

# **BHARAT FERTILISER INDUSTRIES LTD.**

## **MUMBAI**



**17th. ANNUAL REPORT  
(2001 - 2002)**

## 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  
*Executive Director (Operations)*

Shri Ashwin M. Patel  
*Executive Director (Marketing)*

### COMPANY SECRETARY

Shri A. J. Chakote

### FINANCE MANAGER

Shri A. M. Shah

### 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 Lane, Fort,  
Mumbai : 400 023

### REGISTRAR FOR 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 Monday, the 30th September, 2002 at 3.30 p.m.  
at Sardar Patel Baug, Shri Vile Parle Patidar Mandal, Parleshwar Road,  
Vile Parle (East), Mumbai - 400 057.

**17th ANNUAL REPORT 2001-2002****NOTICE**

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

Day	:	Monday
Date	:	30 <sup>th</sup> September 2002
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, 2002, Profit and loss Account for the Accounting year from 1<sup>st</sup> April, 2001 to 31<sup>st</sup> March, 2002, Directors' Report and the Auditors' Report thereon.
- 2) To appoint a Director in place of Shri Ashwin M. Patel, 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 pursuant to Sections 198, 269, 309 and other applicable provisions if any Of the Companies Act, 1956 sanction and consent be and is hereby accorded to the re-appointment of Mr Ashwin M. Patel, as Executive Director (Marketing) of the company for a period of five years with effect from 03.07.2001 on the following remuneration:-

- |                      |   |  |
|----------------------|---|--|
| Salary               | : | Rs. 15000/- 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. |
| iv) 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 condition that only actual fares will be paid and no hotel expenses etc. will be allowed.         |

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- |       |                   |   |  |
|-------|-------------------|---|--|
| 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 4000/- 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 Director 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 11 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.

Place Mumbai

By order of the Board

Dated : 23 rd August 2002

A.J. Chakote  
Company Secretary

**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 Monday 23 rd September, 2002 to Monday 30th September 2002 (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.
- 6) Shareholders are requested to send their queries in respect of Financial Accounts of the Company For the year ended 31 st March, 2002 at least a week in advance so as to enable the Management to keep the information ready at the time of the 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 Nos. 4 ~~8~~ of the accompanying Notice sets out all material facts as required under section 173 of the Act :

**17th ANNUAL REPORT 2001-2002****Items No4**

Shri Ashwin M. Patel has been appointed as Executive Director (Marketing) of the company as per resolution passed by the shareholders at the General Meeting of the Company held on 29.09.1997 for a period of five years with effect from 03.07.1997 on the terms and conditions contained in the said resolution. It is necessary to reappoint Shri Ashwin M. Patel as Executive Director (Marketing) of the company for a further period of five year form 03.07.2002.

The Board of Directors of the company at its meeting held on 31.07.2002 have approved reappointment of Shri Ashwin M. Patel as Executive Director (Marketing ) on the same terms and condition as per the previous appointment and as set out in the notice.

The remuneration payable to Shri Ashwin M. Patel as Executive Director (Marketing) is in consonance with Sections, 269.198 and 309 read with Schedule XIII of the Companies Act. 1956.

In accordance with provisions of schedule XIII of the companies Act, 1956, the appointment of Shri Ashwin M. Patel as Executive Director (Marketing) and remuneration payable to Shri Ashwin M. Patel are subject to approval of shareholders and hence the resolution as contained in the notice is commended for adoption by the members.

None of the Directors is interested in the resolution .

Place : Mumbai

By Order of the Board

Date : 23 rd August,2002

A.J. Chakote  
Company Secretary

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

Your Directors have pleasure in submitting their Report along with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2002.

**FINANCIAL RESULTS**

	<b><u>2001-2002</u></b> (Rupees in Lacs)	<b><u>2000-2001</u></b> (Rupees in Lacs)
Turnover	<b><u>987.39</u></b>	<b><u>1628.88</u></b>
Profit before interest and depreciation	19.04	91.45
Less: Interest	71.68	82.50
Gross Profit before depreciation	<u>(-) 52.64</u>	<u>8.95</u>
Less: Depreciation	<u>44.57</u>	<u>47.49</u>
Operating Profit/Loss	<u>(-) 97.21</u>	<u>(-)38.54</u>
(a) Surplus/Deficit during the year.	<u>(-) 97.21</u>	<u>(-)3854</u>
(b) Short provision of Income Tax for earlier years.	(-)10.99	-
(c) Deficit brought forward from last year	(-)55.67	(-)17.13
<b>Balance carried to Balance Sheet</b>	<b><u>(-) 163.87</u></b>	<b><u>(-)55.67</u></b>

The Profit before interest and depreciation amounted to Rs. 19.04 Lacs as compared to Rs. 91.45 Lacs during the last year. After providing for interest of Rs. 71.68 Lacs, and depreciation of Rs. 44.57 Lacs, the company has made an operating loss of Rs. 97.21 Lacs as against loss of Rs. 38.54 Lacs during the last year. After taking into account short provision for Income Tax of earlier years Rs. 10.99 Lacs and deficit brought forward from last year of Rs. 55.67 Lacs and loss of Rs. 97.21 Lacs during the year, the total loss of Rs. 163.87 Lacs is carried forward to Balance Sheet.

