	31.03.2011	31.03.2010		
	Contribution to defined contribution plan recognised and charged off during the year are:-				
	1 Employer’s contribution to Provident Fund and Pension Scheme	1571.47	1212.75		
	2 Employer’s contribution to Superannuation benefit fund (₹ 100/-)	0.00	0.00		
	3 The Company's Provident Fund is exempted under Section 17 of the Employees Provident Fund Act, 1952. Conditions for grant of exemption stipulates that the employer shall make good the deficiency, if any. During the year ₹ 48 lakh (Previous year -Nil)has been provided in the accounts towards deficiency in respect of FACT Employees Provident Fund,Udyogamandal. There is no deficiency in respect of FACT Cochin Division Employees Provident Fund.				
Defined benefit plan					
Gratuity fund is managed under Group Gratuity (Cash Accumulation) policy by M/s Life Insurance Corporation of India. The present value of obligation is determined on the basis of actuarial valuation using projected unit credit method. The present value of obligations for leave encashment is recognised in the same manner.					
		₹ in Lakh		₹ in Lakh	
		Leave encashment (Unfunded)		Gratuity (Funded)	
		2010-11	2009-10	2010-11	2009-10
a. Changes in the present value of obligations (P V O)					
	Present value of obligations at the beginning of the year	5112.08	4097.67	6589.32	6271.21
	Interest cost	447.82	310.11	527.15	501.70
	Past service cost	171.86	0.00	0.00	0.00
	Current service cost	971.26	664.93	82.05	108.92
	Benefits paid	-718.99	-355.74	-1219.92	-505.64
	Actuarial loss/(gain) on obligation	959.75	395.11	5473.59	213.13
	Present value of obligations at the end of the year	6943.78	5112.08	11452.19	6589.32
b. Changes in the fair value of plan assets					
	Fair value of plan assets at the beginning of the year			1761.68	1637.11
	Expected return on investment			129.46	130.21
	Employer’s contribution	718.99	355.74	1000.00	500.00
	Benefits paid	718.99	355.74	-1219.92	-505.64
	Actuarial loss/(gain) on plan assets	0.00	0.00	0.00	0.00
	Fair value of plan assets at the end of the year	0.00	0.00	1671.22	1761.68
	Actual return on investment	0.00	0.00	129.46	130.21
c. Amount recognised in Balance sheet					
	Present value of obligations at the end of the year	6943.78	5112.08	11452.19	6589.32
	Fair value of plan assets at the end of the year	0.00	0.00	1671.22	1761.68
	Unfunded net liability recognised in Balance sheet	6943.78	5112.08	9780.97	4827.64
d. Expenses recognised in Profit and Loss Account during the year					
	Current service cost	971.26	664.93	82.05	108.92
	Past service cost	171.86	0.00	0.00	0.00
	Interest cost	447.82	310.11	527.15	501.70
	Expected return on investment	0.00	0.00	129.46	130.21
	Net actuarial (gain) / loss recognised during the year	959.75	395.11	5473.59	213.13
	Total Expenses recognised in Profit & Loss Account during the year	2550.69	1370.15	5953.33	693.54
e. Investment details		% invested as at 31st March		% invested as at 31st March	
	LIC Group Gratuity (Cash Accumulation) policy			14.59	26.74
f. Actuarial assumptions		(1994-96) Ultimate		LIC (1994-96) Ultimate	
	Mortality rate	8.00%	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	-	-	9.40%	9.40%

