



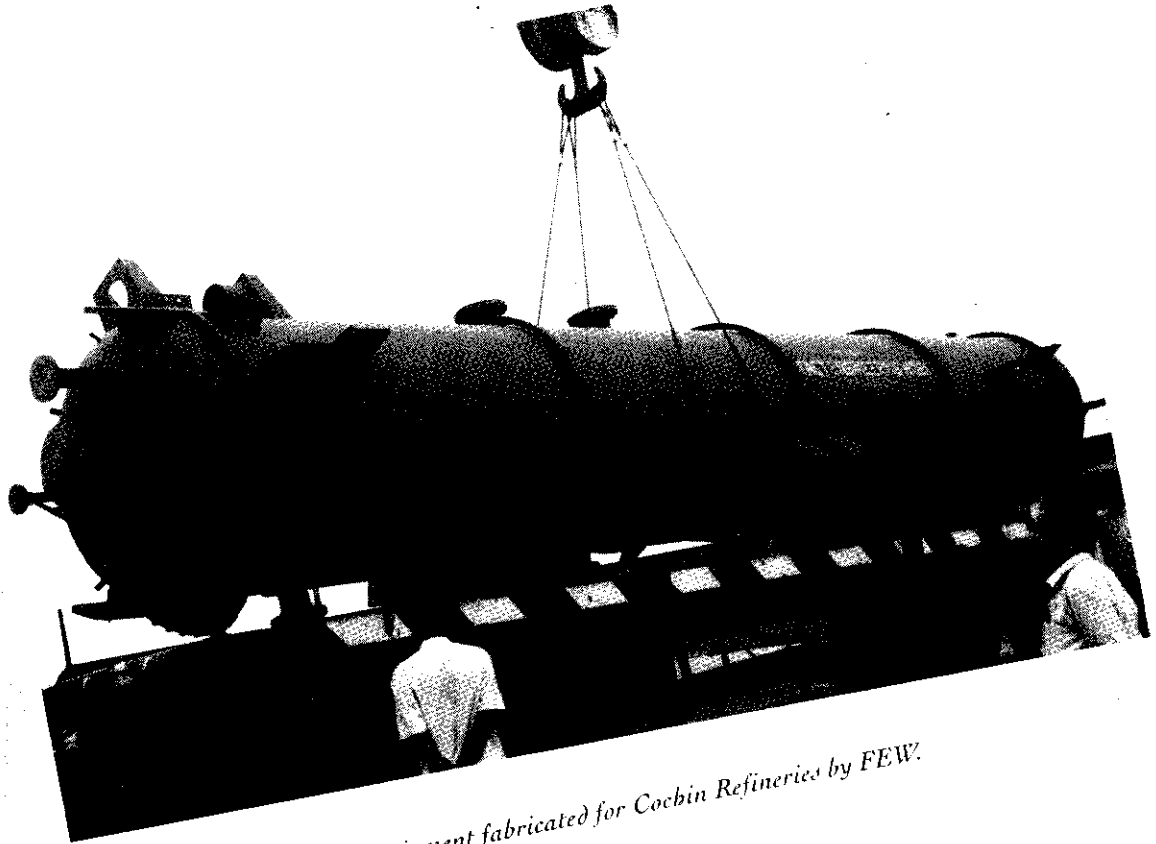
VISION ACROSS MILLENNIUMS

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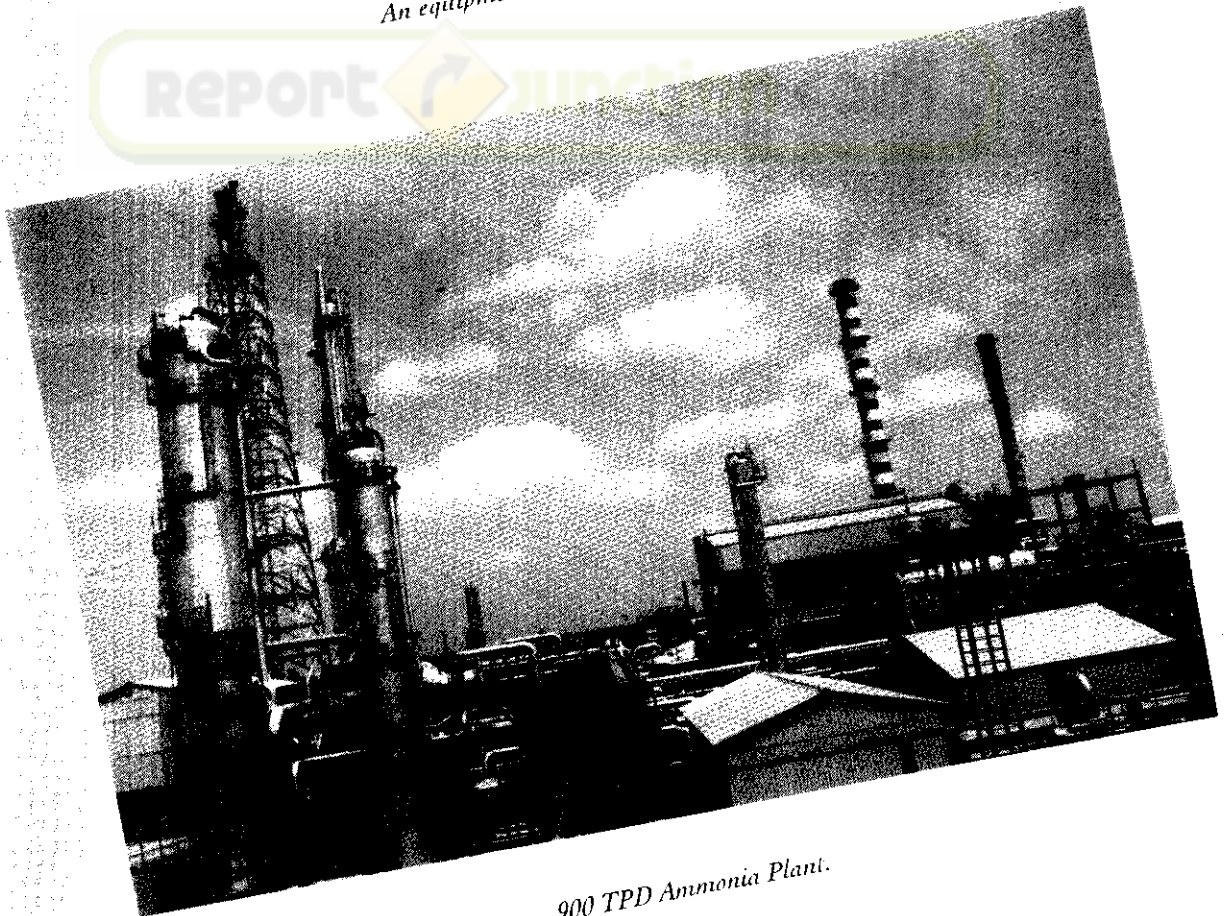


PIONEERS IN PROGRESS

55-ാമത് വാർഷിക റിപ്പോർട്ട് 55th ANNUAL REPORT 1998-99



An equipment fabricated for Cochin Refineries by FEW.



900 TPD Ammonia Plant.



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

Registered Office: Eloor, Udyogamandal, Kochi.

Notice is hereby given that the 55th Annual General Meeting of the Company will be held on Wednesday, the 29th day of September, 1999 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, 1999 and the Profit and Loss Account for the year ended on that date and Reports of the Directors and Auditors thereon.
2. To elect a Director in place of Shri P. Jayaraman who retires at this Annual General Meeting and being eligible offers himself for re-election.
3. To elect a Director in place of Shri S.K. Ray who retires at this Annual General Meeting and being eligible offers himself for re-election.

Special Business

4. To elect Shri Ravi Mathur as a Director of the Company.

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

5. To elect Shri A.N. Aggarwal as a Director of the Company.

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

NOTICE TO SHAREHOLDERS

Report Junction

6. To elect Dr. R.S. Venkataraman as a Director of the Company.

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

7. To elect Prof. R. Arockiasamy as a Director of the Company.

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

By Order of the Board of Directors,

Sd/-

K. Padmadasan

COMPANY SECRETARY

Eloor, Udyogamandal,

12.08.1999.

Note:

1. The Register of Members will be closed from 16th September 1999 to 29th September 1999 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.4:

Shri Ravi Mathur was appointed as the Director of the Company with effect from 29th July 1999 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 Ravi Mathur is interested in the Resolution.

Item No.5:

Shri A.N. Aggarwal was appointed as the Director of the Company with effect from 10th August, 1999 by the Board, consequent to the advice received from the Government of India, in pursuance of Article 80 [c] read with Article 94 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 A.N. Aggarwal is interested in the Resolution.

