

BASANT AGRO TECH (INDIA) LIMITED

NOTICE

NOTICE is hereby given that Twenty Fourth Annual General Meeting of members of BASANT AGRO TECH (INDIA) LIMITED, will be held at Krishi Sanjivani Office, Opp. Nagar Parishad, Akola - 444 001, Maharashtra on Saturday, 27th September, 2014, 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, 2014 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. A.N. Bhartia who retires by rotation and being eligible, offers himself for reappointment.
4. 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.

SPECIAL BUSINESS :

5. **TO CONSIDER AND IF THOUGH FIT TO PASS WITH OR WITHOUT MODIFICATION(S) FOLLOWING RESOLUTION AS SPECIAL RESOLUTION :**
"RESOLVED THAT, pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act 2013 read with the rules made thereunder approval be and is hereby accorded to the appointment of Shri. S.W. Sawant as an Independent Director on the Board of the Company, not liable to retire by rotation, for a consecutive period of five years w.e.f 1st April, 2014 upto 31st March, 2019."
6. **TO CONSIDER AND IF THOUGH FIT TO PASS WITH OR WITHOUT MODIFICATION(S) FOLLOWING RESOLUTION AS SPECIAL RESOLUTION :**
"RESOLVED THAT, pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act 2013 read with the rules made thereunder approval be and is hereby accorded to the appointment of Shri. R.S. Tayade as an Independent Director on the Board of the Company, not liable to retire by rotation, for a consecutive period of five years w.e.f 1st April, 2014 upto 31st March, 2019."
7. **TO CONSIDER AND IF THOUGH FIT TO PASS WITH OR WITHOUT MODIFICATION(S) FOLLOWING RESOLUTION AS SPECIAL RESOLUTION :**
"RESOLVED THAT, pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act 2013 read with the rules made thereunder, approval be and is hereby accorded to the appointment of Dr. B.G. Bathkal as an Independent Director on the Board of the Company, not liable to retire by rotation, for a consecutive period of five years w.e.f. 1st April, 2014 upto 31st March, 2019."
8. **TO CONSIDER AND IF THOUGH FIT TO PASS WITH OR WITHOUT MODIFICATION(S) FOLLOWING RESOLUTION AS SPECIAL RESOLUTION :**
"RESOLVED THAT, pursuant to the provisions of Section 149, 152, 161 and other applicable provisions of the Companies Act 2013 read with the rules made thereunder, approval be and is hereby accorded to the appointment of Mrs. M.M. Khandelwal, as an Independent Director on the Board of the Company, not liable to retire by rotation, for a consecutive period of five years w.e.f. 22nd July, 2014 upto 21st July, 2019, who was appointed as an Additional Director of the Company effective from 22nd July, 2014 by the Board of Directors and who holds office until the date of this Annual General Meeting, and in respect of whom the Company has received a notice under Section 160 of the Companies Act, 2013, proposing her candidature, for the office of Director of the Company."
9. **TO CONSIDER AND IF THOUGH FIT TO PASS WITH OR WITHOUT MODIFICATION(S) FOLLOWING RESOLUTION AS SPECIAL RESOLUTION :**
"RESOLVED THAT, pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) Mr. T.M. Rathi, the cost auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid the remuneration as set out in the statement annexed to the notice convening this meeting."
"RESOLVED FURTHER THAT, the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."
10. **TO CONSIDER AND IF THOUGH FIT TO PASS WITH OR WITHOUT MODIFICATION(S) FOLLOWING RESOLUTION AS SPECIAL RESOLUTION :**
"RESOLVED THAT, pursuant to the provisions of Section 188 and all other applicable provisions of the Companies Act, 2013 and the Companies (Meeting of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the members be and is hereby accorded for the following transaction to be entered with the promoters or their business associates.

Nature of transaction

Payment of lease rent for Office spaces taken on lease by the Company

Annual lease rent

Not more than Rs. 1 Crore."

"RESOLVED FURTHER THAT, the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things, as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected herewith or incidental hereto."

Place : Mumbai

Dated : 30th July, 2014

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

By Order of the Board of Directors
Basant Agro Tech (I) Ltd.