SCHEDULES TO ACCOUNTS

25 Notes on Accounts																																																		
26	<p>RELATED PARTY DISCLOSURES (ACCOUNTING STANDARD 18) List of related Parties <u>Joint Ventures</u> FACT-RCF Building Products Ltd. <u>Key Management Personnel</u> Sri A Asokan, Chairman and Managing Director (Upto 30.06.2010). Sri K.Mathevan Pillai, Chairman and Managing Director (From 01.07.2010 to 31.08.2010). Sri V.G.Sankaranarayanan, Chairman and Managing Director (From 01.09.2010 to 28.02.2011). Sri Sham Lal Goyal, IAS, Chairman and Managing Director (From 01.03.2011 onwards). Sri K.Mathevan Pillai, Director (Finance), (Upto 31.08.2010). Sri P.Muthusamy, Director (Finance), (From 18.03.2011 onwards). Sri V.G.Sankaranarayanan, Director (Technical). <u>Transactions with related parties:</u> Remuneration to key management personnel : ₹ 61.84 lakh (Previous year ₹ 40.92 lakh) Share application money paid to Joint Venture during the year : ₹ 50 lakh (Previous year ₹ Nil) Guarantees given to Joint Venture during the year: ₹ Nil (Previous year ₹ Nil) Guarantees given to Joint Venture as on 31.03.2011: ₹ 1750 lakh(Previous year ₹ 1750 lakh) Expenditure incurred on employees deputed to Joint Venture: ₹ 82.97 lakh (₹ 47.00 lakh) Receivables as on 31st March : ₹ 146.37 lakh (Previous year ₹ 62.68 lakh) Payables as on 31st March: ₹ Nil (Previous year ₹ Nil)</p>																																																	
27	<p>EARNINGS PER SHARE (ACCOUNTING STANDARD - 20) i) Earnings ₹ 4932.67 Lakh (Loss) [Previous year ₹ 10383.51 lakh (loss)] ii) Number of Shares -Issued, Subscribed and Paid up -647071974 (Previous year 647071974) iii) Earning Per Share ₹ -0.76 (Previous year ₹ -1.60) (Basic and Diluted)</p>																																																	
28	<p>The disclosure of provisions movement as required under Accounting Standard 29 “Provisions , Contingent Liabilities and Contingent Assets”</p> <p>a. Provision towards obsolescence and storage losses (including provision towards Retired spares) Provision at the beginning of the year Provisions made during the year Utilisations during the year Released during the year Provision at the end of the year</p> <p>b. Provision for doubtful debts Provision at the beginning of the year Provisions made during the year Written off during the year Released during the year Provision at the end of the year</p> <p>c. Provision for doubtful loans and advances Provision at the beginning of the year Provisions made during the year Written off during the year Released during the year Provision at the end of the year</p>	<p>₹ in Lakh</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">Year ended 31.03.2011</th> <th style="width: 20%; text-align: center;">Year ended 31.03.2010</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: right;">2631.32</td> <td style="text-align: right;">2047.01</td> </tr> <tr> <td></td> <td style="text-align: right;">400.32</td> <td style="text-align: right;">584.31</td> </tr> <tr> <td></td> <td style="text-align: right;">0.00</td> <td style="text-align: right;">0.00</td> </tr> <tr> <td></td> <td style="text-align: right;">164.89</td> <td style="text-align: right;">0.00</td> </tr> <tr> <td></td> <td style="text-align: right;">2866.75</td> <td style="text-align: right;">2631.32</td> </tr> <tr> <td></td> <td style="text-align: right;">938.75</td> <td style="text-align: right;">987.54</td> </tr> <tr> <td></td> <td style="text-align: right;">107.83</td> <td style="text-align: right;">5.04</td> </tr> <tr> <td></td> <td style="text-align: right;">1.13</td> <td style="text-align: right;">9.65</td> </tr> <tr> <td></td> <td style="text-align: right;">17.25</td> <td style="text-align: right;">44.18</td> </tr> <tr> <td></td> <td style="text-align: right;">1028.20</td> <td style="text-align: right;">938.75</td> </tr> <tr> <td></td> <td style="text-align: right;">128.38</td> <td style="text-align: right;">94.73</td> </tr> <tr> <td></td> <td style="text-align: right;">24.04</td> <td style="text-align: right;">33.65</td> </tr> <tr> <td></td> <td style="text-align: right;">0.00</td> <td style="text-align: right;">0.00</td> </tr> <tr> <td></td> <td style="text-align: right;">0.00</td> <td style="text-align: right;">0.00</td> </tr> <tr> <td></td> <td style="text-align: right;">152.42</td> <td style="text-align: right;">128.38</td> </tr> </tbody> </table>		Year ended 31.03.2011	Year ended 31.03.2010		2631.32	2047.01		400.32	584.31		0.00	0.00		164.89	0.00		2866.75	2631.32		938.75	987.54		107.83	5.04		1.13	9.65		17.25	44.18		1028.20	938.75		128.38	94.73		24.04	33.65		0.00	0.00		0.00	0.00		152.42	128.38
	Year ended 31.03.2011	Year ended 31.03.2010																																																
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SCHEDULES TO ACCOUNTS

