


69th

वार्षिक रिपोर्ट
Annual Report
2012-2013



FACT Soaring heights, Surmounting challenges



FACT

PIONEERS IN PROGRESS

दि फर्टिलाइजर्स एण्ड केमिकल्स ट्रावनकोर लिमिटेड
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>

CMD MEETS HON'BLE CHIEF MINISTER



*CMD Shri **Jaiveer Srivastava** having discussion with Shri **Oommen Chandy**, Hon'ble Chief Minister of Kerala at Thiruvananthapuram. Shri **V K Anil D(T)** is also seen.*

CMD VISITS RUSSIA



*An Indian fertilizer delegation of Shri **V K Subburaj**, IAS, Addl. Secretary & Financial Adviser, Ministry of Chemicals and Fertilizers and Director of FACT, Shri **Jaiveer Srivastava**, CMD and Shri **S C Gupta**, IAS, Jt. Secretary Dept. of Fertilizers, visited Russia to explore possibilities of sourcing Potash and Rock Phosphate for various fertilizer companies in India. The photograph shows Shri **V K Subburaj** and Shri **Jaiveer Srivastava** with a representative of M/s Acron, Moscow.*

BOARD OF DIRECTORS
AS ON 28-10-2013



Shri. Jaiveer Srivastava
Chairman & Managing Director



Shri. P. Muthusamy
Director (Finance)



Shri. V.K. Anil
Director (Technical)



Shri. V.K. Subburaj
Director (Govt. Nominee)



Shri. S.C. Gupta
Director (Govt. Nominee)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri **Jaiveer Srivastava**, Chairman & Managing Director (From 01.04.2013)

Shri **P. Muthusamy**, Director (Finance)

Shri **V.K. Anil**, Director (Technical)

Shri **V.K. Subburaj**, Govt.of India Nominee Director (From 03.05.2013)

Shri **S.C. Gupta**, Govt.of India Nominee Director

Shri **Sham Lal Goyal**, Chairman & Managing Director (upto 31.03.2013)

Dr. **V. Rajagopalan**, Govt.of India Nominee Director (upto 02.05.2013)

Shri **P.K. Chandrasekharan**, Director (Marketing) (upto 30.09.2013)

CHIEF VIGILANCE OFFICER

Shri **J. Vinayan**, IRTS

GENERAL MANAGERS

Shri **Sukumaran K.V.** (FEDO & FEW)

Shri **Hariharan S.** (Corporate Finance)

Shri **George Joseph K.** (International Trading)

Shri **Pradeep J.P.** (HR & BD)

Shri **Pradeep Kumar D.** (Corporate)

Shri **Nandakumar D.** (Marketing)

COMPANY SECRETARY

Shri **Balakrishnan Nair K.V.**

AUDITORS

Statutory Auditors

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

Branch Auditors

M/s. **R. Sadasivan and co.**
Chartered Accountants, Chennai
M/s. **Ramanatham and Rao**
Chartered Accountants, Hyderabad

Cost Auditors

M/s. **BBS & Associates**
Cost Accountants, Kochi

BANKERS

State Bank of Travancore

State Bank of India

Bank of India

Dena Bank

Bank of Baroda

State Bank of Hyderabad

Canara Bank



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Registered Office: Eloor, Udyogamandal, Kochi.

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 69th Annual General Meeting of the Company will be held on Friday the 27th day of December, 2013 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, 2013 and the Profit and Loss Statement for the year ended on that date and Reports of the Directors and Auditors thereon.
2. To elect a Director in place of Shri S.C.Gupta, who retires at the Annual General meeting and being eligible offers himself for re-election.

Special Business

3. To elect Shri V.K.Subburaj, as a Director of the company.

The Company has received Notice in terms of Section 257 of the Companies Act, 1956 proposing Shri V.K.Subburaj, 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 : 26th November 2013

Note:

1. The Register of Members will be closed from 24th December 2013 to 27th December 2013 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 102 of the Companies Act, 2013 is given below:

Explanatory Statement Under Section 102 of the Companies Act, 2013 in respect of the Special Business to be transacted at the Meeting.

