

# **BHARAT FERTILISER INDUSTRIES LTD.**

**MUMBAI**



**18th. ANNUAL REPORT  
(2002 - 2003)**

**BHARAT FERTILISER INDUSTRIES LTD.**

**BOARD OF DIRECTORS**

Shri Yogendra D. Patel  
*Chairman & Managing Director*

Smt. Anjni Y. Patel  
*Joint Managing Director*

Shri Kantilal N. Jethwa  
*Director*

Shri Ashwin M. Patel  
*Director*

Shri Suresh M. Bhadrecha (From 9.12.02)  
*Director*

**COMPANY SECRETARY**

Shri A. J. Chakote

**AUDITORS**

M/s. Chandulal M. Shah & Co.  
304, Maker Bhavan No. 3,  
21, New Marine Lines,  
Mumbai - 400 020

**BANKER**

Oriental Bank of Commerce

**PLANT**

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

**REGISTERED OFFICE**

Bharat Fertiliser House,  
12, Nanabhai, Fort,  
Mumbai : 400 023

**REGISTRARS FOR SHARE TRANSFERS  
AND DEMATERIALISATION**

M/s. Intime Spectrum Registry Pvt. Ltd.  
260, A, Shanti Industrial Estate,  
Sarojini Naidu Road, Mulund (W),  
Mumbai : 400 080

Annual General Meeting on Tuesday, the 30th September, 2003 at 3.30 p.m.  
at Sardar Patel Baug, Shri Vile Parle Patidar Mandal, Parleshwar Road,  
Vile Parle (East), Mumbai - 400 057.

**NOTICE**

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

Day	:	Tuesday
Date	:	30 <sup>th</sup> September 2003
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 31<sup>st</sup> March, 2003, Profit and loss Account for the Accounting year from 1<sup>st</sup> April, 2002 to 31<sup>st</sup> March, 2003, Directors' Report and the Auditors' Report thereon.
- 2) To appoint a Director in place of Shri Kantilal N. Jethwa who retires by rotation and being eligible, offers himself for reappointment.
- 3) 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**

- 4) To consider and if thought fit, to pass, with or without modifications, the following Resolution as Ordinary Resolution :-

"RESOLVED THAT Shri Suresh M. Bhadrecha who was appointed as an additional director of the company pursuant to Section 260 of the Companies Act, 1956, and who holds office until the conclusion of this Annual General Meeting be and is hereby appointed as a director of the company liable to retirement by rotation".

By order of the Board

A.J. CHAKOTE  
COMPANY SECRETARY

Place : Mumbai

Dated : 23<sup>rd</sup> August 2003

**BHARAT FERTILISER INDUSTRIES LTD.****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 Monday 22 nd September, 2003 to Tuesday 30th September 2003 (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) In terms of the directive from Stock Exchange, Mumbai, the company has appointed common agent for Share Registry work and dematerialisation work. The name and address of the Registrars are as under :

**INTIME SPECTRUM REGISTRY LIMITED**  
 Registrars for share transfers and Dematerialisation  
 C-13 Pannalal Silk Mills Compound  
 LBS Marg, Bhandup (West)  
 Mumbai 400078.

The shareholders are requested to contact the Registrars for necessary assistance in the matter of share transfers and dematerialisation.

- 6) Shareholders are requested to send their queries in respect of Financial Accounts of the Company for the year ended 31st. March, 2003 atleast a week in advance so as to enable the management to keep the information ready at the time of Annual General Meeting.

**ANNEXURE TO THE NOTICE**

Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956.

The following explanatory statement relating to item No. 4 of the accompanying Notice sets out all Material facts as required under section 173 of the Act :

**Item No4**

Shri Suresh M. Bhadrecha was appointed as an Additional Director by the Board on 9th December, 2002 as per section 260 of the Companies act, 1956. He holds office until the conclusion of this meeting. Notice pursuant to Section 257 of the Companies Act 1956 has been received by the company from a member signifying his intention to propose the resolution contained in the Notice.

None of the Directors is interested in the resolution. The resolution is commended for adoption by the members.

