

BHARAT FERTILISER INDUSTRIES LIMITED



14th ANNUAL REPORT 1998-99



BHARAT FERTILISER INDUSTRIES LIMITED

BOARD OF DIRECTORS

Shri Yogendra D. Patel
Chairman & Managing Director

Smt. Anjni. Y. Patel
Joint Managing Director

Shri Ghelubhai V. Patel
Director

Shri Ghanashyamdas A. Bhimnathwala
Director

Shri Kantilal N. Jethwa
Executive Director (Operations)

Shri Ashwin M. Patel
Executive Director (Marketing)

Shri A. J. Chakote
Company Secretary

Shri A. M. Shah
Finance Manager

Auditors

Chandulal M. Shah & Co.
304, Maker Bhavan No. 3,
21, New Marine Lines,
Mumbai - 400 023.

Bankers

Oriental Bank of Commerce

Plant

Village:Kharivali ,
Taluka:Wada,
Dist.:Thane.

Registered Office

Bharat Fertiliser House,
12, Nanabhai Lane, Fort,
Mumbai - 400 023.

ANNUAL GENERAL MEETING

on Tuesday, the 28th September, 1999
at 3.30.p.m. at Sardar Patel Baug,
Shri Vile Parle Patidar Mandal,
Parleshwar Road, Vile Parle (East),
Mumbai 400 057.

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NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the Company will be held as detailed below :

Day : Tuesday
 Date : 28th September, 1999
 Venue : Sardar Patel Baug,
 Shri Vile Parle Patidar Mandal,
 Parleshwar Road, Vile Parle (East),
 Mumbai - 400 057.
 Time : 3.30 P. M.

The Agenda for the meeting will be as under :

ORDINARY BUSINESS :

- (1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999, Profit and Loss Account for the Accounting year from 1st April, 1998 to 31st March, 1999, Directors' Report and the Auditors' Report thereon.
- (2) To appoint a Director in place of Shri G. A. Bhimnathwala, who retires by rotation and being eligible, offers himself for reappointment.
- (3) To appoint a Director in place of Shri Kantilal N. Jethwa, who retires by rotation and being eligible, offers himself for reappointment.
- (4) To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

- (5) To Consider and if thought fit to pass, with or without modifications, the following Resolution as an Ordinary Resolution :-

"RESOLVED THAT the consent of the company be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company for creation of equitable mortgage by way of First Charge on Factory land admeasuring 18 Acres approximately together with Buildings thereon situated at Village Kharivali, Taluka Wada, District Thane in the state of Maharashtra as security for working Capital Limits granted to the company amounting to Rs. 750 Lakhs by the Oriental Bank of Commerce, Jash Chambers, Sir P. M. Road, Fort, Mumbai - 400 001.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to offer such further security as may be required for creating Mortgage / Charge on the moveable and immovable properties of the Company to secure Cash Credit / Letter of Credit / Bank Guarantee Limits as may be sanctioned by the said Oriental Bank of Commerce from time to time".

BHARAT FERTILISER INDUSTRIES LIMITED

“ RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds and things as may be necessary to give effect to the foregoing resolution.

By Order of the Board

Place : Mumbai
Dated : 10th August, 1999.

A.J.Chakote
Company Secretary

Registered office :

Bharat Fertilizer House
12, Nanabhai Lane, Fort,
Mumbai 400 023.

NOTES :

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT 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 Share Transfer Books of the Company will remain closed from Tuesday the 14th September 1999 to Friday the 24th September 1999 (both days inclusive).
- (3) Members are requested to bring copy of the Annual Report along with them while attending the meeting.
- (4) Members are requested to immediately notify the Company, change in their registered address, if any.
- (5) Members are requested to note that they should deal or correspond with the Registered office of the Company for all matters relating to shares.

EXPLANATORY STATEMENT ANNEXED TO THE NOTICE UNDER SECTION 173 OF THE COMPANIES ACT, 1956.

Item No. 5

The Company has obtained working Capital Limits to the extent of Rs. 750 Lakhs from Oriental Bank of Commerce and the said limits have been secured by the creation of Equitable Mortgage by way of First Charge on the factory land, building situated at: Village Kharivali, Taluka : Wada, District : Thane.

Section 293 (1) (a) of the Companies Act, 1956 provides inter alia that the consent of the company in General Meeting is required to the Board of Directors for Mortgage / Equitable Mortgage / Hypothecation of the movable and immovable assets of the company as such creation of charge is considered as disposal of the Company's assets.