Item No.3

Government of India, Ministry of Chemicals and Fertilisers, Department of Fertilisers vide Order No. 130/8/2003-HR-1 dated 02nd May 2013 appointed Shri V.K.Subburaj, 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, Shri. V.K.Subburaj was co-opted as additional Director of the Company with effect from 03.05.2013. 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.K.Subburaj, is interested in the resolution.



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

REGISTERED OFFICE : Eloor, Udyogamandal, Kochi, Kerala

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 69th Annual Report and audited accounts of the Company and the report of the Auditors for the year 2012-2013.

Your Directors are happy to inform you that FACT has successfully completed the online change over of Ammonia Plant to Re-gasified Natural Gas(RLNG). The commissioning and guarantee test run of CPP boilers in Petrochemical Plant with RLNG has also been completed. Change over from liquid feed stock and fuel to cleaner RLNG is a milestone in the history of FACT and this will help in gearing the operations of the company by reducing the CO₂ emission level.

The year 2012-13 was a challenging year for your company. The unprecedented adverse situation in all its core functional areas - production, finance and marketing has affected adversely the performance of the company for the year 2012-13. During the year under report, the Company had to face problems ranging from increase in the prices of raw materials to shut down of various plants of the company. However, we are happy to inform you that FACT has been able to tide over the adverse situation and to maintain a reasonable performance level and sustain its operations during the financial year 2012-2013.

PERFORMANCE – FINANCIAL, PRODUCTION AND SALES

A. FINANCIAL

₹ in lakh

		2012-13	2011-12
1.	Turnover	239380.00	293657.00
2.	Revenue from operations	231576.68	287604.83
3.	Other Income	1823.31	3670.17
4.	Total Revenue	233399.99	291275.00
5.	Total Expenses	268835.46	289295.19
6.	Profit / Loss (-) Before Tax	-35435.47	1979.81
7.	Exceptional item	39.29	Nil
8.	Profit / Loss (-) After tax	-35396.18	1979.81

Due to accumulated loss, your Directors are not recommending any dividend for the year 2012-13.

B. PRODUCTION

In Tonnes

		2012-13	2011-12
1.	Factamfos 20 : 20	537081	622256
2.	Ammonium Sulphate	126286	163468
3.	Caprolactam	15544	37854

C. SALES

In Tonnes

		2012-13	2011-12
1.	Fertilisers	740111	834580
2.	Capraolactam	17695	40963



THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

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Financial results of the company for the year 2012-2013 shows a loss of ₹35396 lakh as against the Profit of ₹1980 lakh during the year 2011-2012.

The increase in price of Benzene, the main raw material for Caprolactam production and unremunerative realization has resulted in shut down of Caprolactam plant from 11.10.2012. As a result of lower production of Caprolactam, there was under-absorption of fixed cost to the tune of ₹48 crore. The shut down of Caprolactam Plant has affected the production of Ammonium Sulphate also.

Due to non-availability of Phosphoric acid, Factamfos production was lower. The adverse climatic conditions and stock build up of fertilizers, forced the company to give additional discount on fertilizers to the tune of Rs.40 crore. Continuous losses, accumulated stock and delay in receipt of subsidy has adversely affected the working capital position. Due to severe constraint in working capital and stock built up, Factamfos and Ammonium Sulphate production was stopped from 9.2.2013 to 31.3.2013. As a result of lower production under absorption of fixed cost with regard to fertilizers was to the tune of ₹89 crore.

On adoption of the Accounts for the year 2012-13, the net-worth of the company will decrease to ₹-192.47 crore as against a net-worth of ₹161.49 crore as on 31.3.2012.

The company has submitted a comprehensive Financial Re-structuring package to the Government of India for sustainable operation of the Company which is under the consideration of the BRPSE/Government of India. Your board is hopeful of an early sanction of the financial relief package by the BRPSE/GoI. On approval of the financial relief package, the networth of the Company will be positive and the company shall remain out of the purview of BIFR.

FACT has drawn up an ambitious plan for expansion and diversification of the company which envisages complete turnaround of the company ensuring sustainable operation and continuous profit.