By Order of the Board

**A.J. CHAKOTE**  
**COMPANY SECRETARY.**

Place : Mumbai

Date : 23 rd August,2003.

**18th ANNUAL REPORT 2002-2003****DIRECTORS REPORT TO MEMBERS**

Your Directors have pleasure in submitting their Report along with the Audited Statement of Accounts for the year ended 31st March, 2003.

**FINANCIAL RESULTS**

	<b>2002-2003</b> (Rs. in lacs)	<b>2001-2002</b> (Rs. in lacs)
Turnover	<u>1059.26</u>	<u>987.39</u>
Profit/Loss before interest and depreciation	(-)47.00	19.04
Less: Interest	<u>78.62</u>	<u>71.68</u>
Gross Profit/Loss before depreciation	(-)125.62	(-)52.64
Less: Depreciation	<u>18.73</u>	<u>44.57</u>
Operating Profit/Loss	<u>(-)144.35</u>	<u>(-)97.21</u>
(a) Surplus/Deficit during the year	(-)144.35	(-)97.21
(b) Short provision of Income Tax for earlier years.	----	(-)10.99
(c) Deficit brought forward from last year	<u>-----</u>	<u>(-)55.67</u>
Balance Carried to Balance Sheet	<b>(-)144.35</b>	<b>(-)163.87</b>

The Accounting Year 2002-2003 has ended in a loss of Rs. 47 Lacs as compared to profit of Rs. 19.04 Lacs during the corresponding period last year. After providing for interest amounting to Rs. 78.62 and depreciation of Rs. 18.73 Lacs, the Company has made a loss of Rs. 144.35 Lacs as against the loss of Rs. 97.21 Lacs during the last year. After taking into account the deficit brought forward during last year amounting to Rs. 163.87 Lacs, the total loss of Rs. 308.22 Lacs is carried to Balance Sheet.

**DIVIDEND**

In view of the operating loss sustained during the year under report, the Directors are unable to recommended any dividend for the year.

**REVIEW OF OPERATIONS:**

During the year under Report, your company has achieved a turnover of Rs. 1059.26 Lacs as compared to Rs. 987.39 Lacs during the previous year. The company has been selective in appointing only reliable and reputed dealers to whom the fertilizer sales can be effectively made without any higher discounts so as to avoid any bad debts in future. Similarly, the company has decided to sell its fertilizers in the nearby Districts of our factory in the state of Maharashtra so that the equated freight can be minimized.

Due to lower capacity utilization, higher interest and also receipt of Insurance Claim belatedly, the company has incurred loss during the year under review. Similarly, the company's bankers has also reduced the working capital facilities by almost 25% to 30% during the year under report. This has resulted in non-operation of Fertiliser and Chemical Plants at the desired rated capacities.

## BHARAT FERTILISER INDUSTRIES LTD.

### CURRENT YEAR'S WORKING :

Due to delayed monsoon in almost all the Districts of Maharashtra State, your company is planning to gear up production and sales during the forthcoming Rabbi Season.

The management is continuing to adopt its policy of restrictive remunerative sales, reduction in cost of production and interest burden together with pruning of staff strength so as to arrest further loss.

### DIRECTORS:

During the year under report, Shri Suresh M. Bhadrecha has been inducted on the Board of Directors of the companies in the month of December 2002 so as to fall in line with the Corporate Governance Policy. Shri Suresh M. Bhadrecha holds office upto the date of 18th Annual General Meeting. The company has received necessary notice under Section 257 of the Companies Act, 1956 notifying the intention to propose the necessary resolution to be moved in the ensuing Annual General Meeting of the Company and appointment of Shri Bhadrecha is recommended for adoption by the members.

During the year under report, Shri Kantilal N. Jethwa and Shri Ashwin M. Patel, Executive Directors of the Company have ceased to be Executive Directors. They, however, have agreed to continue on the Board as non-Executive Directors.

Shri Kantilal N. Jethwa, Director, retires by rotation and being eligible offers himself for reappointment. The necessary item has been included in the notice convening the 18th Annual General Meeting and the appointment of Shri Kantilal N. Jethwa as a rotational Director is recommended for approval of the members.