Prasad Todankar
Company Secretary

NOTES :

- (a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY AS PER THE FORMAT INCLUDED IN THE ANNUAL REPORT SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
Proxies on behalf of limited companies, societies, etc. must be submitted along with appropriate resolutions / authority as applicable. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- (b) Explanatory statement relating to the special business to be transacted at the meeting is annexed hereto.
- (c) Corporate members intending to send their authorized representative to attend the meeting are requested to send to the Company, a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
- (d) The register of members and the share transfer books of the Company will remain closed from Thursday 25th September, 2014 to Saturday 27th September, 2014 (both days inclusive).
- (e) The dividend if declared, will be paid to those shareholders whose names stand on the register of members on 27th September, 2014.

BASANT AGRO TECH (INDIA) LIMITED

Explanatory statement under Section 102(1) of the Companies Act 2013 :

Item No. 5-7

As on 31st March, 2014 the Board of Directors of the Company comprised of Shri. S.W. Sawant, Dr. B.G. Bathkal and Shri. R.S. Tayade as Independent Directors. According to Section 149 of the Companies Act 2013 every listed company should have one-third of the total number of directors as Independent Directors.

Shri. S.W. Sawant, Dr. B.G. Bathkal and Shri. R.S. Tayade had been appointed as Independent Directors of the Company pursuant to Section 149, Schedule IV and other applicable provisions of the Companies Act 2013 for the consecutive period of five years from 1st April, 2014 to 31st March, 2019, subject to approval of shareholders vide resolution passed at the board meeting held on 27th March, 2014. The notice in writing pursuant to Section 160 of the Companies Act 2013 has been received by the Company in the prescribed manner in respect of appointment of the aforesaid directors. The declaration of independence as required pursuant to Section 149(7) of the Companies Act 2013 stating that they meet the criteria of independence has been received from all Independent Directors. None of the Independent Directors is disqualified from being appointed as a director in terms of the Section 164 of the Act. The terms and conditions of the appointment of the Independent Director shall be open for inspection at the registered office of the Company during the normal business hours.

The Board is of the opinion that, the aforesaid directors possess requisite skills, experience and knowledge relevant to the Company's business and it would be in the best interest of the company to continue to have their association with the company as director. Further in the opinion of the Board the proposed appointment of Independent Directors fulfills the conditions specified in the Act and rules made there under and that proposed appointment of Independent Directors is independent of the management. The brief profiles of the Independent Directors are given here below :

Shri. S.W. Sawant :

He is science graduate and is the director of the company since 20.9.1991. He was executive director and head of the agri business of Rallies India Ltd. He has got rich experience of marketing of fertilizers, hybrid seeds as well as maintaining marketing accounts. He has got thorough knowledge about the general management and has expertise in commercial matters. He is backbone behind the growth and success of the company.

Directorships : Rain Dance Resorts Pvt. Ltd., Sai Warehouse Pvt. Ltd., Green Crop International Pvt. Ltd., Green India Export Pvt. Ltd., Annapurna Energy Pvt. Ltd., Aishwarya Green Energy Pvt. Ltd.

Shareholding in the Company : 8000 equity shares of the Company.

Dr. B.G. Bathkal :

He is Ph.D. in Agricultural science and is the retired vice chancellor of Dr. Punjabrao Deshmukh Krishi University. He was appointed as Independent Director of the Company on 22.11.1996. With his expert knowledge of agri inputs as well as research & development of various hybrid seeds, the Company could develop various new high yielding varieties of seeds especially cotton, sweet corn, jawar etc. The research activities are being carried out in R & D laboratory of the Company under his supervision and guidance. He is also having wide experience in various fields like accounts, administration and marketing of seeds and fertilizers.

Directorships : NIL

Shareholding in the Company : 10000 equity shares of the Company.

Shri. R.S. Tayade :

He is commerce graduate and has got thorough knowledge of various industrial and labour laws. His public relations and knowledge about demand and supply of fertilizer market will be beneficial in the interest of the company in the light of recent acquisitions of fertilizer plants and also ongoing major expansion plans of the company.

Directorships : NIL

Shareholding in the Company : NIL

The Board recommends the said resolutions set out in Item No. 5-7 of the Notice.

None of the directors / key managerial personnel except the concerned Independent Director is concerned or interested in the said resolutions.

