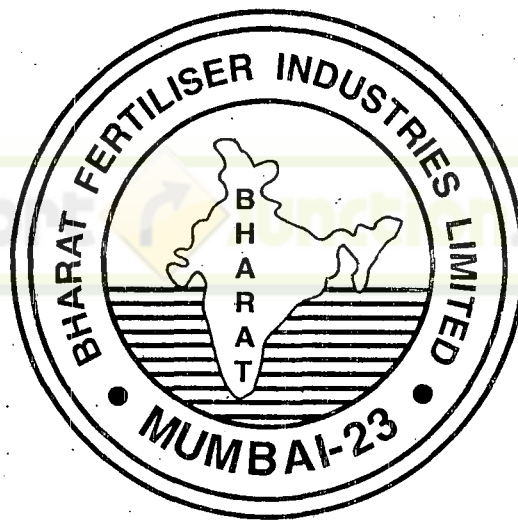


BHARAT FERTILISER INDUSTRIES LTD.

MUMBAI



**23rd. ANNUAL REPORT
(2007 - 2008)**

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 Suresh M. Bhadrecha
Director

Shri G V. Dandile
Director

Ms. Chandni Y. Patel
Director (w.e.f.23/11/2007)

AUDITORS

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

Report Junction.com

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, 26th September, 2008 at 3.30 p.m.
at Sardar Patel Baug, Shri Vile Parle Patidar Mandal, Parleshwar Road,
Vile Parle (East), Mumbai - 400 057.

23rd. ANNUAL REPORT (2007 - 2008)**BHARAT FERTILISER INDUSTRIES LIMITED****NOTICE**

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

Day	Friday
Date	26th September, 2008
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 31st March 2008, Profit and Loss Account for the Accounting year from 1st April, 2007 to 31st March, 2008, 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**Item No. 4****Appointment of Miss. Chandni Y. Patel as Director of the company**

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

"RESOLVED THAT Miss. Chandni Y. Patel who was appointed as an Additional Director of the company by the Board of Directors 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 a Director of the company liable to retirement by rotation".

Item No.5**Amendment / Modification of main clause of the Memorandum of Association of the Company.**

To consider and if thought fit to pass with or without modifications the following Resolution as an Special Resolution.

"RESOLVED THAT the main object Clause of Memorandum & Association of the company be modified to so as delete clause 1 and the following clause be adopted as clause 1 and the following new clauses 1A and 1E be inserted :

- 1A) All grades of Organic & Inorganic Chemicals, Phosphatic Fertilizers and NPK grade fertilizers, such as 98% Sulphuric Acid, Oleum of all grades, Liquid SO_3 , Chloro Sulphonic Acid, Fluorine based chemicals, (SSF), Alum of Ferric and Non-Ferric (Liquid and Solid Form), Single Super Phosphate (Powder & Granulated form) and any related by- Products.

BHARAT FERTILISER INDUSTRIES LTD

1(B) To build, construct, convert, develop, design, demolish, deal, erect, establish, fabricate, finance, furnish, hire, improve, lease, license, manage, maintain, repair, remodel, recondition, renovate and sell Residential buildings, commercial buildings, service apartments, Hotels, Taverns, restaurants, food courts, luncheon counters, Cafeterias, Bars, Resorts, Refreshment Rooms, Boarding and Lodging, House Keepers, Motels, Guesthouses, Clubs, Shopping Malls, Theatres and Cinemas, Entertainments Multiplexes, Places of amusement, recreations, Amusement parks, Recreation Centres, Pubs, Discotheques, Swimming Pools, Fitness and Health clubs, Banquet halls, Marriage halls, Hospitals, Schools, Super markets, Hyper Markets, Departmental stores, Places of worship, Highways, Roads, Paths, Streets, Sideways, Courts, Alleys, Pavements, Bridges, Factories, industrial estate, commercial structures, dams, canals, public utilities, excavators, & land fillers and to do other similar construction, leveling or paving work and do other similar construction, and for these purposes to purchase, take on leases, or otherwise acquire and hold any lands and prepare layout thereon building of any tenure or description wherever situate and to do the business of real estate developers, construction and estate agents, property dealers and carry out such other related activities in India or any other part of the world.

1(C) To purchase, sell, develop, construct, re-develop, take in exchange or on lease, hire or otherwise acquire, for sale, or working or developing or disposing or maintaining the same, any real or personal estate including land, buildings, Special Economic Zones, factories, mills, houses, cottages, shops, depots, warehouses, licenses, easements or interests in or with respect to any property of the company in consideration and to build townships, markets or other buildings including for residential, commercial, industrial, hospitality, retail, entertainment, educational, healthcare or convenience thereon and to equip the same and part thereof with all or any amenities or conveniences of flats and buildings and to let on lease or otherwise premises therein and to provide for the conveniences commonly provided in buildings and entering into contracts and arrangements of all kinds with builders, tenants and others.