25 Notes on Accounts

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

FACT-RCF Building Products Ltd.

In the year 2008-09 , a jointventure with Rashtriya Chemicals and Fertilisers Ltd.(RCF) for manufacture of Rapid Building materials from Gypsum has been formed. The company has invested ₹ 1500 lakh (Previous year ₹ 1500 lakh) as its share in the Joint venture. Out of an additional share of ₹ 269 lakh (Previous year Nil) , ₹ 50 lakh (Previous year Nil) has been paid as share application money during the year and payment towards the remaining ₹ 219 lakh (Previous year Nil) is pending. Shares for ₹ 50 lakh (Previous year Nil) paid is pending allotment. Other details are:-

Name : FACT-RCF Building products Ltd.

Country of incorporation : India.

Ownership interest : 50% (31.03.11).

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

	₹ in Lakh	
	31.03.2011	31.03.2010
1.Assets		
Longterm assets	5151.81	4235.69
Current assets	363.58	229.57
2.Liabilities		
Current Liabilities & Provisions	344.53	569.31
Other Liabilities	3626.52	2433.19
3.Income	0.11	0.11
4.Expenses	40.13	37.42
5.Contingent Liability	77.32	50.75
6.Capital commitments	249.62	745.75

30 Figures for the previous year have been regrouped and recast wherever necessary to conform with the current year classification.

SCHEDULES TO ACCOUNTS

25 Notes on Accounts				
31. SEGMENTAL REPORTING (ACCOUNTING STANDARD 17)				
Segment Information for the year ended 31st March 2011				
Information about Primary Business Segments				
	₹ in Lakh	₹ in Lakh	₹ in Lakh	₹ in Lakh
	Fertiliser	Petrochemical	Others (Unallocated)	Total
REVENUE				
External Revenue	188417.21 (172497.46)	59622.06 (39765.41)	2968.00 (2961.40)	251007.27 (215224.27)
TOTAL REVENUE	188417.21 (172497.46)	59622.06 (39765.41)	2968.00 (2961.40)	251007.27 (215224.27)
SEGMENT RESULTS				
Profit before Interest, Taxation and before Exceptional items	7525.56 (9094.94)	6885.95 (-4771.47)	-3128.73 (-689.97)	11282.78 (3633.50)
Unallocated Corporate Expense			3212.92 (3135.84)	3212.92 (3135.84)
Operating Profit	7525.56 (9094.94)	6885.95 (-4771.47)	-6341.65 (-3825.81)	8069.86 (497.66)
Interest Expense	0.00 (0.00)	0.00 (0.00)	14108.67 (11597.28)	14108.67 (11597.28)
Interest Income	0.00 (0.00)	0.00 (0.00)	1106.14 (729.28)	1106.14 (729.28)
Income Tax	0.00 (0.00)	0.00 (0.00)	0.00 (13.17)	0.00 (13.17)
Profit after Interest and Taxation	7525.56 (9094.94)	6885.95 (-4771.47)	-19344.18 (-14706.98)	-4932.67 (-10383.51)
OTHER INFORMATION				
Segment Assets	121292.13 (125586.59)	37457.80 (29997.41)	75500.99 (84237.84)	234250.92 (239821.84)
Segment Liabilities	22693.62 (33670.07)	25748.21 (13460.18)	185809.09 (192691.59)	234250.92 (239821.84)
Depreciation	3735.34 (3936.43)	285.29 (256.16)	369.76 (194.79)	4390.39 (4387.38)
Capital Expenditure	1375.67 (191.02)	871.72 (2.32)	48.19 (1294.88)	2295.58 (1488.22)

