

16th Annual Report 2004-2005



Bharat RASAYAN LIMITED
(AN ISO 9001 : 2000 CERTIFIED COMPANY)

**Bharat RASAYAN LIMITED**

16th Annual Report 2004-2005

BOARD OF DIRECTORS**Promoter Directors****S.N. GUPTA****M.P. GUPTA****R.P. GUPTA**

Chairman & Managing Director

Whole Time Director

Whole Time Director

Other Directors**P.K. MITTAL**Director (Independent and
Non-Executive)**BIMAL AGARWAL**

Director (Independent)

TARUN AGARWAL

Director (Independent)

**COMPANY SECRETARY &
COMPLIANCE OFFICER****A.C. UPADHYAY****AUDITORS****M/S. B.K. GOEL & ASSOCIATES**

Chartered Accountants

P-16, N.D.S.E.-II,

New Delhi - 110 049.

BANKERS**STATE BANK OF INDIA****REGISTERED OFFICE**

1501, Vikram Tower,

Rajendra Place,

New Delhi - 110 008.

FACTORY

2 KM Stone, Madina-Mokhra Road,

Village Mokhra,

Tehsil Meham,

Distt. Rohtak (Haryana).

**REGISTRAR & SHARE
TRANSFER AGENT****M/S. INTIME SPECTRUM REGISTRY LIMITED**

A-31, 3rd Floor, Near PVR Cinema,

Naraina Industrial Area, Phase-I,

New Delhi - 110 028.

Tel. Nos. : 91-11-51410592-94

Fax No. : 91-11-51410591

Members may please note that no
gifts/coupons shall be distributed
at the meeting

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**Bharat RASAYAN LIMITED**

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NOTICE

The 16th Annual General Meeting of Bharat Rasayan Limited will be held at Satyam Banquets, 6, Bhera Enclave, Outer Ring Road, Paschim Vihar, New Delhi - 110 087, on Friday, the 30th September, 2005, at 10:30 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the audited Profit and Loss Account for the year ended 31st March, 2005, the Balance Sheet as on that date and the Directors' & Auditors' Reports thereon.
2. To appoint a Director in place of Shri P.K.Mittal who retires by rotation and is eligible for reappointment.
3. To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Tarun Agarwal who was appointed as an additional/independent director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article No. 89 of the Articles of Association of the Company and Clause 49 of the Listing Agreement with effect from 14.03.2005 and who holds office upto the date of ensuing Annual General Meeting and being eligible for re-appointment and in respect of whom the Company has received a notice in writing pursuant to provisions of Section 257 of the Companies Act, 1956, proposing his candidature as a Director of the Company, be and is hereby appointed as a director of the Company, liable to retire by rotation."

Regd. Office :-

1501, Vikram Tower,
Rajendra Place,
NEW DELHI - 110008.
AUGUST 17, 2005.

BY ORDER OF THE BOARD

(A.C.UPADHYAY)
COMPANY SECRETARY

EXPLANATORY STATEMENT

The explanatory statement as required under Section 173(2) of the Companies Act, 1956, in respect of Special Business

ITEM NO. 4

Shri Tarun Agarwal was appointed as an additional director on 14.03.2005 vide board meeting held on 14.03.2005 as per Section 260 of the Companies Act, 1956 to hold office up to the date of the Sixteenth Annual General Meeting of the Company. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member signifying the intention to propose the name of Shri Tarun Agarwal as a director alongwith a deposit of Rs. 500/-.

None of the Directors except Shri Tarun Agarwal is interested or concerned in the resolution.

