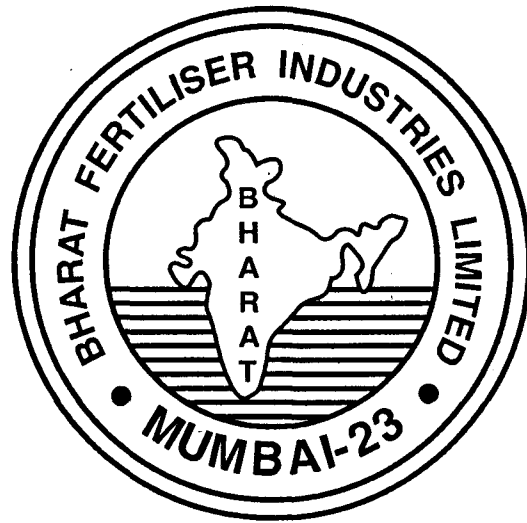


BHARAT FERTILISER INDUSTRIES LTD.

MUMBAI



**25th. ANNUAL REPORT
(2009 - 2010)**

BHARAT FERTILISER INDUSTRIES LTD.

BOARD OF DIRECTORS

Shri Yogendra D. Patel
Chairman & Managing Director

Smt. Anjni Y. Patel
Joint Managing Director

Miss. Chandni Y. Patel
Whole Time Director
(from 14/05/2010)

Shri Kantilal N. Jethwa
Director

Shri Suresh M. Bhadrecha
Director

Shri G. V. Dandile (upto 13/01/2010)
Director

Shri Shirish P. Gajendragadkar
Director
(from 14/05/2010)

COMPANY SECRETARY

A. J. Chakote

TEAM OF CHIEF EXECUTIVE

Shri Shailendra D. Patel, CEO (Fertiliser)

OFFICERS

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 27th September, 2010 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 Fifth Annual General Meeting of the Company will be held as detailed below :

Day	Monday
Date	27th September, 2010
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 2010, Profit and Loss Account for the Accounting year from 1st April, 2009 to 31st March, 2010, Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Miss Chandni Y. Patel who retires by rotation and being eligible, offers herself 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

Appointment of Shri Shirish Prabhakar Gajendragadkar as Director of the Company

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

"RESOLVED THAT Shri Shirish Prabhakar Gajendragadkar who was appointed as an Additional Director of the company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956, and who holds office until the conclusion of this Annual General Meeting, be and is hereby appointed a Director of the company liable to retirement by rotation".

Item No.5

To Consider Appointment of Miss Chandni Yogendra Patel as a Whole Time Director of the Company.

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

BHARAT FERTILISER INDUSTRIES LTD.

“RESOLVED THAT pursuant to Sections 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 appointment of Miss Chandni Yogendra Patel as a Whole Time Director of the company for a period of Three years with effect from **14.05.2010** on the following remuneration:-

- Salary : Rs. 1,25,000/- Per Month
Perquisites : Subject to a ceiling of 20% of annual salary per annum.
- i) Provident Fund : Company's contribution subject to ceiling of 12% of the Salary.
- ii) Gratuity : Not to exceed half month's salary for each completed year of service as per payment of Gratuity Act, 1972.
- iii) Medical Benefit : For self and family reimbursement of expenses actually incurred the total cost of which to the company shall not exceed one month's salary in a year or three months salary in a block of three years.
- iv) Leave : One month's leave with pay for every eleven month's service.
- v) Leave Travel : For self, Father & Mother to and from any place in india, once in a year, subject to the condition that only actual fares will be paid and no hotel expenses etc. will be allowed.
- 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) Club : Fees of clubs subject to maximum of two clubs, provided that no life membership or admission fees is payable.
(item i, ii, vi & viii above will not form part of the perquisites.)

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 XII 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 a Special Resolution.

"RESOLVED THAT the main object Clause of Memorandum & Association of the company be modified to so as Substitute clause 1 by the following new clauses I A to1 E be inserted:

- 1 (A) To carry on the business of trading, manufacturing, producing, processing, refining, importing, exporting and all other types of business relating to all grades of Organic & inorganic Chemicals, Phosphatic Fertilizers & NPK grade fertilizers, 98% Sulphuric Acid, Oleum of all grades Liquid SO₃, Chloro Sulphonic Acid, Fluorine based chemicals (SSF), Alum of Ferric & Non- Ferric (Liquid & Solid Form), Single Super Phosphate (Powder & Granulated form) and related by products.
- 1 (B) To build, construct, commercialize, convert, develop, design, demolish, deal, erect, establish, fabricate, finance, furnish, hire, improve, lease, license, manage, maintain, repair, remodel, recondition, renovate and sell Residential buildings, commercial buildings, service apartments, Hotels, Taverns, restaurants, Food Courts, luncheon counters, Cafeterias, Bars, Resorts, Refreshment Rooms, Boarding and Lodging, House Keepers, Motels, Guesthouses, Clubs, Shopping Malls, Theatres and Cinemas, Entertainments Multiplexes, Places of amusement and recreation, Amusement parks, Recreation Centers, Pubs, Discotheques, Swimming Pools, Fitness and Health clubs, Banquet halls, Marriage halls, Hospitals, Schools, Super markets, Hyper Markets, Departmental stores, Places of Worship, Highways, Roads, Paths, Streets, Sideways, Courts, Alleys, Pavements, Bridges, factories, industrial estate, commercial structures, dams, canals, public utilities, excavators & land fillers and to do other similar construction, leveling or paving work and do other similar construction, leveling or paving work, and for these purposes to purchase, take on Leases, or otherwise acquire and hold any lands and prepare layout thereon or buildings of any tenure or description wherever situate and to do the business of real estate developers, construction and estate agents, property dealers and to carry out such other related activities in India or any other part of the world.
- 1 (C) To purchase, sell, develop, construct, re-develop, take in exchange or on lease, hire or otherwise acquire, for sale, or working or developing or disposing or maintaining the same, any real or personal estate including lands, buildings, Special Economic Zones, factories, mills houses, cottages, shops, depots, warehouses, licenses, easements or interests in or with respect to any property of the company in consideration and to build townships, markets or other buildings including for residential, commercial, industrial, hospitality, retail, entertainment, educational, healthcare or conveniences thereon and to equip the same and part thereof with all or any amenities or conveniences and equipped with all facilities and furnishings and to carry on

BHARAT FERTILISER INDUSTRIES LTD.

business as owners of flats and buildings and to let on lease or otherwise premises therein and to provide for the conveniences commonly provided in buildings and entering into contracts and arrangements of all kinds with builders, tenants and others.

- 1 D) To carry on the business of Real Estate on its own by the Company or on joint Venture basis for development, redevelopment of the land, buildings, structures and other estate of the Company as well as of other persons, companies or entities in such manner and on such terms as the Board of Directors may deem fit.
- 1 (E) To develop, operate and maintain of the Special Economic Zone (SEZ /SER) for multi product or specific product or activity, at Company's free hold land at Village: Kharivali, Tal : Wada, Dist : Thane in the state of Maharashtra as may be permissible for purpose of development under the Special Economic Zone Act 2005 and Rules there under. And to purchase additional land wherever necessary for the purpose of Development.

Item No.7

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 & 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 & 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.