The business segments are:-

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

Segments have been identified taking into account the organisation structure.
Segment assets and liabilities represents assets and liabilities in respective segments. Share capital ,Secured and Unsecured loans , Investments and Accumulated loss are classified as Unallocated.

Figures given in brackets pertains to previous year.

RECONCILIATION OF REVENUE	₹ in Lakh.
Segment Revenue as above	251007.27
Add Interest Income	1106.14
Revenue as per Profit and Loss	252113.41

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 31.03.2011

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	78618.20	54.89	64651.32	51.46
Indigenous	64602.61	45.11	60970.63	48.54
	143220.81	100.00	125621.95	100.00
B Spare Parts & Components				
Imported	432.81	18.00	101.33	4.90
Indigenous	1971.53	82.00	1966.39	95.10
	2404.34	100.00	2067.72	100.00
2 CIF Value of Imports			Current year	Previous year
			₹ in lakh	₹ in lakh
(i) Raw Materials			77069.04	92880.83
(ii) Spares and other materials			148.24	162.17
(iii) Capital Goods			62.54	5.28
			77279.82	93048.28
3 A Expenditure in foreign currency (Cash Basis) *				
(i) Consultancy service			156.08	0.00
(ii) Others			18.30	20.64
			174.38	20.64
B Earnings in foreign currency				
(i) Export of goods (FOB Basis)			13416.67	9215.79
(ii) Others			27.18	0.00
			13443.85	9215.79
* Including tax deducted at source				

SCHEDULES TO ACCOUNTS

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

4 Capacities and Production :					
	Licenced Capacity	Installed Capacity (as certified by the Management)	Actual Production		
			2010-11		2009-10
	M.T.	M.T.	M.T.		M.T.
1 Udyogamandal Division					
Sulphuric Acid @	402550	379500	262184		246417
Phosphoric Acid	33000	33000	0		0
Ammonium Sulphate	225000	225000	200311		179546
Factamfos 20:20	181020	148500	164594		176544
Ammonia(900 TPD plant) #	326700	326700	204355		200108
Bio Fertiliser	150	150	75		83
2 Cochin Division*					
Sulphuric Acid	330000	330000	245380		223620
Phosphoric Acid	115000	115000	36050		5770
Complex Fertilisers :	485000	485000			
Factamfos 20:20			479860		577200
3 Petrochemical Division					
Caprolactam	50000	50000	44345		42006
Nitric Acid	3800	3800	4201	+	4523
Soda Ash	4750	4750	5658		5778
4 Marketing Division					
Mixed Manures			17907		21463
<p>@ 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 scrap these plants. + At 55 % concentration</p>					

