

Basant Agro - Tech (India) Ltd.

We feed the land which feeds the people



21st **Annual Report 2010 - 2011**

Manufacturers of Single Super Phosphate, NPK Mixture Fertilizers
and Producers of New American Sweet Corn & Hybrid Seeds



Late Shri Chimanlal Bhartiya
Founder and Our Inspiration & Mentor

Basant Agro - Tech (India) Ltd.

21st Annual Report

DIRECTORS

Shri Shashikant C. Bhartiya
Shri Ashwin N. Bhartiya
Dr. B.G. Bathkal
Shri Sharad W. Sawant
Shri Deepak C. Bhartiya
Dr. Ramesh D. Tainwala
Shri Rajendra S. Tayade

PRESIDENT

Shri Akshay D. Bhartiya

Chairman & Managing Director
Executive Director
Director
Director
Managing Director
Director
Director

COMPANY SECRETARY

Upendra Somani

AUDITORS

M/s. P.C. Baradiya & Co.,

M/s. P. C. Bhandari & Co.,

LEGAL ADVISOR

Shri R. K. Thakur,

BANKERS

State Bank of India,

REGISTERED OFFICE

& NPK FERTILIZER UNIT I

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

NPK FERTILIZER UNIT II

Gat No. 76, Bhilwadi Station, Nr Chitale Dairy,
Tal. Palus, Sangli (Maharashtra).

NPK FERTILIZER UNIT III

Sy.No.66-A/4, Hanumanhalli Village, Danapur Panchayat,
Tal Hospet, Dist Bellary, (Karnataka).

SSP FERTILIZER UNIT I

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

SSP FERTILIZER UNIT II

Mhow Nasirabad Rd., Nayagaon,
Neemuch -458 468 (Madhya Pradesh).

CORPORATE OFFICE

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

REGISTRARS & SHARE TRANSFER AGENTS

SHAREX DYNAMIC (INDIA) PVT. LTD.

Unit No 1, Luthra Industrial Premises,
Andheri Kurla Road, Safed Pool, Andheri (E), Mumbai - 400 072.

Tel. No. : 28515606/5644/6338, Fax : 2851 2885, e-mail: sharexindia@vsnl.com.

NOTICE

NOTICE is hereby given that Twenty first 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 Friday, 30th September, 2011, 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, 2011 and the Profit and Loss Account of the Company for the year ended as on that date and the Reports of Board of Directors and Auditors thereon.
2. To declare Dividend on equity shares.
3. To appoint a Director in place of Shri S.W.Sawant who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri R.S.Tayade 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
Dated : 30th May, 2011

Upendra Somani
Company Secretary

Registered Office :

Plot No. 13/2, Kaulkhed,
Nr. S.T. Workshop,
Akola - 444001, Maharashtra.

NOTES :

- (a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- (b) Proxy form duly completed should be deposited at the Registered Office of the Company not less than forty eight hours before the time fixed for the commencement of Meeting.
- (c) The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday 28th September, 2011 to Friday 30th September, 2011 (both days inclusive).
- (d) The Dividend if declared, will be paid to those Shareholders whose names appear on the Register of Members on 30th September, 2011.
- (e) Annual Report and AGM Notice is available on the website of the Company at "www.basantagro.com."

By Order of the Board of Directors

Place : Mumbai
Date : 30th May, 2011

Upendra Somani
Company Secretary

Registered Office :

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

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies by allowing the Companies to send the Notices including Annual Reports by e-mail to its members. Accordingly all members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses in respect of electronic holding with the depository through their concerned depository participant. Members who holds shares in physical form are requested to register their e-mail addresses with the Company.

REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the 21st Annual Report together with the audited statement of accounts of the Company for the year ended 31st March, 2011.

