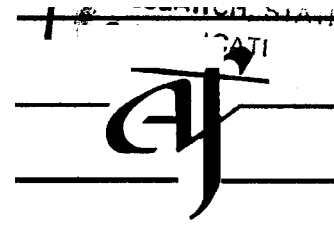


14th ANNUAL REPORT 1998-99



ASIAN
fertilizers ltd.




BOARD OF DIRECTORS

Shri G. N. GUPTA, Chairman
 Shri B. L. MATANHELIA, Managing Director
 Shri A. K. MATANHELIA
 Shri K. C. MADAN
 Shri DEEPAK SINHA, Nominee (IFCI)
 Shri N. K. MATANHELIA
 Shri D. P. MATANHELIA
 Shri P. K. MATANHELIA

GENERAL MANAGER

Shri H. C. PANDE

AUDITORS

M/s KAPOOR TANDON & CO.

Chartered Accountants
 KANPUR

BANKERS

PUNJAB NATIONAL BANK,
 GORAKHPUR

REGISTERED OFFICE

47/81, HATIA, KANPUR-208 001

ADMINISTRATIVE OFFICE

43/C PATTHAR KOTHI,
 KASIA ROAD, BETIA HATA
 GORAKHPUR - 273 001

PLANT

SARDARNAGAR
 GORAKHPUR (U. P.)

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**14th Annual General Meeting
 on Thursday, the 30th Sept. 1999
 at the
 Saurabh Hotel, Birhana Road,
 Kanpur at 11.00 a.m.**



ASIAN fertilizers ltd.

NOTICE

NOTICE is hereby given that 14th Annual General Meeting of M/s. ASIAN FERTILIZERS LIMITED will be held on 30th September 1999, Friday at Saurabh Hotel, Birhana Road, Kanpur, U. P.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March 1999 and the Balance Sheet as at that date, the Auditor's Report thereon and the Director's Report.
2. To appoint a Director in place of Shri N. K. Matanhelia who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri P. K. Matanhelia who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri G. N. Gupta who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. Kapoor Tandon & Co. Chartered Accountants, the retiring Auditors are eligible for re-appointment.

SPECIAL BUSINESS

6. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution.
RESOLVED THAT Pursuant to the applicable provisions of the Companies Act, 1956 and subject to such approval & sanction as may be necessary, Shri Banwari Lal Matanhelia be and is hereby appointed as Managing Director of the company for a period of five years with effect from 01.10.99 and entitled to the following remuneration, payment, benefits and amenities and the term of appointment of Shri Banwari Lal Matanhelia namely :
 - a. The Managing Director shall subject to supervision and control of the Board of Directors be in over all incharge of the company's activities and shall perform such other duties and services and exercise such further powers as shall from time to time entrusted to him by the Board of Directors.
 - b. Remuneration at the rate of Rs. 12,000/- per month or at such higher rate as is permissible under the act as may be decided by the Board of Directors.
 - c. Commission @ 2% of the net profit of the company arrived at in accordance with the provision of section 198, 269, 309 & 349 of the Companies Act, 1956.
 - d. Leave travel for 20 days in a year, with family members at any place throughout the country at entire cost of the company.
 - e. Reimbursement of charges for Books and Periodicals, subject to maximum of Rs. 1000/- per month.
7. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution.
RESOLVED THAT Pursuant to provisions of section 198, 269, 309 schedule XIII and other applicable provisions of the Companies Act, 1956 the company hereby approves the appointment of Shri Ashok Kumar Matanhelia as the Whole Time Director for a period of five years w.e.f. from 01.10.99 and the consent be and is hereby accorded to the following remuneration, payments, benefits, amenities and the term of appointment of Shri Ashok Kumar Matanhelia namely :
 - a. The Director shall subject to supervision and control of the Board of Directors be in overall incharge of the company's activities and in particular attend to all matters concerning production, planning, manufacture, finance, marketing and administration and shall perform such other duties and services and exercise such further powers as shall from time to time be entrusted to him by the Board of Directors.
 - b. Remuneration at the rate of Rs. 10,000/- per month or at such higher rates as is permissible under the act.
 - c. Rent free furnished residential accommodation, the company paying or reimbursing all rents or and allowance in



lieu thereof.

