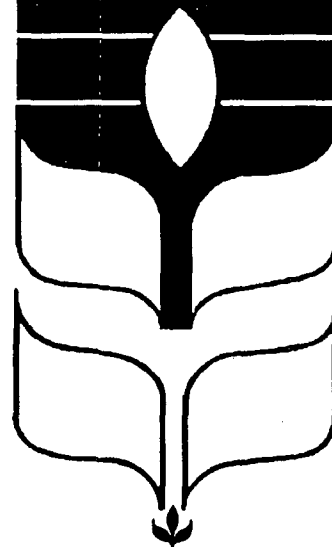


# 19th ANNUAL REPORT 2003-2004



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**ASIAN**  
*fertilizers ltd.*



## BOARD OF DIRECTORS

Shri G. N. GUPTA, Chairman  
 Shri A. K. MATANHELIA, Managing Director  
 Shri K. C. MADAN  
 Shri S. K. BHANDARI, Nominee (IFCI)  
 Shri N. K. MATANHELIA  
 Shri D. P. MATANHELIA  
 Shri P. K. MATANHELIA  
 Shri Anurag TULSYAN

## AUDITORS

**M/s KAPOOR TANDON & CO.**

Chartered Accountants  
 KANPUR

## BANKERS

PUNJAB NATIONAL BANK,  
 GORAKHPUR

## REGISTERED OFFICE

47/81, HATIA, KANPUR-208 001

## ADMINISTRATIVE OFFICE

23, CIVIL LINES  
 GORAKHPUR - 273 009

## PLANT

SARDARNAGAR  
 GORAKHPUR (U.P.)

## CONTENTS

Notice	2
Director's Report	3-10
Auditor's Report	11-14
Balance Sheet	15
Profit & Loss Account	16
Schedule	17-21
Notes on Accounts	22-24
Additional Information	25-29
Cash Flow Statement	30
Auditor's Certificate	31

**19th Annual General Meeting  
 on Saturday, the 25th Sep. 2004  
 at  
 Saurabh Hotel, The Mall,  
 Kanpur at 2.00 p.m.**



**ASIAN fertilizers ltd.**

## NOTICE

NOTICE is hereby given that 19th Annual General Meeting of **M/s. ASIAN FERTILIZERS LIMITED** will be held on 25th Sept. 2004 at 2.00 p.m. at Hotel Saurabh, The Mall, Kanpur, U.P.

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on 31st March 2004 (July 03 to March 04) and the Balance Sheet as on that date, the Auditor's Report thereon and the Director's Report.
2. To appoint a Director in place of Shri G. N. Gupta who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri N. K. Matanhelia who retires by rotation and being eligible offers himself for re-appointment.
4. 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.

## 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 19th Sept. 2004 to 25th Sept. 2004 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  
July 29, 2004

(A. K. MATANHELIA)  
Managing Director

(N. K. MATANHELIA)  
Director



## DIRECTOR'S REPORT

To,  
The Members,

Your Directors are glad to present the 19th Annual Report, Audited Balance Sheet and Audited Profit and Loss Account for the financial year ending 31st March '04. (July '03 to March '04) of your company.

### 1. THE FINANCIAL RESULTS :

Profitability	2003-2004 Rs.	2002-2003 Rs.
Loss before Depreciation, Taxation and Extraordinary Items	8,89,374	41,23,733
Add :		
Deferred Revenue Expenditure W/Off	2,14,342	3,17,252
Depreciation	36,89,956	55,68,688
Loss for the year before Extraordinary Items	47,93,672	1,00,09,673
Less :		
Interest Relating to Earlier Year Written back	1,17,92,170	1,79,87,864
Net Profit / (Loss) after Extraordinary Items	69,98,498	79,78,191

### 2. THE DIVIDEND :

From the financial results for the period under review, it is evident that though your Company has earned net profit of Rs. 69.98 Lacs, but in view of carry forward loss of Rs. 818.92 Lacs, your Directors regret that it would not be possible to declare any dividend.

### 3. PLANT OPERATIONS :

Pursuant to the purchase agreement entered in to with M/s. Shriram Fertilizers & Chemicals (a Division of DCM Shriram Consolidated Ltd.) on 22-10-02, your company has been able to achieve production of 56192 MT of SSP during the period July '03 to March '04 against the targetted production of 56000 MT which is not only more than 100% of the production target agreed with M/s. Shriram Fertilizers and Chemicals but also more than 100% of the licensed capacity of the plant. The resultant effect of the above achievement is that the company has been able to repay the dues of Punjab National Bank and the Financial Institutions to the extent of more than 100% of the targetted repayment @ 100/- per MT each out of conversion charges paid by M/s. Shriram Fertilizers for despatch of 56145 MT of SSP to them for the period July 2003 to March 2004.