FACT's immediate focus is on maximizing production of Ammonium Sulphate and Complex fertilizers. FACT is focusing on long term arrangement for supply of raw materials and capacity enhancement of NP plant by adding 1000 TPD stream at Cochin Division. Trading of imported fertilizers is one area with high growth potentials. The Company is focusing on import of complex fertilizers and potash to supplement own production and thereby to enhance FACT's presence in

the market. FEDO and FEW, the engineering and fabrication divisions of FACT are gearing up to diversify their activities with entry into new areas and strengthening the core sector which are projected to generate extra revenue. FACT-RCF Building Products Ltd (FRBL) the joint venture with RCF for making load bearing Gypsum Panels, is focusing on its efforts to enter in to the building construction field in urban as well as in rural areas.

The production and marketing performance of the company for the 1st half of the financial year 2013-14 is encouraging. The Company is hopeful of achieving the targeted level of production and marketing of Fertilisers during the financial year 2013-14. However high cost of RLNG as compared to Natural Gas pose a threat to profitability of FACT. FACT has requested adequate compensation for high cost RLNG to have a level playing field as compared to other players, which is under the consideration of the Government.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A Management Discussion and Analysis Report covering the operational aspects during the year 2012-2013 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, 2013 and of profit and loss statement for the year ended March 31, 2013.

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

THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

REGISTERED OFFICE : Eloor, Udyogamandal, Kochi, Kerala

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 and Co., Chartered Accountants, Kochi, was re-appointed as Statutory Auditors of the Company for the year 2012-2013 by the Comptroller and Auditor General of India. M/s. R. Sadasivan and Co, Chartered Accountants, Chennai, and M/s. Ramanatham and Rao, Chartered Accountants, Hyderabad, were appointed as Branch Auditors of the Company for the year 2012-2013 by the Comptroller and Auditor General of India.

M/s. BBS & Associates, Cost Accountants, Kochi has been appointed as Cost Auditors of the Company for the year 2012-2013.

Comments of Statutory Auditors

The Statutory Auditors in their report has made certain comments on the Accounts of the Company for the year 2012-2013. The reply to the comments of Statutory Auditors are annexed to this report.

DIRECTORS

RETIREMENT & APPOINTMENTS

Government of India, Ministry of Chemicals and Fertilisers, Department of Fertilisers vide Order No. 86/ 5/2008-HR-I dated 12th February 2013 notified the appointment of Shri Jaiveer Srivastava, Chairman & Managing Director, Hindustan Prefab Limited, Jangpura, New Delhi 110 014, as Chairman and Managing Director of FACT. Shri Jaiveer Srivastava assumed charge of the post of Chairman & Managing Director with effect from 01.04.2013.

Government of India, Ministry of Chemicals and Fertilisers, Department of Fertilisers, vide Order No.130/ 8/2003-HR-1 dated 2nd May 2013 notified the appointment of Shri V.K.Subburaj, Additional Secretary & Financial Adviser (AS & FA), Department of Fertilisers, Ministry of Chemicals and Fertilisers as Part-time Official Director, in place of Dr.V. Rajagopalan.

On superannuation, Shri P.K. Chandrasekharan, Director (Marketing) retired from the service of FACT on 30.9.2013.

The Board place on record its appreciation of the valuable services rendered by Shri Sham Lal Goyal, Chairman and Managing Director, Dr. V. Rajagopalan, Director and Shri P.K. Chandrasekharan, Director (Marketing).

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.

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 endeavor 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/-
JAIVEER SRIVASTAVA

Chairman and Managing Director

Udyogamandal

Date: 22-11-2013

THE FERTILISERS AND CHEMICALS TRAVANCORE LIMITED

REGISTERED OFFICE : Eloor, Udyogamandal, Kochi, Kerala

ANNEXURE TO DIRECTORS' REPORT

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

A. Conservation of Energy

The raw-materials/utilities consumption of all the products is monitored regularly by evaluating the critical parameters. The raw-materials/energy efficiency is reviewed on a monthly basis to identify the weak areas and rectify the short comings.

