

# *Basant Agro Tech (India) Ltd.*

We feed the land which feeds the people



## **13th Annual Report 2002 - 2003**

Manufacturers of Single Super Phosphate  
NPK Mixture Fertilizers & Hybrid Seeds  
(Speciality - Sweet Corn Sanjivani Gold)

# *Basant Agro Tech (India) Limited*

## 13th Annual Report

### DIRECTORS

Shri Chimanlal R. Bhartia	Chairman
Shri Chhanulal Jhunjhnuwala	Vice Chairman
Dr. B. G.Bathkal	Director
Shri Sharad W. Sawant	Director
Shri Deepak C. Bhartia	Managing Director
Shri Shashikant C. Bhartia	Whole Time Director

### COMPANY SECRETARY

Upendra Somani

### AUDITORS

M/s. P.C.Baradiya & Co.,  
Chartered Accountants,  
208, Rewa Chambers,  
31, New Marine Lines,  
Mumbai - 400 020.

M/s. P. C. Bhandari & Co.,  
Chartered Accountants,  
Ramdas Peth,  
Akola.

### LEGAL ADVISOR

Shri R. K.Thakur,  
Krishna Mohan Building,  
1st Floor, 71, Banganga Road,  
Walkeshwar,  
Mumbai - 400 003.

### BANKERS

State Bank of India,  
Ramdas Peth Branch,  
Akola - 444 001.

### REGISTERED OFFICE

#### & NPK FERTILIZER UNIT I

Plot No.13/2, Kaulkhed, Near S.T.Workshop, Akola - 444 001 (Maharashtra).

#### SSP FERTILIZER UNIT II

Survey No.62, Kanheri Aranda Road, Kanheri-Sarap,  
Taluka-Barshi Takli, Akola - 444 401 (Maharashtra).

### CORPORATE OFFICE

A-1/3, Sea Lord, Cuffe Parade, Mumbai - 400 005.

### REGISTRARS & SHARE TRANSFER AGENTS

#### SHAREX (INDIA) PVT. LTD.

17/B, Dena Bank Building,  
2nd Floor, Horniman Circle,  
Fort, Mumbai - 400 001.

Tel. No. : 2270 2485, Fax : 2264 1349.

**NOTICE**

NOTICE is hereby given that Thirteenth Annual General Meeting of Members of BASANT AGRO TECH (INDIA) LIMITED, will be held at Krishi Sanjivani Office, Opp. Nagar Parishad, Akola - 444001, Maharashtra on Saturday, 27th September, 2003, at 4:00 P.M. to transact the following business :-

**ORDINARY BUSINESS :**

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2003 and the Profit and Loss Account of the Company for the year ended as on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on equity shares.
3. To appoint a Director in place of Shri C.R. Bhartia who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri S.W.Sawant who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board of Directors

Place : Mumbai

Date : 30th May, 2003

Upendra Somani

Company Secretary

**Registered Office :**

Plot No. 13/2, Kaulkhed,  
Near S.T.Workshop,  
Akola - 444 001,  
Maharashtra.

**NOTES :-**

- 1) 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 OF THE COMPANY.
- 2) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 23rd September, 2003 to Saturday, 27th September, 2003 (both days inclusive).
- 3) The Dividend if declared, will be paid to those Shareholders whose names stand on the Register of Members on 27th September, 2003.

## DIRECTORS' REPORT TO MEMBERS

Your Directors have pleasure in presenting the Thirteenth Annual Report together with the audited statement of accounts of the Company for the year ended 31st March, 2003.