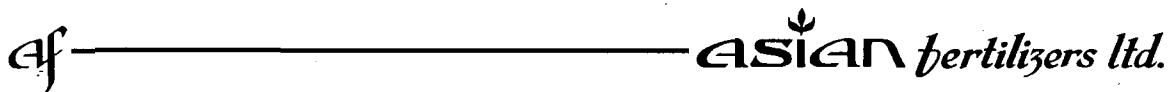
### 4. SUBSIDY :

The Company faced an unfavourable situation due to withholding of the subsidy claims by the Government of India for the years 1998-99 and 1999-2000 because of certain enquiries through Income Tax & Agriculture Department against all manufacturers of the state including your company. The Company was successful in satisfying the enquiry agencies. Thereafter, after vigorous persuasion with U.P. State Govt. authorities, the claims for balance amount of Rs. 48.93 lacs relating to sales in U.P. upto 31-03-2000 have recently been finally verified by the Director of Agriculture U.P. and forward to Govt. of India for releasing payment.

In case of sales in Bihar, claims for Rs. 28.51 upto the period 31-03-2000 are outstanding. The verification of Sales at district level has been completed and it is expected that the final verification by Director of Agriculture Bihar shall also be completed shortly for submission of claims to Govt. of India for payment.

### 5. FINANCE :

Due to the financial crisis faced by the company in the past, the dues of Punjab National Bank and Financial



Institutions could not be paid in accordance with the time schedule envisaged under earlier OTS proposals. Consequently the Financial Institutions revoked the OTS arrangements and approached DRT for recovery of the debt of Rs. 3137 Lacs. However consequent to entering into a purchase agreement with M/s. Shri Ram Fertilizers & Chemicals, the company approached the Bank and the IFCI Ltd. and other institutions for an amicable settlement of their dues with the proposed repayment of the principal of Rs. 845.40 Lacs in instalments payable upto 31-03-2006 and waiver of interest upto 31-03-2003. The aforesaid settlement has been agreed by the Punjab National Bank and IFCI Ltd. However because of non receipt of old outstanding subsidy of Rs. 123.00 lacs up to the period 31-03-2000 and some short fall in the targetted production for the year 2002-03 and 2003-04, there has been a default of Rs. 66.78 lacs in case of PNB and Rs. 24.04 lacs in case of IFCI in repayment of agreed instalments of loan under OTS. Deferment proposal for the payment of above default amount have been furnished to the above institutions and it is expected that this will be approved by the respective institutions.

In the context of non receipt of approval of OTS from ICICI Bank Ltd. and IDBI, the company further negotiated with ICICI Ltd. with the amended terms of settlement and they have agreed for waiver of principal amount of Rs. 39.00 lacs and total interest of Rs. 117.92 lacs. Out of agreed repayment of principal amount of Rs. 64.00 lacs, entire amount has since been paid.

In case of IDBI also, a fresh OTS proposal has been agreed by them extending the tenure of repayment up to 31-03-2007 and waiver of interest up to 31-03-2005.

#### **6. INDUSTRIAL RELATIONS :**

The company has generally maintained cordial relations with the employees.

#### **7. PUBLIC DEPOSITS :**

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

#### **8. REFERENCE TO SICK INDUSTRIAL COMPANIES (SPECIAL PROVISION) ACT, 1985 :**

The company had brought forward losses of Rs. 968.69 Lacs as at 30.06.2002. The issued share capital of the company is Rs. 783.59 Lacs. In view of the accumulated losses, the company has approached BIFR for registration as Sick company but the application of the company has been rejected on some technical grounds of limitation.

#### **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 has yielded harmonious relationship at all levels. The management philosophy to have a strong marketing focus with excellent customer's service in a wide ranging marketing area is apparent from the excellent achievement on this score in the past.

#### **11. CONSERVATION OF ENERGY :**

Your company has been making continuous efforts to reduce energy consumption and achieve high plant operating efficiencies. To minimize the power cost, a fresh turbine has been installed. The requisite information with regard to conservation, technology absorption and foreign exchange earning and outgo in terms of the companies Act. 1956 (Disclosure of particulars in the report of Board of Directors) Rules. 1988 is setout 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


**ASIAN fertilizers ltd.**

free plant running coupled with regular monitoring arrangements for air, water and effluent zero level pollution.

### 13. DIRECTORS RESPONSIBILITY STATEMENT :

As required under section 217 (2AA) of the Companies Act 1956, your Directors state that :

- In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departure.
- The accounting policies released and applied are consistent 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.
- Proper and sufficient care has been taken for the maintenance of adequate accounting 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.
- The annual accounts have been prepared on going concern basis.

### 14. CORPORATE GOVERNANCE :

The code of Corporate Governance has been implemented in the company.