- d. Gratuity computed at one half month remuneration for each completed year of service.
 - e. Maintenance of telephone at the entire cost of the company at his place of residence.
 - f. Exclusive free use of a motor car for the business of the company with full maintenance charges in respect thereof such as chauffeur's salary, garage rent, fuel, repairs, insurance, taxes, overhauling charges etc. at entire cost of the company.
 - g. Commission @ 2% of the net profits of the company arrived at in accordance with the provision of section 198, 269, 309 & 349 of the Companies Act, 1956.
 - h. Leave travel for 10 days in a year, with family members at any place throughout the country at entire cost of the company.
 - i. Reimbursement of charges for Books & periodicals, subject to the maximum of Rs. 1000/- per month.
Provided that in the event of absence or inadequacy of profits in any year a remuneration of Rs. 10,000/- per month together with the payments, benefits and amenities aforesaid shall nevertheless be paid or allowed as minimum remuneration for such year.
8. To appoint Shri Hem Chandra Pande as Director (designated as Executive Director) in respect of whom the company has received a Notice in writing from a member proposing the candidature for the office of the Director in accordance with the provision of section 257 of the Companies Act, 1956.
- To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution.
- RESOLVED THAT Pursuant to applicable provisions of the Companies Act, 1956 and subject to such approval sanction as may be necessary, Shri Hem Chandra Pande be and is hereby appointed as Executive Director of the company for a period of five years w.e.f. 01.10.99 and consent be and is hereby accorded to the following remuneration, payments, benefits and amenities and the terms of appointment of Shri Hem Chandra Pande namely :
- a. The Director shall subject to the supervision and control of the Board of Directors, be in overall incharge of the company's activities and in particular attend to all matters concerning production, planning, manufacturing, finance, marketing and administration and shall perform such other duties and services and exercise such further powers as shall from time to time be entrusted to him by the Board of Directors.
 - b. Remuneration at the rate of Rs. 10,000/- per month or at such higher rate as is permissible under the act, so however that remuneration does not exceed Rs. 10,000/- per month, as may be decided by the Board of Directors.
 - c. Rent free furnished residential accommodations, the company paying or reimbursing all rents or and allowance in lieu thereof.
 - d. Gratuity computed at one half months remuneration for each completed year of service.
 - e. Maintenance of telephone at the entire cost of the company at his place of residence.
 - f. Exclusive free use of a motor car for the business of the company with full maintenance charges in respect thereof such as chauffeur's salary, garage rent, fuel, repairs, insurance, taxes, overhauling charges etc. at entire cost of the company.
 - g. Leave travel for 10 days in a year, with family members at any place throughout the country at entire cost of the company.
 - h. Reimbursement of charges for Books & periodicals, subject to the maximum of Rs. 1000/- per month.
Provided that in the event of absence or inadequacy of profits in any year a remuneration of Rs. 10,000/- per month together with the perquisites and amenities aforesaid shall nevertheless be paid or allowed as minimum remuneration for such year.



NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and on poll to vote instead of himself. Such a proxy need not be a member of the company. Proxies in order to be effective must be received by the company not less than 48 hours before the meeting. A Proxy so appointed shall not have any right to speak at the meeting.
2. The register of members and transfer books of the company will remain closed from 27th September 1999 to 30th September 1999 both days inclusive.
3. Members are requested to send their queries in advance to the corporate office of the company to facilitate clarification during the meeting.
4. Members are requested to quote their folio number in all correspondence with the company and to notify immediately any change in their address.
5. Members/Proxy Holders are requested to bring their copy of Annual Report alongwith them at the meeting.
6. Members are requested to inform the company about their Permanent Account Number (PAN) / General Index Register (GIR No.) allotted to them by Income Tax Authorities.