**NOTES :**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote, instead of himself, and such proxy(ies) need not be a member of the Company. Proxy(ies) in order to be effective, must be delivered at the registered office of the Company, not less than 48 hours before the time of the meeting.
2. Members/Proxies should bring the attendance slip duly completed. Members who hold shares in dematerialised mode are requested to bring their Client-ID and DP-ID Numbers also for easy reference.
3. The copies of the annual report will not be distributed at the annual general meeting. Members are, therefore, requested to bring their copies of the annual report to the meeting.
4. Members intending to seek any information on the annual accounts at the meeting are requested to intimate the Company at least seven days before the date of the meeting.
5. **Nominations** - Members holding shares in physical mode and desirous of making a nomination in respect of their shareholdings in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to obtain the prescribed Form-2B, from the Company Secretary. Members holding shares in dematerialised mode may approach their Depository Participant (DP) in this regard.
6. M/s. Intime Spectrum Registry Limited an existing Registrar of demat shares, as Registrar of physical shares and as such Intime is a common agency for dealing with demat and physical shares.
7. The share transfer books and register of the Company will remain close from 26.09.2005 to 30.09.2005 (both days inclusive) for the purpose of Annual General Meeting.
8. Information required to be furnished under the Listing Agreement in respect of following director proposed to be reappointed as Director:

Shri Tarun Agarwal

- | | | |
|------------------------|---|---------------------------------|
| a) Age | : | 24 Years |
| b) Qualification | : | B.Com. |
| c) Experience | : | 3 years |
| d) Other Directorships | : | Haryali Developers Pvt. Limited |

He is also a member of the Company's Audit Committee and Remuneration Committee.

**Bharat RASAYAN LIMITED**

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DIRECTORS' REPORT**TO THE MEMBERS OF BHARAT RASAYAN LIMITED**

Your Directors have pleasure in presenting their 16th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2005:

FINANCIAL RESULTS

(Rs. In Lacs)

Particulars	For the year ended 31.03.2005	For the year ended 31.03.2004
Sales & Other Income	5243.97	4334.88
Profit before interest & depreciation	330.44	228.19
Less : Interest	54.83	36.87
: Depreciation	89.28	103.50
Profit before income tax	186.33	87.82
Provision for Taxation - Current Liability	90.00	27.85
- Deferred Liability/(Tax Assets)	(5.08)	0.36
Profit after tax	101.41	59.61
Surplus brought forward from previous year	77.91	118.30
Profit available for appropriation	179.32	177.91
Appropriations		
Transferred to General Reserve	100.00	100.00
Balance being surplus carried over to the Balance Sheet	79.32	77.91

FINANCIAL HIGHLIGHTS

During the year under review, gross receipts increased to Rs. 52.44 Crore as compared to Rs. 43.35 Crore in the previous year, registering a growth of 20.97%. Exports during the year have also shown a hefty growth of 61.97% to reach Rs. 24.96 Crore as compared to Rs. 15.41 Crore in the previous year which shows that the presence of your company is increasing at international level.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report in terms of Clause-49 of the Listing Agreements with Stock Exchanges is enclosed as **Annexure-I**.

DIVIDEND

With increase in the competition in the pesticides industries, your directors plan for developing the new molecules for which your company will need more funds. With a view to conserve the company's resources your directors have decided to skip the dividend and have thus not recommended any dividend for this financial year.

FIXED DEPOSITS

The Company continues to accept the deposits under section 58A of the Companies Act, 1956, and as on 31.03.2005 there was no overdue deposit with the Company. All deposits due for payment were either paid or renewed during the year.

INSURANCE

The Company continues to carry adequate insurance cover for all its assets against foreseeable perils.

The Company continues to maintain consequential loss (Fire) Policy and Public Liability Policy as per the provisions of Public Liability Insurance Act.

**POLLUTION CONTROL**

The Company has taken various initiatives to keep the environment free from pollution. It has already installed various devices in the factory to control the pollution.

AUDITORS & AUDITORS' REPORT

M/s. B.K.Goel & Associates, Chartered Accountants, the auditors of the Company retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. Your Directors commend for their re-appointment.

The report of the Auditors is self - explanatory and does not call for any comments from the Directors.