#### I. The Company's philosophy :

Your company strongly believes in good corporate governance. Strong corporate governance policy reflects healthy business growth besides being a significant weapon of investor protection. Good corporate governance provides an appropriate frame work to the Board & Management to carry out the objectives that are in the interest of the company and share holders.

#### II. Board of Directors :

The present strength of Board is eight and comprises of one executive and seven non-executive directors. IFCI Ltd. have nominated Shri S.K. Bhandari, Asstt. General Manager, IFCI Ltd., Lucknow as its nominee on the Board of the company to replace Shri K. Kalyan Sundaram with effect from the next Board Meeting.

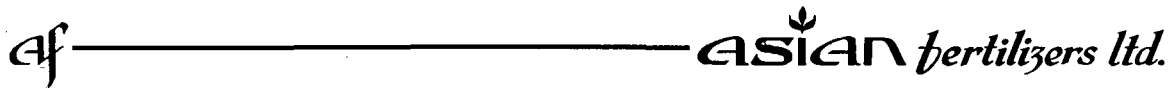
Following table gives the details of directors attendance of the Board Meetings during the year July 2003 to March 2004 and at the last Annual General Meeting, number of membership held by directors in the Board / Committee.

S.No.	Name	Category	Attendance particulars Board Meeting	Other committee Membership/Chairmanship
1.	Mr. A.K. Matanhelia,	Managing Director	4	
2.	Mr. G.N. Gupta, Chairman		2	
3.	Mr. K.C. Madan, Director		2	
4.	Mr. K. Kalyansundaram (IFCI Nominee)		3	
5.	Mr. N.K. Matanhelia, Director		4	
6.	Mr. D.P. Matanhelia, Director		2	1
7.	Mr. P.K. Matanhelia, Director		4	-
8.	Mr. Anurag Tulsyan		4	1

Brief resume of the directors who retire by rotation and being eligible offer themselves for re-appointment.

Mr. G.N. Gupta is a retired Chairman of Board of Direct Taxes, Government of India and is associated with the company since long.

Mr. N.K. Matanhelia is a business man having vast experiences in the marketing of cement and is associated with the company since very beginning and is also promoter of the company.



### III. Audit committee :

The Audit committee constituted by your Board of Directors consists of four non-executive directors of which three are independent Directors.

The terms of reference specified by the Board to the audit committee are as contained under clause 49 of the listing agreement and Section 292-A of the Companies Act, 1956 and are as follows :-

- a. Oversight of the financial reporting, disclosure of financial information.
- b. Fixation of Audit Fees
- c. Review of annual financial statements, change in accounting policies and practices, qualification in draft audit report, compliance with accounting standards, compliance with Stock Exchanges and legal requirement and transactions of material nature including promoters and subsidiary concerns.
- d. Review of internal & external audit report and adequacy of internal control system.
- e. Review of internal investigation, in case of suspected fraud or irregularity, review of financial and risk management policies.
- f. Review of default in payment

During the year, (July 2003 to March 2004) the meeting of audit committee was held four times. The meeting of the audit committee was also attended by Head of Accounts & Finance Deptt. and the Cost Auditor of the company and the audit report covered the items as per the term of reference.

### IV. Remuneration committee :

The non-executive directors are not paid any remuneration. The remuneration of Managing Director amounting to Rs. 1.56 Lacs per annum has been fixed since his appointment in the year 2001-02.

### V. Shareholders/Investors Grievances committee :

The committee comprises of Shri N.K. Matanhelia,, Chairman, and Shri K.C. Madan, Shri A.K. Matanhelia and Shri Anurag Tulsyan as members. The committee is regularly reviewing the complaints received from the investors and compliance thereof. No investors complaint is pending with the company except that of Shri K.D. Chuttar which is being looked into.

### VI. General Body Meeting :

The last three Annual General Meeting were held as under :-

Year	Location	Date	Time
2000-2001	Hotel Saurabh Kanpur	29.12.2001	1 p.m.
2001-2002	Hotel Saurabh, Kanpur	27.02.2003	2 p.m.
2002-2003	Hotel Saurabh, Kanpur	29.11.2003	2 p.m.

### VII. Disclosures :

- a. Disclosures on materially significant related party transactions i.e. transactions of the company of material nature with its promoters, the directors of the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large.

None of the transactions with any of the related parties were in conflict with the interests of the company wherever necessary.

- b. Details of non-compliance by the company, penalties, structures imposed on the company by Stock Exchange or SEBI or any statutory authority, or any matter related to capital markets, during the last three years.

There were no instances of non-compliance of any matter related to the capital markets during the last three years.

