

BHARAT FERTILISER INDUSTRIES LTD.

MUMBAI



**26th. ANNUAL REPORT
(2010 - 2011)**

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
Whole time Director

Shri Kantilal N. Jethwa
Director

Shri Suresh M. Bhadrecha
Director

Shri Shirish P. Gajendragadkar
Director

COMPANY SECRETARY

Shri A. J. Chakote

TEAM OF CHIEF EXECUTIVE OFFICERS

Shri Shailendra D. Patel, CEO (Fertiliser)

Shri Vijal Y. Patel, CEO (Realty)

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 - 23

REGISTRARS FOR SHARE TRANSFERS & 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 Monday 26th September, 2011 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 Six Annual General Meeting of the Company will be held as detailed below :

Day	Monday
Date	26/09/2011
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 2011, Profit and Loss Account for the Accounting year from 1st April, 2010 to 31st March, 2011, Auditors' Report and Directors' Report thereon.
2. To appoint a Director in place of Shri K. 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

To Consider and if thought fit to pass with or without Modifications the following Resolution as a Special Resolution.

RESOLVED THAT pursuant to section 21 of the Companies Act 1956 and subject to approval of Central Government, the present name of the Company be changed from **Bharat Fertiliser Industries Ltd.**, to **Bharat Fertiliser and Realty Limited** with immediate effect.

RESOLVED FURTHER THAT Shri Yogendra D. Patel, Chairman & Mg. Director be and is hereby authorized to make necessary application to the Ministry of Corporate Affairs, / Stock Exchanges / Statutory Authorities for change in the name of the Company as Bharat Fertiliser and Realty Limited and on obtaining the approval, change the name on the Letter Heads / Stationery, Share Certificates, Industrial Licenses, Factory License, 7/12 extracts of Land records with respective Talathi, Tahsildar, Prant and collectorate Office at Majiwada and Wada, Dist : Thane, Income tax Documents, T.D.S., VAT, Service tax returns, Customs and Excise Duty returns, Shops and Establishment Registration Certificate and inform Bombay Stock Exchange, SEBI, NSDL/CDSL, Municipal Authorities i.e. Municipal Corporation of Greater Mumbai and Thane Municipal Corporation, State and Central Government Statutory Authorities and such other Authorities connected with the business activities of the company.

BHARAT FERTILISER INDUSTRIES LTD.

Item No. 5

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

RESOLVED THAT pursuant to section 198,269,309 and other applicable provisions if any of the Companies Act,1956 and subject to various approvals required from Statutory Authorities, wherever necessary sanction and consent be and is hereby accorded to the reappointment of Shri Yogendra D. Patel, Chairman & Mg. Director of the Company for a period of Five years with effect from **01/10/2011** on the following remuneration:-

- | | | |
|------------------------|---|---|
| Salary | : | Rs. 3,00,000/- Per Month |
| Commission | : | 2% of the Net Profit of the Company Computed under section 349 of the Companies Act 1956. |
| Perquisites | : | Subject to 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 in the total cost of which to the company shall not exceed one month 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 fare will be paid and no hotel expenses etc. will be allowed. |
| 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 & vii above will not form part of the perquisites)

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Remuneration as above put together with remuneration payable 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 II 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”.

Item No. 6

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

RESOLVED THAT pursuant to section 198, 269, 309 and other applicable provisions if any of the Companies Act, 1956 and subject to various approvals required from Statutory Authorities, wherever necessary sanction and consent be and is hereby accorded to the reappointment of Smt. Anjni Y. Patel, Jt. Mg. Director of the Company for a period of Five years with effect from 01/10/2011 on the following remuneration:-

Salary	:	Rs. 1,50,000/- Per Month
Commission	:	1% of the Net Profit of the Company Computed under section 349 of the Companies Act 1956.
Perquisites	:	Subject to 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 services 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 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, Husband and dependent children to and from any place in India, once in a year, subject to the condition that only actual fare will be paid and no hotel expenses etc. will be allowed.
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 & vii above will not form part of the perquisites)

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Remuneration as above put together with remuneration payable 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 II 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”.

Item No. 7

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

“RESOLVED THAT pursuant to section 314 (1) (b) of and any other applicable provisions of the Companies Act 1956, and subject to approval of the central Government consent of the Company is accorded for the appointment of Shri Vijal Yogendra Patel as Chief Executive Officer (Realty) of the Company for a period of 3 years w.e.f. 1.10.2011 on the consolidated Salary of Rs.75,000/- per month as per terms & conditions contained in the Draft of Agreement placed before this Meeting and initialed by the Chairman for the purpose of identification.

Bharat Fertiliser Industries Ltd.

Place : Mumbai

Dated : 12/08/2011

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

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 Thursday, the 15/09/2011 To Monday, the 26/09/2011 (both days inclusive),
- 3) Members are requested to bring copy of the Annual Report along with their registered address, if any.

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- 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 and Transfer Agents are as under :

Link Intime India Pvt. Ltd.
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 on Primary No.022-25963838 and e-mail ID rnt.helpdesk@linkintime.co.in

- 6) With a view to fall in line with the directive of Ministry of Corporate Affairs as per Green Initiative in Corporate Governance, the company has decided to opt for paperless compliance and e-mail Balance Sheet to Shareholder electronically, instead of mailing Physical copies.
Shareholders are requested to inform their E-mail ID to the Company to send them Balance Sheet electronically. Our E-mail id is bfilshivsai@gmail.com
- 7) Shareholders are requested to send their queries in respect of Financial Accounts of the Company for the year ended 31st March, 2011 at least a week in advance so as to enable the management to keep the information ready at the time of Annual General Meeting.

1. 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 if experience in specific Functional Area	:	General Administration
Directorships in other Companies	:	Yes
Names of Committees of other Companies in which the Director is a Member	:	WADA ALUMS & ACIDS PVT LTD.

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

The Shareholders at Extra-Ordinary General Meeting held on 10th April 2008 had approved the name "Bharat Fertiliser and Realty Industry Limited" after due approval of Department of Ministry of Corporate Affairs, New Delhi. However, due to technical difficulties the Company could not utilize the new name. Similarly the availability of name "Bharat Fertiliser and Realty Industry Limited" was only for 60 days. Hence the company is now required to pass fresh resolution for the new name selected viz. BHARAT FERTILISER & REALTY LIMITED and this new name is available.

The Resolution contained in the Item No.4 of the Notice is commended for adoption by the members.

Item No. 5

Shri Yogendra D. Patel has been appointed as Chairman & Mg. Director of the Company as per resolution passed by the shareholders at the Annual General Meeting of the Company held on 29th September 2006 for a period of five years with effect from 01/10/2006 on the terms and conditions contained in the said resolution.

It is necessary to reappoint Shri Yogendra D. Patel as Chairman & Mg. Director of the Company for a further period of five years from 01/10/2011.

The Board of Directors at its meeting held on 12/08/2011 have approved the reappointment of Shri Yogendra D. Patel as Chairman & Mg. Director of the Company on the terms and conditions as set out in the Resolution.

The remuneration payable to Shri Yogendra D. Patel as Chairman & Mg. Director is in consonance with sections 269, 198 and 309 read with Schedule XIII of the Companies Act, 1956 and necessary approval from competent Authorities shall be obtained if required.

In accordance with provisions of Schedule XIII of the Companies Act, 1956 the appointment of Shri Yogendra D. Patel as Chairman & Mg. Director and remuneration payable to Shri Yogendra D. Patel are subject to approval of shareholders and hence the resolution as contained in the notice is commended for adoption by the members.

This may be treated as an abstract of the Draft Agreement between the Company and Shri Yogendra D. Patel as Chairman & Mg. Director under section 302 of the Companies Act 1956.

None of the Directors is interested in the Resolution except Smt. Anjni Y. Patel and Miss. Chandni Y. Patel Directors.

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Item No. 6

Smt. Anjni Y. Patel has been appointed as Joint Mg. Director of the Company as per resolution passed by the shareholders at the Annual General Meeting of the Company held on 29th September 2006 for a period of five years with effect from 01/10/2006 on the terms and conditions contained in the said resolution.

The Board of Directors at its meeting held on 12/08/2011 have approved the reappointment of Smt. Anjni Y. Patel as Joint Mg. Director for a period of 5 years with effect from 01.10.2011 on the terms and conditions as set out in the Resolution.

The remuneration payable to Smt. Anjni Y. Patel as Joint Mg. Director is in consonance with sections 269, 198 and 309 read with Schedule XIII of the Companies Act, 1956 and necessary approval from competent Authorities shall be obtained if required.

In accordance with provisions of Schedule XIII of the Companies Act, 1956 the appointment of Smt. Anjni Y. Patel as Joint Mg. Director and remuneration payable to Smt. Anjni Y. Patel are subject to approval of shareholders and hence the resolution as contained in the notice is commended for adoption by the members.

This may be treated as an abstract of the Draft Agreement between the Company and Smt. Anjni Y. Patel as Joint Mg. Director under section 302 of the Companies Act 1956.

None of the Directors is interested in the Resolution except Shri Yogendra D. Patel, and Miss. Chandni Y. Patel, Directors.

Item No. 7

Shri Vijal Yogendra Patel Son of Shri Yogendra D. Patel Chairman & Mg. Director joined the Company as a trainee from 01/02/2010. After training for 1½ years it is now proposed to elevate him as Chief Executive Officer (Realty) of the Company for a period of 3 years w.e.f. 01.10.2011 on the consolidated Salary of Rs.75000/- per month as per terms and conditions contained in the Draft Agreement available for inspection by the Shareholders.