(Rs. in Thousands)

1. FINANCIAL RESULTS :	2010-11	2009-10
Net Turnover	1687144	1282091
Profit before interest, depreciation and tax	162335	141161
Less : Financial expenses	61861	43814
Profit before depreciation	100474	97347
Less : Depreciation	29534	32275
Profit before tax	70940	65072
Provision for taxations	8700	8500
Provision for deferred tax	1480	1201
Profit after tax	60760	55371
Provision for taxation of earlier years	(1637)	(754)
Surplus brought forward from previous year	206778	161512
Amount available for appropriations	265901	216129
Appropriations :		
(a) Proposed dividend	5854	5018
(b) Corporate dividend tax	972	833
(c) Transferred to general reserve	3500	3500
Surplus carried to Balance Sheet	255575	206778

2. DIVIDEND :

The Board of Directors are pleased to recommend the Dividend of Rs 0.07 per share (7%) for the year 2010-11 on expanded share capital, subject to the approval of the shareholders at the Annual General Meeting (Previous year 6%) which shall absorb Rs 58.54 lacs (Previous year Rs 50.18 lacs)

3. OPERATING RESULTS AND PROFITS :**Fertiliser Division:**

Your Company has achieved new heights on the operational front. During the Financial Year (FY) 2010-11, your Company has achieved the ever highest Fertilizer production of 1.84 Lacs MTs surpassing the previous record production of 1.52 Lacs MTs. The higher production of Fertilizers was due to better capacity utilization of plants and adequate availability of raw materials. The sale of Fertilizer for the FY 2010-11 was 1.71 Lacs MTs as compared to 1.34 Lacs MTs during the FY 2009-10 thus registering 28.28% growth. The turnover of fertilisers during (FY) 2010-11 was jumped by over 37.96% and registered a new record of Rs 123.63 Crores. The Nutrient Based Subsidy (NBS) Policy of the Government of India which was implemented w.e.f. 1.5.2010 (for N & P) has resulted into such remarkable performance of the Company. As expected the NBS policy helped in the promotion of the balanced nutrient consumption registering the healthy growth in the demand of all fertilisers.

Seeds Division:

The growth story of seeds division continued during the current financial year also. The turnover of Seeds division during the Financial Year (FY) 2010-11 grew by over 10% and touched a new level of Rs 46.71 Crores. The Company has made the significant progress in expanding its area of operation by entering into contract farming arrangement in different states. The Research and Development activities helped the Company in developing the new varieties of Hybrid seeds giving higher productivity considering soil and climatic conditions by using the Bio technology. The on field demonstration and kisan melas helped in increasing the awareness amongst the farmers about the new advanced methods of the cultivation alongwith the use of the hybrid seeds for increasing the productivity of the land.

Agricultural Scenario :

A strong rural connect which has earned the trust of millions of farmers and focus on innovative R & D sharpens Company's competitive strength in challenging socio-economic environment. With the changing agricultural scenario and global competition, there is a need of exploiting the available resources at maximum level. The enormous pressure to produce more food from less land, the key factors like high soil productivity, supply of balanced crop nutrients, efficient water management, improved crops and marketing, are of prime importance. The farm credit system in Indian agriculture has been instrumental in enhancing production and marketing of farm produce.

4. DIRECTORS :

Shri S.W.Sawant Director retires by rotation at this Annual General Meeting and he being eligible, has offered himself for reappointment.

Shri R.S.Tayade Director retires by rotation at this Annual General Meeting and he being eligible, has offered himself for reappointment.

5. ALLOTMENT OF WARRANTS CONVERTIBLE INTO EQUITY SHARES ON PREFERENTIAL BASIS:

Pursuant to the Special Resolution passed by the Shareholder at the previous Annual General Meeting 70,00,000 warrants convertible into equity shares were allotted to the promoters of the Company.

6. 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 under Section 224(1) of the Companies Act,1956 .

7. AUDITORS' REPORT :

The observations of the auditors in their report, read with notes annexed to the accounts are self explanatory, which does not contain any reservation, qualification or adverse remarks and therefore do not call for any further clarification.

8. PUBLIC DEPOSIT :

As on 31st March,2011 the company has neither accepted nor invited any public fixed deposits. No amount of principal or Interest was outstanding as on 31st March, 2011.

9. 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 :

- i. That in the preparation of the accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed alongwith proper explanation relating to material departures,
- ii. That the directors have selected such accounting policies and applied them consistently and made judgments 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,
- iii. 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,
- iv. That the directors have prepared the annual accounts for the financial year ended 31st March, 2011 on a going concern basis.