1(D) To carry on the business of Real Estate on its own by the Company or on joint Venture basis for development, redevelopment of the land, buildings, structures and other estate of the Company as well as of other persons, companies or entities in such manner and on such terms as the Board of Directors may deem fit.

1(E) To develop, operate and maintain the Special Economic Zone (SEZ /SER) for multi product or specific product or activity, at Company's free hold land at Village: Kharivali, Tal : Wada, Dist : Thane in the state of Maharashtra as may be permissible for purpose of development under the Special Economic Zone Act 2005 and Rules there under. And to purchase additional Land wherever necessary for the purpose of Development.

Item No.6**To consider and if thought fit to pass with or without modifications the Following Resolution as an Ordinary Resolution.**

"RESOLVED THAT the Board of Directors of the Company be and are hereby authorized to make necessary application for Relief / Permission from Board for Industrial and Financial Reconstruction (BIFR) for utilizing Surplus Funds realized from Realty Business viz. Development of Company's Land at Majiwada, Thane for construction of Residential / Commercial Buildings project for the purpose of modernization and expansion of Single Super Phosphate (Powder and granulated) Alum and Sulphuric Acid Manufacturing units of the Company to meet Working Capital deficit requirements as per revised Government of India Notification dt. 30/04/2008.

23rd ANNUAL REPORT (2007 - 2008)**Item No.7****To consider and if thought fit to pass with or without modifications the Following Resolution as an Ordinary Resolution.**

"RESOLVED THAT pursuant to Section 23 and other applicable provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 the Company does hereby note that the networth of the Company consisting of paid up share capital Rs.5,28,55,110/- and the total Reserves(excluding revaluation reserves) of the Company stood at Rs. 4,19,83,265/- as at 31st March 2008, the accumulated losses incurred up to the year ended 31st March 2008 amounted to Rs.97,843,912/- thereby eroding total networth of the Company."

"RESOLVED FURTHER THAT this fact of erosion of the networth be reported to the BIFR under the provisions of Section 23 of SICA Act 1985 be and is hereby taken on record and that the company takes note of the reasons for this erosion as examined and analysed by the Board of Directors of the Company and spelt out in the explanatory statement attached with the Notice."

"RESOLVED FURTHER THAT the action of the Board of Directors of the Company to deal with this matter as they deem fit in the best interest of the Company and present any proposal / scheme before the BIFR/Institutions /Banks or any other concerned authorities be and is here by ratified and confirmed and for the purpose of giving effect to all or any of the foregoing, the Board of Directors, be and is hereby authorised in its absolute discretion as they deem fit and from time to time make or carryout any alternations or modifications to the above and give effect to such alternations as may be suggested or directed by the BIFR or any other authority or institution connected therewith without requiring any further approval of the Members and to do all such acts, deeds, matters and things as they may in their absolute discretion consider necessary, expedient, usual or proper and/or settle any question or remove any difficulty or the doubt that may arise in this connection and that all or any powers conferred on the Board of Directors vide this resolution may be exercised by the Board or a committee thereof as the Board may constitute in this behalf."

Bharat Fertiliser Industries Ltd.

Place : Mumbai

Dated : 30/07/2008

Registered Office:

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

Yogendra D. Patel

Chairman & Mg. Director

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 Friday, the 19th Sept, 2008. TO Friday, 26ST Sept, 2008 (both days inclusive).
- 3) Members are requested to bring copy of the Annual Report along with them at the time of 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 :

BHARAT FERTILISER INDUSTRIES LTD**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, 2008 at least a week in advance so as to enable the management to keep the information ready at the time of Annual General Meeting.

Details of Director seeking reappointment at ensuing Annual General Meeting.

Name of Director : Shri Kantilal N. Jethwa

Date of Birth : 02/12/1944

Date of Appointment : 03/07/1997

Nature of expertise in specific : General Administration

Functional Area

Directorships in other Companies : NIL

Names of committees of other : NIL

Companies in which the director is
a Member

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

The following explanatory statement relating to Item No. 4,5,6 & 7 of the accompanying Notice sets out all Material facts as required under section 173 of the Act:

Item No. 4 : Appointment of Miss Chandni Y. Patel as Director of the Company

Miss. Chandni Y. Patel was appointed as additional directors by the Board on 23/11/2007 as per section 260 of Companies Act 1956, and Articles of Association of the Company.