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			
		2010-11		2009-10		2010-11		2009-10		2010-11		2009-10		2010-11		2009-10	
		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	Naphtha	1901	658.11	2004	942.45	142614	52366.77	139679	43221.02	142511	52082.43	139699	43055.73				
2	Sulphur - Imported	11649	896.17	39325	3868.39	194665	16508.84	155866	6990.70	166989	13536.62	157290	6894.25				
3	Sulphur - Indigeneous							501	21.58			501	21.58			501	21.58
4	Rock Phosphate-Imported	28256	1789.75	58792	4423.88	154050	12169.61	46522	2911.48	123514	9535.48	20179	1336.92				
5	Phosphoric Acid-Imported	547	152.91	705	284.11	70357	26750.25	100764	27908.54	70199	26619.05	100909	28056.40				
6	Phosphoric Acid	790	258.40	426	166.83	26653	10283.31	46842	13359.21	27017	10374.88	48626	14118.52				
7	Ammonia - Imported	3035	544.09	540	98.17	37551	6797.48	68323	11420.39	40046	7243.40	66137	11076.11				
8	Benzene -Imported	6351	3226.17	6944	3817.17	44510	21956.25	39749	18467.92	43917	21365.25	35150	15887.44				
9	Benzene					608	262.83	5725	2246.27	608	262.83	5725	2246.27				
10	Caustic Soda	221	57.30	223	46.65	6014	1262.48	5581	1453.26	6012	1273.13	5493	1421.10				
11	Sulphuric Acid				0.01	17448	586.01	5002	45.97	17448	586.00	5002	45.97				
12	Anone-Imported								0.24			739	493.90				
13	Cyclohexane											348	161.30				
	TOTAL		7582.90		13647.66		148943.83		128046.58		142879.07		124815.49				

SCHEDULES TO ACCOUNTS																
26.5 PARTICULARS OF OPENING AND CLOSING STOCKS, PURCHASES, SALES AND CONSUMPTIONS (Continued)																
	OPENING STOCK		CLOSING STOCK		PURCHASES				CONSUMPTION				COST OF GOODS SOLD			
					2010-11		2009-10		2010-11		2009-10		2010-11		2009-10	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
A-2																
TRADED PRODUCTS	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	969	40.76	80	3.22	50145	9109.96	73781	19543.92	2429	308.43	2766	732.79	48605	8839.07	70048	18771.19
2	47	2.06	14	0.63	420	18.08	1218	53.88	453	19.51	1293	57.02				
3	774	32.11	426	17.68			83587	3210.24	240	9.97	631	12.21	108	4.46	82599	3181.12
4	372	14.00	272	10.24							3	0.13	100	3.76		
5			2594	118.28	2639	120.34			45	2.06						
6		9.42		16.30		8.65		10.98		1.77		4.31				
		98.35		166.35		9257.03		22819.02		341.74		806.46		8847.29		21952.31
TOTAL (A1+A2)		7681.25		13814.01		158200.86		150865.60		143220.81		125621.95		8847.29		21952.31
NET TOTAL		7681.25		13814.01		158200.86		150865.60		143220.81		125621.95		8847.29		21952.31

SCHEDULES TO ACCOUNTS

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

	OPENING STOCK		CLOSING STOCK		SALES			
	Quantity M T	Value ₹/lakh	Quantity M T	Value ₹/lakh	2010-11		2009-10	
					Quantity M T	Value ₹/lakh	Quantity M T	Value ₹/lakh
B1 FINISHED PRODUCTS								
1 Ammonium Sulphate	44973	4056.79	24464	2392.69	220080	19119.50	144986	15005.94
2 Factamfos 20:20	25133	2312.30	19255	2566.19	642732	45770.12	726113	45708.80
3 Mixed Manures	3919	275.17	529	30.87	21253	1952.76	21147	1796.08
4 Caprolactam	5051	6042.15	5260	7167.46	44136	58837.78	38253	38674.04
5 Nitric acid	52	4.74	36	3.49	4218	350.88	4831	376.77
6 Soda Ash	2038	179.86	67	6.47	7629	585.37	4040	356.41
7 Gypsum	3682362	20308.22	3700000	20353.70	492757	3917.41	340176	2174.18
8 Others (including intermediates)		4563.34		5332.27		1230.50		1332.82
TOTAL		37742.57		37853.14		131764.32		105425.04
B2 TRADED PRODUCTS								
1 M.O.P.-Imported					48605	2455.52	70048	3120.62
2 Urea-Imported					108	5.22	82599	3989.52
3 Rajphos					100	4.33		
TOTAL						2465.07		7110.14

For and on behalf of the Board

Sd/-
K.V. Balakrishnan Nair
Secretary
Per our report attached.
For Babu A. Kallivayalil & Co.
Chartered Accountants
Firm registration No. 05374S

Sd/-
P. Muthusamy
Director (Finance)

Sd/-
Sham Lal Goyal, IAS
Chairman & Managing Director

Sd/-
Babu Abraham Kallivayalil
Partner
Membership No. 26973
Place: New Delhi
Date: 12th August, 2011.