Place : Mumbai

A. J. Chakote
Company Secretary

Dated : 06/08/2010

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

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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 16/09/2010 To Monday the 27/09/2010 (both days inclusive),
- 3) Members are requested to bring copy of the Annual Report along with their registered address, if any.
- 4) Members are requested to immediately notify the Company, Change in their registered address, if any.
- 5) In terms of the directive from Stock Exchange, Mumbai, the company has appointed common agent for share registry work and dematerialisation work. The name and address of the Registrars 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. 022-25946970 and e-mail ID rnt.helpdesk@linkintime.co.in

- 6) Shareholders are requested to send their queries in respect of Financial Accounts of the Company for the year ended 31st March, 2010 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	:	Miss Chandni Y. Patel
Date of Birth	:	23/11/1985
Date of Appointment	:	26/09/2008
Nature of expertise in specific Functional Area	:	Human Relations Management and Administration
Directorships in other Companies	:	NIL
Names of committees of other Companies in which the director is A Member	:	NIL

BHARAT FERTILISER INDUSTRIES LTD.

2. Details of additional Director eligible for appointment as Director liable to retirement by rotation
- | | | |
|--------------------------------------------------------------------------|---|------------------------------------------------------------------------------------------------------------------------------------------|
| Name of Director | : | Shri Shirish Prabhakar Gajendragadkar |
| Date of Birth | : | 08/06/1962 |
| Date of Appointment | : | 14/05/2010 |
| Nature of expertise in specific Functional Area | : | Land Acquisition & Institutional/ Corporate Marketing. |
| Directorships in other Companies | : | Abhidi Realty Advisors Pvt. Ltd.
Adharaya Finance Advisors Pvt. Ltd.
Arnav Assets Solution Pvt. Ltd.
Adharaya Holding Pvt. Ltd. |
| Names of committees of other Companies in which the director is A Member | : | NIL |

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

Shri Shirish Prabhakar Gajendragadkar was appointed as additional director by the Board on 14/05/2010 as per section 260 of Companies Act 1956, and Articles of Association of the Company.

Shri Shirish Prabhakar Gajendragadkar holds the office till the conclusion of this meeting. Notice Pursuant to Section 257 of the Companies Act 1956 has been received from the members of their intention to propose the resolution as contained in item 4 of the Notice.

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

Item No. 5

The appointment of Miss Chandni Yogendra Patel as Whole time Director of the Company has been approved by the Board of Directors of the Company subject to the approval of shareholders from 14/05/2010 on the terms & conditions set out in the Resolution contained in the Notice convening this Annual General meeting.

The remuneration payable to Miss Chandni Y. Patel as a Director is in consonance with Sections 269, 198 & 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 Miss Chandni Y. Patel and remuneration payable are subject to approval of Shareholders and hence the resolution as contained in the Notice is commended for adoption by the members.

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This may be treated as an abstract of the draft Agreement between the Company and Miss Chandni Y. Patel, Director under section 302 of the Companies Act 1956. The Draft Agreement is available for inspection during office Working hours.

None of the Directors is interested in the Resolution except Shri Yogendra D. Patel, Chairman & Mg. Director and Smt. Anjni Y. Patel, Joint Mg. Director.

Resolution contained in the Item No. 5 of the Notice is commended for adoption by the members.

Item No.6

Amendment/modification of main clause of Memorandum of Association of the Company.

The Members are aware that the company is engaged in the manufacture of Single Super Phosphate and Granulated Single Super Phosphate, Alum and Sulphuric Acid. Similarly the company has recently entered in the business of Construction of Buildings for Residential and Commercial use at Company's Surplus Land at Majiwada, Thane.

The Company has entered the Real Estate Business and the company also proposes to develop and maintain it's Land at Wada, Dist: Thane.

The Statutory Authorities have expressed opinion that the business undertaken by the company should be reflected in the Main Object Clause of Memorandum of Association of the company. It is therefore necessary to amend / modify objects clause No.1 of the Memorandum of Association of the company to provide for main products / business of the company.

None of the Directors is interested in the Resolution.

The Resolution contained in the Item No.6 of the Notice is commended for adoption by the members.

Item No.7

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 item No. 7. of the notice is commended for adoption by the members.

Bharat Fertiliser Industries Ltd.

Place : Mumbai

A. J. Chakote

Dated : 06/08/2010

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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 2010.

FINANCIAL RESULTS

	2009-2010 (Rs .in lacs)	2008-2009 (Rs .in lacs)
Turnover	<u>2238.67</u>	<u>373.19</u>
Profit/Loss before interest and depreciation	681.43	27.88
Less : Interest	<u>30.19</u>	<u>51.71</u>
Gross Profit/Loss before depreciation	651.24	(23.83)
Less : Depreciation	32.55	90.62
Amortization of Goodwill on Amalgamation	-	-
	<u>618.69</u>	<u>(114.45)</u>
Operating Profit/Loss	618.69	(114.45)
Less : Provision for Tax	<u>77.31</u>	<u>26.53</u>
Surplus/Deficit during the year	541.38	(140.98)
Add : Loss brought Forward	(1177.50)	(978.44)
Add :- Adjustment Deferred Tax of Transitional Provision	-	(58.08)
Balance Carried to Balance Sheet	<u>(636.12)</u>	<u>(1177.50)</u>

During the year ended 31st March 2010, the Company has achieved Turnover of Rs. 2238.67 Lacs as against Rs. 373.19 Lacs during corresponding period.

The Accounting Year 2009-2010 has ended in a Profit of Rs. 681.43 Lacs as compared to Profit of Rs. 27.88 Lacs during the corresponding period last year. After providing for interest amounting to Rs. 30.19 Lacs and depreciation of Rs. 32.55 Lacs, the Company has made a Profit of Rs. 618.69 Lacs as against the Loss of Rs. 114.45 Lacs during the last year. After taking into account the provision for Taxation and Fringe Benefit Tax for the current year Rs. 77.31 Lacs the year has ended in a profit of Rs. 541.38Lacs. . After adjusting the deficit brought forward during last year amounting to Rs. 1177.50 Lacs., the total loss of Rs. 636.12 Lacs is carried to Balance Sheet.

DIVIDEND

With view to conserve the funds for Company's Residential Project at Majiwada, Thane and to complete the entire project in time and wipe out accumulated loss of Rs. 6.36 Cr., your Directors have decided to defer the payment of Dividend.

SAD DEMISE

The Board of Directors regret to inform that Shri Genu Vithal Dandile, Director of the Company expired on 13th January 2010. The Board has placed on record its appreciation of the services rendered and guidance provided by him during his tenure as a Director of the Company.

Review of Operations

Your Directors have planned development of Company's Surplus Land admeasuring 6,50,000 Sq. Ft. at Majiwada, Thane for Construction of Residential Flats without borrowing any amount from Banks and Financial Institutions. At present 1,50,000 Sq. Ft. area is completed for Buildings "A-PICCADILLY" and "B – EDGWARE". Necessary occupation certificate / Completion Certificates from Thane Municipal Corporation has been received and possession is being offered to the Customers.

Fertiliser / Alum Production / Sales expected to be streamlined during the year 2010-2011.

Buildings "C", "D" & "E" are under Construction and progress is satisfactory. The Construction Project of the Company has Locational advantages and nearby infrastructural facilities in Existence by TMC with future Monorail and Roads connection to Western and Central area. This will boost the Sales realization .

