

# **BHARAT FERTILISER INDUSTRIES LTD.**

**MUMBAI**



**21st. ANNUAL REPORT  
(2005 - 2006)**

**BOARD OF DIRECTORS**

Shri Yogendra D. Patel  
*Chairman & Managing Director*

Smt. Anjni Y. Patel  
*Joint Managing Director*

Shri Kantilal N. Jethwa  
*Director*

Shri Suresh M. Bhadrecha  
*Director*

Shri G V. Dandile  
*Director*

**AUDITORS**

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

**BANKER**

Indian Overseas Bank

**PLANT**

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

**REGISTERED OFFICE**

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

**REGISTRARS FOR SHARE TRANSFERS  
AND DEMATERIALISATION**

M/s. Intime Spectrum Registry Pvt. Ltd.  
C-13, Pannalal Silk Mills Compound,  
L. B. S. Marg, Bhandup (W),  
Mumbai : 400 078.

Annual General Meeting on Friday, 29th September, 2006 at 3.30 p.m.  
at Sardar Patel Baug, Shri Vile Parle Patidar Mandal, Parleshwar Road,  
Vile Parle (East), Mumbai - 400 057.

**BHARAT FERTILISER INDUSTRIES LIMITED****NOTICE**

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

Day	Friday
Date	29 <sup>th</sup> September 2006
Venue	Sardar Patel Baug Shri Vile Parle Patidar Mandal Parleshwar Road Vile Parle (East) Mumbai 400 057
Time	3.30 P.M.

The Agenda will be as under

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2006, Profit and Loss Account for the Accounting year from 1<sup>st</sup> April, 2005 to 31<sup>st</sup> March, 2006, Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Shri Suresh M. Bhadrecha 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 an ordinary resolution:-

"RESOLVED THAT pursuant to Sections 198,269,309 and other applicable provisions if any of the Companies Act, 1956 and subject to various approvals required from Statutory Authorities, wherever necessary sanction and consent be and is hereby accorded to the reappointment of Mr. Yogendra D. Patel, Chairman & Mg. Director of the company for a period of Five years with effect from 01.10.2006 on the following remuneration:-

## BHARAT FERTILISER INDUSTRIES LTD.

- Salary : Rs.1,50,000/- per month
- Perquisites : Subject to a ceiling of 20% of annual salary per annum.
- i) Provident Fund : Company's contribution subject to ceiling of 12% of the Salary.
- ii) Gratuity : Not to exceed half month's salary for each completed year of service as per payment of Gratuity Act, 1972.
- iii) Medical Benefit : For self and family reimbursement of expenses actually incurred the total cost of which to the company shall not exceed one month's salary in a year or three months salary in a block of three years.
- v) Leave : One month's leave with pay for every eleven month's service.
- v) Leave Travel : For self, wife and dependent children to and from any place in India, once in a year, subject to the conditions that only actual fares will be paid and no hotel expenses etc. will be allowed.
- vi) Conveyance : Free use of Company's car with Driver. The monetary value of the Perquisite will be evaluated as per the Income Tax Rules, 1962.
- vii) Personal accident: Personal accident insurance of an amount the premium of which does not exceed Rs. 4,000/- per annum.
- viii) Telephone : Free telephone facility at residence
- ix) Club : Fees of clubs subject to maximum of two clubs, provided that no life membership or admission fees is payable.  
(items i, ii, vi & viii above will not form part of the perquisites.)

Remuneration as above put together with remuneration payable to other Directors shall not exceed 10% of net profits. Remuneration as above shall be paid as minimum remuneration in the event of absence or inadequacy of profits, subject to Provisions of section II of part II Schedule XIII of the Companies Act, 1956."

“RESOLVED FURTHER THAT the Draft of the agreement incorporating the terms of appointment as placed before the meeting be and is hereby approved and after obtaining necessary approvals, the engrossment of the said Draft be executed in terms of provisions of Articles of Association of the company under the Common Seal of the Company.”

#### **ITEM NO.5**

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

“RESOLVED THAT pursuant to Sections 198,269,309 and other applicable provisions if any of the Companies Act, 1956 and subject to various approvals required from Statutory Authorities, wherever necessary sanction and consent be and is hereby accorded to the reappointment of Smt. Anjni Y. Patel, Jt. Managing Director of the company for a period of Five years with effect from 01.10.2006 on the following remuneration:-