Item No. 8 :

Mrs M.M. Khandelwal was appointed as an Additional Director categorized as non-executive, independent, woman director on the Board of the Company w.e.f. July 22, 2014 under provisions of Section 161 of the Companies Act, 2013. Pursuant to the provisions of Section 149, 152 and 161 of the Companies Act, 2013, she holds office upto the date of ensuing Annual General Meeting of the Company.

The Company has received notice under Section 160 of the Companies Act, 2013 proposing the candidature of Mrs. M.M. Khandelwal for the office of the Independent Director. The company has received the declaration from her that she meets the criteria of independence as prescribed under the Act and the listing agreement. The board is of the opinion that, the said director possesses requisite skills, experience and knowledge relevant to the Company's business and it would be in the best interest of the company to appoint her as Independent Director. Further in the opinion of the Board the proposed appointment of Independent Director fulfills the conditions specified in the Act and rules made there under and that proposed appointment of Independent Director is independent of the management.

The Board of Directors recommend the resolution set out in Item No. 8 of the accompanying notice for approval of the members.

None of the directors / key managerial personnel except the concerned Independent Director is concerned or interested in the said resolutions.

Item No. 9 :

The board, on the recommendation of the audit committee, has approved the re-appointment and remuneration of Shri. T.M. Rathi as the cost auditors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditors has to be ratified by the shareholders of the Company. The remuneration payable to the cost auditor for the financial year 2014-15 shall be Rs. 40,000/- plus service tax. Accordingly, consent of the members has been sought for passing the resolution as set out at Item No.9 of the Notice for ratification of the remuneration payable to the cost auditors for the financial year ending March 31, 2015.

The Board recommends the said resolutions set out in Item No. 9 of the accompanying notice for approval of the members.

None of the directors / key managerial personnel is concerned or interested in the said resolutions.

Item No. 10 :

According to the provisions of Section 188 (1) of the Companies Act 2013 following related party transaction require the prior approval of the shareholders by way of Special Resolution.

- payment of lease rent not more than Rs. 1 Crore per annum to the promoters or their business associates for the lease of office spaces to the Company.

The Board of Directors had approved the proposed related party transactions along with annual limit that your company may enter into with the related parties for the year 2014-15 and thereafter. The Board of Directors recommends the resolution set out in Item No. 10 of the accompanying notice for approval of the members. Except Shri. S.C. Bhartia, Shri. D.C. Bhartia and Shri. A.D. Bhartia, no other Director / key managerial personnel is concerned or interested in the said resolution.

Place : Mumbai

Dated : 30th July, 2014

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

By Order of the Board of Directors
Basant Agro Tech (I) Ltd.

Prasad Todankar
Company Secretary

DIRECTOR'S REPORT

Dear members,

Your Directors have pleasure in presenting the 24th Annual Report of the Company together with the audited statements of account for the financial year ended March 31, 2014.

	(₹ in thousands)	
1. FINANCIAL RESULTS :	2013-14	2012-13
Revenue from operation	3135703	2914519
Profit before interest, depreciation and tax	274448	281462
Less: Financial expenses	96543	102713
Less: Depreciation	42093	48160
Profit before tax	135812	130589
Tax expense (net)	(29607)	26439
Profit after tax	165419	104150
Surplus brought forward from previous year	412604	320436
Amount available for appropriation	578023	424586
Less: Appropriations		
Transferred to general reserves	3500	3500
Proposed dividend	6344	7250
Tax on dividend	1078	1232
Surplus carried to balance sheet	567101	412604

2. Result of operations :

The revenue from operations of the Company jumped by 7.59% and touched a new high of Rs. 313.57 Crores. The growth was mainly due to the excellent performance shown by the seeds division as its turnover went up by 22.89% over the previous year. Introduction of the new varieties of high yielding hybrid seeds and its well acceptance by the farming communities had made the performance of the seeds division very impressive.

The consumption of the fertilizers was adversely affected due to prolong and continuous monsoon. The farmer was not able to give scheduled doses of fertilizers to the crops as a result the company was not able to encash season. The new SSP fertilizers plant at Jalgaon started its operations in last quarter of 2013-14 and its positive impact can be observed on the performance of the Company in 2014-15.