### 1. FINANCIAL RESULTS :

(Rs. in Millions)

	2002-03	2001-02
Turnover	401.46	393.15
Profit before Interest, Depreciation and Tax	36.00	38.44
Less : Financial Expenses	16.04	20.69
Profit before Depreciation	19.96	17.75
Less : Depreciation	8.48	6.34
Profit before Tax	11.48	11.41
Provision for Taxation	1.40	0.50
Provision for Deferred Tax	1.50	1.00
Profit after Tax	8.58	9.91
Provision for Taxation of earlier years	—	(0.04)
Surplus brought forward from Previous Year	24.33	21.55
Amount available for Appropriations	<u>33.31</u>	<u>31.42</u>
Appropriations :		
(a) Transferred to General Reserve	3.50	3.50
(b) Proposed Dividend	1.75	3.19
(c) Corporate Dividend Tax	0.23	—
Surplus carried to Balance Sheet	<u>27.83</u>	<u>24.73</u>

### 2. DIVIDEND :

Considering the competitive Fertilizer market and uncertain monsoon conditions, your Directors has decided to build up the Reserves in the best interest of the company by reducing the rate of Dividend on Equity Shares. Your Directors are pleased to recommend dividend @ 05.5% (Previous Year 10%) for the year ended 31st March, 2003 which shall absorb Rs.1.75 Millions (Previous Year Rs.3.19 Millions).

### 3. MANAGEMENT DISCUSSION AND ANALYSIS :

The main business of the Company is Manufacturing of NPK Mixture Granulated Fertilizers and Single Super Phosphate Fertilizer. The Company is also engaged in development and marketing of various seeds. The Management Discussion and Analysis is given below :

#### a) AN OVERVIEW

The overall performance of the company has been satisfactory during the year under review. The total income of the Company during the year under review has gone up by 2.11% inspite of adverse market conditions. The Profit before tax has also gone up marginally to Rs. 11.48 millions. During the year under review the market prices of the Fertilizers were under pressure due to severe competition. The Fertilizer Industry as a whole was seriously affected and remained sluggish during the year due to failure of 3 successive monsoons. The Demand for Fertilizers remained to be stagnant due to serious draught conditions prevailed in Maharashtra, Madhya Pradesh, Chhattisgarh etc. Inspite of the above adverse conditions your company managed to survive and record the growth in the turnover as well as in the profitability. This has become possible because of the cost cutting measures adopted by the company as well as consistent improvement in quality of the products to the satisfaction of the farmers. The seed division has started showing good results. The Seeds developed by the Company has been well accepted by the farming community and its demand is growing every year.

#### b) CURRENT AND FUTURE OUTLOOK

It was predicted that this year the Monsoon will be better as compared to previous three years and it is expected that the Agricultural Sector will experience the boom in this year. With anticipation of good monsoon this year, the company has done the right planning with respect to procurement of raw materials in time. The company has also procured the orders for supply of fertilizers during kharif season to the extent of 40,000 M.Tons from its various dealers. The company is continuing its efforts to develop new varieties of Hybrid Seeds taking into consideration local soil and climatic conditions. The change in Government Policy towards SSP Fertilizers and stringent quality control measures adopted by Central Government has resulted in promoting sale of SSP Fertilizers. Moreover due to increased demand for SSP Fertilizers the profit realisation has improved considerably & as a result the SSP Industry has got very bright future in coming years.