Looking to the progress of diversified Realty Business on hand, it is evident that the Company has turned the Corner and come out of trouble with excellent Financial Results.

During the year your company has settled all the Working Capital dues of Indian Overseas Bank being the Sole Secured Creditors. Necessary formalities are completed to release the Company's secured property and as such your company is completely a "Zero Debt" company now.

Current Year Working

Though the Company has diversified into development of its Surplus Land at Majiwada, Thane and Construction of Residential Complex comprising of 9 Buildings, the main business still remains as Manufacture of Fertilisers. Therefore Company has completed entire Repair, Replacement and Maintenance of all its Plants at Village Kharivali, Tal : Wada, Dist:- Thane and installed additional balancing equipments so that the Company can operate its manufacturing Plants viz. Fertiliser and Alum to achieve Higher Capacity utilization in near future, subject to availability of sufficient Working Capital and timely release of Fertiliser Subsidy.

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The Company is likely to enter into Marketing Tie-up arrangements with Reputed Fertiliser manufacturers Viz. Rashtriya Chemicals & Fertilisers Ltd., and Deepak Fertilisers & Petrochemicals Corporation Limited, Pune during 2010-2011 for manufacture of SSP/GSSP Fertilizers.

Shri Shailendra D. Patel, Chief Executive Officer (Fertiliser) has taken pains to revamp the Plants of the Company at Village : Kharivali, Tal: Wada, Dist : Thane, so as to cater to the needs of orders likely to be received from Rashtriya Chemicals & Fertilisers Ltd., and Deepak Fertilisers & Petrochemicals Corporation Limited, Pune.

The Board has placed on records, its appreciation of the good work done by **Shri Shailendra D. Patel**

REFERENCETO B.I.F.R.

You are aware that the Company had approached BIFR as the accumulated losses had exceeded 50% of the Net Worth of the Company.

Due to efforts made by the Company the Net Worth is positive at Rs. 193.03 Lacs as on 31/12/2009. Therefore the company had approached BIFR and prayed for discharge from purview Sick industrial Companies (Special provisions Act) 1985.

The Bench III of Board for Industrial and Financial Reconstruction at its hearing held on 29/03/2010, dismissed the reference of the company as non-maintainable on the ground that the Net Worth had turned positive.

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 Fertiliser Subsidy of Rs. 4400/- per M.T. w.e.f.01/05/2010 onwards.

Our Company would like to avail such benefit under the above Scheme by compliance of all the requirements of said scheme.

DIRECTORS :

During the year under report, Miss. Chandni Y. Patel, Director, retires by rotation and being eligible offers herself for re-appointment. Necessary item has been included in the Notice convening the 25th Annual General Meeting and the re-appointment of Miss. Chandni Y. Patel, is recommended for approval of members

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Shri Shirish Prabhakar Gajendragadkar has been appointed as Additional Director of the Company from 14/05/2010 by the Board of Directors of the Company as per Section 260 of the Company Act 1956. and Artical of Association of the Company. He holds office of Director until the conclusion of 25th Annual General Meeting. Notice pursuant to Section 257 of the Companies Act, 1956 has been received by the Company from a member signifying his intention to propose the resolution contained in Notice.

None of the Directors is interested in the resolution. The Resolution is commended for adoption by the members.

The Board of Directors of the Company has decided to appoint Miss. Chandni Y. Patel, Director as Whole Time Director of the Company w.e.f. 14/05/2010, subject to the approval of shareholders.

She has completed MBA from U.K. in Human Relations Management and her knowledge and implant training will be useful to the Company.

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

CORPORATE GOVERNANCE:

A Report on the Corporate Governance for the period commencing 01.04.2009 is annexed hereto.

AUDITORS REPORT:

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

FIXED DEPOSITS:

There were no Fixed Deposits accepted by the Company during the year under report.

ANNEXURE TO DIRECTORS' REPORT:

Pursuant to Section 217(1) (C) of the Companies Act, 1956 read with the companies (Disclosures of particulars in Directors Report) Rules 1988 the relevant information is given in the Annexure to "A" forming part of this report.

BHARAT FERTILISER INDUSTRIES LTD.

PARTICULARS OF EMPLOYEES UNDER SECTION 217 (2A) OF THE COMPANIES ACT 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975.

There are no employees of the company who are in receipt of remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended to date.

DIRECTORS' RESPONSIBILITY STATEMENT.

The Directors confirm that :

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed; except accounting of Gratuity on Cash basis and not providing liability on actuarial valuation.
- (b) Appropriate accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company for the year ended 31st March, 2010.
- (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 2010-2011. 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, 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 : 06/08/2010

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.

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-2009 to March-2010	April-2008 to March-2009
--	-----------------------------	-----------------------------

- | | | |
|---------------------------------------------------------------------------------------------------------------------|------|------|
| (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 | 26 | 26 |
| (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.

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.

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Also GOI has not considered equated 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.

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 compete with all pending Residential Projects in time without any difficulties.

Company has successfully completed entire Repairs & Maintenance and Replacement of all old parts of equipments and also installed additional balancing equipments and modernized all Plants 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.

Company is also planning development of Surplus Land at Kharivali Village at Wada by developing Luxury Bungalows or Villas with all sophisticated and Luxury Amenities and Facilities of International Standard & Sales will be open once sample Bungalow is ready.

Also Company is discussing with International Foreign. Companies for a Joint Venture Project by developing a Luxury Holiday SPA and Carvan Holiday Resort with all facility and Helicopter Transport facility from Mumbai.

Company has also started finalizing development activities at Mumbai Office with 12,000+/- Sq. ft. area to be made available on Lease in next 2/3 years with estimates of reasonable Turn Over of Rs. 1.50 to 2.00 Crore annually through Lease Fees.

Company is also planning to Trade Fertiliser Raw Material by Long Term arrangements with Dubai based trader to Supply the same to other SSP Fertiliser Units of Maharashtra and other states thereby *diversifying into Trading Business from Surplus Funds of Real Estate Division.*

The Company is planning to resume production of Fertiliser Plants and has tied up with M/s. Rashtriya Chemicals & Fertilisers Ltd Mumbai, & Deepak Fertilisers & Petrochemicals Corporation Limited, Pune for marketing Tie-up arrangements its fertilizers in the State of Maharashtra for 2010-2011 and onwards.

All the measures stated above shall enable the company to wipe out its past Losses and come out with improved restructuring shortly in a phased manner in 2/3 years.

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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, 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 composition of the Board of Directors thus meets with the stipulated requirements.

During the financial year ended on 31/3/2010, 5 Board Meetings were held on 29/04/2009, 29/06/2009, 30/07/2009, 30/10/2009 & 11/01/2010.

The Company's last Annual General Meeting was held on 26/09/2009. The Board's composition and categories as on 31/03/2010 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	2	Yes
Shri. Kantilal N. Jethwa	Non Executive Director	1	Nil	5	Yes
Shri. Suresh M. Bhadrecha	Non Executive Director	Nil	Nil	5	Yes
Shri. G.V. Dandile	Non Executive Director	Nil	Nil	5	Yes

Remuneration to the Managing Directors for the year ended 31st. March 2010.