Item No.6:

Dr. R.S. Venkataraman was appointed as the Director of the Company with effect from 10th August, 1999 by the Board, consequent to the advice received from the Government of India, in pursuance of Article 80 [c] read with Article 94 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 Dr.R.S. Venkataraman is interested in the Resolution.

Item No.7:

Prof. R. Arockiasamy was appointed as the Director of the Company with effect from 10th August, 1999 by the Board, consequent to the advice received from the Government of India, in pursuance of Article 80 [c] read with Article 94 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 Prof. R. Arockiasamy is interested in the Resolution.



**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. Abraham & Jose, 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

WEBSITE:

www.fedo.com
www.caprolactamfact.com



To the Members,

Your Directors have pleasure in presenting the 55th Annual Report of the Company along with the Auditors' Report for the year ended 31st March, 1999.

During the year under report, your Company scaled new heights in production and marketing of fertilisers by registering an all time production record of 7.38 lakh MT of Phosphatic fertilisers with a turnover of Rs.1014 crores. Despite creditable performances and improved capacity utilisation in the closing months of the year, the financial performance of the Company was worse than the previous year.

The year under Report represent the

maiden full year of operations of the 900 TPD Ammonia Plant. The low capacity utilisation of the new Ammonia plant with high capital related charges resulted in high cost of ammonia affecting the profitability of Factamfos, Ammonium Sulphate and Caprolactam adversely. The prices of main raw materials namely imported phosphoric acid, ammonia, rock phosphate and naphtha were higher than those in 1997-98, though the prices of benzene and sulphur were lower in 1998-99 than that in 1997-98. After providing Rs.62 crores for depreciation and Rs.76 crores for interest on long term loans, net working results for the year 1998-99 show a loss of Rs.48 crores. However, the Company earned a cash profit of Rs.14 crores.

DIRECTORS' REPORT 1998-99

THE HIGHLIGHTS

	1998-99	1997-98
1. Turnover (Rs. lakhs)	127078	126340
2. Production (In '000 M. Tonnes)		
N	268.70	292.69
P2O5	147.57	128.54
Caprolactam	38.78	40.45
3. Sales (In '000 M. Tonnes)		
Fertilisers	1208.00	1260.88
Caprolactam	40.31	39.55

PERFORMANCE OF DIVISIONS

Udyogamandal Division: The performance of the Division was satisfactory. The production of Ammonium Sulphate and Factamfos 20:20:0:15 were 179238 MT & 157639 MT against 184556 MT and 124026 MT respectively during the previous year. Nutrient Nitrogen production was 68451 MT with capacity utilisation of 90% and Nutrient P2O5 production was 31528 MT with capacity utilisation of 106%.

Frequent power failures, voltage dips and load shedding at peak hours affected the production performance of the division. Power availability at normal cost was restricted to 70% by Kerala State Electricity Board (KSEB) for the period 1.4.1998 to

15.7.1998. Though this restriction was lifted from 16.7.98, KSEB introduced Time Off Day metering which imposed an additional cost burden on Udyogamandal Division from 01.12.98 onwards.

Cochin Division: The production of Factamfos was an all time record since inception. The Division produced 580200 MT of Factamfos against the previous best 575137 MT during 1995-96. New RCC Urea Prilling Tower commenced prilling during July-August 1998. Urea production during the year was 183065 MT.

Ageing plant and equipment led to frequent failure of equipments in ammonia and urea plant. Steps are under way to strengthen weaknesses in the plants.

The Division produced 200250 MT of Nutrient Nitrogen and 116040 MT of Nutrient P₂O₅ with capacity utilisation of 81% and 114% respectively.

Petrochemical Division: The Division produced 38783 MT of Caprolactam during the year as against 40451 MT in 1997-98. Production fell short of the previous year's achievements due to reduction of plant loads between September and November 1998 owing to poor off take and stoppage of plants for about a month between November and December on account of shutdown of the 900 TPD Ammonia Plant.

The sales turnover of Caprolactam for the year was Rs.234 crores as against Rs.270 crores during the previous year. The drop in the sales value was mainly due to the reduction in price in the domestic market owing to the reduction in the prices of Caprolactam in international market.