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	2011	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
23425092	23425092

Sources of Funds:

Paid up Capital	Reserves and Surplus
6470720	7937
Secured Loans	Unsecured Loans
6521806	3163189

Application of Funds:

Net Fixed Assets/Capital work in progress	Investments
3572955	1384006

Net Current Assets
6152888

Accumulated Losses
5053803

Performance of Company (Amount in ₹ Thousands)

Turnover (incl. Other Income)	Total Expenditure
25211341	25704608
Profit/Loss Before Tax	Profit/Loss After Tax
-493267	-493267
Earnings per share (₹)	Dividend Rate
-0.76	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

Sd/-
K.V. Balakrishnan Nair
Secretary
Per our report attached.
For Babu A. Kallivayalil & Co.
Chartered Accountants
Firm registration No. 05374S

Sd/-
Babu Abraham Kallivayalil
Partner
Membership No. 26973

Place: New Delhi
Date: 12th August, 2011.

For and on behalf of the Board

Sd/-
P. Muthusamy
Director (Finance)

Sd/-
Sham Lal Goyal, IAS
Chairman & Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2011

PARTICULARS	For the year ended 31.3.2011 ₹ in Lakh.	For the year ended 31.3.2010 ₹ in Lakh.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary items	-4111.52	-10370.34
<u>Adjustments For:</u>		
Depreciation/Impairment loss /Deferred Rev. Expenditure	4258.98	2423.25
Provision for Obsolescence/Bad & Doubtful Debts (Net)	348.92	569.17
Income from Investments	-1795.27	-1826.33
(Profit)/Loss on sale of assets (Net)	-460.80	1321.91
Loss on sale/diminiton in value of investments	1848.39	0.00
Interest	14108.67	11597.28
Operating Profit before Working Capital changes	14197.37	3714.94
Adjustments for:		
Trade and Other Receivables	1135.68	-28889.01
Inventories	-4025.81	-16908.65
Trade and Other Payables	3358.96	27745.66
Cash generated from Operations	14666.20	-14337.06
Direct Taxes	0.00	-13.17
Cash Flow before extraordinary items	14666.20	-14350.23
Prior Period - (excluding non cash)	0.00	0.00
Net Cash from Operating Activities	14666.20	-14350.23
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets/Capital Work-in-Progress	-1542.84	-2443.37
Sale of Fixed Assets	3.06	-4.58
Interest Received	1788.79	1819.04
Dividend Received	6.48	7.29
Sale of Investment in Bonds(Net)	11595.39	0.35
Net cash used in Investing Activities	11850.88	-621.27
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings (Net)	7553.75	8392.04
Increase/Decrease in Cash credit with Banks	-20274.51	17382.59
Interest	-11088.91	-10289.67
Net cash used in Financing Activities	-23809.67	15484.96
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	2707.41	513.46
CASH AND CASH EQUIVALENTS		
AS AT 01.04.2010 (Opening Balance)	2818.28	2304.82
AS AT 31.03.2011 (Closing Balance)	5525.69	2818.28
Sd/- K.V. Balakrishnan Nair Secretary Per our report attached. For Babu A. Kallivayalil & Co. Chartered Accountants Firm registration No. 05374S Sd/- Babu Abraham Kallivayalil Partner Membership No. 26973 Place: New Delhi Date: 12th August, 2011.	For and on behalf of the Board Sd/- P. Muthusamy Director (Finance)	Sd/- Sham Lal Goyal, IAS Chairman & Managing Director