Director	Salary, Perquisites and Allowances (Rs. In Lacs)	Company's contribution Provident to funds (Rs. in Lacs)	Total Rs.	Contract Period
Shri. Yogendra D. Patel Chairman & Mg. Director	18	-	18 Lacs	5 years with effect from 01/10/2006 to 30/09/2011
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

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	5
2.	Shri Kantilal N. Jethwa	Member - Non-Executive	5
3.	Shri G. V. Dandile(up to 13/01/2010)	Member - Non-Executive	5

The Audit Committee meetings were held on 29/04/2009, 29/06/2009, 30/07/2009, 30/10/2009 & 11/01/2010 and all the member Directors of Audit Committee, were present.

Quorum: Two Independent Directors.

Chairman of the Committee: Shri S. M. Bhadrecha, Director.

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 from renewal with effect from 01/10/2006. 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 Kantilal N. Jethwa	Chairman - Non-Executive	5
2.	Shri S.M. Bhadrecha	Member - Non-Executive	5
3.	Shri G. V. Dandile(up to 13/01/2010)	Member - Non-Executive	5

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.

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,

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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 Kantilal N. Jethwa	Chairman - Non-Executive	5
2.	Shri S.M. Bhadrecha	Member - Non-Executive	5
3.	Shri G. V. Dandile(up to 13/01/2010)	Member - Non-Executive	5

NAME AND DESIGNATION OF COMPLIANCE OFFICER:

Shri A. J. Chakote, (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 1.4.2009 to 31.3.2010: 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
2006-2007	28/09/2007	Sardar Patel Baug, Shri Vile Parle Patidar Mandal, Parleshwar Road, Vile Parel (E) Mumbai-400 057.	3.30 P.M.
2007-2008	26/09/2008	-do-	3.30 P.M.
2008-2009	15/09/2009	-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.

Annual General Meeting: Date & Time: Monday, 27/09/2010 3.30 P.M.

Venue : Sardar Patel Baug,
Vile Parle Patidar Mandal,
Parleshwar Road, Vile Parel (E)
Mumbai-400 057.

BHARAT FERTILISER INDUSTRIES LTD.

Financial Calender:

Financial Reporting for the quarter ending June 2009 : On or before July 2009.
 Financial Reporting for the half year ending Sept. 2009 : On or before Oct. 2009.
 Financial Reporting for the quarter ending Dec.2009 : On or before Jan. 2010.
 Financial Reporting for the year ending Mar. 2010 : On or before April 2010.

Date of Book Closure: 16/09/2010 TO 27/09/2010
 (both days inclusive)

Listing on Stock Exchange: Mumbai 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-400 007.

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.

Share Transfer Record:

Year	2009 - 2010	2008 - 2009	2007 - 2008
Share Transferred	6260	12876	32101
No. of Transfers	41	56	159

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, 2010.

Category	No. of shares held	% of shareholding
Promoters	3557968	67.31
Other Directors	10420	00.20
Financial Institutions, Mutual Funds and Banks.	100	-
Private Corporate Bodies	128288	2.43
Non Residents, OCBs	218580	4.14
Indian Public	1367891	25.88
Clearing Member/Market Maker	2264	0.04
TOTAL	5285511	100.00
Demat. 1 N.S.D.L.	4279196	80.96
2 C.D.S.L.	346209	6.55

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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 - 2009	24.00	23.50
May - 2009	24.15	24.15
June - 2009	28.85	28.80
July - 2009	32.05	30.00
August - 2009	28.05	28.00
September - 2009	26.50	25.90
October - 2009	32.00	30.00
November - 2009	37.65	37.65
December - 2009	33.15	33.15
January - 2010	48.00	45.10
February - 2010	49.95	47.40
March - 2010	59.85	55.55

DISTRIBUTION OF SHARE HOLDING AS ON 31ST MARCH 2010.

Shareholding of Nominal value of (Rs).	Share holders Number	%	Physical Form Rs.	
1	500	4552	93.41	5654850
501	1,000	158	3.24	1291820
1,001	2,000	72	1.48	1071850
2,001	3,000	18	0.37	471870
3,001	4,000	8	0.16	285750
4,001	5,000	5	0.10	230350
5,001	10,000	28	0.58	2028400
10,001	ABOVE	32	0.66	41820220
TOTAL:-	4873	100.00		52855110

Note : Out of total Capital of 5285511, equity shares, 4625405 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 Mumbai 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 : 06/08/2010

Yogendra D. Patel
Chairman & Mg. Director

BHARAT FERTILISER INDUSTRIES LTD.

AUDITOR S' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
M/s. BHARAT FERTILISER INDUSTRIES LIMITED,
MUMBAI-400023.

Dear Sirs,

We have examined the compliance of conditions of Corporate Governance by M/S. BHARAT FERITLISER INDUSTRIES LIMITED, for the year ended 31st March 2010, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchange, Mumbai.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended March 31, 2010, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company. 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)

Date: 06/08/2010
Place:- Mumbai.

Dr. S. N. Desai
Partner
Membership 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, 2010, 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, loans & advances and deposits are subject to reconciliation and confirmation.***

b) *The impact of remark of Para 4(a) & (b)) 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;

BHARAT FERTILISER INDUSTRIES LTD.

- 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, 2010 and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March 2010 from being appointed as directors 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 and 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, 2010;
 - 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
(Firm R.N.102358W)

Place: Mumbai
Date: 06/08/2010

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 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 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 pertaining to manufacturing division, raw materials, finished goods and finished flats, construction work in progress pertaining to construction division were physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
- (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 explanation given to us, the Company has not taken any loans, secured or unsecured, from Companies, firms or other parties listed in the Register maintained under section 301 of Companies Act 1956. As the Company has not taken any loans, secured or unsecured from parties listed in the Register mentioned under section 301 of Companies Act 1956, paragraphs (iii) (f) and (g) of the order are not applicable.

BHARAT FERTILISER INDUSTRIES LTD.

- iv. In our opinion, and according to the information and explanation given to us, having regard to the 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, 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.
- b) In our opinion and according to the information and explanations given to us, there are no contracts or agreements that need to be entered into register maintained under section 301 Companies Act 1956, paragraph (v) (b) of the order is not applicable.
- 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 (vi) of paragraph 4 of the Order are not applicable.
- vii. *The Company does not have an internal audit system.*
- viii. As per the information and explanation given to us, the Company is required to maintain cost accounting records. However the Company has not maintained the same due to inconsistent production.
- 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	Year to which Liability pertains	Amount (Rs.)
1	Sales Tax (including and Surcharge and TOT)	2001-2002 to 2005	70,60,143
2	Central Sales tax	2001-02 to 2003-2004	10,63,853
3	Value Added Tax	2005-06 to 2007-2008	14,56,144
4	Custom Duty	2004-2005 2005-2006	7,69,712 9,97,297

- (b) According to the explanation given to us, there are no statutory dues, which have not been deposited on account of dispute.

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- x. The Company has accumulated losses as at 31st March 2010. The accumulated loss of the Company is not exceeding fifty percent of its networth. The Company has not incurred cash losses during the financial year covered by the audit. The Company has 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 repayment of restructured dues to 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 not raised new term loans during the year. The term loan outstanding at the beginning of the year have been applied for the purpose for which they were raised.
- xvii. The Company has not raised any short term loans during the year.
- xviii. According to the information and explanations given to us, the Company has not made any allotment of shares.
- xix. According to the information and explanations given to us, the Company has not issued any debentures; hence question of creation of securities do 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
(Firm R.N.102358W)

Place: Mumbai
Date: 06/08/2010

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

BHARAT FERTILISER INDUSTRIES LTD.