STATUTORY STATEMENTS**a) Conservation of energy, technology absorption and foreign exchange earnings/outgo**

Statements pursuant to section 217(1)(e) of the Companies Act, 1956, are given in **Annexure-II**.

b) Particulars of employees pursuant to section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975:

As such there is no employee covered under the said Rules.

c) Directors' responsibility statement pursuant to Section 217(2AA) of the Companies Act, 1956

Your Directors confirm:

1. that in the preparation of the Annual Accounts the applicable accounting standards have been followed. There was no material departures requiring any explanation.
2. that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2005 and of the profit of the Company for the year ended on that date.
3. that the Directors have taken proper and sufficient care 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.
4. that the Directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

Your Company has been committed to the principles of good corporate governance and the board of directors always believe in the transparency, accountability and integrity. Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance & Auditor's Certificate on it, is given in **Annexure-III**.

DIRECTORS

Shri Mohinder Singh Agarwal resigned from the Board w.e.f. 14.03.2005. Your directors wish to place on record their sincere appreciation of valuable advice received from Shri Mohinder Singh Agarwal during his tenure as Director.

Shri Tarun Agarwal was appointed by your Board as Independent/Additional Director on 14.03.2005. Shri Tarun Agarwal holds office upto the date of the ensuing Annual General meeting and the Company has received a notice alongwith the requisite deposits of Rs. 500/- from a member under Section-257 of the Companies Act, 1956, to propose his name as director. The Board is of the opinion that his association with the Company will be beneficial and hence commends the resolutions for your approval.

Shri P.K.Mittal retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible offers himself for reappointment.

VOLUNTARY DELISTING OF EQUITY SHARES FROM MUMBAI STOCK EXCHANGE

The securities of your Company have already been discontinued from trading w.e.f. 04.10.2004 under the listed category and delisted from The Stock Exchange, Mumbai, w.e.f. 08.10.2004 vide their letter no. CRD/GEN/2004/587 dated 30.09.2004 voluntarily. At present the securities of your company are listed with NSE only.

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ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the support extended by the Company's Bankers, customers, suppliers, depositors and last but not the least, the shareholders. Your directors also take this opportunity to place on record their sincere appreciation to employees of the Company, at all levels, for their concerted efforts and services rendered to the Company during the year.

ON BEHALF OF THE BOARD

NEW DELHI**AUGUST 17, 2005.****(S. N. GUPTA)****CHAIRMAN & MANAGING DIRECTOR****ANNEXURE-I TO THE DIRECTORS' REPORT****MANAGEMENT DISCUSSION AND ANALYSIS REPORT****Industry Structure and Development**

The Company is engaged in the business of agrochemicals. In Indian agrochemicals industry, there is equal presence of Multinational as well as Indian Companies. The MNCs have focused on high-end speciality products whereas Indian players have focused on generic and off-patent products. Agribusiness companies are developing new models to reach out to farmers and consumers, providing new technology etc. With the growth of Indian economy and the emphasis placed by the Government on improving productivity in the Agriculture sector, the agrochemicals industry has a pivotal role to play.

The industry has built up large capacities and has many players resulting in high level of competition. Due to seasonal nature of the business and uncertainties involved in the aiming and coverage of monsoon, a large inventory is required to be maintained.

Financial Performance with respect to operational performance

During the year under review, gross receipts increased to Rs. 52.44 Crore as compared to Rs. 43.35 Crore in the previous year, registering a growth of 20.97%. Exports during the year have also shown a hefty growth of 61.97% to reach Rs. 24.96 Crore as compared to Rs. 15.41 Crore in the previous year which shows that the presence of your company is increasing at international level. Further, the net profit also increased to Rs. 1.01 Crore as compared to Rs. 0.60 Crore in the previous year.

Outlook

Having regard to the thrust given by the Central Government to the Agriculture sector and overall normal monsoon, the outlook for the current year 2005-06 appears to be good barring unforeseen circumstances. Further, during the year, the Company got some new registrations of the products and one new product has been manufactured by the Company and the company has also increased reasonable amount on R&D activities towards development of some more new products and the benefits from it will accrue in the year 2005-06 and onwards.