Shri Vijal Y. Patel, being Son of Shri Yogendra D. Patel Chairman & Mg. Director a Special Resolution as contained in Notice is placed before the Shareholders under section 314 (1) (b) of the Companies Act 1956 for adoption by the members.

The Board of Directors at its meeting held on 12/08/2011 have approved the appointment of Shri Vijal Y. Patel.

The Resolution as contained in the Notice is commended for adoption by the Shareholders.

Shri Yogendra D. Patel, Smt. Anjni Y. Patel and Miss Chandni Y. Patel, Directors are interested in the Resolution.

Bharat Fertiliser Industries Ltd.

Place : Mumbai

Dated : 12/08/2011

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A. J. Chakote
Company Secretary

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 2011.

FINANCIAL RESULTS

	2010-2011 (Rs .in lacs)	2009-2010 (Rs .in lacs)
Turnover	<u>2918.47</u>	<u>2238.67</u>
Profit/Loss before interest and depreciation	1439.31	681.43
Less : Interest	<u>06.08</u>	<u>30.19</u>
Gross Profit/Loss before depreciation	1433.23	651.24
Less : Depreciation	<u>54.00</u>	<u>32.55</u>
Operating Profit/Loss	1379.23	618.69
Less : Provision for Tax	358.04	77.31
Add : Prior Period income	<u>643.96</u>	<u>-</u>
Surplus/Deficit during the year	<u>1665.15</u>	<u>541.38</u>
Add : Loss brought Forward	(636.12)	(1177.50)
Balance Carried to Balance Sheet	<u>1029.03</u>	<u>(636.12)</u>

During the year ended 31st March 2011, the Company has achieved Turnover of Rs.2918.47 Lacs as against Rs.2238.67 Lacs during corresponding period.

The Accounting Year 2010-2011 has ended in a Profit of Rs.1439.31 Lacs as compared to Profit of Rs.681.43 Lacs during the corresponding period last year. After providing for interest amounting to Rs. 6.08 Lacs and depreciation of Rs.54.00 Lacs, the Company has made a Profit of Rs.1379.23 Lacs as against the Profit of Rs.618.69 Lacs during the last year. After adding prior period income of Rs.643.96 Lacs and taking into account the provision for Taxation for the current year Rs.358.04 Lacs the year has ended in a Profit of Rs.1665.15 Lacs. The company has changed its "Accounting Method", so Capital Receipt Reserve is now routed through P&L which results into prior period Income of Rs. 643.96. After adjusting the deficit brought forward during last year amounting to Rs.636.12 Lacs., the total Profit of Rs. 1029.03 Lacs is carried to Balance Sheet.

DIVIDEND

With a view to conserve the funds for Company's Residential Project at Majiwada, Thane and to complete the entire project in time **(Phase I)** and also funds to be reserved for purchase of **TDR (Phase II)**, your Directors have decided to defer the payment of Dividend for 2010-2011.

Review of Operations

Your Directors are glad to mention that the work of Construction Division is now in full swing. Building A, B & C are completed in all respect as occupation certificates for these buildings are received and Possession of A, B & C Buildings are given to Customers.

The Construction of D & E Buildings is nearly 60% completed. Total 3,20,000 Sq. ft. area would be completed before 2011-12 and balance 2,80,000 Sq. Ft area would be completed in next 2/3 years. The progress is satisfactory.

During the year under Report the Company has updated its SSP/GSSP Fertiliser Manufacturing Plants at Wada to restart Fertiliser Production.

The Company has completed entire Repairs & Maintenance of its SSP/GSSP Fertiliser Plants at Wada and installed additional balancing equipments to achieve higher capacity utilization of its Production Units without any air / water pollution.

Current Year Working

Our Company had entered into a Long Lease contract with M/s. Rashtriya Chemicals & Fertilisers Ltd., 8th Floor, Room No.807, Priyadarshini, Eastern Express Highway, Sion, Mumbai – 400 022 one of the largest Producer of Fertiliser in Asia for manufacturing 1,32,000 M.T. SSP and 99,000 M.T. GSSP per year on attractive rate of Rs.1,500/- per M.T. based on 75% quantity of GSSP and 25% quantity of PSSP to be marketed in various State such as Maharashtra, M.P., Gujarat, Rajasthan , A.P. and Karnataka etc.

Above Contract would be for a period of 5 years which can be extended for further period of 2 years subject to revision in rates, however rates of conversion during 5 years are also based on fixation of whole sale price Index on year to year basis.

Our Company does not anticipate any difficulties in successful execution of such arrangement as Company had already incurred sufficient amount on Repairing and Maintaining all their SSP/GSSP Plants, Machinery and Equipments along with other Pollution recovery equipments to achieve higher production at reduced conversion cost. Similarly entire infrastructure facility would also be available to maintain speed of production of Fertiliser Units.

Presently Company wishes to fully concentrate on their Real Estate Development Activity at Majiwada and Fort and therefore of the opinion to have better option to run Company's Fertiliser Plants on such arrangement without any working capital or financial burden.

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Our Company will receive a Turnover of Rs.18.00 Cr. annually from above business from M/s RCFL conversion contract in Fertiliser Division.

The Construction Division work is in full swing at Thane.

Future Plans

Reconstruction of Company's Head Office Building at Fort, Mumbai will be taken on hand after vacating the tenants. After taking necessary approvals from MCGM, work would be started for new construction of ultra modern office complex in small & medium size tenements required for Professionals, Advocates and Solicitor Firms for Office area. This would be advantageous due to proximity of Banking Facilities, Courts and other business activities.

FERTILISER POLICY

G.O. I. have declared New Fertiliser Nutrient Based Subsidy Policy vide Notification No.23011/1/2010-MPR dated 21/04/2010 in respect of all SSP Units for availing higher Fertiliser Subsidy of Rs. 4400/- per M.T. w.e.f. 01/05/2010 onwards.

Also Subsidy will be revised from time to time based on increase / decrease in Raw-material price and M.R.P. will be decided by manufacturer in Joint Consultation with respective state at reasonable and affordable price to farmers.

However M/s. Rashtriya Chemicals & Fertilisers Limited will avail such benefit in future as our company had entered into Long Lease Basis contract with them by offering our 100% Production Capacity of SSP /GSSP for 5 years at attractive terms with escalation clause on year to year basis as per Whole Sale Price Index.

Directors

During the year under report Shri Kantilal N. Jethwa retires by rotation and being eligible offers himself for re-appointment. Necessary item has been included in the Notice convening 26th Annual General Meeting and the re-appointment of Shri K. N. Jethwa is recommended for approval of members.

CORPORATE GOVERNANCE:

A Report on the Corporate Governance for the period commencing 01.04.2010 is annexed hereto.

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.

FIXED DEPOSITS:-There were no Fixed Deposits accepted by the Company 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

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particulars in Directors Report) Rules 1988 the relevant information is given in the Annexure to "A" forming part of this report.

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, 2011.
- (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 the Company for 2011-2012. 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.

ACKNOWLEDGEMENTS:

Your Directors wish to place on record their sincere thanks to the Central Government, State Government, Thane Municipal Corporation, 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 : 12/08/2011

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.

BHARAT FERTILISER INDUSTRIES LTD.

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-2010 to March-2011	April-2009 to March-2010
(a) Purchased Units rate unit	5.60	5.60
(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	-	-
(c) Granulated super phosphate per ton	-	-

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

FERTILISER DIVISION

Though Government of India had declared Revised SSP Fertiliser Policy on 21/04/2010 with Special Condition of Minimum Production of 50% Installed Capacity or 40,000 M.T. per year whichever is lower in future to avail Fertiliser Subsidy of Rs. 4,400/- P.M.T. w.e.f. 01/05/2010, It is a really indirect threat to most of the SSP Units who pass through difficulties such as Force Majeure Clause, Labour Problems with Strike or Lockout, Draught, Flood, Financial Problems from Banks and BIFR as well as delay in receipt of Fertiliser Subsidy from GOI from time to time. It is difficult to ensure 50% of Installed Production Capacity and in case of failure, it is rather impossible to refund an amount of Subsidy to GOI with 24% Interest with various penalties and delisting in future for availing Fertiliser Subsidy from GOI.

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Similarly, there is no guarantee of availability of Imported Raw Material in International Market at reasonable price due to steep increase in US Dollar Exchange Rates as well as increase in Crude Oil Price from time to time and GOI will not Revise SSP Price nor Subsidy which will reduce Profitability of all SSP Units in near future.

Also GOI has not considered sufficient amount of freight Subsidy in respect to SSP Units as compared to other Fertilisers thereby cost of delivery will be a additional burden on SSP Units in near future.

Company has successfully completed entire Repairs & Maintenance and Replacement of all old parts of equipments and also installed additional balancing equipments and Installed Modern Pollution Control equipments in such a way that Company can easily operate Plants at Higher Capacity utilization in near future.

Company is also planning to buy Sick SSP Fertiliser Units in States of Gujarat, M.P., Karnataka and A.P. in near future to increase its stock and tonnages of Fertiliser business as a core sector business for which we have expertise available with total knowledge and Infrastructure.