- |                      |   |                                                                                                                                                                                                        |
|----------------------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Salary               | : | Rs.50,000/-permonth                                                                                                                                                                                    |
| Perquisites          | : | Subject to a ceiling of 20% of annual salary per annum.                                                                                                                                                |
| i) Provident Fund    | : | Company's contribution subject to ceiling of 12% of the Salary.                                                                                                                                        |
| ii) Gratuity         | : | Not to exceed half month's salary for each completed year of service as per payment of Gratuity Act, 1972                                                                                              |
| iii) Medical Benefit | : | For self and family reimbursement of expenses actually incurred the total cost of which to the company shall not exceed one month's salary in a year or three months salary in a block of three Years. |
| iv) Leave            | : | One month's leave with pay for every eleven month's service.                                                                                                                                           |
| v) Leave Travel      | : | For self, Husband and dependent children to and from any place in India, once in a year, subject to the conditions that only actual fares will be paid and no hotel expenses etc. will be allowed.     |

**BHARAT FERTILISER INDUSTRIES LTD.**

- vi) Conveyance : Free use of Company's car with Driver. The monetary value of the Perquisite will be evaluated as per the Income Tax Rules, 1962.
- vii) Personal accident : Personal accident insurance of an amount the premium of which does not exceed Rs. 4,000/- per annum.
- viii) Telephone : Free telephone facility at residence
- ix) Club : Fees of clubs subject to maximum of two clubs, provided that no life membership or admission fees is payable.  
(items i, ii, vi & viii above will not form part of the perquisites.)

Remuneration as above put together with remuneration payable to other Directors shall not exceed 10% of net profits. Remuneration as above shall be paid as minimum remuneration in the event of absence or inadequacy of profits, subject to Provisions of section II of part II Schedule XII of the Companies Act, 1956."

"RESOLVED FURTHER THAT the Draft of the agreement incorporating the terms of appointment as placed before the meeting be and is hereby approved and after obtaining necessary approvals, the engrossment of the said Draft be executed in terms of provisions of Articles of Association of the company under the Common Seal of the Company."

**ITEM NO.6****Increase in borrowing powers**

To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT consent of the Company be and is hereby accorded under the provisions of Section 293 (I) (d) of the Companies Act, 1956 to the Board of Directors of the Company for borrowing monies, from time to time, at its discretion either from the Company's bankers or any other bank(s), financial institution(s), international lending agencies or any other lending institution(s), persons, firms, trusts or bodies corporates by way of deposits, advances or other loans, convertible/non-convertible debentures, whether unsecured or secured directly by mortgage, charge, hypothecation or pledge of any of the Company's assets and properties, book debts or by collateral security thereon or on such terms and conditions as may be considered suitable by the Board of Directors, even though the monies to be borrowed together with monies already borrowed by the Company, apart from temporary loans obtained from Company's

**21st. ANNUAL REPORT (2005 - 2006)**

Bankers in the ordinary course of business, exceeds the aggregate paid-up capital of the Company and its free reserves i.e. reserves not set apart for any specific purpose provided, however, that the total amount of such borrowing shall not exceed the amount of Rs.50,00,00,000/- (Rupees Fifty Crores Only) at any time."

"RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary and expedient for giving effect to the above resolution"

For Bharat Fertiliser Industries Ltd.

Yogendra D. Patel  
Chairman & Mg. Director

Place : Mumbai

Dated : 14/08/2006

Registered Office:

Bharat Fertiliser House

12 Nanabhai Lane, Fort

Mumbai 400 023.

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### **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 Member and Share Transfer Books of the Company will remain closed from Friday, the 22<sup>nd</sup> September 2006 To Friday, the 29<sup>th</sup> September 2006 (both days Inclusive).
- 3) Members are requested to bring copy of the Annual Report along with them while attending 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 400 078.

Tel.: 2596 3838 Fax : 2594 6969

**BHARAT FERTILISER INDUSTRIES LTD.**

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 31<sup>st</sup> March, 2006 at least a week in advance so as to enable the management to keep the information ready at the time of Annual General Meeting.

**Explanatory statement as required by Section 173(2) of the Companies Act 1956**

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

**ITEM NO.4**

Shri Yogendra D. Patel has been appointed as Chairman and Managing Director of the company as per resolution passed by the shareholders at the Annual General Meeting of the Company held on 13<sup>th</sup> September 2001 for a period of five years with effect from 1.10.2001 on the terms and conditions contained in the said resolution.

It is necessary to reappoint Shri Yogendra D. Patel as Chairman and Managing Director of the company for a further period of five years from 1.10.2006.

The Board of Directors at its meeting held on 14/08/2006 have approved the reappointment of Shri Yogendra D. Patel as Chairman and Managing Director of the Company on the terms and conditions as set out in the Resolution.

The remuneration payable to Shri Yogendra D. Patel as Chairman and Managing Director is in consonance with sections 269, 198 and 309 read with Schedule XIII of the companies Act, 1956 and necessary approval from competent Authorities shall be obtained if required.