10. CORPORATE GOVERNANCE :

Pursuant to Clause 49 of the listing agreement with the Bombay stock exchange ltd a separate section titled " Report on Corporate Governance" is being published as a part of this Annual Report.

11. MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

The Management Discussion & Analysis Report has been separately furnished in Annual Report and forms part of it.

12. INDUSTRIAL RELATIONS :

Relations between the Employees and the Management continued to be cordial.

13. 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.

14. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & 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.

15. ACKNOWLEDGEMENTS :

Your Directors place on records their gratitude to the Shareholders, Financial Institutions and Company's Bankers for the assistance and co-operation given during the year under review. The Company wishes to place on record their sincere thanks for the devoted services of the staff and workers of the Company in ensuring an excellent all round operational performance.

For and on behalf of the Board

Place : Mumbai

Date : 30th May, 2011

SHASHIKANT C. BHARTIA

CHAIRMAN & MANAGING DIRECTOR

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, 2011.

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

	2010-11	2009-10
A. POWER & FUEL CONSUMPTION		
1. Electricity		
a) Purchased from Electricity Board (No of Units)	3437696	2833472
Total Amount (Rs.)	20451237	13942990
Rate / Unit (Rs.)	5.95	4.92
b) Own Generation	Nil	Nil
2. Coal (Kgs)	Nil	974895
Total Amount (Rs.)	Nil	4185021
Average Rate per Kg (Rs.)	Nil	4.29
3. Briquettes (Kgs)	3203765	1721030
Total Amount (Rs.)	12272178	6324019
Average Rate per Kg (Rs.)	3.83	3.67
B. CONSUMPTION PER UNIT OF PRODUCTION (MT)		
NPK Granulated Mixture Fertilizer		
Electricity (No. of Units)	8.92	8.82
Coal (in Kgs.)	Nil	17.83
Briquettes (in Kgs)	23.84	23.40
SSP Fertilizer		
Electricity (No. of Units)	17.05	16.99
G.S.S.P. Fertilizer		
Electricity (No. of Units)	12.98	12.92
Coal(in Kgs.)	Nil	19.96
Briquettes (in Kgs)	24.10	23.98

FORM 'B'

A. ABSORPTION OF TECHNOLOGY : — Not Applicable —

B. RESEARCH AND DEVELOPMENT (R & D) :

i. Specific areas in which R & D carried out by the Company:

The engineering expertise of the Company focuses on quality improvement and cost reduction of fertilisers by way of energy conservation, environment protection, safety of workers thereby ensuring optimisation of plant operations. The Company's R & D work of seeds division aims at development of the best quality seeds having better drought tolerance and higher pest resistance with yield improvement. Use of Bio technology in the research of seeds, identification of suitable parent seeds, has been extensively used to enhance the speed and precision of plant breeding.

ii. Benefits derived as a result of above R & D:

Improvement achieved in areas of production performance, effluent treatment, environment protection and workers safety helped in uninterrupted production. R & D helped the Company to provide high yielding quality seeds with more pest resistance to the farmers at the affordable costs in the competitive markets.

iii. Future plans of action:

The Company plans to continue its efforts on inhouse R & D in the area of Bio technology like genetic cloning, DNA finger printing and development of HYVs and also to develop the Hybrid seeds having water use efficiency trait, insect tolerant trait and herbicide tolerant trait by using bio technology.

iv. Expenditure of R & D : Rs 32.47 lacs (Previous year Rs 29.99 lacs)

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

(Rs. in Thousands)

	2010-11	2009-10
Total Foreign Exchange used :		
a) CIF value of import of Raw material	100762	102500
b) Dividend	442	623
c) Others	--	43
Total Foreign Exchange Earned :	NIL	NIL

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**1. Organisation profile:**

Basant Agro Tech (I) Ltd (BATL) is one of India's leading manufacturer of various farm inputs comprising of NPK mixture granulated fertilisers, phosphatic fertilizers as well as various hybrid seeds. The production facilities are located in the states of Maharashtra, Karnataka and Madhya Pradesh. The Company is also engaged in Wind Turbine Power Generation.