- c) **INTERNAL CONTROL SYSTEM**  
The company maintains adequate internal control system which provides adequate safeguards and effective monitoring of the transactions. The Company has a strong and independent internal audit department. The Internal auditor reports to Audit Committee of the Board.
- d) **DISCUSSION ON FINANCIAL PERFORMANCE**  
The company managed to reduced its debt burden slightly during the year under review. Due to planned use of its working capital resources the company managed to reduce its financial expenses from Rs. 20.69 millions to Rs. 16.04 millions. Moreover, it has reduced the secured loans considerably by repaying the high interest debt to the Financial Institution.
- e) **ENHANCED VALUE TO THE SHARE HOLDERS**  
Your company continues to make all efforts to adopt the best systems and methods of doing business, reduce overheads, improve productivity and establish better consumer relation with improved quality and effective distribution network. The Company is working hard for improving the profitability thereby enhancing the Share Holder's value.
4. **DIRECTORS :**  
Shri C.R.Bhartia, Director retires by rotation at this Annual General Meeting and he being eligible has offered himself for reappointment.  
Shri S.W.Sawant, Director retires by rotation at this Annual General Meeting and he being eligible has offered himself for reappointment.
5. **AUDITORS :**  
M/s. P.C.Baradiya & Co., Chartered Accountants, Mumbai and M/s P.C. Bhandari & Co., Chartered Accountants Akola, the Joint Statutory Auditors of the Company hold Office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. They have furnished certificate to the effect that their appointment as Statutory Auditors if made, would be within prescribed limits u/s.224(1B) of the Companies Act, 1956.
6. **AUDITORS' REPORT :**  
The observations of the Auditors in their report, read with notes annexed to the accounts are self explanatory and therefore do not call for any further clarification.
7. **PUBLIC DEPOSIT :**  
As on 31st March, 2003 the company has not accepted any Public Fixed Deposits.
8. **DIRECTORS' RESPONSIBILITY STATEMENT :**  
Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :
- That in the preparation of the accounts for the financial year ended 31st March, 2003, the applicable accounting standards have been followed alongwith proper explanation relating to material departures,
  - That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review,
  - That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities,
  - That the Directors have prepared the annual accounts for the financial year ended 31st March, 2003 on a going concern basis.
9. **CORPORATE GOVERNANCE :**  
Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange a separate section titled " Report on Corporate Governance" is attached to this Annual Report.
10. **INDUSTRIAL RELATIONS :**  
Relations between the Employees and the Management continued to be cordial.
11. **PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT 1956 :**  
There were no employees whose remuneration was in excess of the limits prescribed under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975.
12. **PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :**  
Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in Report of Board of Directors) Rules 1988 are set out in the annexure forming part of this Report.
13. **ACKNOWLEDGEMENTS :**  
Your Directors would like to express their appreciation for the assistance and co-operation received during the year under review from the Shareholders, Financial Institutions and Bankers. Your directors wish to place on record their sincere thanks for the devoted services of the staff and workers of the Company.

For and on behalf of the Board

Place : Mumbai  
Date : 30th May, 2003

**CHIMANLAL R. BHARTIA**  
Chairman

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**ANNEXURE TO THE DIRECTORS' REPORT**

Particulars required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2003.

**A. CONSERVATION OF ENERGY**

As in the past, the Company continues its efforts to improve method of energy conservation and utilisation.

**FORM 'A'****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

	2002-2003	2001-2002
<b>A. POWER &amp; FUEL CONSUMPTION</b>		
1. Electricity		
a) Purchased Unit from MSEB	1188955	1532812
Total Amount (Rs.)	5609616	6172720
Rate / Unit (Rs.)	4.72	4.03
b) Own Generation	NIL	NIL
2. Coal	N.A.	N.A.
3. Furnace Oil Consumed (Ltrs)	530349	597013
Total Amount (Rs.)	6003900	5367838
Average Rate per Ltr (Rs.)	11.32	8.99
<b>B. CONSUMPTION PER UNIT OF PRODUCTION (MT)</b>		
Product :-		
<b>NPK Granulated Mixture Fertilizer</b>		
Electricity (No. of Units)	7.68	7.48
Furnace Oil (Ltrs)	8.88	8.20
<b>SSP Fertilizer</b>		
Electricity (No. of Units)	16.79	16.66
<b>G.S.S.P. Fertilizer</b>		
Electricity (No. of Units)	12.61	12.32
Furnace Oil (Ltr)	9.46	9.16