In spite of the adverse conditions, heavy competition the company managed to achieve the marginal increase in the profit before tax and trend of consistent positive growth in the performance of the Company has been continued during the year under consideration. Your Company is one of the few companies who registered the positive performance during the year, not only due to the control over its conversion cost and the inputs cost but also because of aggressive marketing strategies.

3. Dividend :

The Board of Directors are pleased to recommend the dividend of Rs. 0.07 per share (7%) for the year 2013-14 on equity share capital, subject to the approval of the shareholders at the Annual General Meeting (Previous year 8%) which shall absorb Rs. 63.44 lacs (Previous year Rs. 72.50 lacs).

4. Directors :

According to Section 149 (10) of the Companies Act, 2013 the Independent Directors shall hold office for a term of upto five consecutive years on the Board of a company and are not liable to retire by rotation and shall be eligible for re appointment on passing a special resolution by the shareholders of the Company. Board of Directors had appointed Shri. S.W. Sawant, Dr. B.G. Bathkal and Shri. R.S. Tayade as Independent Directors of the Company pursuant to Section 149, Schedule IV and other applicable provisions of the Companies Act 2013 for the consecutive period of five years from 1st April, 2014 to 31st March, 2019, subject to approval of shareholders. The Company has received declaration from all Independent Directors of the Company confirming that they meet with the criteria of Independent Director as prescribed under Section 149(6) of the Companies Act 2013 and under Clause 49 of the listing agreement with the stock exchange. The Board of Directors had altered the terms of appointment of Shri. D.C. Bhartia, Managing Director of the Company by categorizing him as a 'director liable to retire by rotation'. Shri. A.N. Bhartia retires by rotation at this Annual General Meeting and being eligible offers himself for re appointment.

During the year under review, Mrs. M.M. Khandelwal was appointed as an additional director in the category of non-executive, independent, woman director w.e.f. 22.07.2014 and she holds the office till the date of this annual general meeting. The resolution for the appointment of Mrs. M.M. Khandelwal as the independent director for five years is proposed to be passed at this annual general meeting.

During the year under review Dr. R.D. Tainwala the independent director has resigned from the Board w.e.f. 11.12. 2013. The Board places on record valuable contribution made by Dr. R.D. Tainwala during his tenure of office as Director of the company.

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 under Section 141(3)(g) of the Companies Act, 2013.

The Company had appointed Mr. T.M. Rathie the Cost Auditor for conducting cost audit of the Company for the financial year 2013-14.

6. 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.

7. PUBLIC DEPOSIT :

As on 31st March, 2014 the company has neither accepted nor invited any public fixed deposits. No amount of principal or interest was outstanding as on 31st March, 2014.

8. CORPORATE SOCIAL RESPONSIBILITY :

During the year, your Directors have constituted the Corporate Social Responsibility Committee (CSR Committee) pursuant to the provisions of the Section 135 of the Companies Act 2013. The CSR Committee will decide the focus area of CSR activities, budget and programs to be undertaken and implemented. Your Company continued to initiate many social and charitable activities even before enactment of the provision of CSR in the Companies Act 2013. The main focus areas for CSR of the Company is in the area of education, health care, child nutrition, social development, care for the environment, protection of human rights and woman empowerment.

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, 2014, 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 ended on that date,
- 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, 2014 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 :

A stipulated under clause 49 of the listing agreement the Management Discussion & Analysis Report has been separately furnished in Annual Report and forms part of it.

12. 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.

13. PARTICULARS OF ENERGY CONSERVATION, 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.

14. TRANSFER OF UNPAID DIVIDEND TO IEP FUND :

Pursuant to Section 205 A (5) and 205 C of the Companies Act, 1956 the dividend remaining unpaid for a period of seven years here been transferred by the company to investor education and protection fund.

15. ACKNOWLEDGEMENTS :

Your Directors would like to express their appreciation for the support and co operation received from financial institutions, company's bankers, government authorities and shareholders during the year under review. The Company wishes to place on record their sincere appreciation to all employees for their commitment and continued contribution to the Company.

For and on behalf of the Board

SHASHIKANT C. BHARTIA
CHAIRMAN & MANAGING DIRECTOR
DIN : 00151358

Place : Mumbai
Date : 30th July, 2014

BASANT AGRO TECH (INDIA) LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

Particulars required under 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, 2014.