DETAILS OF CAPITAL EXPENDITURE INCURRED ON TOWNSHIP AND OTHER SOCIAL OVERHEADS AS REQUIRED BY O.M.No.BPE-1(17)/ADV(F)/69 DATED 5-3-69 FROM THE MINISTRY OF FINANCE (BUREAU OF PUBLIC ENTERPRISES) UPTO 31st MARCH 2011

₹ in Lakh.					
	Gross Block as at 31.3.2010	Written down value as at 31.3.2010	Additions/ Adjustments 2010-2011	Depreciation for the year 2010-2011	Depreciated value as at 31.03.2011
Land (Estimated) Staff Quarters etc., in Township	186.18	186.18	0.00	0.00	186.18
Sewers & Drains	1343.84	483.76	38.38	24.35	497.79
Hospitals	280.85	90.87	0.00	4.58	86.29
Schools	61.81	17.26	0.00	0.86	16.40
Shops	93.43	33.03	0.00	1.65	31.38
	12.08	2.66	0.00	0.13	2.53
	1978.19	813.76	38.38	31.57	820.57

DETAILS OF MAINTENANCE AND OTHER REVENUE EXPENDITURE ON TOWNSHIP AND OTHER SOCIAL OVERHEADS AS REQUIRED BY O.M.No.BPE-1(17)/ADV(F)/69 DATED 5-3-69 FROM THE MINISTRY OF FINANCE (BUREAU OF PUBLIC ENTERPRISES) DURING THE YEAR ENDED 31st MARCH 2011

₹ in Lakh.			
Particulars	Expenditure	Income	Net Expenditure
Staff Quarters	348.00	168.58	179.42
Schools	3.23	15.57	-12.34
Medical Facilities	827.89	25.71	802.18
Other Welfare Expenses	619.70	35.29	584.41
Estate Establishment	87.25	0.00	87.25
Notional interest at 6% p.a on Capital outlay on Township and overheads	118.69	0.00	118.69
	2004.76	245.15	1759.61

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 2011

Particulars	₹ in Lakh.
Salaries and Wages including Provident Fund	20.11
Advertisement Charges	20.01
Propaganda and Publicity	12.34
Exhibition	0.21
Demonstration, Sign Boards, Cost of Fertilisers, Village adoption, Soil Testing and Agronomy Services	0.73
Audio-visual film, Slides production, Projection charges and equipment	0.00
Running and Maintenance Expenses of Publicity vehicles and Travel Expenses	0.00
	53.40

SUMMARISED ACCOUNTS

₹ in Lakh.

	2010-11	2009-10	2008-09
RESOURCES			
Net Worth	14169	19102	29485
Borrowing and Deferred Credits	92200	104364	78589
Capital Reserve	79	83	87
	106448	123549	108161
UTILISATION OF RESOURCES			
Fixed Assets	139890	137353	147201
Less: Depreciation & Impairment loss	105042	101003	108595
	34848	36350	38606
Capital Work-in-Progress	881	1642	687
Investments	13840	28130	28131
Net Current Assets	56879	57427	40737
	106448	123549	108161
EARNINGS			
Sale of Products and services (net)	246073	210592	212866
Accretion/decretion(-) to Work in progress and finished goods	111	9693	3563
Other Income	6041	5361	4543
	252225	225646	220972
OUT GOINGS			
Direct Materials & Inputs	191185	181531	197956
Employees' remuneration & benefits	26805	20387	13499
Other expenses	19975	20075	16303
Depreciation/impairment loss	4263	2427	4623
Interest	14109	11597	6396
	256337	236017	238777
Profit/Loss (-) for the year	-4112	-10371	-17805
Income/Expenses (-) in respect of prior years	-821	0	0
Extraordinary items (Income)	0	0	22116
Profit/Loss (-) before tax	-4933	-10371	4311
Provision for Taxation	0	13	16
Profit/Loss (-) after tax	-4933	-10384	4295