CONSTRUCTION DIVISION

Till date GOI has not given a Industry Status to "Real Estate Sector" thereby the sector is not at all in a position for availing required Term Loan or Finance from banks or Financial Institution for future development during recession and for under Construction Projects.

Also Cost of Construction is increasing day by day due to incorporation of various Taxes, Surcharges, Service Tax, Octroi Duty on most of the Construction Raw Materials thereby Customer is burdened with higher Flat amount.

Government will be soon releasing Extra FSI for affordable Housing Sector under various Schemes thereby Real Estate Market may face slight under recovery in near future with competitive Market effect in Thane Area.

However, since our company do not have any Financial Debt till date we may pass through all above difficulties in near future and may complete all pending Residential Projects in time without any difficulties.

Company has also started finalizing re-development activities at Company's Fort Office with 12,000+/- Sq. ft. area to be made available on Lease in next 2/3 years to generate additional Income of Rs.40 Lacs per month through lease fees.

BHARAT FERTILISER INDUSTRIES LTD.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The company's Philosophy on Corporate Governance envisages the attainment of the high level of transparency and accountability in the functioning of the Company and the conduct of its business internally and externally, including its interaction with employees, shareholders, creditors, consumers institutional and other term lenders and places due emphasis on regulatory compliance. The mandatory requirements of clause 49 of the Listing Agreement have been fully complied.

2. BOARD OF DIRECTORS:

The present strength of Board of Directors is Six Mr. Yogendra D. Patel, is Chairman & Mg. Director, Mrs. Anjni Y. Patel, Jt. Mg. Director & Miss Chandni Y. Patel, is Whole Time Director. Out of 6 Directors, 3 Directors are non –Executive and Independent. The position of the Board of Directors thus meets with the stipulated requirements.

During the financial year ended on 31/3/2011, 4 Board Meetings were held on 14/05/2010, 06/08/2010, 29/10/2010 & 14/02/2011.

The Company's last Annual General Meeting was held on 27/09/2010. The Board's composition and categories as on 31/03/2011 and the attendance of each Director at Board Meeting and last Annual General Meeting are as under:-

Name of Director	Category	No. Of Directorship in other Cos.	No of Board, Committee For which Chairperson	Nos.of Board Meetings Attended	Whether Attended Last A.G.M.
Shri. Yogendra D. Patel	Chairman & Mg. Director	7	7	4	Yes
Smt. Anjni Y. Patel	Joint Mg. Director	7	Nil	4	Yes
Ms. Chandni Y. Patel	Non Executive Director	Nil	Nil	4	Yes
Shri. Kantilal N. Jethwa	Non Executive Director	1	Nil	4	Yes
Shri. Suresh M. Bhadrecha	Non Executive Director	Nil	Nil	4	Yes
Shri Shirish P. Gajendragadkar	Non Executive Director	Nil	Nil	3	Yes

Remuneration to the Managing Directors' for the year ended 31st March 2011.

Director	Salary, Perquisites and Allowances (Rs. In Lacs)	Company's contribution Provident to funds (Rs. in Lacs)	Total (Rs. in Lacs)	Contract Period
Shri. Yogendra D. Patel Chairman & Mg. Director	18	-	18 Lacs	5 years with effect from 01/10/2006 to 30/09/2011 (Due for renewal from 1/10/2011)
Smt. Anjni Y. Patel Joint Mg. Director	6	0.72	6.72 Lacs	5 years with effect from 01/10/2006 to 30/09/2011 (Due for renewal from 1 /10/2011)
Miss Chandni Y. Patel Whole Time Director	15	0.72	15.72 Lacs	5 years from 14/05/2010

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3. COMMITTEES OF THE BOARD:-

A. AUDIT COMMITTEE;

BROAD TERMS OF REFERENCE.

The Audit Committee of the Board was constituted in the meeting of the Board of Directors held on 02/01/2003 in conformity with the requirements of Clause 49 of the Listing Agreement, as well as Section 292A of the Companies Act, 1956. The terms of reference and the role of Audit Committee are set out in the Listing Agreement and Section 292A of the Companies Act, 1956.

The Audit Committee consisted of following members:

S.No.	Name	Chairman/Member	No of meeting attended.
1.	Shri S. M. Bhadrecha	Chairman - Non-Executive	4
2.	Shri K. N. Jethwa	Member - Non-Executive	4
3.	Shri Shirish P. Gajendragadkar	Member - Non –Executive	3

The Audit Committee meetings were held on 14/05/2010, 06/08/2010, 29/10/2010 and 14/02/2011 and all the member Directors of Audit Committee were present.

Quorum: Two Independent Directors.

The terms of the reference of the Audit Committee are as under:-

1. To review quarterly, half-yearly and annual financial results of the company before submission to the Board.
2. Appointment of Cost Auditor and payment of his remuneration/out of pocket expenses.
3. To hold periodic discussions with the Statutory Auditors concerning the accounts of the company, internal control systems, scope of audit and observations of the auditors.
4. To make recommendations to the Board on any other matters relating to financial management of the company including Audit Report.

Remuneration Committee.

Since appointments of Shri Yogendra D. Patel, Chairman & Mg. Director and Smt. Anjni Y. Patel, Joint Mg. Director were due for renewal with effect from 01/10/2011. The Board has appointed a Remuneration Committee of the following Directors for considering Managerial remuneration.

S.No.	Name	Chairman/Member	No of meeting attended.
1.	Shri K. N. Jethwa	Chairman - Non-Executive	4
2.	Shri S. M. Bhadrecha	Member - Non-Executive	4
3.	Shri Shirish P. Gajendragadkar	Member - Non –Executive	3

The sitting fees for attending each Board Meeting /Committee Meeting is Rs.1000/- per meeting. However the directors have voluntarily decided to forego the sitting fees till the financial position of the company improves.

BHARAT FERTILISER INDUSTRIES LTD.

B. SHAREHOLDERS/INVESTOR GRIEVANCE COMMITTEE:

FUNCTION

The Board of BHARAT FERTILISER INDUSTRIES LTD has constituted a Shareholders/Investor Grievance Committee consisting of three members, Chaired by an independent Non-Executive Director. The Committee meets at frequent intervals to approve inter-alia, transfer/transmission of shares, issue of duplicate share certificates, non receipt of declared dividend and to review of the status of investors' grievances and redressal mechanism and recommends measures to improve the level of investor services. Details of Share Transfer/transmissions approved by the committee are placed at the Board Meetings from time to time.

COMPOSITION

The composition of the Shareholders/Investor's Grievance Committee is as under:-

S.No.	Name	Chairman/Member	No of meeting attended.
1.	Shri K. N. Jethwa	Chairman - Non-Executive	4
2.	Shri S. M. Bhadrecha	Member - Non-Executive	4
3.	Shri Shirish P. Gajendragadkar	Member - Non –Executive	3

NAME AND DESIGNATION OF COMPLIANCE OFFICER:

Shri A. J. Chakote
Company Secretary & Compliance Officer,
Bharat Fertiliser Industries Limited,
Bharat Fertiliser House, 12 Nanabhai Lane, Fort, Mumbai-400 023.

DETAILS OF SHAREHOLDERS COMPLAINTS RECEIVED, NOT SOLVED AND PENDING TRANSFERS.

The total number of complaints received during the year 1.4.2010 to 31.3.2011: 4
These complaints were attended promptly to the satisfaction of the complainants.

ANNUAL GENERAL MEETINGS HELD:

Location and time, where the last three Annual General Meetings were held as given below:-

Financial year	Date	Location	Time
2007-2008	26/09/2008	Sardar Patel Baug, Shri Vile Parle Patidar Mandal, Parleshwar Road, Vile Parel (E) Mumbai-400 057.	3.30 P.M.
2008-2009	15/09/2009	-do-	3.30 P.M.
2009-2010	27/09/2010	-do-	3.30 P.M.

Postal Ballot:

No Special Resolution was put through postal ballot during the previous year.

COMPLIANCE CERTIFICATE:

The Certificate/Comments regarding compliance of conditions of Clause 49 of the List Agreement is annexed hereto.

SHAREHOLDERS INFORMATION

Regd.Office: Bharat Fertiliser House, 12 Nanabhai Lane, Fort, Mumbai-400023.

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Annual General Meeting : Date & Time: Monday, 26/09/2011 3.30 P.M.
 Venue : Sardar Patel Baug, Vile Parle Patidar Mandal,
 Parleshwar Road, Vile Parel (E), Mumbai-400 057.

Financial Calender:

Financial Reporting for the quarter ending June 2010 : On or before July 2010.
 Financial Reporting for the half year ending Sept. 2010 : On or before Oct. 2010.
 Financial Reporting for the quarter ending Dec.2010 : On or before Jan. 2011.
 Financial Reporting for the year ending Mar. 2011 : On or before April 2011

Date of Book Closure: 15/09/2011 TO 26/09/2011 (both days inclusive)

Listing on Stock Exchange: Bombay Stock Exchange
 Code No. 531862

Registrar for Share Registry work and De-materialisation work:

M/s. Link Intime India Private Limited,
 C-13 Pannlal Sillk Mills Compound,
 L.B.S. Marg, Bhandup (West),
 Mumbai-400 0078.

Share Transfer System

Share transfer requests received in physical form are registered within 15 days from the date of receipt and Demat requests are normally confirmed within an average of 7 days from the date of receipt.

Year	2010 - 2011	2009 - 2010	2008 - 2009
Share Transferred	82660	6260	12876
No. of Transfers	177	41	56

Shareholders services, enquiries, complaints.