A. CONSERVATION OF ENERGY :

As in the past, the company continues its efforts towards energy conservation and improved utilisation.

FORM 'A'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

The efforts were made to ensure optimum consumption of fuel and electricity at all the plants of the Company. Use of LED/ CFL for shop floor lighting and at offices, replacement of old motors with energy efficient motors at all manufacturing facilities, use of transparent sheets at shop floor ceiling and internal energy audits are some of the major energy conservation measures adopted by the Company.

	2013-14	2012-13
A. POWER & FUEL CONSUMPTION		
1. Electricity		
a) Purchased from Electricity Board (No. of units)	3442524	3609367
Total amount (Rs.)	26352838	25085098
Rate / Unit (Rs.)	7.66	6.95
b) Own generation	Nil	Nil
2. Briquettes (Kgs)	3290252	3340305
Total amount (Rs.) (for fertilizer units)	16112065	15355364
Average rate per Kg (Rs.)	4.90	4.60
B. CONSUMPTION PER UNIT OF PRODUCTION (MT)		
NPK granulated mixture fertilizer		
Electricity (No. of units)	9.13	9.09
Briquettes (in Kgs)	24.08	24.03
SSP fertilizer		
Electricity (No. of units)	17.17	17.13
G.S.S.P. fertilizer		
Electricity (No. of units)	12.94	12.87
Briquettes (in Kgs)	23.99	23.90

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 R & D activities of the fertilizer division are mainly concentrated at having optimum plant operation thereby reducing the cost of production along with quality improvement keeping in mind safety of workers. The R & D department of seeds division develops the new high yielding varieties of hy-bred seeds. Use of bio-technology proves to be beneficial in development of new seeds.

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

The main benefit derived of the R & D activities at Fertiliser division is the best quality production of fertilisers at the most economical cost of production. The indirect benefit of R & D was attributed to the protection of the environment by avoiding air & water pollution. The Company could develop new high yielding hybrid seeds as a results of its R & D Activities.

iii. Future plans of action :

The Company will continue its efforts on in house R & D for improving the cost effectiveness in the production of fertilizers and seeds. R & D activities focus on developing high yielding hybrid varieties of seeds.

iv. Revenue expenditure on R & D :

Rs. 67.20 lacs (Previous year Rs. 55.75 lacs).

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

(₹ in thousands)

	2013-14	2012-13
Total foreign exchange outgo : (Raw materials)	292276	392326
Total foreign exchange earned :	NIL	NIL

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Organisation profile :

Basant Agro Tech (I) Ltd is one of the leading manufacturers of SSP fertilizer in the country. The Company is also engaged in the manufacturing of NPK mixture granulated fertilizers, development and marketing of hybrid seeds and wind turbine power generation. The company is also having interests in warehousing and cold storage facilities. The production facilities are located at the consumption centre in the states of Maharashtra, Karnataka and Madhya Pradesh.

Economic overview :

Industrial growth of the country has been adversely affected mainly due to poor foreign exchange inflow on capital account, intense exchange rate pressures and low capital investment. The weaker growth prospects and new risks raise new challenges to global growth and employment and global rebalancing. The poor domestic demand and slower growth in several key emerging market economies, as well as a more protracted recession in the European countries had affected the economic growth of many countries. The underperformance was mainly due to financial stability concerns, a deeper recession and expansion of global economy at a weaker pace. Despite global growth remain subdued, the Indian economy has shown marginal growth in 2013-14 which has mainly because of the moderate rainfall, numerous reform measures as well as fiscal and monetary initiatives taken by the Indian government over the past few years and complimentary financial policies including strict control over rising inflation by tightening the fund liquidity by the Reserve Bank of India (RBI).

Agricultural marketing is witnessing major changes owing to liberalization and globalisation of markets. In this context agriculture has to be market driven, more cost effective, competitive, and innovative. The agricultural produce sector has been one of the most important components of Indian economy. Monsoon disturbances, increasing frequencies of floods and droughts and water-logging are pressing challenges before the agricultural sector requiring urgent attention. Increasing demand for industrialization, urbanization, housing and infrastructure is forcing conversion of agricultural land to nonagricultural uses. The scope for expansion of the area available for cultivation is limited. The agriculture markets have the potential to act as a powerful tool for improving the economic viability of agricultural sector by reducing rural poverty and for achieving sustainable agriculture development.