Risk, Concern and Threats

The overall pesticides business is dependent on weather and sudden change in the weather affects the demand for the agrochemicals and this kind of risk will always remain in this industry. Due to the unusual increase in crude oil prices globally, the prices of raw materials have consequently gone up, this has adversely affected the cost of finished products. However, the sale price has not improved in same proportion. Even though, the agrochemicals industry play a very positive role to increase the productivity of the agriculture but there is always a negative perception in the minds of the people and environmentalists about its effects on environment and agriculture produce.

The industry has to maintain a large inventory and offers extended credit due to seasonality of agricultural operations and at times when the monsoon is not favorable, the Industry suffers and has to incur high cost of interest.

**SWOT ANALYSIS****Strength**

1. Your Company is one of the foremost Companies in India that has a large manufacturing range of agrochemicals. It is one of the few companies manufacturing its technical grade pesticides from basic raw materials. This gives it an inherent advantage over quality and prices. The Company is able to match the price and quality of many multinational companies operating in the country.
2. The Company's products have been widely accepted in foreign markets and our export market is exploring further.
3. The Company has a team of competent and dedicated professional managers on its roll.

Weakness

In today's modern economy with the changing preferences, the business environment is changing at a very fast pace. The multinational companies have been expending huge amounts on R&D for developing new molecules and your company is manufacturing the generic range products. The Company has to gear up its R&D efforts to align itself to the WTO/Patent Regime that will affect most of the manufacturing sectors in India.

Opportunities

1. Several agriculture oriented policy initiatives under implementation by the Government and the availability of credit to the agriculture sector as priority sector are expected to improve the prospects of Agrochemicals industry as a whole.
2. Enhanced awareness among the farming community regarding usage of pesticides for better yields.
3. Export potential of generic pesticides.

Adequacy and Internal Controls System

During the year, the Board and Audit Committee have vigorously interacted with the external auditors of the company to review the overall systems and all major findings and suggestions are complied with and reported to the Audit Committee on a quarterly basis. Further, the Company has proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use and that the transactions are authorized, recorded and reported correctly.

Human Resources Development

Your Company believes that human resources are the most precious assets of your Company. Your Company's ongoing thrust is to maintain productive work culture and to orient the employees to effectively face the new and emerging challenges emanating from the competitive environment. Number of employees on Company Roll as on 31.03.2005 were 179. Besides, the Company also employed casual workers through contractors during the year. The job description of each member has been defined and performance indicators are monitored accordingly to improve motivation level and to encourage talent. The company has been continuously conducting in-house and external training programmes for its people so as to develop their skills and capabilities.

The industrial relations climate of the Company continues to remain harmonious and cordial.

Cautionary Statement

Statements in the Management Discussion and analysis describing the company's objectives, projections and expectations may be forward looking statements within the meaning of applicable law and regulations. Actual results might differ materially from those expressed or implied. The important factors that could make a difference to the Company's operations include climatic conditions, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

The Company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

**ANNEXURE-II TO THE DIRECTORS' REPORT**

INFORMATION REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY

(a&b) Wherever possible, energy conservation measures have already been implemented. However, efforts to conserve and optimize the use of energy through improved operational methods and other means are being continued on an ongoing basis.

(c) The energy consumption and the cost of production is being kept under control.

(d) Not Applicable.

B. TECHNOLOGY ABSORPTION**FORM 'B'****Research & Development (R&D)**

- (1) R&D efforts of the Company are directed towards quality assurance, improvement of existing products and development of new processes for products.
- (2) Improvement in the product quality and cost reduction.
- (3) Studies for cost reduction, improvement of product quality, import substitution & introduction of new products are carried out on an ongoing basis.
- (4) The R&D efforts are totally integrated with the processing activities including development of new products. As such, R&D expenses cannot be segregated. Further, the Company is engaged in the development of new products, process and effluent treatment.