It has been our endeavor to provide prompt, efficient and satisfactory:

Sr.No	Nature of Query	No.of days for disposal
1	Share Transfers	15 days
2	Demat of Share	7 days
3	Dividend Retaliation	7 days
4	Issue of New Shares on Surrender of old	7 days
5	Change of Address/Bank Mandate	7 days
6	General Queries	7 days

Categories of Shareholders as on March 31, 2011.

Category	No. of shares held	% of shareholding
Promoters	3529853	66.78
Other Directors	10420	0.20
Financial Institutions, Mutual Funds and Banks.	100	-
Private Corporate Bodies	115001	2.18
Non Residents, OCBs	205674	3.89
Indian Public	1414969	26.77
Clearing Member/Market Maker	9494	0.18
TOTAL	5285511	100.00
Demat. 1 N.S.D.L.	4289932	81.16
2 C.D.S.L.	376023	7.11

BHARAT FERTILISER INDUSTRIES LTD.

Correspondence:

1. Share Department,
BHARAT FERTILISER INDUSTRIES
LIMITED,
12 Nanabhai Lane, Fort, Mumbai-400023.

2. Link Intime India Private Limited
Registrars for Share Transfers &
Dematerialisation, C-13 Pannalal Silk Mill Compound
L.B.S. Marg, Bhandup (W), Mumbai-400078.

Stock Price Market Data:-

High/Low prices during each month in last financial year on Bombay Stock Exchange Ltd.

Month	Bombay Stock Exchange Ltd.	
	High(Rs.)	Low(Rs.)
April - 2010	73.25	56.00
May - 2010	70.00	56.15
June - 2010	80.35	60.60
July - 2010	91.00	70.20
August - 2010	82.45	56.65
September - 2010	86.95	53.05
October - 2010	108.50	74.00
November - 2010	104.00	67.10
December - 2010	86.00	61.55
January - 2011	85.70	65.00
February - 2011	70.00	51.60
March - 2011	57.10	44.55

DISTRIBUTION OF SHARE HOLDING AS ON 31ST MARCH 2011.

Shareholding of Nominal value of (Rs).	Share holders Number	%	Physical Form Rs.	
1	500	4521	93.29	5512010
501	1,000	168	3.47	1348570
1,001	2,000	66	1.36	989830
2,001	3,000	16	0.33	404340
3,001	4,000	6	0.12	218760
4,001	5,000	6	0.12	273570
5,001	10,000	27	0.56	1951210
10,001	ABOVE	36	0.75	42156820
TOTAL:-	4846	100.00		52855110

Note : Out of total Capital of 5285511 equity shares, 4665955 equity shares are held in dematerialized form.

Dematerialisation of Shares and Liquidity:

Trading the shares of the company is permitted in the dematerialized form also.

The Equity Shares of the Company are actively traded on Bombay Stock Exchange.

ISIN CODE NO. OF THE COMPANY : INE842D01011.

PLANT LOCATION: Kharivali Village, Taluka : Wada, Dist : Thane

DECLARATION

The Board of Directors of the Company has adopted the Code of Conduct for Directors and Senior Management of the Company.

All the Board Members and the Senior Management Personnel affirmed their Compliance with the respective Codes.

Bharat Fertiliser Industries Ltd.

Place: Mumbai

Date : 12/08/2011

Yogendra D. Patel
Chairman & Mg. Director

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Auditor's Report on Corporate Governance

To
The Members
Bharat Fertiliser Industries Limited

We have reviewed the records concerning the Company's compliance of the conditions of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company with the Stock Exchanges for the year ended on 31st March, 2011.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for review, and the information and explanations given to us by the Company.

Based on such a review, in our opinion, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement.

On the basis of the records maintained by the Company, we state that there are no Investor Grievances pending against the Company for a period exceeding one month.

We further state that, such compliance is neither an assurance as to the future viability of the Company, nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Desai Saksena & Associates**
Chartered Accountants

Place: Mumbai
Date: 12th August 2011

Dr. S. N. Desai
Partner
M. No. 32546

Auditors' Report

TO THE MEMBERS OF
BHARAT FERTILISER INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **BHARAT FERTILISER INDUSTRIES LIMITED**, as at 31st March, 2011, the Profit and Loss Account of the Company and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") (as amended) issued by the Central Government of India in terms of subsection (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraph 4 and 5 of the said Order to the extent applicable.
4. **a) *The Balances of sundry debtors, creditors, certain loans & advances and deposits are subject to confirmation and reconciliation.***

b) *The impact of remark of Para 4(a)) on the Profit & Loss Account and Balance Sheet cannot be ascertained.*
5. Subject to our comments in **paragraph 4(a) & (b) above** and our comments in the Annexure, referred to in paragraph 3, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

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- c) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the Directors as on March 31, 2011 and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f) *subject to paragraph 4 (a) & (b) above***, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies & Notes to the Accounts thereon give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

For **DESAI SAKSENA & ASSOCIATES**
Chartered Accountants
(FRN102358W)

Place: Mumbai
Date: 12th August 2011

Dr. S.N. Desai
Partner
M.No.32546

Annexure to the Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date.

- i. In respect of its fixed assets:
 - (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - (b) As per the explanation given to us, the Company has designed a phased programme for the physical verification of its fixed assets and accordingly a portion of the fixed assets are verified every year to cover all the items in reasonable time frame. Pursuant to the said programme, during the year also a portion of fixed assets of the Company has been physically verified by the management. As explained to us, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
 - (c) In our opinion, during the year, the Company has not disposed off a substantial part of the fixed assets and in our opinion the going concern status of the Company is not affected.
- ii. In respect of its inventories:
 - a) As explained to us, inventories of raw materials, finished goods pertaining to manufacturing division and finished apartments, pertaining to construction division were physically verified during the year by the Management. According to the information and explanation given to us, keeping in view the nature of the operations of the Company, inventory of work-in-progress cannot be physically verified.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - (c) The Company has maintained proper records of inventories. As explained to us there were no material discrepancies noticed on the physical verification of inventory as compared to the book records.
- iii. In respect of loans secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956:
 - (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act 1956. As the Company has not granted any loans, secured or unsecured to the parties listed in the Register maintained under section 301 of the Companies Act 1956, paragraphs (iii) (b), (c) and (d) of the Order are not applicable.
 - (b) According to the information and explanations given to us, the Company has taken interest free loan from three parties listed in the Register maintained under section 301 of the Companies Act 1956. In respect of the said loans, the maximum amount outstanding at any time during the year and the year end balance is Rs.3,76,306/-.
 - c) The above-mentioned loan is non-interest bearing. In our opinion and according to the information and explanations given to us, other terms and conditions of such loans given by the Company are prima facie, not prejudicial to the interest of the Company.
 - d) The principal amount is repayable on demand and there is no repayment schedule.
- iv. In our opinion, and according to the information and explanation given to us, having regard to the

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explanation, except that some of the items purchased are of a special nature and suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and sale of goods. During the course of our audit, we have not observed any major weaknesses in such internal control systems.

- v. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956;
- a) In our opinion and according to the information and explanations given to us, since, there were no transactions of sale & purchase during the year with the parties covered under Register maintained under section 301 of the Companies Act, 1956, therefore, the provisions of clause 4(v) (a) of Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- b) In our opinion and according to the information and explanations given to us, as there are no contracts or agreements that need to be entered into register maintained under section 301 Companies Act 1956, therefore, the provisions of clause 4(v) (b) of Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of clause 4(vi) of Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- vii. The Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- viii. As per the information and explanation given to us, the Central Government has prescribed the maintenance of cost records under clause (d) of sub section (d) of section 209 of the Companies Act, 1956 for the Fertiliser unit of the Company. However the Company has not maintained the same.
- ix. (a) According to the information, explanations and records of the Company, in respect of statutory and other dues, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Custom Duty, Excise Duty, Cess, Service Tax and any other statutory dues, applicable to it, with the appropriate authorities during the year. The Company has not paid various undisputed statutory liabilities viz. Sales Tax, Central Sales Tax and VAT dues. Details of the same are as under.

Sr. No.	Particulars	Nature of Dues	Year to which Liability pertains	Amount (Rs.)	Due Dates	Date of Payment	Net Due
1	Sales Tax (including and Surcharge Turn Over Tax)	Sales tax dues	2001-2002 to 2005	70,60,143	08/04/2010	-	70,60,143
2	Central Sales tax	Central Sales Tax dues	2001-02 to 2003-2004	10,63,853	08/04/2010	-	10,63,853
3	Value Added Tax	Value Added Tax	2005-06 to 2007-2008	1,44,794	On various dates from FY 2005-06 to FY2007-08	-	1,44,794
4	Custom Duty	Wrong Classification of material	2004-2005 to 2005-2006	3,71,269 5,52,281	27/05/2011	-	3,71,269 5,52,281
5	Sales Tax Deferral Loan	Sales Tax Loan	April 99 to July 2001	81,05,000	31/3/2009 to 31/3/2011 Rs.16,21,000 each year.	-	81,05,000

BHARAT FERTILISER INDUSTRIES LTD.

