

THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

| | | | | |
|-----|--|--|-----|--|
| MD | | | BKC | |
| CS | | | DPY | |
| RO | | | DIV | |
| TRA | | | AC | |
| AGM | | | SHI | |
| YE | | | | |



54th

വാർഷിക റിപ്പോർട്ട്
വാർഷിക റിപ്പോർട്ട്
ANNUAL REPORT
1997-'98







THE FERTILISERS
AND
CHEMICALS
TRAVANCORE LIMITED

REGISTERED OFFICE :

Eloor, Udyogamandal,
Kochi, Kerala

PRODUCTION UNITS :

Fertilisers - Udyogamandal
& Ambalamedu
Caprolactam - Udyogamandal

CONSULTANCY DIVISION:

FACT Engineering &
Design Organisation,
Udyogamandal

ENGINEERING DIVISION:

FACT Engineering Works,
Palluruthy, Kochi.

MARKETING DIVISION:

Head Quarters - Udyogamandal

JOINT STATUTORY AUDITORS:

M/s. Balan & Company, Kochi.
M/s. Ayyar & Cherian, Kochi.

BRANCH AUDITORS:

Ananthan & Sundaram,
Trivandrum.
Sundar & Co., Chennai
Shanthamurthy & Co., Bangalore.
G.K. Rao & Co., Hyderabad.

COST AUDITORS:

M/s. N.P. Gopalakrishnan & Co.
Kochi.

BANKERS:

State Bank of Travancore
Bank of Baroda
State Bank of India
State Bank of Hyderabad
Bank of India
Canara Bank
Dena Bank

LEGAL ADVISORS:

M/s. Menon & Pai, Advocates,
Kochi.
M/s. T.P.M. Ibrahim Khan,
Advocate, Kochi

**REGISTRARS AND SHARE
TRANSFER AGENTS :**

M/s. Sharepro Services
Satam Estate, 3rd Floor,
Above Bank of Baroda
Cardinal Gracious Road.
Chakala, Andheri (East),
Mumbai 400 099



SHRI D.K. VARMA,
Chairman and Managing Director

SHRI P.K. RAMDAS
Director (Finance)

SHRI P. JAYARAMAN
Director (Technical)

SHRI S.K. RAY
Director

SHRI RAJEEV KAPOOR
Director

BOARD OF DIRECTORS

SHRI K. MOHANDAS
Director

SHRI ABRAHAM THOMAS
Chairman and Managing Director,
(Upto 13-03-1998)

SHRI D.K. SIKRI, Director
(Upto 15-12-1997)

SHRI KURUVILLA JOHN, Director
(Upto 28-07-1998)

SHRI SAURABH CHANDRA, Director
(Upto 01 - 08 - 1998)

SHRI G. MOHANAKUMAR
Executive Director (Vigilance)

SHRI T.T. THOMAS
Executive Director (Marketing)

SHRI J. NARAYANAMURTHY
Executive Director (CEW)

SHRI P. RADHAKRISHNAN
Executive Director (Project)

EXECUTIVE DIRECTORS



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

Registered Office : Eloor, Udyogamandal, Kochi.

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 54th Annual General Meeting of the Company will be held on Monday, the 28th day of September 1998 at 10.00 AM at the M.K.K.Nayar Memorial Hall 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 1998 and the Profit and Loss Account for the year ended on that date and Reports of the Directors and Auditors thereon.

proposing Shri Rajeev Kapoor for election as a Director of the Company at this Annual General Meeting.

4. To elect Shri K.Mohandas as a Director of the Company.

Special Business

2. To elect Shri S.K. Ray as a Director of the Company.

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

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

By Order of the Board of Directors

3. To elect Shri Rajeev Kapoor as a Director of the Company.

The Company has received notice in terms of Section 257 of the Companies Act, 1956

Eloor , Udyogamandal
17 - 8 - 1998

Sd/-

K.Padmadasan
Company Secretary

Note :

1. The Register of Members will be closed from 16th September 1998 to 28th September 1998, both days inclusive.
2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
3. The relative explanatory statement required under Section 173 of the Companies Act, 1956 is given below.