**DIVIDEND**

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

**REVIEW OF OPERATIONS**

During the year under report, your company has achieved a lower turnover of Rs. 987.39 Lacs as compared to Rs. 1628.88 Lacs during the previous year. The company has achieved a lower turnover due to drought prevailing in the major Districts of Maharashtra State during the year under review.

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The company has also adopted conservative policy of not making fertiliser sales on distress basis at higher discounts and higher equated freight with longer credit period of sale to minimise the losses and apprehension of bad debts due to non recovery from dealers.

Due to excess supply of 98% Sulphuric Acid in the market vis-à-vis lower demand for 98% Sulphuric Acid on account of overall recession in Chemical Market, the sale price of Sulphuric Acid was not remunerative at all for all the manufactures during the year under review.

Due to lower capacity utilisation of Sulphuric Acid and Single Super Phosphate production as detailed above, the company has voluntarily relieved surplus workers and staff members during the year to arrest the further losses.

**CURRENT YEAR'S WORKING**

The current year has started with initial favourable monsoon in the major districts of Maharashtra State. There are also reports of good rainfall during July/August, 2002 which has also brightened the scope of fertilisers sales during the current Kharif season as well as Rabi season.

We are pleased to report that your company has improved the performance during the first quarter of the Current Year and sales during the first quarter is Rs. 362 Lacs. Due to favourable monsoon, the company is in a position to reduce the substantial carried forward inventories of fertiliser stocks.

We very much regret to report that due to devastating flood on 26<sup>th</sup> June 2002, there was a severe damage to Company's Plastic Division (HDPE Woven Sacks Unit) situated at Village Kharivali, Tal. Wada, Dist. Thane in respect of Stocks, Plant & Machinery etc. The Company has adequate Insurance coverage and Insurance Claim has been filed with the Insurance Company for the loss sustained to the stock and Plant & Machinery. The Plastic Division of the company had been under closure from 26<sup>th</sup> June, 2002 onwards.

In view of the above, your company has decided to concentrate on Fertiliser Division of the company to increase the production, and sales performance of the Fertiliser during current year and also to improve upon the operating results of the company by reducing cost of production and overheads at all levels.

The monsoon during the current year is expected to be normal particularly in the sate of Maharashtra which shall boost up the Fertiliser sales in the Rabi season also.

**DIRECTORS**

Shri Ashwin M. Patel, Executive Director (Marketing) retires by rotation at its ensuing Annual General Meeting of the company and he being eligible offers himself for reappointment. Necessary item has been included in the Notice convening the Annual General Meeting and reappointment of Shri Ashiwin M. Patel as director is recommended for adoption by the members.

**BHARAT FERTILISER INDUSTRIES LTD.**

Appointment of Shri Ashwin M. Patel as Executive Director (Marketing) is due for renewal with effect from 03.07.2002. Necessary resolution has been incorporated in the Notice convening the Annual General Meeting for renewal of his appointment for a further period of 5 years from 03.07.2002 on the same terms and conditions.

The Board of Directors of the company at its meeting held on 31.07.2002 have approved reappointment of Shri Ashwin M. Patel as Executive Director (Marketing) for a further period of 5 years from 03.07.2002 on the same terms and conditions as set out in the resolution contained in the Notice convening the Annual General Meeting. The resolution as contained in the Notice is recommended for adoption by the members.

The term of appointment of Shri Kantilal N. Jethwa, Executive Director (Operations) was also due for renewal with effect from 03.07.2002. He has requested not to renew the appointment on personal grounds. However, he has agreed to continue as a director of the company.

**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 up to 31.03.2002 works out to Rs. 41,77,200/- (Previous year Rs. 41,74,912/-).

**DONATIONS**

During the year under report, donations amounting to Rs. 750/- were granted to Social Welfare Institutions.

**FIXED DEPOSITS**

As on 31<sup>st</sup> March 2002, the Fixed Deposits amounted to Rs. 27,36,500/-. There was no instance of any unclaimed or overdue deposit during the year (Previous year: Rs. 13,67,000/-).

**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 "A" forming part of this report.

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

There are no employees of the company who are in receipt of remuneration of more than Rs.2,00,000/- per month or Rs.24,00,000/- per annum.



**17th ANNUAL REPORT 2001-2002****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 31<sup>st</sup> March 2002;
- (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 safe guarding 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 2002-2003. The appointment of M/s. Chandulal M. Shah & Company, Chartered Accountants, is recommended.

**ACKNOWLEDGEMENTS**

Your directors wish to place on record their sincere thanks to the Central Government, State Government, Agricultural Department, Company's Banker 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 & Managing Director

Place : Mumbai

Date : 23<sup>rd</sup> August 2002.

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