BALANCE SHEET AS AT 31ST March 2010

		As at 31.03.10 Rupees	As at 31.03.09 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	6,51,60,061	(4,55,99,159)
		<u>11,80,15,171</u>	<u>72,55,951</u>
2 Loans Funds			
(A) Secured Loans	C	10,54,115	4,20,06,997
(B) Unsecured Loans	D	2,19,78,306	1,84,78,306
		<u>2,30,32,421</u>	<u>6,04,85,303</u>
3 Deferred Tax Liability		65,36,149	65,31,903
		<u>14,75,83,741</u>	<u>7,42,73,157</u>
II APPLICATION OF FUNDS			
1 Fixed Assets			
(A) Gross Block	E	27,31,15,314	25,39,66,876
Less : Depreciation		21,44,48,759	20,87,42,220
		5,86,66,555	4,52,24,656
(B) Capital Work in Progress		9,88,620	-
		<u>5,96,55,175</u>	<u>4,52,24,656</u>
2 Investments	F	1,71,000	1,71,000
3 Current Assets, Loans & Advances			
(a) Inventories		24,83,15,308	16,02,88,832
(b) Sundry Debtors		1,24,983	-
(c) Cash & Bank Balances		1,30,53,822	19,59,489
(d) Loans & Advances		96,43,765	1,00,95,390
		<u>27,11,37,878</u>	<u>17,23,43,711</u>
4 Less : Current Liabilities & Provisions			
(a) Current Liabilities		17,18,18,871	14,13,98,819
(b) Provisions		1,15,61,441	20,67,391
		<u>18,33,80,312</u>	<u>14,34,66,210</u>
Net Current Assets (3-4)		<u>8,77,57,566</u>	<u>2,88,77,501</u>
		<u>14,75,83,741</u>	<u>7,42,73,157</u>

Significant Accounting Policies and Notes to Accounts

As per our report of even date
For DESAI SKASENA & ASSOCIATES
Chartered Accountants

Q 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 : 06/08/2010

Chandni Y. Patel
Director

S. M. Bhadrecha
Director

A. J. Chakote
Company Secretary

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March 2010

<u>INCOME</u>	<u>SCHEDULE NO</u>	<u>2009-2010 Rupees</u>	<u>2008-2009 Rupees</u>
Sales (Net)	I	22,38,67,271	3,73,19,154
Other Income	J	76,03,071	3,25,395
Increase/Decrease in stock	K	<u>(42,76,672)</u>	<u>93,80,878</u>
		<u>22,71,93,670</u>	<u>4,70,25,427</u>
 <u>EXPENDITURE</u>			
Raw Materials & Manufacturing Exp.	L	98,04,941	1,12,70,331
Personnel Expenses	M	34,17,450	11,57,430
Real Estate Development Cost		10,88,36,467	80,47,586
Administrative, Mktg. & Other Exp.	N	86,55,148	17,92,658
Interest	O	30,19,227	51,71,204
Bad debt Written off		-	60,48,603
Depreciation & Assets Write off	E	57,06,538	1,17,85,518
Less : Transfer from Revaluation Reserve		(24,51,019)	(27,23,355)
Net Depreciation		<u>32,55,519</u>	<u>90,62,163</u>
		<u>13,69,88,752</u>	<u>4,25,49,975</u>
Profit/Loss before Prior Period Exp. Exceptional Item		9,02,04,918	44,75,452
Less : Prior Period Exp.	P	20,044	2,23,267
Less : Exceptional Item		2,83,15,793	-
Good will written off		-	1,56,97,409
Profit/Loss before Tax		<u>6,18,69,081</u>	<u>(1,14,45,224)</u>
Provision for Taxation			
Less : Provision for Income Tax		77,27,041	17,00,601
Less : Fringe Benefit Tax		-	2,15,872
Less : Short Provision for Fringe Benefit TAX F.Y. 05-06		-	12,125
Less : (Add)Deferred Tax Provision		4,245	7,24,384
Profit/(Loss) after Tax		5,41,37,795	(1,40,98,206)
Loss brought forward		(11,77,49,638)	(9,78,43,912)
Add : Adjustment of Deferred tax transitional Provision		-	(58,07,520)
BALANCE CARRIED TO BALANCE SHEET		<u>(6,36,11,843)</u>	<u>(11,77,49,638)</u>

Significant Accounting Policies and Notes to Accounts	Q		
Earnings per Share Basic & Diluted before exceptional items		15.60	0.76
Earnings per Share Basic & Diluted after exceptional items		10.24	(2.67)

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 : 06/08/2010

Chandni Y. Patel
Director

S. M. Bhadrecha
Director

A. J. Chakote
Company Secretary

Place : Mumbai
Date : 06/08/2010

BHARAT FERTILISER INDUSTRIES LTD.

BHARAT FERTILISER INDUSTRIES LTD.

SCHEDULES TO THE BALANCE SHEET

	As at 31.03.2010 Rupees	As at 31.03.2009 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
Add : Addition during the year	-	-
	16,91,725	16,91,725
Share Premium Opening Balance	3,18,90,220	3,18,90,220
	3,18,90,220	3,18,90,220
Revaluation Reserve		
Opening Balance	2,45,10,190	2,72,33,545
Less: Transferred to Profit & Loss A/c	24,51,019	27,23,355
	2,20,59,171	2,45,10,190
Capital Receipt Reserve		
Opening Balance	56,57,024	-
Add : Capital portion of land transferred on sales	5,90,72,444	56,57,024
	6,47,29,468	56,57,024
Capital Subsidy	7,50,000	7,50,000
Investment Allowance Reserve	6,50,000	6,50,000
Profit /(Loss) Account	(6,36,11,843)	(11,77,49,638)
	6,51,60,061	(4,55,99,159)
SCHEDULE - C		
<u>SECURED LOANS</u>		
Cash Credit	-	3,22,50,092
Vehicle Loan	10,54,115	24,98,372
Keyman Insurance Policy Loan	-	72,58,233
	10,54,115	4,20,06,997
I) Cash credit loan was secured against hypothecation of inventories and debtors		
II) Keyman insurance policy is secured against assignment of insurance policy		
III) Vehicle loan is secured against hypothecation of car		
SCHEDULE - D		
<u>UNSECURED LOANS</u>		
Fixed Deposits from directors	1,38,73,306	1,03,73,306
Sales Tax Deferrals Loan	81,05,000	81,05,000
	2,19,78,306	1,84,78,306