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It is, therefore, necessary to obtain the consent of the members to authorise Board of Directors of the Company to do so.

The requisite resolution is, therefore, placed before you for your kind consideration and approval. None of the Directors of the Company is concerned or interested in the Resolution.

By Order of the Board

Place : Mumbai
Dated : 10th August, 1999.

A. J. Chakote
Company Secretary

Registered office :
Bharat Fertilizer House
12, Nanabhai Lane, Fort,
Mumbai 400 023.



BHARAT FERTILISER INDUSTRIES LIMITED

DIRECTORS' REPORT TO MEMBERS

Your Directors have pleasure in submitting their Report along with the Audited Statement of Accounts for the years ended 31st March 1999 :

FINANCIAL RESULTS:

	<u>1998-99</u> (Rs. in lacs)	<u>1997-98</u> (Rs. in lacs)
Turnover	<u>1,987.91</u>	<u>2,211.41</u>
Profit before interest and depreciation	<u>139.79</u>	256.05
Less : Interest	<u>77.21</u>	<u>107.53</u>
Gross Profit before depreciation	<u>62.58</u>	148.52
Less : Depreciation	<u>100.31</u>	<u>108.12</u>
Operating Profit / Loss	<u>(-)37.73</u>	40.40
Add / Less : Provision for Taxation	<u>1.60</u>	<u>10.00</u>
(a) Surplus / Deficit during the year	<u>(-)39.33</u>	30.40
(b) Surplus brought forward from last year	<u>170.09</u>	<u>139.69</u>
Balance carried to Balance Sheet	<u>130.76</u>	<u>170.09</u>

The profit before interest and depreciation amounted to Rs.139.79 Lacs as compared to Rs.256.05 Lacs during the last year. After providing for interest of Rs. 77.21 Lacs and depreciation of Rs.100.31 Lacs, the company has made an operating loss of Rs.37.73 Lacs as against profit of Rs. 40.40 Lacs during the last year. After providing for Taxation of Rs. 1. 60 Lacs, the net loss for the year amounted to Rs. 39.33 Lacs. After adding carried forward surplus amounting to Rs. 170.09 Lacs, a sum of Rs. 130.76 Lacs is carried to Balance Sheet.

DIVIDEND

Due to inadequacy of profits during the year under report, your Directors are unable to recommend any dividend for the year.

REVIEW OF OPERATIONS

During the year under report, your company has achieved a turnover of Rs. 1987.91 Lacs as compared to Rs.2211.41 Lacs during the previous year. During the year under report i.e. during last monsoon, unprecedented flood waters entered the Company's factory premises in September 1998 and more particularly, the Plastic Division was worst affected.

Due to the above damage, the working of the Company during the year under report was adversely affected. The Company has immediately lodged an Insurance claim toward damages caused by flood waters in respect of stock and plant and machinery and the Company expects Rs. 1 crore approximately towards insurance

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claim settlement shortly by September 1999. The performance of Chemicals and Fertiliser Divisions was also adversely affected partly due to non-availability of adequate working capital facility from Company's Bankers till end October 1998 and subsequently on receipt of adequate working capital the performance has geared up in the last quarter of the year.

The Fertiliser subsidy was also lately fixed from Rs. 600/- per Metric Tonne to Rs. 900/- per Metric Tonne only during Rabi 98-99. Therefore, the enhanced cost of production during Kharif 98 was also to be absorbed to that extent.

CURRENT YEAR'S WORKING

During the current year, your company has geared up its production and sales for both Fertiliser and Plastic Divisions to improve the capacity utilisation along with higher turnover which will result in substantial improvement in the company's current year's working.

The first quarter of the current year ended 30.06.1999 has ended in a nett profit of Rs.13.00 Lacs as compared to Rs. 5.44 Lacs during the quarter ended 30.06.1998, last year.

Similarly, due to repeat prestigious order from Rashtriya Chemicals & Fertilizers Limited, the working of Plastic Division will also be improved substantially. Further, due to favourable monsoon, the sale of Fertiliser will also improve which will result in higher turnover of Fertiliser Division.