**FORM 'B'****A. ABSORPTION OF TECHNOLOGY** — Not Applicable —**B. RESEARCH AND DEVELOPMENT (R & D)**

The Company has no Separate R & D Department but it has well equipped Laboratory for testing raw materials and finished goods for Fertilizer division. As regards Seed business, the Company has engaged experts and scientists to carry out Research work on developing high yielding varieties of hybrid seeds for crops like Cotton, Jawar, Groundnut, Sugarcane, Fruits and Vegetables etc. The Company has incurred revenue expenditure of Rs. 0.21 millions on in-house Research and Development during the year. The Research & Development Laboratory of Seed Division has been recognised by Ministry of Science & Technology, Government of India.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

(Rs. in Millions)

	2002-2003	2001-2002
Total Foreign Exchange used :		
a) Dividend	0.49	0.92
b) Others (Travelling)	0.04	1.05
Total Foreign Exchange Earned :	NIL	NIL

**REPORT ON CORPORATE GOVERNANCE****INTRODUCTION**

"Good Corporate Governance" is governance with the highest standards of professionalism, integrity, accountability, fairness, transparency, social responsiveness and business ethics. "Corporate Governance" to us means not only to ensure the compliance of Regulatory Requirements but also achieving the Corporate Objectives effectively and efficiently. In 2002-2003 your Company implemented successfully, the principles of Corporate Governance in the first year itself. Your Company is committed to follow good Corporate Governance practices and improve upon them year after year. Your Company initiated the process of making substantial disclosure on the company and its Board of Directors in the Annual Report. We are glad to inform you that the company adheres to all the mandatory recommendations made by the SEBI Committee.

**I. BOARD OF DIRECTORS**

- A. The Board of Directors of the Company is having an optimum combination of executive and non-executive directors with less than Fifty Percent of the Board of Directors comprising of non-executive directors. In case of your company the chairman is a non-executive chairman, whereas more than half of the Board comprises of independent directors.

The details of the Directors on the Board of your company for the year 2002-2003 are given below:

Name	Category	Designation	Date of Appointment	Number of Directorships in Other Public Limited Companies
Shri C. R. Bhartia	Independent Director	Chairman	16.10.1990	Nil
Shri C.L.Jhunjhnuwala	Independent Director	Vice Chairman	26.10.1993	Basant Capital Tech Ltd. Hind Hotels Intl. Ltd. Hind Finance & Industries Ltd. Business Traders Ltd. Delta Nominees Ltd.
Shri D.C.Bhartia	Executive Director	Managing Director	16.10.1990	Nil
Shri S.C.Bhartia	Executive Director	Whole-Time Director	16.10.1990	Basant Capital Tech Ltd.
Shri S.W.Sawant	Independent Director	Director	20.09.1991	Nil
Dr.B.G.Bathkal	Independent Director	Director	27.11.1996	Nil

- B. These are no pecuniary relationships or transactions of the non-executive directors vis-a-vis the Company. The attendance record of the Directors at the Board meetings and the Annual General Meeting held during the year 2002-2003 are given below :

Name of Directors	Attendance	
	Board Meeting	Last AGM
Shri C.R. Bhartia	6	1
Shri C.L.Jhunjhnuwala	1	-
Shri D.C.Bhartia	4	1
Shri S.C.Bhartia	6	1
Shri S.W.Sawant	1	-
Dr. B. G.Bathkal	1	1

**C. REAPPOINTMENT OF DIRECTORS**

Brief particulars of the Directors of the Company proposed to be reappointed at the ensuing Annual General Meeting are as under :

**1. Shri C. R. Bhartia**

The well known Philanthropist & Social Activist who has devoted his life for upliftment of down trodden by building up Charitable Dharmashalas and Hospitals. He is the President of Gorakshan Sanstha taking care of disabled cows. He was President of Vidarbha Chamber of Commerce and Industries. He has got vast & rich experience of over 50 years in agro based activities & has got good contacts with leading agriculturists & rural masses. He has successfully implemented two Rain Water Harvesting Projects in village Kanheri, Akola. He is the backbone behind the growth and success of the Company. He is the Director of the Company since 1990.