

Udyogamandal Ammonia Plant Replacement Project



Ammonia production plant

Outline of Loan Agreement

Loan Amount / Disbursed Amount	24,482 million yen / 13,145 million yen
Loan Agreement	December 1992
Terms & Conditions	Interest rate 2.6%p.a. Repayment period 30 years (Grace period 10 years)
Final Disbursement Date	April 1999

Project Outline

An ammonia plant was constructed on the site of Udyogamandal Plant, owned by the national fertilizer company Fertilizers and Chemicals Travancore Ltd. (FACT), in order to supply the ammonia necessary for fertilizer production.

Results and Evaluation

Since becoming operational in May 1998, the operating ratio of the plant has increased steadily, and the frequency of production stoppages due to equipment malfunction, etc., has also decreased by a wide margin. As a result, the output volume topped the target level (267,000 tons/year) in fiscal 2000 (299,000 tons/year). Accordingly, in surpassing target levels for ammonia supplies to fertilizer plants operated by FACT, this project is evaluated as having contributed to stabilizing production of fertilizers and to realizing foreign currency savings via reductions in the volume of ammonia imports. Moreover, environmental monitoring is regularly undertaken at the plant, and emissions of effluent and exhaust gas are both within state-permitted levels.

Notwithstanding, regarding FACT's business operations, although revenue from sales has grown steadily since the plant became operational, fluctuations in international prices have caused the price of materials used in ammonia production (naphtha, etc.) to rocket, and the impact of government fertilizer pricing policies has adversely affected the company's financial status. Accordingly, it is currently implementing measures to rationalize its operations, including personnel cutbacks.