Current and future outlook :

The SSP fertilizers industry is getting necessary encouragement from the Government as it not only helps in providing vital nutrients like phosphates, sulphur, calcium and other micro nutrients to the crops but also in conservation of foreign exchange. NBS policy introduced by the Government has encouraged availability of SSP fertilizers with reduced subsidy outgo. SSP fertiliser is environment friendly as well as agronomically preferred fertilizer by the farmers. The SSP fertilizers have great future on account of Government stability, encouraging fiscal policies and economical fertilizers in comparison with other phosphatic fertilizers.

Agriculture is an important sector of the Indian economy, accounting for 14% of the nation's GDP, about 11% of its exports, about half of the population still relies on agriculture as its principal source of income and it is a source of raw material for a large number of industries. Accelerating the growth of agriculture production is therefore necessary not only to achieve an overall GDP target and meet the rising demand for food, but also to increase incomes of those dependent on agriculture. With growing investments in irrigation, the dependence on monsoon has declined considerably. Marketing research, training and guidance to stake holders to use the advanced technology would aim at creation of an ambience of good marketing practices in the country to protect the interest of farmers as well as consumers.

Industrial growth can get stimulus in a stable political and growing economic environment. This may lead to creation of additional job opportunities in industrial sector. Though considerable progress has since been achieved in scaling new heights in the production of foodgrains, commercial crops like cotton, sugarcane, tea etc., there is great scope for increasing their production by using developed technology for high yielding and pest resistant varieties of crops. The government has been playing a proactive role in promoting greater use of hybrid seeds. It encourages private seed companies to develop new varieties of hybrid seeds suitable for different agro-climatic zones. As the majority of the population of the country is directly dependent on agriculture, their income can be increased by removing the heavy margins of the middlemen if private and cooperative sectors establish and operate agricultural marketing infrastructure and supporting services and also by encouraging direct marketing of agricultural commodities from producing areas. Modern technique such as micro-irrigation, watershed management, rainwater harvesting and groundwater recharging are vital in utilizing the existing resources and expanding the irrigation system in a viable manner.

Opportunities and threats :

Use of modern technologies in agriculture supported by proper combination of fertilizers considering the soil deficiencies with high yielding hybrid seeds with additional traits like pest resistant and resilient to less input water will give momentum to the agricultural growth. An alternative marketing systems need to be developed in the country to promote direct marketing, smooth and timely raw material supplies to agro-processing industries coupled with prudent use of cold storage warehouse facilities. The main focus of the Government is on promotion of balanced nutrient consumption by the farmers and SSP fertilizer is the best fertilizers in that respect and naturally SSP industry expects robust growth in the coming years.

Overuse of marginal lands, imbalanced fertilization, deteriorating soil health, diversion of agricultural land to nonagricultural uses & irrigation sources, soil erosion, salinization of fertile lands and also increasing demand for industrialization, urbanization, housing and infrastructure could impact agricultural growth adversely. The increasing pressure on the agricultural land alongwith the shrinking natural resources viz. arable land, water, soil, biodiversity due to demographic and socio-economic pressures poised the great challenge before the agricultural sector. The main concerns for SSP industry are higher rates of interest on working capital and delay in release of subsidy on SSP fertilizers by the Government.

Internal control system :

Regular internal audits at all manufacturing units of the Company are undertaken to ensure that the highest standards of internal control are maintained with a view to enhancing the shareholders' value and safeguarding the Company's assets. The Company has adequate internal controls systems covering financial and other operating functions which can effectively provide for reliability of financial transactions, compliances with applicable statutes, accounting policies. The audit committee regularly reviews not only the internal control systems but also deviations and key audit observations of the internal and external auditors.

Human resources development :

The Company has a well laid talent development policies which not only ensures attracting of the talent but also retention of the talent in the organisation. During the year industrial relations across all the plants continued to remain cordial. Various initiatives have been taken to ensure high employee motivation to enable the Company to face the current challenges and grab future opportunities.

