

BHARAT FERTILISER INDUSTRIES LTD.

MUMBAI



24th. ANNUAL REPORT (2008 - 2009)

BHARAT FERTILISER INDUSTRIES LTD.

BOARD OF DIRECTORS

Shri Yogendra D. Patel
Chairman & Managing Director

Smt. Anjni Y. Patel
Joint Managing Director

Ms. Chandni Y. Patel
Director

Shri Kantilal N. Jethwa
Director

Shri Suresh M. Bhadrecha
Director

Shri G. V. Dandile
Director

COMPANY SECRETARY

A. J. Chakote

AUDITORS

Desai Saksena & Associates
Chartered Accountants
Laxmi Building, 1st Floor,
Fort, Mumbai 400 001.

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. Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills
Compound, L.B.. Marg, Bhandup
(West), Mumbai : 400 078

Annual General Meeting on Tuesday 15th September, 2009 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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BHARAT FERTILISER INDUSTRIES LIMITED

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NOTICE

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

Day	Tuesday
Date	15th September, 2009
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 2009, Profit and Loss Account for the Accounting year from 1st April, 2008 to 31st March, 2009, Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Shri Suresh M. Bhdrecha 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.

By order of the Board

A. J. Chakote
Company Secretary

Place : Mumbai
Dated : 30/07/2009

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

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 Member and Share Transfer Books of the Company will remain closed from Tuesday the 8th September 2009 to Tuesday the 15th September 2009 (both days inclusive),
- 3) Members are requested to bring copy of the Annual Report along with their registered address, if any.
- 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 :

LINK INTIME INDIA PRIVATE 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, 2009 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 Suresh M. Bhadrecha
Date of Birth	:	30/08/1958
Date of Appointment	:	09/12/2002
Nature of expertise in specific Functional Area	:	General Administration
Directorships in other Companies	:	NIL
Names of committees of other Companies in which the director is A Member	:	NIL

By order of the Board

A. J. Chakote
 Company Secretary

Place : Mumbai
 Dated : 30/07/2009

24th ANNUAL REPORT 2008-2009**DIRECTOR'S REPORT TO MEMBERS**

Your Directors submit herewith their Report along with the Audited Statement of Accounts for the year ended 31st March 2009.

FINANCIAL RESULTS

	2008-2009 (Rs .in lacs)	2007-2008 (Rs .in lacs)
Turnover	<u>373.19</u>	<u>131.41</u>
Profit/Loss before interest and depreciation	27.88	(349.08)
Less : Interest	<u>51.71</u>	<u>78.02</u>
Gross Profit/Loss before depreciation	(23.83)	(427.10)
Less : Depreciation	90.62	26.97
Amortization of Goodwill on Amalgamation	-	62.79
	<u>(114.45)</u>	<u>(516.86)</u>
Operating Profit/Loss	(114.45)	(516.86)
Less : Provision for Tax	26.53	1.52
Surplus/Deficit during the year	<u>(140.98)</u>	<u>(518.38)</u>
Add : Loss brought Forward	(978.44)	(460.06)
Balance Carried to Balance Sheet	<u>(1119.42)</u>	<u>(978.44)</u>

The Accounting Year 2008-2009 has ended in a Profit of Rs. 27.88 Lacs as compared to loss of Rs. 349.08 Lacs during the corresponding period last year. After providing for interest amounting to Rs.51.71 Lacs and depreciation of Rs. 90.62 Lacs, the Company has made a Loss of Rs. 114.45 Lacs as against the loss of Rs. 516.86 Lacs during the last year. After taking into account the provision for Taxation, Fringe Benefit Tax, Short Provision for FBT (2005-06) and for deferred Tax Provision total amounting to Rs. 26.53 Lacs and the deficit brought forward during last year amounting to Rs. 978.44 Lacs, the total loss of Rs. 1119.42 Lacs is carried to Balance Sheet.

MAHARAT FERTILISER INDUSTRIES LTD.

DIVIDEND

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

Review of Operations

Due to inadequate and insufficient Working Capital Limits from existing bankers namely Indian Overseas bank, the company could not undertake any manufacturing activity at desired capacity utilization. However the Company had produced 3087 M. Ts. quantity of SSP from available Raw Material during the year under report.

CURRENT YEAR WORKING

Your company intends to continue production of Single Super Phosphate in Granulated and Powder form along with Alum in Liquid and Solid Form for the current year 2009-2010 from available Surplus Funds of Real Estate Business and existing stocks of Raw Materials.

New Fertiliser Policy is under final stage of announcement which hopefully gives additional boost to Farmers and Fertilizer Industry like SSP, so as to have more Production / Sales during Current Year.

Due to good monsoon in State of Maharashtra the Company will be able to sell more Fertiliser in Khariff / Rabi Season subject to fixation of Subsidy under the new guidelines favorable to SSP Units.

Your Company had also received offers from reputed large scale Fertiliser Units such as M/s. Rashtriya Chemicals & Fertilisers Limited., and M/s. Indian Potash Limited for manufacturing SSP / GSSP on conversion basis for 50,000 M.T. / 60,000 M.T. per year against our installed capacity of 132000 TPY SSP and 99000 TPY GSSP but the decision in the matter will be taken only after announcement of new Fertiliser Policy by Government of India.