Miss. Chandni Y. Patel holds the office of Director till the conclusion of this meeting. Notices Pursuant to Section 257 of the Companies Act 1956 have been received from the members of their intention to propose the resolution as contained in item 4 of the Notice.

None of the Directors except Shri Yogendra D. Patel and Smt Anjni Y. Patel are interested the Resolution.

The resolution as contained in the Notice is a recommended for adoption by the members.

Item No. 5 :**Amendment / modification of main clause of Memorandum of Association of the Company**

The Members are aware that the company is engaged in the manufacture of Single Super Phosphate powder and Granulated Single Super Phosphate, Alum and Sulphuric Acid. Similarly the company has recently entered in the business of Construction of Buildings for Residential and Commercial use at Company's Surplus Land at Majiwada, Thane.

The Company has entered the Real Estate Business and the company also proposes develop and maintain its Land at Wada, Dist: Thane.

The Statutory Authorities have expressed opinion that the business undertaken by the company should be reflected in the Main Object Clause of Memorandum of Association of the company. It is therefore necessary to amend / modify objects clause No. 1 of the Memorandum of Association of the company to provide for main products / business of the company.

The Resolution contained in the Item No.5 of the Notice is commended for adoption by the members.

None of the Directors is interested the Resolution.

23rd ANNUAL REPORT (2007 - 2008)**Item No.6**

Authority to Board of Directors of the Company to utilize Surplus Funds generated from realty business in future in a phased manner of 4/5 year along with modernisation and expansion of company's existing chemicals & Fertilisers plants to generate additional profit from the manufacturing activities.

The Members are aware that the Company has entered into realty Business and is likely to generate Surplus Funds from the realty business. It is necessary to authorize the Board of Directors to utilize Surplus funds to manufacturing activities of the company and also to meet Working Capital deficit as per Government of India Notification dt.30/04/2008.

The Members are requested to authorize the Board of Directors of the Company to utilize Surplus Funds from Realty Business for manufacturing activities.

The Resolution contained in the Item No.6 of the Notice is commended for adoption by the members.

None of the Directors is interested the Resolution.

Item No.7 : Reference to Board for Industrial and Financial Reconstruction

The loss of the Company as at the end of the year ended 31/03/2008 had resulted in erosion of the more than 50% net-worth of the company. The main reasons are as under :-

1. The per barrel price of Crude Oil has increased from US\$ 65/- to US\$ 138/- thereby affecting inward/outward freight for Raw Material and Finished products of the company. The operation of the company has become difficult. Similarly the exchange rate of rupee vs. US\$ has increased.
2. The prices of imported raw materials namely Rock Phosphate and Sulphur have increased manifold thereby restricting the purchasing capacity of our company in the working capital limits sanctioned by our bankers.
3. The SSI units are manufacturing fertilizers from Spent Sulphuric Acid whereas our company is manufacturing fertilizers from 98% Pure Sulphuric Acid from imported Sulphur.
4. Our Bankers are not enhancing our Working capital Limits based on last few years' poor performance in respect of Production, Sales and Turn over.
5. Due to inordinate delay in receiving Subsidy from Government of India the cash Flow of the Company gets affected adversely.

The members are requested to authorize the Board of Directors or its committee for making reference to BIFR and further taking all necessary, desirable, proper and expedient steps or actions and to execute such deeds, documents, agreements etc., as may be required in this regard.

None of the Directors is interested the Resolution.

Bharat Fertiliser Industries Ltd.

Yogendra D. Patel
Chairman & Mg. Director

Place : Mumbai

Dated : 30/07/2008

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 2008.

FINANCIAL RESULTS

	2007-2008 (Rs .in lacs)	2006-2007 (Rs .in lacs)
Turnover	<u>131.41</u>	<u>449.98</u>
Profit/Loss before interest and depreciation	(349.08)	154.17
Less : Interest	78.02	40.17
Gross Profit/Loss before depreciation	(427.10)	114.00
Less : Depreciation	26.97	16.57
Amortisation of Goodwill on Amalgamation	62.79	62.79
	(516.86)	79.36
Operating Profit/Loss	(516.86)	34.64
Less : Provision for Tax	1.52	6.64
Surplus/Deficit during the year	(518.38)	28.00
Add : Loss brought Forward	(460.06)	-
Balance Carried to Balance Sheet	(978.44)	27.99

The Accounting Year 2007-2008 has ended in a Loss of Rs.349.08 Lacs as compared to Profit of Rs.154.17 Lacs during the corresponding period last year. After providing for interest amounting to Rs.78.02 Lacs and depreciation of Rs.89.76 Lacs, the Company has made a Loss of Rs.(516.86) Lacs as against the Profit of Rs.34.64 Lacs during the last year. After taking into account the provision for Taxation and Fringe Benefit Tax for the current year Rs.1.52 Lacs and the deficit brought forward during last year amounting to Rs.460.06 Lacs, the total loss of Rs.978.44 Lacs is carried to Balance Sheet.