2. Operations review :

The Financial statement of your Company as Contained in the Annual report has following highlights:

- * Gross Turnover has been increased by 31.59% to Rs 16871.44 lacs
- * The Profit before tax has gone up by 9.02% to Rs 709.40 lacs.
- * Production of fertilizers has increased by 20.83% to 183890 TPA
- * Sales of fertilisers has increased by 28.28% to 171354 TPA

3. Business over view :

The agriculture sector is crucial for the India's economy and a very important driver of macroeconomic performance. It is a critical element of the national growth strategy. In line with the process of economic development, the share of the agricultural sector in the GDP has witnessed decline over the years, but even today approximately 52% of the total Indian population depends on the agriculture for livelihood. The Eleventh Five Year Plan lays greater emphasis on the agricultural growth rates and has identified the areas whereby 4% annual growth could be achieved. Thrust on increasing area under irrigation, favorable terms of trade to farmers, better and cheaper access to credit, more investment in agriculture, use of the latest technology including the use of new and speciality fertilizers for application based on soil report would certainly help in giving momentum to the agricultural growth. The positive attitude of the Government towards the Agriculture both at central as well as state level will help fertilizer and seeds industry to grow in the years to come. The Company also in line with the Government policy to educate the farmers about the modern techniques of cultivation arranges the krishi melas wherein on field demonstrations has been given to the farmers about the improved method of cultivations and output per acre of land by using the Hybrid seeds and appropriate fertilizers. The farmers understand the advantages of seeds replacement, soil improvements, efficient use of water and fertilizers, beneficial cropping pattern etc. and as a result of which the demand for agri inputs continues to grow. In long run the average consumption of fertilizers will be increased and naturally the productivity of the crops per hectore will go up and indirectly the financial health of farmers will improve. Due to increase in the overall production of food grains, the import of food grains and cereals will be minimized and helps in foreign exchange conservation. As a result of NBS policy the Indian fertiliser industry has registered a modest demand growth in the financial year 2010-11. It is expected that similar growth in the production of fertilisers will be observed this year resulting in lesser dependence on the imports of fertilisers.

4. Current and future outlook :

The new Nutrient Based Subsidy policy which came into effect from April 2010 brings the greater stability and reliability to the fertilizer subsidy policy has been positive to Indian farmers and fertiliser Industry as a whole. This helped the Company in procurement of its raw materials in bulk and availing the quantity discounts as there was certainty about the total price realization of the end product under the new NBS policy. Under the new NBS regime, we were better placed due to strategic location to have cost efficiency, as we were able to keep the production as well as distribution costs under control. The NBS regime is expected to promote balanced fertilization and consequently increase agriculture productivity in the country through higher usage of secondary and micro nutrients. The Nutrient Based Subsidy (NBS) Policy for the first time has recognized that the value for each nutrient irrespective of the source is the same. Furthermore the Sulphur 'S' content has been recognized as a major nutrient and subsidy is being given on this nutrient also. With equal subsidy on 'P' and subsidy on 'S' which is not present in DAP makes SSP a very viable product. SSP is the cheapest fertilizer, having the most important secondary nutrients like Sulphur, Calcium and Magnesium. Sulphur alone has been very essential for the increased crop productivity in different crops. NBS policy correctly encourages the best fertilizer like SSP as the subsidy on SSP has gone up and MRP has gone down, which is beneficial in the interest of farming community at large. Your Company continues to drive growth with its strategy for providing quality products at competitive prices alongwith its strong brands and customer relationship, distribution network and education & guidance cell. With the growing consumer demand, the outlook for your Company's products remains strong.

The development of new and improved varieties of seeds considering the scientific and technological advantages, suitable for biotic stresses, locational adaptability and farmers needs and making the same available to Indian farmers is of crucial importance for a sustained increase in agricultural productivity. The current rate of growth in crop yields will be insufficient to meet the food requirement considering our growing population. Various measures like improving the productivity of land and crop improvement have been used to make adequate food available. Biotechnology can play a major role in bridging the supply-demand gap in food by raising input efficiencies. Due to increased awareness amongst the farmers about soil improvement, increasing seeds replacement ratio, adoption of suitable cropping pattern the demand for agri inputs will continue to grow.