**EXPLANATORY STATEMENT UNDER
SECTION 173 OF THE COMPANIES ACT,
1956 IN RESPECT OF THE SPECIAL
BUSINESS TO BE TRANSACTED AT
THE MEETING**

Item No. 2

Shri S.K. Ray was appointed as the Director of the Company with effect from 9th December 1997 by the Board, consequent to the advice received from the Government of India in pursuance of Article 80 (c) of the Articles of Association of the Company. 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.K. Ray is interested in the Resolution.

Item No. 3

Shri Rajeev Kapoor was appointed as the Director of the Company with effect from 27th May, 1998 by the Board consequent to the advice received from the Government of India in pursuance of Article 80 (c) of the Articles of Association of the Company. 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 Rajeev Kapoor is interested in the Resolution.

Item No. 4

Shri K. Mohandas was appointed as the Director of the Company with effect from 7th July, 1998 by the Board, consequent to the advice received from the Government of Kerala in pursuance of Article 80 (a) of the Articles of Association of the Company. 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 K.Mohandas is interested in the Resolution.



DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the 54th Annual Report together with the audited accounts of the Company for the year ended 31st March, 1998.

During the year under Report the Company achieved its highest ever turnover. There was also a significant increase in Nutrient Nitrogen production and in Fertiliser sales compared to the previous year.

HIGHLIGHTS

| | 1997-98 | 1996-97 |
|--|---------|---------|
| 1. Turnover (Rs. lakhs) | 126340 | 108050 |
| 2. Production | | |
| N (In '000 Tonnes) | 292.69 | 280.46 |
| P ₂ O ₅ (In '000 Tonnes) | 128.54 | 131.69 |
| Caprolactam (In '000 Tonnes) | 40.45 | 41.06 |
| 3. Sales | | |
| Fertilisers (In '000 Tonnes) | 1260.88 | 1104.33 |
| Caprolactam (") | 39.55 | 40.83 |
| 4. Profit (Rs. lakhs) | | |
| Profit before Tax | 6062.38 | 7115.20 |
| Provision for Taxation | 668.00 | 936.93 |
| Profit after Tax | 5394.38 | 6178.27 |

During the year, performance in general was satisfactory despite power shortages & peak hour load restrictions, increased input costs and unremunerative selling prices.

The factors which affected the financial performance of the Company during the year 1997-98 continue to erode the profitability of the Company during the current financial year as well. This, coupled with the higher incidence of interest

and depreciation consequent to capitalisation of the recently commissioned 900 TPD Ammonia Project, is likely to have a serious impact on the current financial year (1998-99) working results of the Company.

Your Directors, faced with a projected unsatisfactory financial performance in 1998-99 and to conserve resources, do not propose to recommend any dividend for the financial year 1997-98.



The most significant event in the year under report was the commissioning of the new 900TPD Ammonia Plant at Udyogamandal. The capitalisation of the Project expenditure has been done effective 22nd March, 1998. Some residual work on the Ammonia Storage Tank, the Sub-way connecting the new Plant with Udyogamandal Division, the Purge Gas Recovery Unit and one Boiler in the Captive Power Plant which form part of the Project will also be completed during the current financial year.

Performance of Divisions

Udyogamandal Division

A quantity of 184556 MT of Ammonium Sulphate and 124026 MT of Factamfos 20:20 were produced against 188088 tonnes of Ammonium Sulphate and 139735 MT of Factamfos respectively during the previous year.

Production was hampered due to power restrictions imposed by the Kerala State Electricity Board, extended annual turnaround owing to maintenance on TG set at Petrochemical Division and Ammonia shortage during February-March 1998.

Nutrient - wise, the production of N and P_2O_5 was 62824 tonnes and 24805 tonnes respectively.

Cochin Division

Production of Ammonia and Urea was an all-time record of 172715 MTs and 274200 MT respectively. Production of Complex fertilisers was 518693 MT. Nutrient-wise the achievement was 229871 MT of Nitrogen and 103739 MT of P_2O_5 with capacity utilisation of 93% and 102% respectively.

Performance was affected by the powercut imposed by the Kerala State Electricity Board, frequent power interruptions coupled with peak hour load shedding and low voltage.