23rd. ANNUAL REPORT (2007 - 2008)

DIVIDEND

In view of the carried forward losses, the Directors are unable to recommended any dividend for the year.

Review of Operations

During the year under Report the Company has produced 1660.790 M.T. of Single Super Phosphate and sold 1817.000 M.T. of Single Super Phosphate through M/s. Deepak Fertilisers & Petrochemicals Corporation Limited.

REFERENCETO BIFR

It is observed that net-worth of the company has eroded 50% over the years and it has become necessary to report the erosion in the net worth of the company to BIFR under Section 23 of Sick Industrial Companies (Special Provisions) Act 1985 as examined and analysed by the Board of Directors and spelt out in the explanatory statement attached with the Notice.

Necessary resolution authorizing the Board of Directors to present any proposal/scheme before the BIFR / Banks for the purpose of giving effect to such scheme is included in the Notice convening the Annual General Meeting of the company.

CurrentYearWorking

Your Company has obtained Fresh Working Capital Limits of Rs.175 Lacs from Indian Overseas Bank for increasing SSP production and Sales during 2007-08.

Pursuant to a Resolution passed U/s. 81 (1A) of the Companies Act. 1956 at the Extra Ordinary General Meeting of the Company held on 27th August,2007, 2,50,000 Warrants convertible into 2,50,000 Equity Shares of Rs.10/- each at a premium of Rs.42/- per share were issued to Shri. Yogendra D. Patel, jointly with Smt. Anjni Y. Patel, Promoter of the Company on Preferential Allotment basis, as per Guidelines for Preferential issues contained in SEBI Guidelines 2000. As per Terms of the issue 10% payment was received from Shri Yogendra D. Patel, jointly with Smt. Anjni Y. Patel, Promoter of the Company on 29th October 2007, the balance 90% payment was received on 11th January 2008 and 2,50,000 warrants were converted into 2,50,000 Equity Shares of Rs.10/- each and necessary share certificate was issued in favour of Yogendra D. Patel, jointly with Smt. Anjni Y. Patel, Promoter of the Company thereby increasing paid up equity share capital of the company from 50,35,512 to 52,85,511 Equity Shares of Rs.10/- each.

The company has received listing and Trading Approval for 2,50,000 Equity shares of Rs.10/- each from Bombay Stock Exchange.

Regarding development of Company's Land at Majiwada, Thane, for Residential Complex of the Company, necessary permissions have been received from Statutory Authorities and the Construction activities are progressing well.

Due to inadequate working capital sanctioned by Company's Bankers as well as non availability of imported Raw Material viz. Rock Phosphate and Sulphur at affordable price, the production and Sales of Sulphuric Acid, Single Super Phosphate, Granulated Single Super Phosphate and Alum have declined during the year under report.

BHARAT FERTILISER INDUSTRIES LTD

The per barrel price of Crude Oil has increased from US\$ 65/- to US\$ 138/- thereby affecting inward / outward freight for Raw Material and Finished products of the company. The operation of the company has become difficult. With a view to utilize Surplus Funds generated from Construction activities at Majiwada, Thane in a phased period of 4 to 5 years to meet short fall in Working Capital requirement resulting in higher capacity utilization of all manufacturing plants of the company at Wada. This will result in additional profit ploughed back from Chemical / Fertiliser divisions. Necessary resolution is incorporated in the Notice Convening ensuing Annual General Meeting of the Company to authorize Board of Directors of the Company to take necessary steps in the matter. The resolution is commended for adoption by the members.

DIRECTORS :

During the year under report, Shri Kantilal N. Jethwa, Director, retires by rotation and being eligible offers himself for re-appointment. Necessary item has been included in the Notice convening the 23rd Annual General Meeting and the re-appointment of Shri Kantilal N. Jethwa, is recommended for approval of members.

CORPORATE GOVERNANCE :

A Report on the Corporate Governance for the period commencing 01.04.2007 to 31.3.2008 is annexed hereto.

AUDITORS REPORT :

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

FIXED DEPOSITS :

As on 31st March 2008, the Fixed Deposits amounted to Rs.. 1,44,000/-. There was no instance of any unclaimed or overdue deposit during the year (Previous year: Rs. 1,03,59,000/-)

ANNEXURE TO DIRECTORS' REPORT :

Pursuant to Section 217(1) (C) 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.