Cautionary statement :

Statements in this "Management's Discussion and Analysis" describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include monsoon condition, change in Government regulations etc.

REPORT ON CORPORATE GOVERNANCE**Introduction**

The Company's policy on maintaining high standard of Corporate Governance is based on the principles of full and fair disclosures, transparency and accountability in the management of the company's affairs. Company believes in continued compliance of laws, application of the best management practices to achieve the objective of enhancing the shareholders' value and discharging of the corporate social responsibilities.

1. Board of Directors :

The Board of Directors of the Company has got optimum combination of executive and non executive directors which is in conformity with Clause 49 of the listing agreement which represents appropriate combination of professionalism, knowledge and experience. The Board has executive chairman and accordingly number of Independent Directors is 50% of the total strength of directors. The management of the Company is entrusted in the hands of the key managerial personnel of the Company and is headed by the Managing Directors who function under the supervision and control of the Board of Directors. The Board decides and reviews company's strategies, operational and financial plans acting as a trustee on behalf of the shareholders. The Company believes in maintaining the independence of the Board as the decision making body of the Company.

The composition and category of directors alongwith record of attendance at meetings is as under :

Name	Category	Designation	No. of outside directorship in public ltd cos	No. of meetings attended	
				Board	AGM
Shri. S.C. Bhartia	Executive	Chairman & Managing Director	Nil	12	1
Shri. D.C. Bhartia	Executive	Managing Director	Nil	12	1
Shri. S.W. Sawant	Independent	Director	Nil	6	—
Dr. B.G. Bathkal	Independent	Director	Nil	6	1
Shri. R.S. Tayade	Independent	Director	Nil	12	1
Shri. A.N. Bhartia	Executive	Executive Director	Nil	12	1
Dr. R.D. Tainwala (upto 11.12.2013)	Independent	Director	2	1	—

These are no pecuniary relationships or transactions of the Independent (non executive) Directors vis-a-vis the Company. Every Independent Director had submitted the declaration that he meets the criteria of independence as provided under the law. Shri. S.W. Sawant has been designated as the lead Independent Director. According to the provision of the Companies Act 2013, the Independent Directors will meet atleast once in every financial year without the presence of the Executive Directors and management personnel and the lead Independent Director will present the views of all Independent Directors to the Chairman and Managing Director of the Company.

Shri. A.N. Bhartia

He is commerce graduate. He holds the position of executive director in the Company. He is instrumental in erecting of and acquisition of SSP plants. He looks after production of all fertilizers since 28 January, 2008.

The brief details of other directors proposed to be re-appoint including their directorship in other companies and shareholding are already given in the explanatory statement of the Notice hence the same has not been repeated here. The board of directors is presented in advance with the agenda papers, along with detailed notes about the business of the meeting. The Board reviews the compliance status of all laws applicable to the Company, as certified by all the departmental heads as well as steps taken to rectify instances of non-compliances. The Board also reviews the minutes of the committee meetings of the Company. The draft minutes of the proceedings of the board meetings are circulated to board members for their comments and thereafter the minutes of the board meeting are entered in the minutes book within 30 days of the Board meeting.

2. Audit Committee :

The composition of the audit committee of the Company is in conformity with the requirement of Section 177 of the Companies Act, 2013 and Clause 49 of the listing agreement. The scope of the committee is to supervise the Company's internal control, financial audits and financial reporting process and in particular perform following functions :

- Overview the company's financial reporting process and disclosures in financial statements to ensure that the financial statements are correct, sufficient and credible and are in compliance with the accounting standards and policies.
- Recommending to the Board the appointment and removal of internal auditor and statutory auditor including cost auditor & fixation of audit fees.
- Reviewing with management the periodical and annual financial statements, before submission to the Board.
- Reviewing with the management, external auditors and internal auditors, the adequacy of internal audit control system.
- Reviewing scope and adequacy of external and internal audit functions.
- Discussing with internal auditors significant finding regarding any irregularity or failure of internal control system.
- Discussing with the auditors periodically about internal control system, the scope of audit including the observation of the auditors and review all financial statements before submission to the Board and also ensure compliance of internal control system.
- Reviewing the Company's risk management policies and functioning of the Whistle Blower Mechanism.