B. Technology Absorption, Adaptation and Innovation

Efforts in brief

1. Conversion of Ammonia Plant to enable it to use natural gas as fuel and feed stock.
2. In Sulphuric Acid Plant at Udyogamandal, advanced condensate recovery system with a view to recovery of about 4 MT per hour of steam condensate and 0.5 MT/hour of flash steam is under implementation.

Benefits derived

1. Energy saving due to fuel change over is expected to be 0.3 Gcal/MT of Ammonia.
2. On implementation of advanced condensate recovery system, annual saving is estimated as ₹ 63 lakh.

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 2012-13, 3043 MT of Caprolactam was exported as against 9010 MT during 2011-12. The exports were mainly to

Malaysia. FACT is an associate member of Federation of Indian Export Organisation and hold Two Star Export House Status.

Details of foreign exchange earnings and outgo are given separately.

FOREIGN EXCHANGE EARNINGS AND OUTGO		
	Current Year ₹ in Lakh	Previous Year ₹ in Lakh
1) Foreign exchange earned	3951.60	15389.01
2) Foreign Exchange Outgo		
(i) C.I.F.Value of Imports:		
(a) Raw Materials	70600.53	100526.50
(b) Traded Products	7530.20	21599.16
(c) Spares and Other Materials	765.66	519.01
(d) Capital Goods	237.26	28.23
	79133.65	122672.90
(ii) Expenditure in Foreign Currency (Cash Basis)		
(a) Consultancy Service	118.66	254.21
(b) Others	20.75	25.59
	139.41	279.80
Total (i) + (ii)	79273.06	122952.70

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FORM A

Form for disclosure of particulars with respect to conservation of energy: 2012-2013

(A) POWER AND FUEL CONSUMPTION

Particulars	Udyogamandal Division		Cochin Division		Petrochemical Division	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
(1) ELECTRICITY						
(a) Purchased						
Unit: Lakh KWH	484.32	543.32	501.08	529.81	185.67	317.27
Amount ₹ in lakh	2318.86	2010.90	2331.11	1937.67	873.77	1166.71
Rate/Unit: ₹/KWH	4.79	3.69	4.65	3.66	4.71	3.69
(b) Own Generation						
(i) Through Steam						
Turbine/Generator						
Unit: Lakh KWH	183.40	200.12	-	-	192.25	370.87
Unit per liter of fuel						
KWH/liter	3.06	3.71	-	-	3.35	3.41
Cost/Unit: ₹/KWH at normative levels	17.22	13.09	-	-	14.06	11.95
(ii) Transfer from other Divisions						
Unit: Lakh KWH	0.42	-	-	-	9.93	29.99
Unit per liter of fuel						
KWH/liter	3.35	-	-	-	3.06	3.71
Cost/Unit: ₹/KWH at normative levels	14.06	-	-	-	17.22	13.09
(2) FURNACE OIL/LSHS						
Quantity: Tonnes	31723	42461	9897	10075	26262	45635
Total Cost ₹ in Lakh	12993	15506	4086	3540	10449	15821
Average Rate ₹/MT	40957	36518	41287	35137	39788	34669

(B) CONSUMPTION PER UNIT OF PRODUCTION

Sl. No	PRODUCT	ELECTRICITY			NAPHTHA			FURNACE OIL/LSHS		
		Unit	2012-13	2011-12	Unit	2012-13	2011-12	Unit	2012-13	2011-12
1	UDYOGAMANDAL DIVISION									
	Ammonia	KWH	155	127	MT	0.7007	0.6893	MT	0.2209	0.1858*
	Sulphuric Acid	KWH	87	77						
	Phosphoric Acid	KWH	-	-						
	Ammonium Sulphate	KWH	58	48						
	Factamfos 20:20	KWH	45	42				MT	0.0240	0.0232
2	COCHIN DIVISION									
	Sulphuric Acid	KWH	14	16				MT	0.0021	0.0017
	Phosphoric Acid	KWH	264	248						
	Factamfos 20:20	KWH	70	66				MT	0.0201	0.0202
3	PETROCHEMICAL DIVISION									
	Caprolactam	KWH	2207	1899				MT	1.2516	1.2269*

* Includes fuel oil used for power generation