₹ in Lakh.			
	2010-11	2009-10	2008-09
SOURCE OF FUNDS			
Funds Generated from Operations:			
Profit after tax	0	0	4295
Depreciation and Impairment loss	4035	2358	4509
Long-term loan	9556	3400	743
Short-term loan	0	22375	32374
Fertiliser Bonds	14290	0	0
	27881	28133	41921
APPLICATION OF FUNDS			
Loss for the year (before adjustment of Grant-in-aid)	4933	10384	0
Short-term loan	21720	0	0
Capital expenditure (net)	1776	1062	478
Investments in Shares/Bonds	0	-1	28076
Miscellaneous Expenditure not written off (net)	0	0	-10
Increase/decrease (-) in Working Capital	-548	16688	13377
	27881	28133	41921

STATEMENT OF CHANGES IN WORKING CAPITAL

₹ in Lakh.			
	2010-11	2009-10	2008-09
Cash and Bank Balance	2707	513	-4504
Inventories	3790	16324	9415
Sundry debtors	5105	23842	19552
Other Current Assets	-7823	67	569
Loans and Advances	2315	4995	-426
	6094	45741	24606
Creditors and other liabilities	6642	29053	11229
Increase/decrease(-) in Working capital	-548	16688	13377
	6094	45741	24606

VALUE ADDED STATEMENT

PARTICULARS	2010-11		2009-10		2008-09	
	₹ in Lakh.	%	₹ in Lakh.	%	₹ in Lakh.	%
Value of production* (Including other income)	252225		225646		220972	
Less : Cost of Direct Materials & inputs	191185		181531		197956	
Value Added	61040		44115		23016	
	26805		44115		23016	
Applied in the following way:						
Employee remuneration and benefits	26805	44	20387	46	13499	59
Other operating expenses	19975	33	20075	46	16303	71
Depreciation	4263	7	2427	6	4623	20
Interest	14109	23	11597	26	6396	28
Adjustment in respect of prior years	821	1	0	0	0	0
Provision from Income Tax	0	0	13	0	16	0
Extraordinary Items: Expense/Income(-)	0	0	0	0	-22116	-96
Retained Profit/Loss (-)	-4933	-8	-10384	-24	4295	18
	61040	100	44115	100	23016	100

* Net of sales discount/dealer margin

THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

Registered office : Eloor, Udyogamandal, Kochi

67th Annual General Meeting
Thursday, 29th September 2011 at 11.00 a.m.
At Udyogamandal Club, Eloor, Udyogamandal.

Attendance Slip

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

Name of the Shareholder.....

Reg. Folio No.....

No. of Shares held.....

Whether member or proxy

Member

Proxy

I/We hereby record my/our attendance at the 67th Annual General Meeting being held on 29th September 2011 and/or at any adjournment thereof.

Signature of Shareholder or Proxy

PROXY FORM

THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

Registered Office : Eloor, Udyogamandal, Kochi

I/We in the district of Being a member of the above named Company (Folio No.....) hereby appoint Mr. in the district of as my / our Proxy to vote for me / us on my / our behalf at the 67th Annual General Meeting of the Company to be held on Thursday the 29th September 2011 at 11.00 a.m. at Udyogamandal Club at Eloor, Udyogamandal and at any adjournment thereof.

Signed this.....day of2011

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

FOR OFFICE USE ONLY
No of Shares
Proxy No

Affix 30
paise
Revenue
Stamp

IMPORTANT

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

The Comments of the Comptroller and Auditor General of India under Section 619 (4) of the Companies Act, 1956 on the accounts for the year ended 31st March,2011 will be forwarded separately.

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दि फर्टिलाइज़र्स एण्ड केमिकल्स ट्रावन्कोरे लिमिटेड

(भारत सरकार का उद्यम)

पंजीकृत कार्यालय : एलूर, उद्योगमंडल - 683 501,

कोचीन, केरल, भारत

THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

(A Government of India Enterprise)

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

Website: <http://www.fact.co.in>