Marketing Division: The Division achieved an all time record sales of Rs.1014 crores of fertilisers as compared to Rs.964 crores during the previous year. The total sales of fertilisers was 12.08 lakh MT as against 12.60 lakh MT during 1997-98. The overall demand for the company's products during the year was good.

Sales of 7.39 lakh MT of Factamfos was better than 7.01 lakh MT in the previous year. The Company continued its import handling operations of Muriate of Potash. Sale of MOP was 48,000 MT. The sale of biofertilisers was 76,000 Kgs valued at Rs.39 lakhs compared to 52,000 Kgs valued at Rs.26 lakhs during the previous year. The sale of pesticides was 2.32 lakh litres valued at Rs.6.91 crores compared to 1.8 lakh litres valued at Rs.5.56 crores during the previous year.

Farmer's Education and Fertiliser promotion activities were carried out with dedication in the four southern states. A total number of 213 fertiliser demonstrations, 176 agricultural seminars, 9 farmers training and visit programmes, 26 special crop campaigns, were conducted. 20 Krishi Vigyan Kendras and 70 rural exhibitions were organised.

FACT soil testing laboratories analysed 25888 soil samples collected from farmers' fields for recommendation of fertiliser doses for each field. Special demonstrations on bio-fertilisers and bio-pesticides, incorporating the latest techniques on Integrated Pest Management were laid out. Sufficient training for popularising Integrated Pest Management were given to selected farmers in all the 4 southern states. In order to improve the socio economic status, 4 backward and 4 tribal villages were adopted. The annual programmes in these villages included infrastructural developments like construction of Anganwadi, Community centres, provision of drinking water facility, medical camp and veterinary camps, intended for agricultural development as well as socio economic development.

FACT Engineering & Design Organisation (FEDO): The turnover for the year 1998-99 was Rs.11 Crores as against Rs.13 crores in 1997-98. The value of orders on hand as on 31.3.1999 stood at Rs.11 crores.

During the year FEDO did the work of process design of gas separators for Kuwait Oil Company through KREMENCO. FEDO also deputed its personnel to Kuwait for a Company Al-Essa. The total earnings in foreign currency amounted to Rs.94 lakhs.

FACT Engineering Works (FEW): The turnover of FEW for the Financial Year 1998-99 was Rs.676 lakhs as against Rs.982 lakhs for the year 1997-98. During the year 1998-99 FEW bagged orders worth Rs.412.75 lakhs.

RESEARCH & DEVELOPMENT

The Company continued with its ongoing research programmes. A process was developed for the preparation of Methyl Ethyl Ketoxime, an anti skinning agent used in paint industry, in the bench scale.

NYRIP process, a collaborative project with IIT Madras to prepare engineering plastics from Caprolactam progressed satisfactorily. During the year IIT, Madras was doing experiments in the Pilot Plant and FACT Engineering and Design Organisation is interacting with IIT for developing an

automatic control panel to regulate the process parameters.

R&D Centre continued with the field trials of Slow Release Fertilisers. This PATSER Scheme Project partially funded by Ministry of Science & Technology is due to end in October 1999. Kerala Agricultural University and Tamil Nadu Agricultural University have done three years field trial studies on the crops of Paddy, Sugarcane and Banana. Efforts were also on to confirm the results on a bigger farmers field in the supervision of our Marketing Division. The shortlisted slow release formulations are being evaluated for their technical viability.

A 150 TPA Bio-fertiliser plant is being set up with a grant of Rs.20 lakhs from Government of India.

EXPORTS

During the year under review, the Company achieved an all time record in the export of Caprolactam. 10017 MT of Caprolactam was exported during the financial year as against 6187 MT during the previous year. The countries to which Caprolactam was exported include Taiwan, China, S.Korea, Australia, Slovenia and Ireland.

The export house status granted by the Directorate General of Foreign Trade Government of India in 1995 has been renewed on the basis of our continuing good export performance.

HUMAN RESOURCES DEVELOPMENT

Industrial Relations: The Industrial Relations situation was generally peaceful. There were no instances of work stoppage affecting the normal operations of the Company except for a one day strike by ten out of the eleven recognised Trade Unions of the Company on 11.12.1998 in response to the strike call given by the National Convention Committee on Public Sector Trade Unions. However, the operations of the Company were only partially affected by the strike.

