

**18th
Annual Report
2006-2007**

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Bharat RASAYAN LIMITED

(AN ISO 9001: 2000 CERTIFIED COMPANY)



Bharat RASAYAN LIMITED

18th Annual Report 2006-2007

BOARD OF DIRECTORS

Promoter Directors

S.N. GUPTA

Chairman & Managing Director

M.P. GUPTA

Whole Time Director

R.P. GUPTA

Whole Time Director

Other Directors

SANDESH KUMAR JAIN

Director (Independent & Non-Executive)

PRADEEP KUMAR GUPTA

Director (Independent & Non-Executive)

NARESH AGARWAL

Director (Independent & Non-Executive)

COMPANY SECRETARY & COMPLIANCE OFFICER

LAKSHMI GURUNG

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-40, 2nd Floor, Naraina Industrial Area, Phase-II,

Near Batra Banquet Hall,

New Delhi - 110 028.

Tel. Nos. : 91-11-41410592-94

Fax No. : 91-11-41410591

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

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**Bharat RASAYAN LIMITED***18th Annual Report 2006-2007***NOTICE**

The 18th Annual General Meeting of Bharat Rasayan Limited will be held at Satyam Banquets, 6, Bhera Enclave, Paschim Vihar, Outer Ring Road, New Delhi-110087, on Friday, the 28th September, 2007, at 10:30 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 2007 and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Mr. S.N.Gupta who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Mr. R.P.Gupta who retires by rotation and is eligible for reappointment.
4. To appoint Auditors of the Company and to fix their remuneration.

Regd. Office :-

1501, Vikram Tower,
Rajendra Place,
NEW DELHI-110008.

AUGUST 27, 2007.

BY ORDER OF THE BOARD

(LAKSHMI GURUNG)

COMPANY SECRETARY

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 (ISRL) acts as a Registrar and Share Transfer Agent on behalf of the Company and is a common agency for dealing with demat and physical shares.
7. The share transfer books and register of members of the Company will remain close from 24.09.2007 to 28.09.2007 (both days inclusive) for the purpose of Annual General Meeting.
8. The register of Directors' Shareholding shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting.
9. Information required to be furnished under the Listing Agreement in respect of following director proposed to be reappointed / appointed as Director(s):



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Particulars	Details of the Directors	
Name	Shri S.N. Gupta	Shri R.P. Gupta
Age	59 Years	41 Years
Qualification	M.A. [Economics]	B.Com.
Experience	31 Years	21 years
Directorship	since 15.05.1989	since 15.05.1989
Work exposure	Specialization in the field of international business, overall marketing strategy and corporate planning	looking after the Factory Production and General Administration
Directorship in other companies	M/s. Bharat Insecticides Ltd. M/s. Siris Crop Sciences Ltd.	M/s. Bharat Insecticides Ltd. M/s. Bharat Rasayan Finance Ltd. M/s. Siris Crop Sciences Ltd.
Member of any Committee in the Company	No	Shares Transfer Committee

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DIRECTORS' REPORT

TO THE MEMBERS OF BHARAT RASAYAN LIMITED

Your Directors have pleasure in presenting their 18th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2007:

FINANCIAL RESULTS

(Rs. In Lacs)

Particulars	For the year ended 31.03.2007	For the year ended 31.03.2006
Sales & Other Income	6020.62	4967.34
Profit before interest & depreciation	271.69	390.28
Less : Interest	52.03	67.76
: Depreciation	95.88	84.69
Profit before income tax	123.78	237.83
Provision for Taxation – Current Liability	43.55	91.30
– Deferred Liability/(Tax Assets)	10.30	(8.35)
	53.85	82.95
Less: Excess for tax reverse	17.64	36.21
Profit after tax	87.57	154.88
Surplus brought forward from previous year	34.20	79.32
Profit available for appropriation	121.77	234.20
Appropriations		
Transferred to General Reserve	100.00	200.00
Balance being surplus carried over to the Balance Sheet	21.77	34.20

FINANCIAL HIGHLIGHTS

During the year under review, gross receipts were Rs. 60.20 Crores as compared to Rs. 49.67 Crores in the previous year, registering a growth of 21.20%. Exports during the year were Rs. 24.44 Crores as compared to Rs. 21.40 Crores in the previous year. Profit after tax has decreased to Rs. 0.88 Crore as compared to Rs. 1.54 Crores previous year mainly due to decline in other income from Rs. 2.03 Crores to Rs. 1.15 Crores.

SHIFTING OF OFFICE OF OUR REGISTRAR & TRANSFER AGENT (RTA)

Your Directors are pleased to inform you that office of our RTA, i.e. M/s. Intime Spectrum Registry Limited have moved to A-40, 2nd Floor, Naraina Industrial Area, Phase-II, Near Batra Banquet Hall, New Delhi-110028, with better facilities to serve you better.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report in terms of Clause-49 of the Listing Agreement with Stock Exchange(s) is enclosed as Annexure-I.