### CORPORATE GOVERNANCE

Your company has fallen in line with SEBI guidelines as enumerated in the Circular dated 11th April 2000 received from the STOCK EXCHANGE, MUMBAI, and was required to take necessary steps in the matter of Corporate Governance in the financial year 2002-2003 but not later than 31/3/2003.

Accordingly, the necessary steps have been taken to implement Corporate Governance guidelines in the month of December 2002 and the first report on Corporate Governance has been submitted to Stock Exchange for the quarter ended on 31/3/2003. A copy of the first report of Corporate Governance commencing from 01/01/2003 to 31/3/2003 is annexed hereto being the steps taken by the company as per guidelines issued by the Stock Exchange vide its circular dated 14/03/2003.

### AUDITORS' REPORT:

Report of Auditors is self explanatory and replies to observations 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 31/3/2003 works out to Rs. 35,81,915/- (Previous year Rs. 41,77,200/-).

### DONATIONS:

During the year under report, donations amounting to Rs. 2142/- were granted to Social Welfare Institutions.

### FIXED DEPOSITS:

As on 31st March 2003, the Fixed Deposits amounted to Rs. 37,90,163/-. There was no instance of any unclaimed or overdue deposit during the year (Previous year: Rs.27,36,500/-)

**18th ANNUAL REPORT 2002-2003****ANNEXURE TO DIRECTORS' REPORT:**

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 to "A" forming part of this report.

PARTICULARS OF EMPLOYEES UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES(PARTICULARS OF EMPLOYEES) RULES, 1975.

There are no employees of the company who are in receipt of remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended to date.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

The Directors confirm that :

- (a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed, except accounting of Gratuity on Cash basis and not providing liability on actuarial valuation.
- (b) Appropriate accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state affairs of the Company for the year ended 31st March 2003.
- (c) Proper and sufficient care has been taken 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.
- (d) The annual accounts have been prepared on a going concern basis.

**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 2003-2004. The appointment of M/s. Chandulal M. Shah & Company, Chartered Accountants is recommended.

**ACKNOWLEDGMENTS:**

Your Directors wish to place on record their sincere thanks to the Central Government, State Government, Agricultural Department, Company's Bankers, Oriental Bank of Commerce, Shareholders, Customers and business consultants 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

(YOGENDRA D. PATEL)  
CHAIRMAN & MG. DIRECTOR.

Place : Mumbai

Date : 23rd August 2003.

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



**BHARAT FERTILISER INDUSTRIES LTD.****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 DRIVE TURBO BLOWER, Utilises surplus steam for generating electricity, Resulting in saving of Power.
- (b) Installation of specially designed burner nozzles and furnaces to reduce oil consumption in granulating process.

**FORM "A"****DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.****A. POWER & FUEL CONSUMPTION**

	April 2002 to March 2003	April 2001 to March 2002
(a) Purchased Units rate per unit	4.79	4.76
(b) Own generation through Diesel, Company has installed two nos. of imported 860 KVA SKODA Diesel Generating Sets.		
Units per Liter of Diesel oil	2.78	2.78
Furnace Oil KL	170.00	90.00
Average cost per liter	12.14	11.89

**B. CONSUMPTION PER UNIT OF PRODUCTION**

	Units	Units
(a) Sulphuric Acid per ton	60	61
(b) Super Phosphate per ton	25	26
(c) Granulated super Phosphate per ton	20	20

(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.



**18th ANNUAL REPORT 2002-2003****REPORT ON CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

The company's Philosophy on Corporate Governance envisages the attainment of the high level of transparency and accountability in the functioning of the Company and the conduct of its business internally and externally, including its interaction with employees, shareholders, creditors, consumers, institutional and other term lenders and places due emphasis on regulatory compliance.

**2. BOARD OF DIRECTORS:**

The present strength of Board of Directors is FIVE Mr. Yogendra D. Patel, is CHAIRMAN & MG. DIRECTOR.. Mrs. ANJNI Y. PATEL, Jt. Mg. Director. Out of 5 Directors, 3 Directors are non-Executive and Independent. The position of the Board of Directors thus meets with the stipulated requirements.