5. Opportunities and threats :

Under NBS, manufacturer is getting much higher gross margins than what he used to get. Part of the increased gross margin will be used for increasing marketing and distribution reach, which will increase volumes. So SSP manufacturers will be able to gain substantial increase in margins as well as volume. This will have positive impact on employment generation and encouragement to indigenous industry resulting in less import which means less foreign exchange outflow. Indirectly the Government's overall subsidy bill will be reduced as subsidy bill on DAP was much higher due to its high cost of manufacture and import. SSP is the cheap fertilisers therefore more suitable for small and marginal farmers. Under the NBS policy, subsidy is fixed on a per kg of nutrient basis for the whole year covering Phosphatic and Potassic fertilizers. The sale price is allowed to be free but these fertilizers are on OGL for imports. Thus, the MRP of these products is expected to change according to the raw material prices as well as the finished product prices in the international market. The cost efficient players will be better placed to combat the impact of this volatility. Since Government has proposed to recognise the investment in fertiliser industry for infrastructure status, more investments are expected in fertiliser industry in the coming years. Given this scenario, the Company is focusing on efficiency improvement, higher production levels, efficiencies in raw material procurement, reduction in marketing and distribution costs, production of quality products and proper product/segment market strategies to maximize the sales and achieve better contribution from its product basket. The inflation on account of rising crude prices as well food grains remain the major concern for the fertiliser industry. The rising inflation forced Reserve Bank of India to go for monetary tightening result in increase in the interest rates by the banks. The demand for agri inputs may be affected due to the erratic monsoon. The key risks associated with the business of the Company, its likely impact and the mitigation mechanism evolved are reviewed by the management periodically. The assets of the Company including its plant and machineries, inventory of raw material as well as finished goods are adequately insured against the loss by fire and allied perils. Brand image of Company's products continues to be in the premium segment. This will help to consolidate markets in the area in which the Company operates. Continuous emphasis is placed on higher productivity, energy conservation, and efficiency with cost reduction by its excellent human resource, environmental consciousness, safety consciousness etc. Utmost importance is given for proper upkeepment of the plants to sustain the productivity, safety, health and environment aspects. The Company is very much concerned about its Human Resource which is the prime asset for improvement and enhancement of productivity and profitability. Very harmonious, cordial and healthy Industrial Relations throughout the year led to an atmosphere conducive for sustenance of growth and enrichment of value for the shareholders.

6. Internal control system :

The Company has adequate internal controls consistent with size and nature of its business which provides safety to its assets and ensure reliability of financial transactions with adequate checks, compliances with applicable company policies, various statutes, accounting policies and approval procedures. These systems are regularly reviewed and improved by the management. The Company's Budgetary Control System monitors the revenue and expenditures against the approved budget on continuous basis. Deviations and key audit observations alongwith recommendations of the internal and external auditors and their implementations are reviewed by the Audit Committee periodically.

7. Corporate Social Responsibilities :

The Company respects the human values and focuses on the welfare of the economically and socially deprived sections of the society by undertaking social responsibility programs in health, family welfare, providing free food and drinking water, establishment of hospitals and schools aim at improving general health and providing basic education to under privileged members of the society. It has taken the initiative to make the area in which it operates more green by planting a large number of trees such as Banyan, Mango, Pipal, and Neem, thus also supporting the initiative of Government in this direction.

8. Health & safety management system :

Health & safety management system in the Company aims to reduce, eliminate or control workplace hazards and associated risks of accidents or injuries to the workers. Your Company is committed to ensure healthy and safe working environment for all concerned and to make continual improvement in its health and safety performance. We provide sufficient information, instructions, training and supervision to enable all workers to identify, minimise and manage hazards and contribute positively to safety at works.

9. Cautionary statement :

The statement in the Management Discussion and Analysis describing the Company's future plans, projections, estimates, expectations may be forward looking statements within the meaning of applicable laws and regulations. Actual results could however differ materially from those expressed or implied in this statement may be due to economic conditions affecting demand and supply, monsoon condition, change in Government regulations etc.