**SCHEDULE-E
FIXED ASSETS**

Sr.	Particulars	Gross Block				Depreciation				Net Block	
		Original Cost as on 01/04/09	Additions	Deduction	Original Cost as at 31/03/2010	Total Dep. upto 01/04/2009	Dep. for the Year ended 31/03/2010	Deletion during the year	Total Dep./Amt. As at 31/03/2010	As on 31/03/2010	As on 1/04/2009
a)	Intangible Assets										
1	Software	35,000	0	0	35,000	4,155	10,281	0	14,436	20,564	30,845
b)	Tangible Assets										
1	Land	65,43,446	0	0	65,43,446	0	0	0	0	65,43,446	65,43,446
2	Road	25,65,548	28,70,542	0	54,36,090	18,07,186	56,448	0	18,63,634	35,72,456	7,58,368
3	Buildings	9,74,03,772	19,78,086	22,00,000	9,71,81,858	6,82,54,152	28,76,149	0	7,11,30,301	2,60,51,557	2,91,49,620
4	Plant & Machinery	11,14,92,298	84,97,721	4,41,535	11,95,48,484	10,86,79,056	10,03,427	0	10,96,82,483	98,66,001	28,13,242
5	Technical Know-how	10,00,000	0		10,00,000	10,00,000	0	0	10,00,000	0	0
6	Vehicles	68,90,910	72,71,489	0	1,41,62,399	32,73,889	13,09,527	0	45,83,416	95,78,983	36,17,021
7	Furniture & Fixture	35,64,054	2,12,456	0	37,76,510	29,76,338	1,17,128	0	30,93,466	6,83,044	5,87,716
8	Laboratory Equipment	2,20,216	37,598	0	2,57,814	2,01,042	6,877	0	2,07,919	49,895	19,174
9	Office Equipment	46,65,638	4,87,331	0	51,52,969	34,10,913	2,31,814	0	36,42,727	15,10,242	12,54,725
10	Electrical Installation	68,03,610	1,59,120	5,386	69,57,344	67,52,000	20,675	0	67,72,675	1,84,669	51,610
11	Pollution Control Equip.	1,27,82,379	0	0	1,27,82,379	1,23,83,490	55,485	0	1,24,38,975	3,43,404	3,98,889
12	Computer	0	2,81,021	0	2,81,021	0	18,726	0	18,726	2,62,294	0
	Total	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	4,52,24,656
	Previous Year	28,72,54,027	28,60,367	3,61,47,518	25,39,66,876	21,68,80,811	82,50,939	1,63,89,531	20,87,42,219	4,52,24,657	7,03,73,216
	Capital-work-in-pogress									9,88,620	0

Note :

1. Fertiliser and Sulphuric Acid Plants, Building were revalued on 31st March,2000 on the basis of valuation report.
2. Depreciation for the year includes Rs. 24,51,019/- (Previous year Rs. 27,23,355/-) being depreciation on revalued component of the Fixed Assets.

BHARAT FERTILISER INDUSTRIES LTD.

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE - F		
INVESTMENTS		
<u>Long Term Unquoted Investment (at cost)</u>		
34200* (Prev. Year 17100) Shares of Rs.10/- each fully paid-up of Indian Potash Limited		
*Including bonus shares	<u>1,71,000</u>	<u>1,71,000</u>
	1,71,000	1,71,000
	<u>1,71,000</u>	<u>1,71,000</u>
SCHEDULE - G		
CURRENT ASSETS, LOANS & ADVANCES		
A) <u>Inventories (As certified & verified by Management)</u>		
Stores, Spares & Packing Material	2,60,350	22,40,735
Raw Materials	-	1,86,11,718
Finished Goods	<u>53,84,569</u>	<u>96,61,241</u>
(a)	<u>56,44,919</u>	<u>3,05,13,694</u>
Construction Activities		
Real estate under development	24,13,89,829	12,82,44,073
Construction material Inventory	<u>12,80,560</u>	<u>15,31,065</u>
(b)	<u>24,26,70,389</u>	<u>12,97,75,138</u>
(a+b)	<u>24,83,15,308</u>	<u>16,02,88,832</u>
B) <u>Sundry Debtors</u>		
<u>Unsecured Considered good</u>		
Debtors within six month	-	-
<u>Unsecured Considered doubtful</u>		
More than Six Month	<u>1,24,983</u>	-
	<u>1,24,983</u>	-
C) <u>Cash and Bank Balance</u>		
Cash on hand	53,547	5,284
Balance with Scheduled Bank	<u>1,30,00,275</u>	<u>19,54,205</u>
	1,30,53,822	19,59,489
D) <u>Loans and Advances</u>		
Advance receivable in cash or in kind or for value to be received	19,43,824	11,38,144
Other Advances	76,99,941	3,60,335
Subsidy Receivables	-	85,96,911
	<u>96,43,765</u>	<u>1,00,95,390</u>
	<u>27,11,37,878</u>	<u>17,23,43,711</u>
SCHEDULE - H		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	6,20,76,635	1,25,29,634
Advance against Flat Sales	2,07,94,776	11,62,84,182
Other Liabilities	<u>8,89,47,460</u>	<u>1,25,85,003</u>
	<u>17,18,18,871</u>	<u>14,13,98,819</u>
Provisions		
Provision for Taxation	<u>1,15,61,441</u>	<u>20,67,391</u>
	1,15,61,441	20,67,391
	<u>18,33,80,312</u>	<u>14,34,66,210</u>

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	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE-I		
<u>SALES</u>		
Real Estate Sales	21,83,67,763	2,13,57,564
Sales Single Super Phosphate Powder	28,09,950	-
Sales Ferric Alum	43,500	-
Furniture Sale for flat owners	5,25,000	-
Subsidy Received	21,21,058	-
Sales Rock-Phosphate	-	1,59,61,590
	<u>22,38,67,271</u>	<u>3,73,19,154</u>
SCHEDULE - J		
<u>OTHER INCOME</u>		
Office Rent	18,000	18,000
Dividend	68,400	61,560
Profit on Sale of Car	-	44,853
Interest on FD (Tax deducted Rs. 95,406/-)	5,51,036	2,00,982
Sale of Scrap material	42,00,000	-
Interest waived by Indian Overseas Bank	23,55,522	-
Miscellaneous Income	35,000	-
Sundry Creditors/debtors written off (net)	3,75,113	-
	<u>76,03,071</u>	<u>3,25,395</u>
SCHEDULE - K		
<u>INCREASE/DECREASE IN STOCK</u>		
Opening Stock as on : 01/04/2009	96,61,241	2,80,363
Closing Stock as on : 31/03/2010(after reduction of exceptional item Rs. 34,00,000/-)	53,84,569	96,61,241
	<u>(42,76,672)</u>	<u>93,80,878</u>
SCHEDULE - L		
<u>REW MATERIALS & MANUFACTURING EXPENSES</u>		
Raw Material Consumption		
Opening Stock	1,86,11,718	2,73,16,411
Add : Purchases	5,89,990	17,84,505
Less : damaged stock due to cyclone	1,70,71,960	-
	<u>21,29,748</u>	<u>2,91,00,916</u>
Less : Closing Stock	-	1,86,11,718
	<u>21,29,748</u>	<u>1,04,89,198</u>
Custom Duty	17,67,009	-
Power & Fuel	6,09,896	6,36,907
Water Charges	15,398	26,226
	<u>23,92,303</u>	<u>6,63,133</u>
Other Manufacturing Expenses	3,62,733	1,18,000
Stores & Spares Consumed	30,28,079	-
Repairs & Maintenance	18,92,078	-
	<u>98,04,941</u>	<u>1,12,70,331</u>
SCHEDULE - M		
<u>PERSONNEL EXPENSES</u>		
Wages, Salaries & Bonus	31,54,907	11,10,521
Other Staff welfare Expenses	2,62,543	46,909
	<u>34,17,450</u>	<u>11,57,430</u>

BHARAT FERTILISER INDUSTRIES LTD.