A new facility for unloading Ammonia barges was commissioned at Ambalamedu to facilitate transportation of Ammonia by barges from the 900 TPD Ammonia Plant at Udyogamandal.

Petrochemical Division

A quantity of 40,451 MT of Caprolactam was produced as against 41,058 MT the previous year.

The total sales of Caprolactam during the financial year was 39,551 MT as against 40825 MT the previous year.

Marketing Division

An all time high record in sales value of fertilisers at Rs. 964.15 crores was registered, compared to Rs. 780.5 crores in the previous year. MOP sales of 71,226 tonnes during the year was also an all time record.

Sales of Bio-fertilisers continued in Tamilnadu and Karnataka. A total quantity of 52,299 Kgs valued at Rs.26.44 lakhs was sold during the year compared to 46270 Kgs valued at Rs. 18.00 lakhs the previous year.

A quantity of 1.8 lakh litres of pesticides valued at Rs. 5.56 crores were sold during the year as against 1.36 lakh litres valued at Rs. 4.77 crores the previous year.

A total number of 213 Agricultural Seminars, 234 Fertiliser Demonstrations, 222 field days, 11 farmer training and visit programmes, 30 Krishi Vigyan Kendras 31 Special crop campaigns were organised. FACT's Soil Testing Laboratories analysed 32,870 soil samples collected from farmers' fields and gave appropriate fertiliser recommendation. Special Demonstrations on Bio-fertilisers & Bio-pesticides were also organised. For popularising Integrated Pest Management (IPM), group training of farmers were organised in all the four Southern States. Five backward villages and four tribal villages were adopted for overall socio-economic development.

As per a Special Scheme for Rural Development, four tribal villages were adopted. In addition 16 backward villages in Hassan district of Karnataka were adopted. The action programme in these villages included infrastructural development like construction of Anganwadi, Bus Shelter, Drinking water facility etc., Agricultural Development and Socio-economic development. A total number of 20 villages were benefited from the programme.

FACT Engineering & Design Organisation (FEDO)

The turnover for the year was Rs. 1317 lakhs against Rs. 1128 lakhs the previous year. The value of orders on hand as on 31-3-1998 stood at Rs. 1645 lakhs against 3247 lakhs as at 31-3-1997.



One of the major jobs completed by FEDO during the year was the Ammonia Plant Revamp Project of M/s. Madras Fertilisers Limited (MFL) which was commissioned in September, 1997.

FEDO is handling the various ongoing projects of the Company. The external projects include Mangalore Coastal Installation for BPCL and additional product storage tank for Cochin Refineries Limited.

FACT Engineering Works (FEW)

The turnover for the year was Rs. 982 lakhs against Rs. 996 lakhs the previous year.

In order to take up fabrication of sophisticated equipment like Heat Exchangers and High Pressure Vessels, FEW proposes to augment its shop facilities with the addition of CNC Drilling Machine, Rotator and Diesel Generator Sets.

Research & Development

The Company continued with its various ongoing research projects. One of the important achievements has been commercialisation of the technology developed by R&D Laboratory to make cleaning powder from by products/waste products.

A 150 TPA Bio-fertiliser Plant is being set up at the R&D premises. A grant of Rs. 20 lakhs was received from Government of India for this plant.

IIT, Madras and FACT have signed a MOU for collaborating in a project to develop a process to produce fibre reinforced Polymer Matrix Composite (PMC) from Caprolactam for use as engineering plastic, through pultrusion NYRIP process. Another project being taken up is to make Methyl Ethyl Ketoxime (MEKO) used as an antiskinning agent, utilising Hyam Sulphate solution, an intermediate product from Caprolactam Plant.

R&D Centre continued with the field trials of Slow Release Fertilisers assisted by Kerala Agricultural University and Tamil Nadu Agricultural University under PATSER Scheme sponsored by DSIR. The studies are in the last phase.

Exports

The Company exported a quantity of 6187 MTs of Caprolactam to South Korea, China and Taiwan

against 4447 MTs in the previous year.