The Company has initially undertaken the compliance of Corporate Governance from 1st January 2003 i.e. during the last quarter of the year.

During the financial year ended on 31/3/2003, seven board meetings were held on 10/5/2003, 31/7/2002, 23/8/2002, 31/10/2002, 9/12/2002, 02/01/2003 and 30/01/2003. The company's last Annual General Meeting was held on 30/09/2002. The Board's composition and categories as on 31/03.2003 and the attendance of each Director at Board Meeting and last Annual General Meeting are as under:-

Name of Director	Category	No. of Directorship In other Cos.	No. of Board Committee For which	No. of Board Meetings Attended	Whether Attended Last A.G.M.
Shri Yogendra D. Patel	Chairman & Mg. Director	7	7	7	Yes
Smt. Anjni Y. Patel	Joint Mg. Director	7	Nil	7	Yes
Shri Ashwin M. Patel	Non-Executive Director	Nil	Nil	7	Yes
Shri Kantilal N. Jethwa	Non-Executive Director	1	Nil	7	Yes
Shri Suresh M. Bhadrecha	Non-Executive Director	Nil	Nil	1	No

**3. COMMITTEES OF THE BOARD:****A. AUDIT COMMITTEE;  
BROAD TERMS OF REFERENCE.**

The Audit Committee of the Board was constituted in the meeting of the Board of Directors held on 02/01/2003 in conformity with the requirements of Clause 49 of the Listing Agreement, as well as Section 292A of the Companies Act, 1956. The terms of reference and the role of Audit Committee are set out in the Listing Agreement and Section 292A of the Companies Act, 1956.

The Audit Committee consisted of following members:

1. Shri S. M. Bhadrecha
2. Shri Ashwin M. Patel
3. Shri Kantilal N. Jethwa

**BHARAT FERTILISER INDUSTRIES LTD.**

The Audit Committee meeting was held on 02/01/2003 and all the member Directors of Audit Committee, Shri Suresh M. Bhadrecha, Chairman of the Audit Committee, Shri Ashwin M. Patel and Shri Kantilal N. Jethwa were present.

Quorum: Two Independent Directors.

Secretary of the Committee: Shri A. J. Chakote, Company Secretary, acts as Secretary of the Committee.

**Remuneration Committee.**

Since Managerial remuneration has been approved by the shareholders upto September 2006, the remuneration committee has not been constituted and same will be formed as and when it is required.

The sitting fees for attending each Board Meeting / Committee Meeting is Rs. 1000/- per meeting.

**SHAREHOLDERS/INVESTOR GRIEVANCE COMMITTEE:****FUNCTION**

The Board of BHARAT FERTILISER INDUSTRIES LTD has constituted a Shareholders/Investor Grievance Committee consisting of three members, Chaired by an independent Non-Executive Director. The Committee meets at frequent intervals to approve inter-alia, transfer/transmission of shares, issue of duplicate share certificates, non receipt of declared dividend and to review of the status of investors' grievances and redressal mechanism and recommends measures to improve the level of investor services. Details of Share Transfer/transmissions approved by the committee are placed at the Board Meetings from time to time.

**COMPOSITION**

The composition of the Shareholders/Investor's Grievance Committee is as under:-

S. No.	Name	Chairman/Member	No of Meeting attended
1.	Shri K. N. Jethwa	Chairman - Non-executive	1
2.	Shri A. M. Patel	Member - Non-executive	1
3.	Shri S. M. Bhadrecha	Member - Non-executive	1

**NAME AND DESIGNATION OF COMPLIANCE OFFICER:**

Shri A. J. Chakote,  
Company Secretary,  
Bharat Fertiliser Industries Limited,  
Bharat Fertiliser House, 12, Nanabhai Lane, Fort,  
Mumbai-400 023.

**DETAILS OF SHAREHOLDERS COMPLAINTS RECEIVED, NOT SOLVED AND PENDING TRANSFERS.**

The total number of complaints received during the quarter 1.1.2003 to 31.3.2003 : Three.  
These complaints were attended promptly to the satisfaction of the complainants.