Training and Development: Training and Development activities of managerial personnel was carried out at the Management Development Centre. The two training

Schools at Udyogamandal and Cochin Division provided training facilities to workmen. A total of 98 in-house programmes were conducted during the year, covering 1717 employees. Besides 168 employees were sponsored for 91 external training programmes during the year.

SC/ST Upliftment: As on 31.3.1999 we had 935 SC and 167 ST employees on our rolls. SC/ST employees are also sponsored for the various training programmes in order to enhance their effectiveness on the job.

The Company has adopted 4 tribal villages in the Southern States, conducted free medical camps and provided drinking water in these villages for the socio-economic development of SCs/STs.

ENVIRONMENT MANAGEMENT

The Company continued to give top priority to ensure clean air and better living environment to the inhabitants around the factory. The effluent treatment plants were kept in operation throughout the year and the treated effluents were within the standards set by the Pollution Control Board. The quality of the ambient air is monitored regularly in and around the factory. The extensive green belts around the factories is being extended in a phased manner to ensure clear air and better living environment for local inhabitants.

Reaffirming our commitment to the environment, action has been initiated for ISO 14000 certification for the Environment Management Systems of all the production divisions.

SAFETY MANAGEMENT

To ensure a safe and trouble free operations, safety measures are given top most priority. Safety Department and Management Development Centre organises periodical safety training for workers and supervisors. A safety first committee consisting of representatives of workers and management is functioning very effectively. All complaints regarding safety of employees and plants are discussed and appropriate action taken.

EXPANSION AND MODERNIZATION

The company will receive budgetary support of Rs.35 crores during 1999-2000 for undertaking essential modernisation and revamping schemes. Major schemes being undertaken are

- (i) Conversion of the Control System in Cochin Phase-I plants to state-of-Art Distributed Control System. Rs.9.27 crores will be spent during the year 1999-2000.
- (ii) Revamp of the 3 Boilers of the Cochin Division Thermal Plant. Rs.3.75 crores will be spent during the year 1999-2000.
- (iii) Replacement of the Carbonate pumps, High Pressure Valves and other critical items in the Urea Plant.
- (iv) DCS will be upgraded in Petrochemical Division during the year 1999-2000.

RAJBHASHA

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

VISIT OF PARLIAMENTARY COMMITTEE

During the year 1998-99, Study Group-II of Standing Committee on Labour and Welfare and Study Group-I of Standing Committee on Petroleum and Chemicals visited and held discussions. The First Sub Committee of the Committee of Parliament on Official Language visited the Madurai Regional Office.

AWARD AND RECOGNITIONS

FACT Udyogamandal Division got the first price for outstanding performance in Industrial Safety organised by the National Safety Council, Kerala Chapter by achieving the lowest frequency rate of accidents in large size Chemical Industries.

The Auditors from TUV India Pvt Ltd have recommended recertification of ISO-9002 quality systems to Petrochemical Division, on expiry of the validity period of the original

certification obtained in February 1996.

AUDITORS

The Ministry of Law, Justice and Company Affairs, Government of India, re-appointed M/s. Balan & Co., Chartered Accountants and appointed M/s. Abraham and Jose, Chartered Accountants as Joint Statutory Auditors. M/s. Shanthamurthy & Co., M/s. Ananthan & Sundaram, M/s. Sundar & Co., and M/s. C.K. Rao & Co., were reappointed as Branch Auditors to audit the accounts for the year ended 31st March 1999.

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 1999.

DIRECTORS

Shri V.N. Rai took over as Chairman and Managing Director of the company with effect from 15th December 1998. Shri S.K. Ray, Shri Rajeev Kapoor and Shri K. Mohandas were elected as Directors of the Company at the 54th Annual General Meeting held on 28th September 1998.

Shri Ravi Mathur, Jt. Secretary, Department of Fertilisers, Ministry of Chemicals & Fertilisers, government of India was co-opted as a Director on the Board of the Company on 29th July 1999.

Shri Kuruvilla John, Director and Shri Saurabh Chandra, Director resigned from the Board w.e.f 28.7.1998 and 1.8.1998 respectively.

Shri Rajeev Kapoor, Director resigned from the Board of the Company with effect from 30.7.1999.

Shri D.K. Varma, Chairman-cum-Managing Director, Rashtriya Chemicals and Fertilizers held the additional charge of the post of Chairman and Managing Director from 16th April 1998 to 15th December 1998.

The Board place on record the valuable service rendered by Shri D.K. Varma as Chairman and Managing Director, Shri