(b) According to the records of the Company and the information and explanations given to us, details of statutory dues, which have not been deposited on account of dispute, are given below:

Particulars	Financial Year to which matter pertains	Forum where matter is pending	Amt Rs.
Service Tax	2010 - 2011	Bombay High Court	48,81,467
Value Added Tax	2010 - 2011	Supreme Court	26,37,457

x. The Company does not have accumulated losses as at 31st March 2011. The Company has not incurred cash losses during the financial year covered by the audit. The Company has not incurred cash losses in the immediately preceding financial year.

xi. Based on our audit procedure and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions or banks.

xii. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the Company has not granted any loans and advances on the basis security by way of pledge of shares, debentures and any other securities.

xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of Companies (Auditor's Report) Order 2003, are not applicable to the Company.

xiv. According to information and explanations given to us, we are of the opinion that the Company is not trading in shares, debentures and other investments. Therefore, the provision of clause 4(xiv) of Companies (Auditor's Report) Order 2003, are not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, the Company has not given guarantees, for loans taken by others from banks or financial institutions.

xvi. The Company has raised new term loans during the year. The term loans outstanding at the beginning of the year and those raised during the year have been applied for the purposes for which they were raised.

xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that no funds raised on short-term basis prima facie, have been used for long-term investments.

xviii. The Company has not made any allotment of shares during the year. Accordingly the question of preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956, or otherwise, does not arise.

xix. According to the information and explanations given to us, the Company has not issued any debentures; hence the question of creation of securities or charge does not arise.

xx. The Company has not raised any money by way of public issue during the year.

xxi. In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For **DESAI SAKSENA & ASSOCIATES**
Chartered Accountants
(FRN102358W)

Dr. S.N. Desai
Partner
M.No.32546

Place: Mumbai
Date: 12th August 2011

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BALANCE SHEET AS AT 31ST March 2011

	SCHEDULE		As at 31.03.11 Rupees	As at 31.03.10 Rupees
I SOURCES OF FUND				
1 Shareholder's Funds				
(A) Share Capital	A		5,28,55,110	5,28,55,110
(B) Reserves & Surplus	B		16,47,39,243	6,51,60,061
			<u>21,75,94,353</u>	<u>11,80,15,171</u>
2 Loans Funds				
(A) Secured Loans	C		97,69,771	10,54,115
(B) Unsecured Loans	D		84,81,306	2,19,78,306
			<u>1,82,51,077</u>	<u>2,30,32,421</u>
3 Deferred Tax Liability			65,07,212	65,36,149
			<u>24,23,52,642</u>	<u>14,75,83,742</u>
II APPLICATION OF FUNDS				
1 Fixed Assets				
(A) Gross Block	E		27,62,35,302	27,31,15,314
Less : Depreciation			22,20,55,424	21,44,48,759
			<u>5,41,79,878</u>	<u>5,86,66,556</u>
(B) Capital Work in Progress			1,06,40,419	9,88,620
			<u>6,48,20,297</u>	<u>5,96,55,176</u>
2 Investments	F		1,71,000	1,71,000
3 Current Assets, Loans & Advances	G			
(a) Inventories			34,21,49,430	24,83,15,308
(b) Sundry Debtors			7,45,760	1,24,983
(c) Cash & Bank Balances			2,44,87,476	1,30,53,822
(d) Loans & Advances			4,59,29,878	96,43,765
			<u>41,33,12,544</u>	<u>27,11,37,878</u>
4 Less : Current Liabilities & Provisions	H			
(a) Current Liabilities			19,01,43,706	17,18,18,870
(b) Provisions			4,58,07,491	1,15,61,441
			<u>23,59,51,198</u>	<u>18,33,80,311</u>
Net Current Assets (3-4)			<u>17,73,61,346</u>	<u>8,77,57,567</u>
			<u>24,23,52,642</u>	<u>14,75,83,742</u>

Significant Accounting Policies and Notes to Accounts

As per our report of even date

Q

For BHARAT FERTILISER INDUSTRIES LTD.

For DESAI SKASENA & ASSOCIATES

Chartered Accountants

Dr. S.N. Desai (Partner)
Membership No. 32546

Y. D. Patel
Chairman & Mg. Director

K. N. Jethwa
Director

A. Y. Patel
Joint Mg. Director

Shirish Gajendragadkar
Director

Place : Mumbai
Dated : 12/08/2011

Chandni Y. Patel
Whole time Director

S. M. Bhadrecha
Director

A. J. Chakote
Company Secretary

BHARAT FERTILISER INDUSTRIES LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March 2011

<u>INCOME</u>	SCHEDULE NO	2010-2011 Rupees	2009-2010 Rupees
Sales (Net)	I	29,18,47,161	22,38,67,271
Other Income	J	16,59,778	76,03,071
Increase/Decrease in stock	K	<u>(1,47,28,869)</u>	<u>12,64,754</u>
		<u>27,87,78,070</u>	<u>23,27,35,087</u>
 <u>EXPENDITURE</u>			
Cost of Construction & Man. Exp.	L	12,23,40,500	12,41,82,825
Employee Remuneration and Benefits	M	37,12,054	34,17,450
Administrative Mktg. & Others Exp..	N	87,93,654	86,55,148
Interest and finance Charges	O	6,08,637	30,19,227
Depreciation & Assets Write off	E	76,06,666	57,06,538
Less : Transfer from Revaluation Reserve		22,05,917	(24,51,019)
Net Depreciation		54,00,749	32,55,519
		<u>14,08,55,594</u>	<u>14,25,30,169</u>
Profit/Loss before Prior Period Exp. Exceptional Item		13,79,22,476	9,02,04,918
Less/(Add) : Prior Period Exp./ (income) (Refer to note "I" & "J" of Schedule "Q")	P	(6,43,96,157)	20,044
Less: Exceptional Item		-	<u>2,83,15,793</u>
Profit/(Loss) before Tax		<u>20,23,18,635</u>	<u>6,18,69,081</u>
Provision for Taxation			
Less : Provision for Income Tax		2,88,88,593	77,27,041
Less : Short Provision for Income Tax of earlier year		69,44,413	-
Less : (Add)Deferred Tax Provision		(28939)	4,245
Pofit/(Loss) after Tax		16,65,14,568	5,41,37,795
Loss brought forward		<u>(6,36,11,843)</u>	<u>(11,77,49,638)</u>
BALANCE CARRIED TO BALANCE SHEET		<u>10,29,02,724</u>	<u>(6,36,11,843)</u>

Earnings per Share Basic & Diluted before exceptional items	19.25	15.60
Earnings per Share Basic & Diluted after exceptional	31.50	10.24
Prior Period Items		
Nominal value per Equity Share	10	10

Significant Accounting Policies and Notes to Accounts Q

Schedules referred to above form an integral part of the Profit & Loss Account

As per our report of even date

For DESAI SKASENA & ASSOCITES
Chartered Accountants

For BHARAT FERTILISER INDUSTRIES LTD.

Dr. S.N. Desai (Partner)
Membership No. 32546

Y. D. Patel
Chairman & Mg. Director

K. N. Jethwa
Director

A. Y. Patel
Joint Mg. Director

Shirish Gajendragadkar
Director

Place : Mumbai
Dated : 12/08/2011

Chandni Y. Patel
Whole time Director

S. M. Bhadrecha
Director

A. J. Chakote
Company Secretary

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BHARAT FERTILISER INDUSTRIES LTD.

SCHEDULES TO THE BALANCE SHEET

	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
SCHEDULE - A		
SHARE CAPITAL		
Authorised: 1,00,00,000 (Prev.year 1,00,00,000) Equity Shares of Rs.10/- each	10,00,00,000	10,00,00,000
Issued Subscribed & Paid up Share Capital 52,85,511 (prev.year 52,85,511) Equity shares of Rs.10/- each fully paid-up	5,28,55,110	5,28,55,110
	5,28,55,110	5,28,55,110
SCHEDULE - B		
<u>RESERVES & SURPLUS</u>		
Capital Reserve	70,01,320	70,01,320
General Reserve	16,91,725	16,91,725
Share Premium	3,18,90,220	3,18,90,220
Revaluation Reserve		
Opening Balance	2,20,59,171	2,45,10,190
Less: Transferred to Profit & Loss A/c	22,05,917	24,51,019
	1,98,53,254	2,20,59,171
Capital Receipt Reserve		
Opening Balance	-	56,57,024
Add : Recognition of Capital portion of land transferred on sales (Refer to note "I" & "J" of Schedule "Q")	-	5,90,72,444
	-	6,47,29,468
Capital Subsidy	7,50,000	7,50,000
Investment Allowance Reserve	6,50,000	6,50,000
Balance in Profit /(Loss) Account	10,29,02,724	(6,36,11,842)
	16,47,39,243	6,51,60,062
SCHEDULE - C		
<u>SECURED LOANS</u>		
Vehicle Loan	7,69,771	10,54,115
Against Keyman Insurance Policy	90,00,000	-
	97,69,771	10,54,115
SCHEDULE - D		
<u>UNSECURED LOANS</u>		
Fixed Deposits from directors & their Relatives	3,76,306	1,38,73,306
Sales Tax Deferrals Loan	81,05,000	81,05,000
	84,81,306	2,19,78,306

- i) Vehicle loan is secured against hypothecation of car
ii) Loan against Keyman insurance policy is secured against assignment of insurance policy