Gorakhpur
28th August, 1999

(B. L. MATANHELIA)
Managing Director

(A. K. MATANHELIA)
Director





EXPLANATORY STATEMENT

ITEM NO. 6

The Board of Directors of the company at the meeting held on 28th August 1999 considered appointment of Shri Banwari Lal Matanhelia as the Managing Director of the company for a period of five years subject to the approval of the members in terms of section 269 and other applicable provisions of the Companies Act, 1956.

The material terms of appointment of Shri Banwari Lal Matanhelia are given hereunder :

- a. The Managing Director shall subject to supervision and control of the Board of Directors be in overall incharge of the company's activities and shall perform such other duties and services and exercise such further powers as shall from time to time entrusted to him by the Board off Directors.
- b. Remuneration at the rate of Rs. 12,000/- per month or at such higher rate as is permissible under the act as may be decided by the Board of Directors.
- c. Commission @ 2% of the net profit of the company arrived at in accordance with the provision of section 18, 269, 309 & 349 of the Companies Act, 1956.
- d. Leave travel for 10 days in a year, with family members at any place throughout the country at entire cost of the company.
- e. Reimbursement of charges for Books & periodicals, subject to the maximum of Rs. 1000/- per month.

Except Shri Banwari Lal Matanhelia and Shri Neeraj Kumar Matanhelia no other Director of the company is concerned or interested in the aforesaid resolution and the Board of Directors of your company recommends this Resolution for your approval.

This should be considered also as an abstract of the Terms of Appointment of Shri Banwari Lal Matanhelia as Managing Director of the company and a memorandum as to the nature of the concern or interest of the Directors in the said appointment, as required under section 302 of the Companies Act, 1956.

ITEM NO. 7

Shri Ashok Kumar Matanhelia is the promoter director of the company, having regard to the valuable services rendered by him to the company, the Board of Directors of the company at the meeting held on 28th August 1999 considered appointment of Shri Ashok Kumar Matanhelia as the Whole Time Director of the company for a period of five years subject to the approval of the members in terms of section 269 and other applicable provisions of the Companies Act, 1956.

The material terms of appointment of Shri Ashok Kumar Matanhelia are given hereunder :

- a. The Director shall subject to supervision and control of the Board of Directors be in overall incharge of the company's activities and in particular attend to all matters concerning production, planning, manufacture, finance, marketing and administration and shall perform such other duties and services and exercise such further powers as shall from time to time be entrusted to him by the Board of Directors.
- b. Remuneration at the rate of Rs. 10,000/- per month or at such higher rate as is permissible under the act.
- c. Rent free furnished residential accommodations, the company paying or reimbursing all rents or and allowance in lieu thereof.
- d. Gratuity computed at one half months remuneration for each completed year of service.
- e. Maintenance of telephone at the entire cost of the company at his place of residence.
- f. Exclusive free use of a motor car for the business of the company with full maintenance charges in respect thereof such as chauffeur's salary, garage rent, fuel, repairs, insurance, taxes, overhauling charges etc. at entire cost of the company.
- g. Commission @ 2% of the net profits of the company arrived at in accordance with the provision of section 198, 269, 309 & 349 of the Companies Act, 1956.
- h. Leave travel for 10 days in a year, with family members at any place throughout the country at entire cost of the company.
- i. Reimbursement of charges for Books & periodicals, subject to the maximum of Rs. 1000/- per month.

Provided that in the event of absence or inadequacy of profits in any year a remuneration of Rs. 10,000/- per month together with the payments, benefits and amenities aforesaid shall nevertheless be paid or allowed as minimum remuneration for such



year.

Except Shri Ashok Kumar Matanhelia and Shri Pramod Kumar Matanhelia no other Director of the company is concerned or interested in the aforesaid resolution and the Board of Directors of your company recommends this Resolution for your approval.

This should be considered also as on abstract of the Terms of Appointment of Shri Ashok Kumar Matanhelia as Whole Time Director of the company and a memorandum as to the nature of the concern or interest of the Directors in he said appointment, as required under section 302 of the Companies Act, 1956.

ITEM NO. 8

A Notice in accordance with the provision of the section 257 of the companies act, 1856 was received by the company proposing the appointment of Shri Hem Chandra Pande as a Director of the company.