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE - N		
<u>ADMINISTRATIVE EXPENSES</u>		
Rent, Rates & Taxes	1,28,637	1,11,184
Postage & Telegrams & fax	5,395	43,407
Traveling Expenses	2,87,317	91,810
Vehicle Expenses	2,14,236	1,32,384
Legal & Other Professional Fees	3,88,074	51,477
Insurance Charges	1,69,947	2,09,509
Repairs & Maintenance	5,36,755	22,162
Donation	51,233	2,021
Other Administrative Expenses	15,27,747	2,77,537
Sales Tax Liability	<u>41,74,000</u>	<u>-</u>
	<u>74,83,341</u>	<u>9,41,491</u>
 <u>SELLING AND DISTRIBUTING EXPENSES</u>		
Carriage Outward	15,400	-
Marketing Expenses & Sales Promotion	2,83,296	-
Other Selling & Distribution expenses	7,89,750	8,29,043
Other Miscellaneous Expenses	83,361	22,124
	<u>11,71,807</u>	<u>8,51,167</u>
	<u>86,55,148</u>	<u>17,92,658</u>
 SCHEDULE - O		
<u>INTEREST :</u>		
Interest to Banks	26,31,949	49,72,350
Interest & Bank Charges-Other	3,87,278	1,98,854
	<u>30,19,227</u>	<u>51,71,204</u>
 SCHEDULE - P		
<u>Prior Period Items</u>		
Rent, Rates & Taxes	20,044	2,23,267
	<u>20,044</u>	<u>2,23,267</u>

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BHARAT FERTILISER INDUSTRIES LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

SCHEDULE "Q"

OVERVIEW:

The Company is into manufacturing of Single Super Phosphate (Powder and Granulated), Sulphuric acid and Alum (liquid & Solid) at its plant situated at Kharvalli Village, Tal. Wada .Dist Thane. Earlier the Company had a fertilizer plant at Majiwada, Thane. Subsequently the Government of Maharashtra, has directed the Company to shift the unit from Majiwada. The Company has undertaken Real Estate Development activity at Majiwada.

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. The assets, which cannot be used for production, are written off.
- ii) Software is capitalised where it is expected to provide future enduring economic benefit. Capitalisation cost includes license fees, cost of implementation/system, integration services & incidental expenses related to its acquisition.
- iii) Accounting for Goodwill is on the basis of Accounting for Fixed Assets (AS-10).
- iv) 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/counter veiling duty/education cess and value added tax.

b) Construction Division:

Real estate under development comprises undivided interest in the freehold land at book value and cost relating to construction. Cost is determined by including cost of land (at book value), materials, services and other related proportionate overheads.

(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 and 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 as the case may be that 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. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

(H) Revenue Recognition:

- i) Sales of goods of Manufacturing Division are recognised on dispatches to the customers.
- ii) Dividends are recognised when the right to receive them is established.
- iii) 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.

(I) Turnover

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

(J) Retirement Benefits:

- i) Company's contribution to provident fund and family pension fund are charged to the Profit and Loss Account.

(k) Cost of construction/development:

Cost of construction/development (including book value of land) incurred is charged to Profit & Loss Account proportionate to area sold.

2) NOTES TO ACCOUNTS:

A) The details in respect of Enterprises 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 2010 have not been furnished.

B) Contingent Liabilities :

- i) Claims against the Company not acknowledged as a debt: **(Amt. Rs. In lacs)**

Sr. No	Particulars	2009-2010	2008-2009
1	MSEB Claim	16.04	16.04

- ii) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.11.18 lacs (P.Y.Rs.Nil)

- C) The values of Current Assets and loans & Advances and deposits are stated at realizable in ordinary course of the business, as stated in balance sheet as per the opinion of the Management 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	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
1	Segment Revenue	2188.93	213.58	50.43	160.68	0.00	0.00	2239.36	374.26
Less :	Inter Segment Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total Revenue							2239.36	374.26
2	Segment results before interest, taxes prior period & exceptional items	1128.20	133.10	(207.16)	(38.82)	5.51	0.00	926.55	94.28
	Interest expense	0.00		0.00		30.19	51.71	30.19	51.71
	Interest income			0.18		5.51	2.19	5.69	2.19
	Profit/(Loss) before and Exceptional items							902.05	44.75
	Good will written off	0.00	156.97	0.00	0.00	0.00	0.00	0.00	156.97
	Prior Period expenses	0.00	2.23	0.20	0.00	0.00	0.00	0.20	2.23
	Profit/(Loss) before tax	0.00		283.16		0.00		283.16	0.00
	Exceptional items							618.69	(114.45)
	Provision for income tax					77.27	17.01	77.27	17.01
	Provision for Fringe Benefit Tax					0.00	2.16	0.00	2.16
	Provision for deferred tax					0.04	7.24	0.04	7.24
	Short provision of Incom Tax						0.12	0.00	0.12
	Profit/(Loss) after tax							541.38	(140.98)
3									
a)	Other Information								
b)	Segment Assets	2679.04	1362.74	579.63	807.13	50.97	7.52	3309.64	2177.39
	Segment Liabilities	1649.84	1382.91	247.32	635.93	232.33	85.99	2129.49	2104.83
	Capital Expenditure	79.72	28.60	138.23	0.00				
	Depreciation	15.18	3.06	17.38	87.56				
	Non cash expenses other than depreciation	0.00	0.00	283.16	217.58				

BHARAT FERTILISER INDUSTRIES LTD.

ii) The entire operations of the Company are domestic. Hence there no reportable geographic segment.

E) Disclosure of Related Party:

a. List of Related Parties:

Subsidiary Companies Associate Concerns	None 1. Yogi Investments Pvt. Ltd 2. Vijal Shipping Pvt. Ltd. 3. Wada Agro Chemicals Pvt. Ltd. 4. Wada Bottling Industries Pvt. Ltd. 5. Patel Combi-Therm (India) Pvt. Ltd. 6. Chavi Impex Pvt. Ltd. 7. Wada Alums and Acids Pvt Ltd.
Key Management Personnel	Shri.Y.D.Patel . – Managing Director
Relatives of Key Management Personnel	Smt. Anjni Y. Patel, Jt. Mg. Director Miss. Chandni Y Patel, Director

b. Transactions with Related Parties :

Relation	Transaction	Current Year (Rupees)	Previous Year (Rupees)
Associate Concerns	Rent Received	18,000	18,000
Key Management Personnel	Remuneration.	15,15,740	19,26,000
Relatives of Key Management Personnel	Salary	6,91,067	7,92,000

F) Disclosure of Earning Per Share :

	Current Year (Rupees)	Previou Year (Rupees)
Net Profit / (Loss) for the year before Exceptional Items and after Tax.	8,24,57,833	40,24,188
Net Profit / (Loss) for the year after Exceptional Items and after Tax.	5,41,37,795	(1,40,98,205)
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	15.60	0.76
Earning Per Share After Exceptional Items		
- Basic & Diluted	10.24	(2.67)

G) Deferred Tax :

	As At 31 st March, 2010 Rupees	As At 31 st March, 2009 Rupees
Deferred Tax Liability (DTL) On account of difference in depreciation	65,36,149	65,31,903
Deferred Tax Asset (DTA) On Account of Section 43B, 40(ia) of Income Tax Act, 1961, B/F Losses *	-	-
Balance DTL (DTA)	65,36,149	65,31,903
Net Deferred Tax Liability / (Asset) **	65,36,149	65,31,903

* In view of substantial brought forward losses, the deferred tax asset has not been recognized in view of virtual uncertainty of profit in the immediate future.