**SCHEDULE-E
FIXED ASSETS**

Sr.	Particulars	Gross Block				Depreciation				Net Block	
		Original Cost as on 01/04/10	Additions	Deduction	As at 31/03/2011	Total Dep/Amt. 01/04/2010	Dep/Amt for the Year	Deletion during the year	As at 31/03/2011	As on 31/03/2011	As on 31/03/2010
a)	Intangible Assets										
1	Software	35,000	73,100	0	108100	14,436	20552	0	34988	73112	20,564
b)	Tangible Assets										
1	Freehold Land	65,43,446	0	0	65,43,446	0	0	0	0	65,43,446	65,43,446
2	Road	54,36,090	65,593	0	55,01,683	18,63,634	3,61,945	0	22,25,578	32,76,105	35,72,456
3	Buildings	9,71,81,858	10,40,705	0	9,82,22,563	7,11,30,301	25,65,565	0	7,36,95,866	2,45,26,697	2,60,51,557
4	Plant & Machinery	11,95,48,483	3,87,825	21719	11,99,14,589	10,96,82,483	13,98,607	0	11,10,81,090	88,33,499	98,66,001
5	Technical Know-how	10,00,000	0	0	10,00,000	10,00,000	0	0	10,00,000	0	0
6	Vehicles	1,41,62,399	0	295413	1,38,66,986	45,83,416	24,03,475	0	69,86,891	68,80,095	95,78,983
7	Furniture & Fixture	37,76,510	1,71,849	0	39,48,359	30,93,466	1,48,314	0	32,41,780	7,06,579	6,83,044
8	Laboratory Equipment	2,57,814	26,500	0	2,84,314	2,07,919	10,202	0	2,18,122	66,192	49,895
9	Office Equipment	51,52,969	4,30,630	0	55,83,599	36,42,727	3,34,981	0	39,77,708	16,05,891	15,10,242
10	Electrical Installation	69,57,344	4,67,970	0	74,25,314	67,72,675	69,381	0	68,42,057	5,83,257	1,84,669
11	Pollution Control Equip.	1,27,82,380	6,75,448	0	1,34,57,828	1,24,38,975	87,076	0	1,25,26,051	9,31,777	3,43,404
12	Computer	2,81,021	97,500	0	3,78,521	18,726	2,06,569	0	2,25,295	1,53,226	2,62,294
	Total	27,31,15,314	34,37,120	3,17,132	27,62,35,302	21,44,48,759	7606,666	0	22,20,55,426	5,41,79,876	5,86,66,555
	Previous Year	25,39,66,871	2,17,95,364	26,46,921	27,31,15,314	20,87,42,221	57,06,538	0	21,44,48,759	5,86,66,555	4,52,24,657
	Capital-work-in-pogress									1,06,40,419	9,88,620

Note :

1. Single Super Phosphate Plants Buildings Sulphuric Acid Plants Building were revalued on 31st March,2000 on the basis of valuation report.
2. Depreciation for the year includes Rs. 22,05,917/- (Previous year Rs. 24,51,019/-) being depreciation on revalued component of the Fixed Assets.

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	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
SCHEDULE - F		
INVESTMENTS		
Long Term Unquoted Investment (at cost)		
34200* (Prev. Year 17100) Shares of Rs.10/- each fully		
of Indian Potash Limited		
*Including bonus shares		
	1,71,000	1,71,000
	1,71,000	1,71,000
SCHEDULE - G		
CURRENT ASSETS, LOANS & ADVANCES		
A) <u>Inventories (As certified & verified by Management)</u>		
i) <u>Construction Division</u>		
Stock in Trade	13,57,60,050	13,37,85,489
Real estate under development	18,55,96,121	10,76,04,339
Construction Material Inventory	39,90,148	12,80,560
	(a) <u>32,53,46,319</u>	<u>24,26,70,389</u>
ii) <u>Fertiliser Division</u>		
Raw Materials	1,34,12,081	-
Finished Goods	27,87,740	53,84,569
Stores, Spares & Packing Material	6,03,289	2,60,350
	(b) <u>1,68,03,111</u>	<u>56,44,919</u>
	(a+b) <u>34,21,49,430</u>	<u>24,83,15,308</u>
B) <u>Sundry Debtors</u>		
<u>Unsecured Considered good</u>		
Debtors within six month	7,45,760	-
<u>Unsecured Considered doubtful</u>		
More than Six Month	-	1,24,983
	<u>7,45,760</u>	<u>1,24,983</u>
C) <u>Cash and Bank Balance</u>		
Cash on hand	1,53,004	53,547
Balance in C/As with Scheduled Bank	2,43,34,472	1,30,00,275
	<u>2,44,87,476</u>	<u>1,30,53,822</u>
D) <u>Loans and Advances</u>		
Advance Income Tax	3,52,78,638	47,97,247
Advances recoverable in cash or in kind for value to be received	1,06,51,239	48,46,518
	<u>4,59,29,878</u>	<u>96,43,765</u>
	<u>41,33,12,544</u>	<u>27,11,37,878</u>
SCHEDULE - H		
CURRENT LIABILITIES & PROVISIONS		
<u>Current Liabilities</u>		
Sundry Creditors	5,26,00,827	6,20,76,635
Advance against Sale of Flats	3,48,12,292	2,07,94,776
Other Liabilities	10,27,30,587	8,89,47,460
	<u>19,01,43,706</u>	<u>17,18,18,870</u>
<u>Provisions</u>		
Provision for Taxation	4,58,07,491	1,15,61,441
	<u>4,58,07,491</u>	<u>1,15,61,441</u>
	<u>23,59,51,198</u>	<u>18,33,80,312</u>

BHARAT FERTILISER INDUSTRIES LTD.

	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
SCHEDULE-I		
<u>SALES</u>		
Revenue from Real Estate Activity	28,33,66,639	21,83,67,763
Fertiliser Sales	39,46,850	28,53,450
Subsidy Received	45,33,672	21,21,058
	<u>29,18,47,161</u>	<u>22,38,67,271</u>
SCHEDULE - J		
<u>OTHER INCOME</u>		
Office Rent	1,68,000	18,000
Dividend from Long Term Investment	68,400	68,400
Interest on FD (TDS Rs. Nil/- P.Y. Rs. 95,406/-)	-	5,51,036
Interest Received	54,997	-
Sale of Scrap material	-	42,00,000
Interest waived by Indian Overseas Bank	-	23,55,522
Miscellaneous Income	1,22,214	35,000
Sundry Creditors/debtors written off (net)	12,46,167	3,75,113
	<u>16,59,778</u>	<u>76,03,071</u>
SCHEDULE - K		
<u>INCREASE/DECREASE IN STOCK</u>		
Opening Stock	15,32,76,659	13,79,05,314
Closing Stock	<u>13,85,47,790</u>	<u>13,91,70,058</u>
	<u>(1,47,28,869)</u>	<u>12,64,745</u>
SCHEDULE - L		
<u>COST OF CONSTRUCTION & MANUFACTURING EXPENSES</u>		
Cost of Construction, Raw Material Consumption		
Opening Stock	9,34,97,739	1,86,11,718
Add : Cost of Construction Material Purchases	21,74,45,188	22,38,52,773
Add : Material Procured on Loan	1,16,39,429	-
Less : Damaged Stock due to Cyclone	-	1,70,71,960
	<u>32,25,82,356</u>	<u>22,53,92,531</u>
Less : Closing Stock	<u>20,29,98,350</u>	<u>10,88,84,899</u>
	<u>11,95,84,006</u>	<u>11,65,07,632</u>
Custom Duty	-	17,67,009
Power & Fuel	11,56,400	6,09,896
Water Charges	6,270	15,398
	<u>11,62,670</u>	<u>23,92,303</u>
Other Manufacturing Expenses	1,66,461	3,62,733
Stores & Spares Consumed	6,25,195	30,28,079
Repairs & Maintenance Expenses	8,02,168	18,92,078
	<u>12,23,40,500</u>	<u>12,41,82,825</u>
SCHEDULE - M		
<u>EMPLOYEE REMUNARATION AND BENEFITS</u>		
Wages, Salaries & Bonus	33,48,232	31,62,107
Other Staff welfare Expenses	2,21,796	2,31,118
Contribution to Provident Fund & Other Funds	1,42,026	24,225
	<u>37,12,054</u>	<u>34,17,450</u>

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	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
SCHEDULE - N		
<u>ADMINISTRATIVE EXPENSES</u>		
Rent, Rates & Taxes	16,17,442	1,28,637
Postage & Telegrams & fax	1,117	5,395
Traveling Expenses	9,98,923	2,87,317
Vehicle Expenses	65,692	2,14,236
Legal & Other Professional Fees	5,58,986	3,88,074
Insurance Charges	49,135	1,69,947
Repairs & Maintenance	1,08,860	5,36,755
Donation	12,34,930	51,233
Other Administrative Expenses	16,49,452	15,27,747
Sales Tax Paid	-	41,74,000
	62,84,537	74,83,341
 <u>SELLING AND DISTRIBUTING EXPENSES</u>		
Freight Expenses	8,68,460	5,20,220
Marketing Expenses & Sales Promotion	10,41,383	2,83,296
Other Miscellaneous Expenses	5,99,274	3,68,291
	25,09,117	11,71,807
	87,93,654	86,55,148
 SCHEDULE - O		
<u>INTEREST & FINANCE CHARGES</u>		
Interest to Banks	-	26,31,949
Other Interest & Bank Charges	6,08,637	3,87,278
	6,08,637	30,19,227
 SCHEDULE - P		
<u>Prior Period Items</u>		
Rent, Rates & Taxes	3,33,311	20,044
	3,33,311	20,044

BHARAT FERTILISER INDUSTRIES LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011

SCHEDULE "Q"

OVERVIEW:

The Company is engaged in the business of construction and development of Residential & Commercial Complexes and manufacture of Fertilisers.

1) SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of Preparation of Financial Statements:

The financial statements have been prepared under the historical cost convention except revaluation of Single Super Phosphate Plant Buildings and Sulphuric Acid Plant Buildings, on an accrual basis of accounting, in accordance with Generally Accepted Accounting Principles (GAAP) accepted in India; accounting standards issued by the Institute of Chartered Accountants of India, as applicable and as per the provisions of Companies Act, 1956.

(B) Use of Estimates:

The preparation of financial statement requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

(C) Fixed Assets and Depreciation:

i) Fixed Assets are stated at cost except Single Super Phosphate Plant Buildings and Sulphuric Acid Plant Buildings which were revalued on 31st March 2000, net of Cenvat and Value added tax less accumulated depreciation including impairment loss.

ii) Software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation cost includes license fees, cost of implementation/system, integration services & incidental expenses related to its acquisition.

iii) Depreciation on Fixed Assets has been provided on Written Down Value Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

(D) Investments:

Long Term Investments are carried at cost less provision, if any, for permanent diminution in value of such investments. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

(E) Inventories:

a) Fertiliser Division:

- i) Raw Materials and Stores & Spares are valued at cost.
 - ii) Finished stocks are valued at cost or net realisable value whichever is lower.
 - iii) The valuation of inventories includes taxes, duties of non refundable nature and direct expenses, and other direct cost attributable to the cost of inventory, net of excise duty, education cess and value added tax.
- b) Construction Division:**
Inventory comprises completed property for sale and property under construction (Construction Work-in-Progress).
- i) Completed unsold inventory is valued at lower of cost and net realisable value. Cost is determined by including cost of land (at book value), materials, services and other related proportionate overheads.
 - ii) Work-in-progress is valued at lower of cost and net realisable value. Cost comprises cost of land (at book value), materials, services and other proportionate overheads related to projects under construction.

(F) Provision for Current tax and Deferred tax

- i) Tax on Income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on expected outcome of earlier year assessments/appeals.
- ii) Deferred Tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date.
- iii) Deferred tax assets are recognized and carried forward to the extent that there is virtual certainty sufficient future taxable income will be available against which such deferred tax assets can be realised.

(G) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Provisions are determined based on management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

(H) Segment policies

The Company's reporting segments are identified based on activities/products, risk and reward structure, organization structure and internal reporting systems.

(I) Earnings per share

The earnings considered in ascertaining the Company's EPS is the net profit after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the period. The weighted diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

BHARAT FERTILISER INDUSTRIES LTD.

(J) Revenue Recognition:

- i) Sales of goods of Manufacturing Division are recognised on dispatches to the customers.
- ii) Revenue from real estate is recognised on the transfer of all significant risks and rewards of ownership to the buyers by way of execution of documents. The Company has recognised the revenue on the basis of Percentage of Completion Method of accounting. Proportionate revenue is recognised in relation to sold area only. As per this method, revenue from sale of properties is recognised in Profit and Loss Account in proportion to the actual cost incurred as against the total estimated cost of the project, subject to such actual costs being 30% or more of the total estimated cost.
- iii) Dividends are recognised when the right to receive the same is established.

(K) Turnover

Turnover includes sale of goods, net of excise duty, service tax and sales tax.

(L) Employee Benefits:

- i) Short term employee Benefits: Short term employee Benefits are recognized as an expenses at the undiscounted amount in the Profit and Loss Account of the year in which related service is rendered.

(M) Cost of construction/development:

Cost of construction/development (including book value of land) incurred is charged to Profit & Loss Account proportionate to area sold. Adjustments, if required, are made on completion of the respective projects.

(N) Allocation of Expenses:

Common construction expenses are allocated on the basis of ratio of area under construction of each building. Corporate employee remuneration, administration expenses and other overheads are allocated on the basis of turnover ratio of the respective divisions.

2) NOTES TO ACCOUNTS:

A) The details in respect of Enterprises covered/registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) are not available with the Company. Hence the details of the principal amounts and interest, if any, payable to the suppliers as on 31st March 2011 have not been furnished.

B) Contingent Liabilities:

- i) Claims against the Company not acknowledged as a debt:

(Amt. Rs. In lacs)

Sr. No	Particulars	2010-2011	2009-2010
1	Maharashtra State Electricity Board	16.04	16.04

C) The values of Current Assets and Loans & Advances and Deposits are stated values which is the opinion of the Management of the Company are realizable in the ordinary course of the business, of the Company.

D) Disclosure of Segment Reporting :

The Company has two reportable segments namely Fertilizer & Chemicals and Construction. Details of segment disclosure are as follows.

Sr.	Particulars	Construction		Fertilizers		Unallocable		Total	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1	Segment Revenue	2834.69	2188.93	99.83	50.43	0.55	0.00	2935.07	2239.36
Less :	Inter Segment Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total Revenue							2935.07	2239.36
2	Segment results before interest, taxes prior period & exceptional items	1505.30	128.20	(120.54)	(207.16)	0.00	5.51	1384.76	926.55
	Interest expense	0.00	0.00	3.35	0.00	2.73	30.19	6.09	30.19
	Interest income			0.00	0.18	0.55	5.51	0.55	5.69
	Profit/(Loss) before and Exceptional items							1379.22	902.05
	Prior Period expenses	(647.29)	0.00	3.33	0.20	0.00	0.00	(643.96)	0.20
	Exceptional items	0.00	0.00	0.00	283.16	0.00	0.00	0.00	283.16
	Profit/(Loss) before tax							2023.19	618.69
	Provision for income tax					288.89	77.27	288.89	77.27
	Provision for deferred tax					(0.29)	0.04	(0.29)	0.04
	Short provision of Incom Tax	72.75	0.00	(3.31)	0.00			69.44	0.00
	Profit/(Loss) after tax							1665.15	541.38
3	Other Information								
	Segment Assets	3705.66	2679.04	724.60	579.63	352.79	50.97	4783.04	3309.64
	Segment Liabilities	3932.53	1649.84	618.14	247.32	232.37	232.33	4783.04	2129.49
	Total Capital Employed								
	Capital Expenditure	4.84	79.72	29.53	138.23				
	Depreciation	26.98	15.18	38.29	17.38				
	Non cash expenses other than Depreciation	0.00	0.00	0.00	283.16				

BHARAT FERTILISER INDUSTRIES LTD.

ii) The Company is operating in India hence there is no reportable geographic/secondary segment.

Accordingly no disclosure is required under AS-17

E) Disclosure of Related Party:

a. List of Related Parties:

Subsidiary Companies	None
Associate Concerns	1. Yogi Investments Private Limited 2. Vijal Shipping Private Limited 3. Wada Agro Chemicals Private Limited 4. Wada Bottling Industries Private Limited 5. Patel Combi-Therm (India) Private Limited 6. Chavi Impex Private Limited 7. Wada Alums and Acids Private Limited 8. My Shop
Key Management Personnel	Shri.Y.D.Patel . – Chairman & Managing Director
Relatives of Key Management Personnel	Smt. Anjni Y. Patel, Jt. Mg. Director Miss. Chandni Y. Patel, Director Shri.Shailendra D. Patel, CEO (Fertiliser Division) Shri.Vijal Y.Patel, CEO (Construction Division)

b. Transactions with Related Parties :

Relation	Transaction	Current Year (Rupees)	Previous Year (Rupees)
Associate Concerns	Rent Received	18,000	18,000
Associate Concerns	Sale of Commercial Property	1,04,04,000	-
Key Management Personnel	Remuneration	18,00,000	18,00,000
Relatives of Key Management Personnel	Remuneration	34,61,620	6,91,067
Relatives of Key Management Personnel	Sale of Residential Property	32,16,510	-

F) Disclosure of Earning Per Share :

	Current Year (Rupees)	Previou Year (Rupees)
Net Profit / (Loss) for the year before Exceptional Items, Prior Period Items and after Tax.	10,17,56,161	8,24,57,833
Net Profit / (Loss) for the year after Exceptional Items, Prior Period Items and after Tax.	16,64,85,620	5,41,37,795
Net Profit for the year		
No. Of weighted Average Equity Shares of Rs. 10/- each	52,85,511	52,85,511
No. Of Diluted Equity Shares	-	-
Earning Per Share Before Exceptional Items		
- Basic & Diluted	19.25	15.60
Earning Per Share After Exceptional Items, Prior period Items		
- Basic & Diluted	31.50	10.24

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G) Deferred Tax :

	As At 31 st March, 2011 Rupees	As At 31 st March, 2010 Rupees
Deferred Tax Liability (DTL) On account of difference in depreciation	65,07,212	65,36,149
Deferred Tax Asset (DTA)	-	-
	65,07,212	65,36,149
Net Deferred Tax Liability / (Asset) **	65,07,212	65,36,149

H) i) Fertiliser Division : Disclosure of additional information pursuant of the provisions of paragraph 3,4C and 4D of part II Schedule VI to the Companies Act, 1956, to the extent applicable.