The foreign exchange earning of \$ 8.9 million FOB through export of Caprolactam in 1997-98 is an all time record. The corresponding figure for the previous year was only \$ 5.9 millions, FOB.

Industrial Relations

The Industrial Relations front has been generally peaceful. The last Long Term settlement expired on 31-12-1996. All the recognised Trade Unions have submitted their charter of demands for the fresh LTS to be effective from 1-1-1997. Eventhough the discussions on the same have been initiated, since the Government guidelines on wage revision are yet to be received, no progress has been achieved. Pay Revision of Managerial Personnel holding posts below Board level is also due from 1-1-1997.

Human Resources Development

A scheme for delayering and restructuring of Managerial cadre was implemented with the objectives of reducing the number of hierarchical layers of the organisation for faster response and for speeding up decision making.

Training and Development activities undertaken by the Management Development Centre and divisional training centres, covered a total of 3578 employees in about 184 programmes.

SC/ST Upliftment

As on 31-3-1998 the Company had 945 SC and 169 ST employees on its rolls. Many of these employees were sponsored for various training programmes with a view to upgrade their competencies for effective utilisation on the job and for their career advancement.

Environment

During the year top priority was given for Pollution Control in all our Plants. By keeping a close watch and maintaining stringent operating conditions quality of exhaust gases were contained within the standards prescribed by Central/State Pollution Control Board. To ensure clean air and better living environment to the inhabitants around our factories, the Company continued to enhance the tree population to expand the green belt.



Quality & Standards

The Company gives prime importance to quality systems and standards. During 1995-96 FEDO was awarded ISO 9001:1994 for Consultancy, Design, Engineering services etc. In the same year, Petrochemical Division was awarded ISO 9002:1994.

During 1997-98 Cochin Division was awarded ISO 9002 for the quality system of its complex fertilisers NP 20:20 and DAP 18:46.

Fire & Safety

The Safety Committees and the house-keeping inspection committees functioned effectively to help maintain safe working conditions at the plants/work areas.

To ensure safe and trouble free operations of the Plants, Safety Audits are conducted and the recommendations are implemented.

Energy Conservation

A detailed division-wise report on energy conservation is given in the Annexure.

Expansion and Modernisation

The Company has on hand several modernisation and expansion projects including Replacement of Product Conveyor System and DCS Conversion of Phase I Plant, at Cochin Division.

The Company is presently exploring opportunities available for joint venture projects abroad in the field of fertiliser and related activities. The Company also proposes to utilise services of an external Consultant to evolve Corporate Long Term Planning to meet the challenges ahead.

Hindi

The Official Language Implementation Committee of the Company continued to function effectively during the year. Regular meetings were held to review the Progress in the use of Hindi and to plan measures to speed up the same.

Visit of Parliamentary Committee

During the year 1997-98, First Sub-committee of the Committee of Parliament on Official Language and the Parliament Committee on Papers laid on the table Rajya Sabha visited and held discussions.

Award and recognitions

FACT was awarded the Indian Institution of Industrial Engineering award for performance excellence for 1996.

Udyogamandal Division was adjudged as the winner for the out-standing performance in industrial safety by National safety Council under the Category for Group-I Chemical Industries which worked more than 2 million man hours.

Cochin Division won the Industrial Safety Award for its Ammonia Handling and Raw Material site at Willington Island from National Safety Council, Kerala Chapter for the year 1997-98.

Petrochemical Division has bagged award for the second position, in the Category of Chemical and Petrochemical Industries, for low accident rate achieved during the three year period between 1995 and 1997, instituted by the National Safety Council Kerala Chapter.

Auditors

The Ministry of Law, Justice and Company Affairs, Government of India, re-appointed M/s. Ayyar & Cherian and M/s. Balan & Co., Chartered Accountants as Joint Statutory Auditors, M/s. Shanthamurthy & Co and M/s. Ananthan & Sundaram were reappointed and M/s. G.K. Rao & Co. and M/s. Sundar & Co were appointed as Branch Auditors to audit the accounts for the year ended 31st March 1998.

Cost Audit

The Government of India has approved the appointment of M/s. N.P. Gopalakrishnan & Co., as Cost Auditors of the Company for the year ended 31st March 1998.