Shri Hem Chandra Pande joined the company as General Manager of the company, having regard to the valuable services rendered by him to the company, the Board of Directors of the Company at the meeting held on 28th August 1999 considered appointment of Shri Hem Chandra Pande as the Executive Director of the company for a period of five years subject to the approval of the members in terms of section 269 and other applicable provisions of the Companies Act, 1956.

The material terms of appointment of Shri Hem Chandra Pande are given hereunder :

- a. The Director shall subject to supervision and control of the Board of Directors be in overall incharge of the company's activities and in particular attend to all matters concerning production, planning, manufacture, finance and administration and shall perform such other duties and services and exercise such further powers as shall from time to time be entrusted to him by the Board of Directors.
- b. Remuneration at the rate of Rs. 10,000/- per month or at such higher rate as is permissible under the act so however that remuneration does not exceed Rs. 10,000/- per month, as may be decided by the Board of Directors.
- c. Rent free furnished residential accommodations, the company paying or reimbursing all rents or and allowance in lieu thereof.
- d. Gratuity computed at one half months remuneration for each completed year of service.
- e. Maintenance of telephone at the entire cost of the company at his place of residence.
- f. Exclusive free use of a motor car for the business of the company with full maintenance charges in respect thereof such as chauffeur's salary, garage rent, fuel, repairs, insurance, taxes, overhauling charges etc. at entire cost of the company.
- g. Leave travel for 10 days in a year, with family members at any place throughout the country at entire cost of the company.
- h. Reimbursement of charges for Books & periodicals, subject to the maximum of Rs. 1000/- per month.

Provided that in the event of absence or inadequacy of profits in any year a remuneration of Rs. 10,000/- per month together with the perquisites, benefits and amenities aforesaid shall nevertheless be paid or allowed as minimum remuneration for such year.

Except Shri Hem Chandra Pande no other Director of the company is concerned or interested in the aforesaid resolution and the Board of Directors of your company recommends this Resolution for your approval.

This should be considered also as an abstract of the Terms of Appointment of Shri Hem Chandra Pande as Executive Director of the company and a memorandum as to the nature of the concern or interest of the Directors in the said appointment, as required under section 302 of the Companies Act, 1956.


ASIAN fertilizers ltd.

DIRECTOR'S REPORT

To,
The Members,

Your Directors have the pleasure in presenting the 14th Annual Report, Audited Profit & Loss Account and Audited Balance Sheet for the financial year ending 31st March 1999 of your Company.

1. THE FINANCIAL RESULTS :

Profitability	1998-99 Rs.	1997-98 Rs.
Net Profit before interest and Non Cash Items	2,39,87,970	1,46,30,435
Less : Interest	1,28,76,855	1,43,42,398
Net Profit before Non Cash Items	1,11,11,115	2,88,037
Less : Depreciation	1,01,77,909	89,57,620
Deferred Revenue Expenditure W/Off	3,27,740	3,27,740
Net Profit/(Loss) before Tax	6,05,466	(89,97,323)

2. THE DIVIDEND :

From the financial results of the year under review, it is evident that your company has made profit before depreciation and net profit Rs. 6.05 Lacs. However in view of carry forward losses, no dividend is proposed.

3. PLANT OPERATIONS :

During the year, inspite of unprecedented floods disrupting all rail/road movements for about two months, the company achieved production of 60713 MT of SSP with capacity utilization of 92% as against the capacity utilization of 73% of the previous year. Except during floods in the month of Aug. & Sept., the supply of raw material was regular resulting capacity utilization of 92% with all India ranking in first 10 SSP manufacturing units.

4. EXPORT/MARKETING :

During the year the export was only 2210 MT against the export of 14175 MT of the previous year. The shortfall in the export sales was because of unremunerative export price of SSP in Bangladesh. The domestic price of SSP was more remunerative compared to the export price leading to, the position that there was no inducement for export. The foreign exchange earning for 2210 MT of SSP were USD 1.59 Lacs only.