In accordance with provisions of Schedule XIII of the Companies Act, 1956, the appointment of Shri Yogendra D. Patel as Chairman and Managing Director and remuneration payable to Shri Yogendra D. Patel are subject to approval of shareholders and hence the resolution as contained in the notice is commended for adoption by the members.

This may be treated as an abstract of the Draft Agreement between the company and Shri Yogendra D. Patel, as Chairman & Managing Director under section 302 of the company Act 1956.

None of the Directors is interested in the Resolution except Smt. Anjni Y. Patel Director



**ITEM NO. 5**

Smt. Anjni Y. Patel has been appointed as Joint Managing Director of the company as per resolution passed by the shareholders at the Annual General Meeting of the Company held on 13<sup>th</sup> September 2001 for a period of five years with effect from 1.10.2001 on the terms and conditions contained in the said resolution.

The Board of Directors at its meeting held on 14/08/2006 have approved the reappointment of Smt. Anjni Y. Patel as Joint Managing Director for a period of 5 years with effect from 01.10.2006 on the terms and conditions as set out in the Resolution.

The remuneration payable to Smt. Anjni Y. Patel as Joint Managing Director is in consonance with sections 269, 198 and 309 read with Schedule XIII of the companies Act, 1956 and necessary approval from competent Authorities shall be obtained if required.

In accordance with provisions of Schedule XIII of the Companies Act, 1956, the appointment of Smt. Anjni Y. Patel as Joint Managing Director and remuneration payable to Smt. Anjni Y. Patel are subject to approval of shareholders and hence the resolution as contained in the notice is commended for adoption by the members.

This may be treated as an abstract of the Draft Agreement between the company & Smt. Anjni Y. Patel, as joint Managing Director, under section 302 of the Company Act, 1956.

None of the Directors is interested in the resolution except Shri Yogendra D. Patel, Director.

**ITEM NO.6**

At present, the Board of Directors has been authorised to borrow upto an amount of Rs.15 crores.

The Company has developed its surplus land at Majiwada, Thane and it is proposed to construct Housing / Commercial Complex on this piece of land admeasuring 6 to 7 Lacs Sq. Ft. By establishment of a separate Construction Division of the company for diversification in Construction activities so as to gainfully utilising company's available real estate. For this purpose the Board shall have to borrow funds from Banks/Financial Institutions/Mutual Funds/ Other Investors both Indian and NRI as well as any suitable FDI Scheme approved by Reserve Bank of India. It is therefore proposed to sanction borrowing powers to Board of Directors upto Rs.50,00,00,000/- (Rupees Fifty Crores Only).

Under section 293(l) (d) of the Companies Act 1956 for borrowing of more than paid up capital and free reserves approval of Shareholders is required. Hence the Board recommends the resolution for your approval.

None of the Directors is presently interested in the resolution.

By Order of the Board

Place : Mumbai  
Dated : 14/8/2006

YOGENDRA D. PATEL  
MANAGING DIRECTOR.

**BHARAT FERTILISER INDUSTRIES LTD.****DIRECTORS' REPORT TO MEMBERS**

Your Directors submit herewith their Report along with the Audited Statement of - Accounts for the year ended 31st March, 2006.

**FINANCIAL RESULTS**

	<b>2005-2006</b>	<b>2004-2005</b>
	<b>(Rs. In lacs)</b>	<b>(Rs. In lacs)</b>
Turnover	24.12	135.39
Profit/Loss before interest and depreciation	183.80	(-) 131.37
Less, Interest	68.54	60.81
Gross Profit/Loss before depreciation	<u>115.26</u>	<u>(-)192.18</u>
Less : Depreciation	11.56	15.38
Operating Profit/Loss	<u>103.70</u>	<u>(-) 207.56</u>
Less : Provision for Tax	9.14	-
a) Surplus/Deficit during the year	<u>94.56</u>	<u>(-) 207.56</u>
Balance Carried to Balance Sheet	<u>94.56</u>	<u>(-) 207.56</u>

The Accounting Year 2005-2006 has ended in a Profit of Rs.188.06 Lacs as compared to Loss of Rs.131.37 Lacs during the corresponding period last year. After providing for interest amounting to Rs.68.54 Lacs and depreciation of Rs.11.56 Lacs, the Company has made a Profit of Rs.103.70 Lacs as against the loss of Rs. 207.56 Lacs during the last year. After taking into account the provision for Taxation and Fringe Benefit Tax for the current year amounting to Rs. 9.14 Lacs the deficit brought forward during last year amounting to Rs.488.06 Lacs, the total loss of Rs. 582.62 Lacs is carried to Balance Sheet.