DIRECTORS

Shri G. A. Bhimnathwala and Shri K. N. Jethwa, Directors retire by rotation as per the Articles of Association of the Company and being eligible offer themselves for reappointment. The necessary items have been included in the Notice convening the Annual General Meeting and reappointment of Shri G. A. Bhimnathwala and Shri K. N. Jethwa is recommended for adoption by the members.

AUDITORS' REPORT

Report of Auditors is self-explanatory and replies to queries of the Auditors have been sufficiently covered in the notes forming part of accounts.

GRATUITY

The Gratuity liability is accounted on cash basis as and when it becomes legally payable to the employees. The liability towards the gratuity upto 31-03-1999 works out to Rs. 33,45,036/-.

DONATION

During the year under report, donations amounting to Rs.7,11,000/- were granted to 3 social / educational institutions

FIXED DEPOSITS

As on 31st March 1999, the Fixed Deposits amounted to Rs. 5,24,000/-. There was no instance of any unclaimed or overdue deposit during the year.

Y2K ISSUES

Your company is confident that Y2K issues will be satisfactorily dealt with as your company has taken steps to ensure that the systems of the company are Y2K compliant.

BHARAT FERTILISER INDUSTRIES LIMITED

ANNEXURE TO DIRECTORS' REPORT

- I) Pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosures of particulars in Directors' Report) Rules 1988 the relevant information is given in the annexure 'A' forming part of this Report.
- II) Details of remuneration paid to employees as required under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 as amended are given in the annexure 'B' forming part of this Report.

AUDITORS

M/s. Chandulal M. Shah & Company, Chartered Accountants are retiring at the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment for the year 1999-2000. The appointment of M/s. Chandulal M. Shah & Co. is recommended.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their sincere thanks to the Central Government, State Government Agricultural Departments, Company's Bankers, Oriental Bank of Commerce, Shareholders, Customers and Business Constituents for their valued co-operation and support at all times. Your Directors also place on record the untiring efforts of the employees at all levels during the difficult periods faced by the Company.

For and on behalf of the Board

Place : Mumbai
Dated : 10th August, 1999

YOGENDRA D. PATEL
Chairman & Managing Director

Registered office :
Bharat Fertilizer House
12, Nanabhai Lane, Fort,
Mumbai 400 023.

14TH ANNUAL REPORT 98-99**ANNEXURE TO THE DIRECTORS' REPORT****ANNEXURE - "A"**

INFORMATION UNDER SECTION 217 (1) (e) of the Companies Act, 1956

A. CONSERVATION OF ENERGY

Your Company has taken effective steps to achieve maximum conservation of energy. Some measures taken by your company for energy conservation are :-

- (a) Installation of imported STEAM DRIVEN TURBO BLOWER, Utilises surplus steam for generating Electricity, resulting in saving of power.
- (b) Installation of specially designed burner nozzles and furnace to reduce oil consumption in granulating process.

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

A. POWER & FUEL CONSUMPTION	APRIL 98 TO MARCH 99	APRIL 97 TO MARCH 98
(a) Purchased Units rate per unit	5. 04	4. 90
(b) Own generation through Diesel Diesel Generation	Company has installed two nos. of imported 860 KVA SKODA Diesel Generating Sets	
Units per litre of Diesel Oil	2.78	2. 75
Furnace Oil - KL	320	690
Average cost per litre	Rs. 6. 22	Rs. 7.14
B. CONSUMPTION PER UNIT OF PRODUCTION	Units	Units
(a) Sulphuric Acid per ton	57	55
(b) Superphosphate per ton	23	22
(c) Granulated Superphosphate per ton	17	15
(After taking into account the steam generated by the steam turbine)		

FORM B

A. ABSORPTION OF TECHNOLOGY
Absorption of technology does not arise.

B. RESEARCH AND DEVELOPMENT (R & D)
Company has no separate R & D Department. The Company has well equipped laboratory for testing raw materials and finished goods.

ANNEXURE - "B"

STATEMENT PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 1999.

Name of the Employee	Age (Yrs.)	Designation	Gross Remuneration (Rs.)	Qualifications	Experience (in years)	Date of Commencement	Previous Employment & Position held
MR. YOGENDRA D.PATEL	41	Chairman & Managing Director	6, 12, 000	Chem. Engineer.	15	1 - 4 - 1990	Self Employed

NOTES :

- 1) Remuneration includes salary and other perquisites valued in accordance with the Income Tax Rules, 1962.
- 2) The appointment for Mr. Yogendra D. Patel is contractual.