** During the previous year, initial recognition of deferred tax liability amounting to Rs. 58, 07,521/- has been added to balance in Profit and Loss account.

H) The Company has written off goodwill amounting to Rs. Nil (P.Y. Rs. 1,56,97,409/-) as per AS-10, Accounting for Fixed Assets as said goodwill had been resulted on amalgamation of manufacturing division of Wada Alums and Acids Private Limited with Bharat Fertilizers Limited and no consideration has been received for the same.

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.

BHARAT FERTILISER INDUSTRIES LTD.

PARTICULARS	CurrentYear		PreviousYear		
	Unit	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	259.53		3,087	
Ferric Alums (sold)	MT	531.00		Nil	
Ferric Alums (liquid)	MT	Nil		Nil	
Total:		<u>790.53</u>		<u>3,087</u>	

PARTICULARS	Unit	CurrentYear		PreviousYear	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
3 Turnover : (Manufactured)					
Single Super Phosphate Powder	MT	858	28,09,950	-	-
Ferric Alums (solid)	MT	30	43,500	-	-
Ferric Alums (Liquid)	MT	-	-	-	-
Rock-Phosphate	MT	-	-	1761.75	1,59,61,590
Total:			<u>28,53,450</u>		<u>1,59,61,590</u>

PARTICULARS	Unit	CurrentYear		PreviousYear	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
4. Closing Stock of Finished Goods :					
Sulphuric Acid 98% Single Super	MT	-	Nil	11.000	28,473
Phosphate Powder Granulated Single	MT	2517.392	46,55,219	3115.864	94,75,130
Super Phosphate	MT	-	Nil	29.800	1,13,240
Ferric Alums (Solid)	MT	503.000	7,29,350	2.000	5,900
Ferric Alums(Liquid)	MT	-	Nil	22.780	38,498
Total:			<u>53,84,569</u>		<u>96,61,241</u>
5. Opening Stock of Finished Goods :					
Sulphuric Acid 98% Single Super	MT	11.000	28,473	11.000	28,473
Phosphate Powder Granulated Single	MT	3115.864	94,75,130	29.135	94,252
Super Phosphate	MT	29.800	1,13,240	30.000	1,13,240
Ferric Alums (Solid)	MT	2.000	5,900	2.000	5,900
Ferric Alums(Liquid)	MT	22.780	38,498	22.780	38,498
Total:			<u>96,61,241</u>		<u>2,80,363</u>

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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	1666.835	84,92,309
Dilute Sulphuric Acid	MT	856.252	14,28,394	1,574.232	19,96,889
HDPE Bags & Others					
Raw materials (Nos.)		Nil	Nil	Nil	Nil
Bauxite	MT	265.500	3,90,460	Nil	Nil
Sulphuric Acid	MT	Nil	Nil	Nil	Nil
Others	MT	Nil	21,735	Nil	Nil
Total:			21,29,748		1,04,89,198

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

	As At 31 st March, 2010 Rupees	As At 31 st March, 2009 Rupees
8. Auditors Remuneration		
Audit fees	3,30,900	66,144
Tax Audit Fees	1,65,450	44,096
Others Matters	-	-
Total	<u>4,96,350</u>	<u>1,10,240</u>
9. Directors Remuneration		
Salaries and		
Company's Contribution to PF	<u>26,40,527</u>	<u>27,90,000</u>
Total	<u>26,40,527</u>	<u>27,90,000</u>

- J) The company has converted land into stock in trade. The proportionate sale proceeds relating to such conversion is accounted for in the capital reserve. This accounting treatment is based on expert opinion obtained by the Company.
- K) 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

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

Place : Mumbai
Dated : 06/08/2010

For Bharat Fertiliser Industries Limited

Y. D. Patel
Chairman & Mg. Director

A. Y. Patel
Joint Mg. Director

Chandni Y. Patel
Director

A. J. Chakote
Company Secretary

K. N. Jethwa
Director

Shirish Gajendragadkar
Director

S. M. Bhadrecha
Director

Place : Mumbai
Date : 06/08/2010

BHARAT FERTILISER INDUSTRIES LTD.

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st March, 2010

<u>PARTICULARS</u>	<u>2009-10</u> <u>Rupees</u>	<u>2008-09</u> <u>Rupees</u>
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax as per Profit & Loss A/c	6,18,69,081	(1,14,45,223)
Adjusted : Depreciation & write off	32,55,519	90,62,163
Interest	30,19,227	51,71,204
Exceptional Items-Goodwill Written off	2,83,15,793	1,56,97,409
Short provision for IT Written Off	-	12,125
Capital Receipt Reserve	5,90,72,444	56,57,024
Interest received	(5,51,036)	(2,00,982)
Transfer of Capital Asset into Stock in Trade	-	2,59,651
Dividend Income	(68,400)	(6,1560)
Exceptional Items	(2,83,15,793)	-
Profit on sales for car	-	(44,853)
Operating Profit before Working Capital Charges	12,65,96,835	2,41,06,958
Adjust for		
Debtors	(1,24,983)	34,86,983
Loans and Advances	4,55,392	70,65,077
Liabilities & Provision	3,63,54,526	5,68,92,440
Inventories	(8,80,26,476)	(10,03,13,413)
Cash Generated from Operation	7,52,55,294	(87,61,955)
Income Tax and Fringe Benefit Tax Paid	44,78,639	41,402
Net Cash Flow from Operating Activities (A)	7,07,76,655	(88,03,357)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,98,25,890)	(25,54,430)
Dividend Income	68,400	61,560
Interest Received	5,47,277	1,59,580
Decrease in Investment	-	(9,500)
Net Cash Flow from Investing Activities (B)	(1,92,10,213)	(23,42,790)
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Repayment of Secured Loans	(4,19,11,857)	1,66,39,722
Proceeds from Unsecured Loans	35,00,000	(18,44,595)
Interest Paid	(20,60,252)	(57,62,998)
Net Cash Flow from Financial Activities (C)	(4,04,72,109)	90,32,129
Net Increase/(Decrease) in Cash & Cash Equivalents(A+B+C)	1,10,94,333	(21,14,018)
Cash & Cash equivalents(Closing Balance)	1,30,53,822	19,59,489
Cash & Cash equivalents(Opening Balance)	19,59,489	40,73,508
Net Increase/(Decrease) in Cash & Cash Equivalents	1,10,94,333	(21,14,018)

For Desai Saksena & Associates
Chartered Accountants

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

Place : Mumbai
Dated : 06/08/2010

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
Director

K. N. Jethwa
Director

Shirish Gajendragadkar
Director

S. M. Bhadrecha
Director

25th ANNUAL REPORT 2009 - 2010

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 25th ANNUAL GENERAL MEETING of the company being held on Monday, 27th September, 2010 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 25th Annual General Meeting of the Company to be held on Monday, 27th September, 2010, and at any adjournment thereof.

Signed this _____ day of _____ 2010

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.