DIVIDEND

With a view to conserve the company's resources your directors have not recommended any dividend for this financial year.

FIXED DEPOSITS

As on 31.03.2007, there was no overdue deposit with the Company. All deposits due for payment were fully paid as on date and there is no deposits under section 58A.

**Bharat RASAYAN LIMITED***18th Annual Report 2006-2007***INSURANCE**

The Company continues to carry adequate insurance cover for all its assets against foreseeable perils. The Company continues to maintain 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 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:**
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 were 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, 2007 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 believes in the transparency, accountability and integrity. Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance and Auditor's Certificate on it is given in Annexure-III.

DIRECTORATE

Mr. S.N.Gupta and Mr. R.P.Gupta retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible offer themselves for reappointment.

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 27, 2007

(M.P.GUPTA)
CHAIRMAN



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. 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 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 were Rs. 60.20 Crores as compared to Rs. 49.67 Crores in the previous year, registering a growth of 21.20%. Exports during the year were Rs. 24.44 Crores as compared to Rs. 21.40 Crores in the previous year. Profit after tax has decreased to Rs. 0.88 Crore as compared to Rs. 1.54 Crores previous year mainly due to decline in other income from Rs. 2.03 Crores to Rs. 1.15 Crores.

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 2007-08 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.

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 input cost. However, the sale price has not improved in same proportion. Even though, the agrochemical industry plays 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 favourable, the Industry suffers and has to incur high cost of interest.

Foreign Exchange Fluctuations – Significant part of the turnover comprises of export. Falling Dollar value in terms of Rupees was a matter of concern to Company. Company has started hedging measures for its foreign exchange fluctuation risk.

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 own technical grade pesticides from basic raw materials. This gives it an inherent advantage over quality and prices.
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.



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4. The company's In-house Research & Development Unit received recognition from Ministry of Science & Technology, Govt. of India, Department of Scientific & Industrial Research, New Delhi

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 31.03.2007 was 172. 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 through Workshops, Conferences, Seminars etc. 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, global players 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.

**Bharat RASAYAN LIMITED***18th Annual Report 2006-2007***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.
- (5) Company's In-house R&D Unit set-up at Mokhra Factory has acquired recognition from Ministry of Science & Technology, Govt. of India, Department of Scientific & Industrial Research, New Delhi.
- (6) Expenditure on R&D
 - (a) Capital : Rs. 2.84 lacs
 - (b) Recurring : Rs. 45.84 lacs
 - (c) Total : Rs. 48.68 lacs
 - (d) Total R&D expenditure (as % of total expenditure) : 0.82%

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.
- (2) Total foreign exchange used Rs. 398.74 lacs (previous year Rs. 412.45 lacs)
- (3) Total foreign exchange earned Rs. 2443.75 lacs (previous year Rs. 2139.57 lacs)

ON BEHALF OF THE BOARD

NEW DELHI
AUGUST 27, 2007

(M.P.GUPTA)
CHAIRMAN

**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 31.03.2007, 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. Sandesh Jain	Independent / Non-Executive Director	4	3
5.	Mr. Pradeep Gupta	Independent/Non-Executive Director	None	None
6.	Mr. Naresh Agarwal	Independent/Non-Executive Director	None	None

b) Mr. S.N.Gupta is an Executive Chairman of the Company.**c) Meetings and Attendance**

During the financial year 2006-07, Twenty (20) board meetings were held. The dates on which the said meetings were held are as follows:

15.04.2006	29.04.2006	10.05.2006	29.05.2006
01.06.2006	22.06.2006	24.07.2006	31.07.2006
22.08.2006	30.08.2006	12.09.2006	05.10.2006
31.10.2006	07.11.2006	13.11.2006	01.01.2007
31.01.2007	15.02.2007	19.03.2007	31.03.2007

The Annual General Meeting was held on 30.09.2006.

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 30.09.2006
1.	Mr. S.N.Gupta	Chairman & Managing Director	17	Yes
2.	Mr. M.P.Gupta	Executive Director	19	Yes
3.	Mr. R.P.Gupta	Executive Director	15	Yes
4.	Mr. Sandesh Jain*	Independent / Non-Executive Director	12	Yes
5.	Mr. Pradeep Gupta	Independent / Non-Executive Director	14	No
6.	Mr. Naresh Agarwal	Independent / Non-Executive Director	11	No
7.	Mr. Bimal Agarwal#	Independent / Non-Executive Director	04	N.A.

*Appointed on 01.06.2006

#Resigned on 01.06.2006