### VIII. Means of communications :

The quarterly and half yearly unaudited financial results are being published in the local newspapers at Kanpur. The result for the last quarter ended on 31.03.04 was published in the Pioneer (English) and Swatantra Bharat (Hindi) at Kanpur on 30.06.04.


**ASIAN fertilizers ltd.**
**IX. General shareholders informations :**

- a. Annual General Meeting Date & Time : 25th Sept. 2004 at 2 p.m., Venue : Hotel Saurabh, Kanpur.  
 b. Next financial year 2004-2005 (Tentative)

Board Meeting-Result for the year quarter	Last week
ending 30.06.04	Jul. 2004
ending 30.09.04	Oct. 2004
ending 31.12.04	Jan. 2005
ending 31.03.05	Jun. 2005

- c. Date of Book closure 19th Sept. 2004 to 25th Sept. 2004.  
 d. Listing of Equity shares on Stock Exchanges.  
 i. The U.P. Stock Exchange Association Ltd., Padam Towers, 14/113, Civil Lines, Kanpur.  
 ii. The Stock Exchange Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001.  
 iii. The Delhi Stock Exchange Association Ltd., DSE House, 1/3 Asaf Ali Road, New Delhi-110 002.  
 iv. The Calcutta Stock Exchange Association Ltd., 7, Lyons Range, Calcutta.  
 v. Stock Market Data is not available  
 vi. Share Transfer System

The share transfer cases are processed manually at the company's administrative office, Gorakhpur. The shares are returned within 15 days from the date of receipt.

- vii. Share holding pattern :

Category	No. of shares	%of shareholding
Shares held by Mutual Funds	122100	1.56
Shares held by NRIs	2000	0.03
Shares held by Body Corporate	3366500	42.96
Shares held by Directors	242500	3.09
Shares held by Others	4102800	52.36
Total :	7835900	

- viii. Dematerialization of shares

The company's shares have not been dematerialized till 30.06.04

- ix. Plant location

Village : Deokahiya, Sardar Nagar, Gorakhpur

**X. Address for investors correspondence :**

Share holders correspondence should be addressed to the company's administrative office, 23, Civil Lines, Gorakhpur.

**15. DIRECTORS :**

Shri G.N. Gupta & Shri N.K. Matanhelia retire by rotation in ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

**16. 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.

**17. COMMENTS ON AUDITOR'S REPORT :**

In respect of the comments of the auditors in their report and reference to "Notes on Accounts" forming part of the





financial statements, it is clarified firstly that all the statutory liabilities mentioned in para 9(a) of Annexure to the Auditor's Reports stand paid and secondly, the company had approached BIFR for registration as a Sick Company as is evident from para 8 supra.

**18. ACKNOWLEDGEMENT :**

Your directors would like to express their sincere thanks and appreciation for the co-operation, assistance and guidance extended by the Central Govt., State Governments, the Financial Institutions, the Bankers, the Investors, the Customers and the employees.

For & on behalf of the Board

Gorakhpur  
July 29, 2004

(A. K. MATANHELIA)  
Managing Director

(N. K. MATANHELIA)  
Director





## ANNEXURE - I

**FORM-A**  
**(See Rule-2)**
**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.****A. Power and fuel Consumption**

	Current Year	Previous Year
<b>1. Electricity</b>		
a. Purchased Unit	24,20,263 Units	11,49,565 Units
Total Amount	1,09,71,063.00	56,81,552.00
Rate/Unit	Rs. 4.53	Rs. 4.94
b. Own Generation		
(i) Through Diesel Generator	75,941 Units (21,095 Ltrs.)	5,15,026 Units (2,44,777 Ltrs.)
Unit per ltr. of Diesel Oil	3.60 per ltr	2.10 per ltr
Cost/Unit	6.08 per Unit approx	Rs. 9.80 per Unit approx
(ii) Through steam turbine generator	5,52,216 Unit	4,88,804 Unit
Unit per ltr. of fuel Oil/Gas	Nil	Nil
Cost/Unit	not ascertainable	not ascertainable
<b>2. Coal (Specify Quality and where used)</b>		
Quantity (Tonnes)	1.957 MT	1.05 MT
Total Cost	Rs. 12,283.75	Rs. 8,655.00
Average Rate	Nil	Rs. 8242.85 per MT
<b>3. Furnace Oil</b>		
Quantity (K. Ltrs.)	Nil	36 K. litre
Total Amount	Rs. Nil	Rs. 2,58,300
Rate/K. Ltr.	Rs. Nil	Rs. 7,175
<b>4. Other/Internal generation (Please give details)</b>		
Quantity		
Total Amount		
Rate/Unit		

**B. Consumption per unit of production**

Standards (if any)	Current Year	Previous Year
1	2	3
Not fixed by the Company	54.25 Units per MT SSP	54.47 Units per MT SSP