5. FINANCE :

The One Time Settlement for the payment of institutional dues agreed in March '97 had to be reviewed because of external factors of inclement weather conditions, unprecedented severe flood and unfavourable subsidy policies of the Government. These factors resulted inadequate generation of surplus resources coupled with the position that financing Bank maintained the status-quo and did not enhance the credit limits to meet the working capital requirement. The company re-approached the financial institutions for reconsidering and review of the One Time Settlement. The proposal for reduction in the interest rate from 20% to 17.5% from the year 1997-98 onwards and re-scheduling deferment of instalments of principal and interest has been agreed. During the financial year the institutions were paid Rs. 33,11,610/- only.

6. THE FUTURE PROSPECTS :

The Company is marketing its product in the brand name of 'SULPHUR RICH PASHUPATI SINGLE SUPER PHOSPHATE' and with the passage of time, have established wide acceptance amongst the dealers, retailers and farmers. The Company is having its marketing network in U.P.

In addition, the arrangements have been made with the Fertilizer Corporation of India Ltd. (A Govt. of India Undertaking) for marketing our product in the state of West Bengal and Bihar. The arrangement is working satisfactorily as FCI Ltd. is having its strong dealers network in the above states and the company has the advantages of making available the "Product-Mix" to the farmers through above arrangements.

The enhanced Subsidy of Rs. 900/- per MT by the Govt. of India has continued till 31.03.99 and is still continuing. This has helped in arresting the growing N.P.K. imbalance and has improved the marketing prospects and profitability of your company.



7. INDUSTRIAL RELATIONS :

During the year, the company maintained extremely cordial relations with the employees and there has been no incidence of strike and labour un-rest resulting in the higher quantum of production.

8. PUBLIC DEPOSITS :

During the year, your company has not invited any deposits from public in terms of provisions of Section 58-A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

9. PARTICULARS OF EMPLOYEES :

There was no employee in the company whose particulars are required to be given pursuant to Section 217 (2A) of Companies Act, 1956.

10. TOTAL QUALITY MANAGEMENT :

The emphasis on quality management followed by your company have yielded harmonious relationship at all levels. The management philosophy to have a strong marketing focus with excellent customer's service in wide ranging marketing area is apparent from the excellent achievement on this score.

11. CONSERVATION OF ENERGY :

Your company has been making continuous effort to reduce energy consumption and achieve high plant operating efficiencies. The company has engaged the service of one leading technical consultant to improve the plant efficiency including power generation & consumption. The requisite information with regard to conservation technology absorption and foreign exchange earning and out go in terms of the Companies Act, 1956 (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is set out in a separate statement attached here to (Annexure-I)

12. ENVIRONMENT :

The focus of your company is "Environment friendly" and quality production by adopting stringent controls for pollution free plant running coupled with regular monitoring arrangements for air, water and effluent zero level pollution.

13. YEAR 2000 ISSUE :

The company is fully aware of the problems arising out of year 2000 issue. It has availed the services of external experts to solve this problem by 31.12.1999.

14. AUDITORS :

M/s. Kapoor Tandon & Co., Chartered Accountants, Kanpur retire at the conclusion of ensuing "ANNUAL GENERAL MEETING" and being eligible have offered themselves for re-appointment. The company has received a certificate from the Auditors that the re-appointment, if made, will be in accordance with the provisions of Section 224 (1B) of the Companies Act, 1956.

15. COMMENTS ON AUDITOR'S REPORT :

The comments of the auditors in their report and reference to "Notes on Accounts" forming part of the financial statements are self explanatory and need no further elucidation.

16. ACKNOWLEDGEMENT :

Your directors would like to express their sincere thanks and appreciation for the co-operation, assistance and guidance extended by the Central, State Government, the Financial Institutions, the Bankers, the Investors and the Customers. Your directors wish to place on record, the deep sense of appreciation for the devoted services and also express deep regrets on the sad demise of Shri B. K. Goel, Ex-Works Manager and Shri Bajrang Lal Matanhelia and recognise their contribution for the cause of the company.

For & on Behalf of the Board

Gorakhpur
28th August, 1999

(B. L. MATANHELIA)
Managing Director

(A. K. MATANHELIA)
Director