The Management has decided to utilize entire Surplus Funds from Real Estate Division to Chemical and Fertilizer manufacturing divisions in the near future for achieving higher capacity utilization of all manufacturing plants in a phase manner to concentrate in our Core sector business activity once funds are available for working capital requirements.

After earmarking the funds required for Construction activities at Majiwada, Thane in a phased manner along with renovation and redevelopment construction Cost of Company's Head Office Building, if there is any Surplus amount remaining in the Cash Flow System, the same will be exclusively utilized for Meeting Working Capital requirements to achieve higher capacity utilization of all manufacturing plants.

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Similarly, Surplus Funds will be also utilized for Repairs and Maintenance, replacement of parts and equipments, modernization and installation of balancing equipments wherever required and other infra structural development activities like Storage Tank, Electricity Supply, Water Treatment Plants, Effluent Treatment Plant etc. including construction item wherever required.

DIRECTORS :

During the year under report, Shri Suresh M. Bhadrecha, Director, retires by rotation and being eligible offers himself for re-appointment. Necessary item has been included in the Notice convening the 24th Annual General Meeting and the re-appointment of Shri Suresh M. Bhadrecha, is recommended for approval of members.

CORPORATE GOVERNANCE :

A Report on the Corporate Governance for the period commencing 01.04.2008 is annexed hereto.

AUDITORS REPORT :

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

FIXED DEPOSITS :

There were no Fixed Deposits accepted by the Company during the year under report and the Company has paid Fixed Deposits amounting to Rs 1,44,000/- to the deposit holders during the year under Report.

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.

BHARAT FERTILISER INDUSTRIES LTD.

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 of affairs of the company for the year ended 31st March, 2009.
- (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. Desai Saksena & Associates, Chartered Accountants are retiring at the ensuing Annual General Meeting of the Company. They have informed that they agree to continue as Auditors of Company for 2009-2010. Necessary resolution will be moved at ensuing Annual General Meeting for their appointment as Auditors of the company from conclusion of the ensuing Annual General Meeting till the date of next Annual General Meeting.

ACKNOWLEDGMENT :

Your Directors wish to place on record their sincere thanks to the Central Government, State Government, Agricultural Department, Company's Banker, 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.

Place : Mumbai
Date : 30/07/2009

For and on behalf of the Board

(YOGENDRA D. PATEL)
CHAIRMAN & MG. DIRECTOR

Registered Office :

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

24th ANNUAL REPORT 2008-2009**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, Utilizes 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-2008 to March-2009	April-2007 to March-2008
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(a) Purchased Units rate unit	5.60	5.60
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(b) Own generation through Diesel, Company has installed two nos. of imported 860 KVA SKODA Diesel Generating Sets.

Units per Liter of Diesel Oil	-	-
Furnace Oil KL	-	-
Average cost per liter	-	-

B. CONSUMPTION PER UNIT OF PRODUCTION

	Units	Units
(a) Sulphuric Acid per ton	-	-
(b) Super Phosphate per ton	26	26
(c) Granulated super phosphate per ton	-	-

BHARAT FERTILISER INDUSTRIES LTD.

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 & finished goods

Annexure 'B'

MANAGEMENT DISCUSSION AND OPPORTUNITIES & THREATS

The Company is mainly engaged in manufacture of Fertilisers viz. SSP Powder and SSP Granulated, Sulphuric Acid and Alum (Solid & Liquid Form) at Village Kharivali, Taluka : Wada, Dist : Thane. And the Company may continue SSP, GSSP & Alum production from Surplus Funds of Construction Division.

As per FAI Survey, all India SSP Production, Capacity utilisation was 34% for the year 2008-2009 due to various constraints faced by all the SSP Units who do not have any other integrated business activities or diversified into other products.

It is serious problem for SSP Manufacturers that unless and until they have their own financial arrangements / Cash Flow to sustain delay in receipt of Fertiliser Subsidy, It will be very difficult to operate unit at rated capacity.

Similarly, the Company has to produce minimum 60% of its installed capacity for which sufficient Working Capital or support from any other product range is available viz. Nirma Ltd., Tata Fertilisers, Aarti Industries Ltd., Jubilant Organics Ltd., Coromandel Fertilisers Ltd., etc to overcome difficulties in arranging Imported Raw Material namely Rock Phosphate and Sulphur.

The Management is of the opinion that final decision of conversion business of SSP / GSSP from reputed Fertiliser Companies or Self Manufacturing and Marketing of SSP / GSSP will be taken depending on the profitability under the given circumstances and announcement of new Fertiliser Policy by Government of India from 01/07/2009.

The demand of SSP Fertilisers will be better subject to good rain and availability of raw material at affordable price as well as in time. The Company Fertilisers business prospects will depend on this policy.

Company's old outstanding subsidy is causing alarming concern and creating cash flow problem with Bankers for availing additional working capital limits

The Company has started the work of Construction Division of the Company to diversify its business activities at Majiwada, Thane. The work is progressing satisfactorily.

All the above measures shall enable the company to wipe out its past Losses and come out with improved restructuring shortly in a phased manner in 3/4 years.