PARTICULARS	Unit	Current Year		Previous Year	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
1 Installed Capacity: (As certified by management)					
Sulphuric Acid 98% Single Super	MT	33,000		33,000	
Phosphate Powder Granulated Single	MT	1,32,000		1,32,000	
Super Phosphate	MT	99,000		99,000	
Sodium Silico Fluoride	MT	660		660	
Ferric Alums (Solid)	MT	26,400		26,400	
2 Actual; Production (Qty):					
Single Super Phosphate Powder	MT	Nil		259.53	
Ferric Alums (sold)	MT	Nil		531.00	
Ferric Alums (liquid)	MT	Nil		Nil	
Total:		<u>Nil</u>		<u>790.53</u>	

PARTICULARS	Unit	Current Year		Previous Year	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
3 Turnover : (Manufactured Div)					
Single Super Phosphate Powder	MT	1053.00	32,11,650	858.00	28,09,950
Ferric Alums (solid)	MT	448.00	7,35,200	30.00	43,500
Ferric Alums (Liquid)	MT	-	-	-	-
Rock-Phosphate	MT	-	-	-	-
Total :			<u>39,46,850</u>		<u>28,53,450</u>

BHARAT FERTILISER INDUSTRIES LTD.

PARTICULARS	Unit	Current Year		Previous Year	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
4. Closing Stock of Finished Goods :					
Sulphuric Acid 98% Single Super	MT	-	-	-	-
Phosphate Powder Granulated Single Super Phosphate	MT	1464.392	27,07,990	2517.392	46,55,219
Ferric Alums (Solid)	MT	55.000	79,750	503.000	7,29,350
Ferric Alums (Liquid)	MT	-	-	-	-
Total:			27,87,740		53,84,569
5. Opening Stock of Finished Goods :					
Sulphuric Acid 98% Single Super	MT	-	-	11.000	28,473
Phosphate Powder Granulated Single Super Phosphate	MT	2517.392	46,55,219	3115.864	94,75,130
Ferric Alums (Solid)	MT	503.000	7,29,350	2.000	5,900
Ferric Alums (Liquid)	MT	-	-	22.780	38,498
Total:			53,84,569		96,61,241

PARTICULARS	Unit	Current Year		Previous Year	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
6. Consumption of Raw Materials :					
Rock Phosphate	MT	-	-	124.050	2,89,159
Dilute Sulphuric Acid	MT	-	14,74,899	856.252	14,28,394
Bauxite	MT	-	-	265.500	3,90,460
Sulphuric Acid	MT	-	-	Nil	Nil
Others	MT	-	-	Nil	21,735
Total:			14,74,899		21,29,748

ii) **Construction Division:** The Construction division is not a manufacturing or trading Company, hence quantitative and other disclosures as required by paragraph 3 (ii) (a),(b) and paragraph 4c of Part II of Schedule VI to the Companies Act, 1956 are not applicable to the Construction Company.

7. During the previous year the Company did not import any raw material and stores & spares and other expenses. Accordingly the Company has not incurred any expenditure in foreign currency for said purpose.

	As At 31 st March, 2011 Rupees	As At 31 st March, 2010 Rupees
8. Auditors Remuneration		
Audit fees	3,30,900	3,30,900
Tax Audit Fees	1,65,450	1,65,450
Others Matters	-	-
Total	4,96,350	4,96,350
9. Directors Remuneration		
Salaries and Company's Contribution to PF	44,04,000	26,40,527
Total	44,04,000	26,40,527

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- I) The Company has converted land situated at Thane into stock in trade. The proportionate sales proceeds relating to such conversion were accounted for in Capital Receipt Reserve. The Company has now been legally advised that the said receipts should be credited to the Profit and Loss Account. The Company has accordingly changed the method of accounting from 01/01/2011.
- J) The amount of Capital Receipt Reserve for the year 2008-09 and 2009-10 amounting to Rs. 6.47 Crores, is credited to the Profit & Loss as prior period income.
- K) Due to the change in the accounting policy as mentioned in points “I” & “J”, the sales for the year ended 31st March 2011, are not comparable with previous year.
- L) Estimated amount of contracts on capital accounts remaining to be executed and not provided for is Rs.16.59 Lacs (P.Y.Rs.11.18 Lacs).
- M) The figures of the previous year have been re-grouped and rearranged wherever necessary so as to make them comparable with those of the current financial year.

Signature to Schedule 'A' to 'Q'

For Desai Saksena & Associates

Chartered Accountants

Dr. S.N. Desai
(Partner)
Membership No. 32546

Place : Mumbai
Dated : 12/08/2011

For Bharat Fertiliser Industries Limited

Y. D. Patel
Chairman & Mg. Director

A. Y. Patel
Joint Mg. Director

Chandni Y. Patel
Whole time Director

A. J. Chakote
Company Secretary

K. N. Jethwa
Director

Shirish Gajendragadkar
Director

S. M. Bhadrecha
Director

BHARAT FERTILISER INDUSTRIES LTD.

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st March,2011

PARTICULARS	<u>2010-11</u> <u>Rupees</u>	<u>2009-10</u> <u>Rupees</u>
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax as per Profit & Loss A/c	20,23,18,635	6,18,69,081
Adjusted : Depreciation & write off	54,00,749	32,55,519
Interest Expenses	6,08,637	30,19,227
Exceptional Items-Goodwill Written off	-	2,83,15,793
Exceptional Items-Goodwill Written off	-	(2,83,15,793)
Capital Receipt Res.(refer to note "I" & "J" of Sch. "Q")	(6,47,29,468)	5,90,72,444
Interest	(54,997)	(5,51,036)
Dividend Income	(68,400)	(68,400)
 Operating Profit before Working Capital Charges	 14,34,75,155	 12,65,96,835
Adjusted for :		
Debtors	(6,20,777)	(1,24,983)
Loans and Advances	(3,62,86,113)	4,55,392
Current Liabilities	3,86,48,738	3,63,54,526
Inventories	(9,38,34,122)	(8,80,26,476)
 Cash Generated from Operation	 5,13,82,882	 7,52,55,294
Income Tax Paid	2,24,40,643	44,78,639
 Net Cash Flow from Operating Activities (A)	 2,89,42,239	 7,07,76,655
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,22,42,001)	(1,98,25,890)
Dividend Income	68,400	68,400
Interest Received	54,997	5,47,277
 Net Cash Flow from Investing Activities (B)	 (1,21,18,604)	 (1,92,10,213)
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Repayment of Secured Loans	(2,84,344)	(4,19,11,857)
Proceeds from Secured Loans	90,00,000	-
Repayment of Unsecured Loans	(1,34,97,000)	-
Proceeds from Secured Loans	-	35,00,000
Interest Paid	(6,08,637)	(20,60,252)
Net Cash Flow from Financial Activities (C)	(53,89,981)	(4,04,72,109)
 Net Increase/(Decrease) in Cash & Cash Equivalents(A+B+C)	 1,14,33,654	 1,10,94,333
Cash & Cash equivalents(Closing Balance)	2,44,87,476	1,30,53,822
Cash & Cash equivalents(Opening Balance)	1,30,53,822	19,59,489
 Net Increase/(Decrease) in Cash & Cash Equivalents	 1,14,33,654	 1,10,94,333

For Desai Saksena & Associates
Chartered Accountants

Dr. S.N. Desai (Partner)
Membership No. 32546

Place : Mumbai
Dated : 12/08/2011

A. J. Chakote
Company Secretary

For Bharat Fertiliser Industries Limited

Y. D. Patel
Chairman & Mg. Director

A. Y. Patel
Joint Mg. Director

Chandni Y. Patel
Whole time Director

K. N. Jethwa
Director

Shirish Gajendragadkar
Director

S. M. Bhadrecha
Director

26th ANNUAL REPORT 2010 - 2011

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

ATTENDANCE SLIP

PLEASE FILL IN ATTENDANCE SLIP AND HAND OVER IT AT THE ENTRANCE OF THE MEETING HALL

Joint Shareholders may obtain additional attendance slip on request.

NAME OF THE SHAREHOLDER	NO. OF SHARES HELD	REG. FOLIO NO. / DEMAT
<input type="text"/>	<input type="text"/>	<input type="text"/>

I hereby record my presence at the 26th ANNUAL GENERAL MEETING of the company being held on Monday, 26th September, 2011 at 3.30 p.m . at Sardar Patel Baug, Shri Vile Parle Patidar Mandal, Parleshwar Road, Vile Parle (E), Mumbai - 400 057.

* Strike out whichever is not applicable

Signature of the Shareholder or Proxy *

..... (TEAR HEAR)

BHARAT FERTILISER INDUSTRIES LTD.

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

PROXY FORM

REGD. FOLIO NO. _____

No. of Shares _____

I/WE _____

of _____ being a member / members

BHARAT FERTILISER INDUSTRIES LTD hereby appoint :

Mr. _____ of _____

or failing him, Mr. _____ of _____

or failing him, Mr. _____ of _____

as my / our Proxy to vote for me / us and on my / our behalf at the 26th Annual General Meeting of the Company to be held on Monday, 26th September, 2011, and at any adjournment thereof.

Signed this _____ day of _____ 2011

Affix a
Re. 1/-
Revenue
Stamp

NOTE : The Proxy must be deposited at the registered office at the Company not less than 48 hours before the aforesaid meeting. The Proxy need not be a member of the Company.

BOOK POST

If undelivered Please return to:
Bharat Fertiliser Industries Limited
Bharat Fertiliser House, 12, Nanabhai Lane,
Fort, Mumbai - 400 023.