Technology Absorption, Adaptation & Innovation

- (1) The Company has no technical collaboration and the processes are carried out on the standard known technology and efforts are made to improve upon the same on an ongoing basis.
- (2) The Company has been in a position to cater to the requirements of customers, both Indian and foreign.
- (3) The Company has not imported any technology so far.

C. FOREIGN EXCHANGE EARNINGS & OUTGO

- (1) The Company is in constant touch with the overseas markets. Efforts are being made to develop new markets and consolidate the existing one by marketing products conforming to international standards.
 - (1) Total foreign exchange used Rs. 113.57 lacs (previous year Rs. 210.65 lacs)
 - (2) Total foreign exchange earned Rs. 2292.51 lacs (previous year Rs. 1725.73 lacs)

ON BEHALF OF THE BOARD

NEW DELHI
AUGUST 17, 2005.

(S. N. GUPTA)
CHAIRMAN & MANAGING DIRECTOR

**ANNEXURE-III TO THE DIRECTORS' REPORT****REPORT ON CORPORATE GOVERNANCE**

(Pursuant to Clause-49 of the Listing Agreement)

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company believes that good Corporate Governance strengthens the Investors' trust and ensures a long term partnership that helps in Company's objectives. The Company's Philosophy on Corporate Governance lays strong emphasis on transparency, accountability, integrity, full disclosures and independent monitoring the state of affairs. The philosophy is manifested in its operations through exemplary standards of ethical behaviour, both within the organisation as well as in external relationships.

2. BOARD OF DIRECTORS**a) Composition and Category of Directors**

Presently the Board of Directors of your Company comprises of presently Six Directors, of which three are Executive Directors and the rest are Independent and Non-Executive Directors. There is no nominee director, appointed by any Financial Institution on the board. Thus the requirements of the Listing Agreement are duly complied with. As on 31.03.2005, the composition of the Board of Directors was as under:

Sr.No.	Name of the Director	Category of Directorship	No. of Directorships of other	
			Companies	Committees
1.	Mr. S.N.Gupta	Chairman & Managing Director	2	None
2.	Mr. M.P.Gupta	Executive Director	4	None
3.	Mr. R.P.Gupta	Executive Director	3	None
4.	Mr. P.K.Mittal	Independent/Non-Executive Director	2	None
5.	Mr. Bimal Agarwal	Independent/Non-Executive Director	None	None
6.	Mr.Tarun Agarwal	Independent/Non-Executive Director	1	None

b) Mr. S.N.Gupta is an Executive Chairman of the Company.

c) Meetings and Attendance

During the financial year 2004-05, Eighteen (18) board meetings were held. The dates on which the said meetings were held are as follows:

15.04.2004	30.04.2004	31.05.2004	31.07.2004
02.08.2004	16.08.2004	23.08.2004	15.09.2004
29.09.2004	30.10.2004	28.12.2004	17.01.2005
31.01.2005	01.02.2005	15.02.2005	21.02.2005
14.03.2005	31.03.2005	—	—

The Annual General Meeting was held on 29.09.2004.

The attendance of the Directors in the meetings was:

Sr.No.	Name of the Director	Category of Directorship	Attendance at	
			Board Meetings	A.G.M. held on 29.09.2004
1.	Mr. S.N.Gupta	Chairman & Managing Director	15	Yes
2.	Mr. M.P.Gupta	Executive Director	16	Yes
3.	Mr. R.P.Gupta	Executive Director	16	Yes
4.	Mr. P.K.Mittal	Independent/Non-Executive Director	08	No
5.	Mr. Bimal Agarwal	Independent/Non-Executive Director	09	No
6.	Mr. Tarun Agarwal	Independent/Non-Executive Director	—	N.A.*
7.	Mr. Mohinder Singh Agarwal	Independent/Non-Executive Director	16*	Yes

*Appointed on 14.03.2005

*Resigned on 14.03.2005