

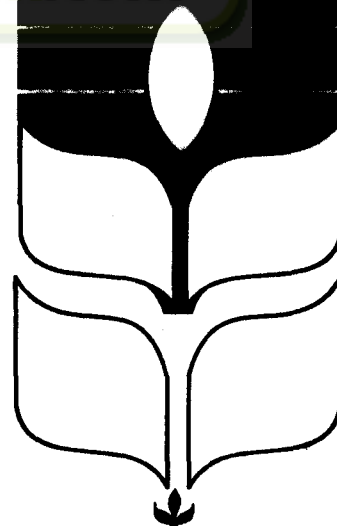
20th ANNUAL REPORT 2004-2005

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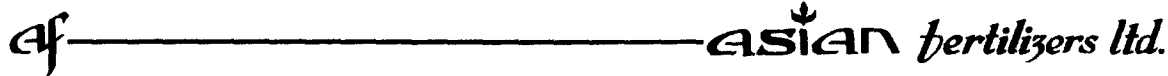
Report



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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 O.P. YADAV (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

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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.)

**20th Annual General Meeting on
 Monday, the 26th Sep. 2005
 at
 Saurabh Hotel, The Mall,
 Kanpur at 2.00 p.m.**



NOTICE

NOTICE is hereby given that 20th Annual General Meeting of **M/S ASIAN FERTILIZERS LIMITED** will be held on 26th September, 2005 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 '05 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 A.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 Anurag Tulsyan 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.

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. 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 20th Sept. 2005 to 26th Sept. 2005 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
June 25, 2005

(A. K. MATANHELIA)
Managing Director

(N. K. MATANHELIA)
Director



DIRECTOR 'S REPORT

**To,
The Members,**

Your Directors are glad to present the 20th Annual Report, Audited Balance Sheet and Audited Profit and Loss Account for the financial year ending 31st March' 05 of your company.

1. THE FINANCIAL RESULTS :

Profitability	2004-2005 Rs.	2003-2004 Rs.
Profit/ (Loss) before Depreciation, Taxation and Extraordinary Items	69,33,120	(8,89,374)
Less :		
Deferred Revenue Expenditure W/Off	-	2,14,342
Depreciation	20,80,318	36,89,956
Profit/ (Loss) for the year before Extraordinary Items	48,52,802	(47,93,672)
Add :		
Interest relating to Earlier Year Written back	-	1,17,92,170
Net Profit/(Loss) after Extraordinary Items	48,52,802	69,98,498

2. THE DIVIDEND :

From the financial results for the year under review, it is evident that though your company has earned cash profit of Rs. 69.33 Lacs, yet in view of carry forward loss of Rs. 731.38 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 64485 MT of SSP during the year 2004-05 against the targetted production of 78000 MT which is 83% of the production target agreed with M/s. Shriram Fertilizers and Chemicals and 98% of installed 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 Rs.188.85 Lacs as against targetted repayment of 209.32 Lacs. The company could not achieve the targetted production of 78000 MT of SSP only due to non availability of basic raw material i.e. Rock Phosphate. However the company could achieve 98% of capacity utilization as against average 41% utilization by the Indian Industries during the year.

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. All the claims for balance payment of subsidy relating to sales upto 31-03-2004 have recently been finally verified by the Director of Agriculture of respective states and forwarded to Govt. of India for releasing 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 proposal. 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. Shriram 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 instalment payable upto 31/03/2006 and waiver to of interest upto 31/03/2003. The aforesaid settlement has been agreed by the Punjab National Bank and financial Institutions.

In spite of constraints explained in para-4 above, the company is trying to fulfill its commitments agreed to in OTS with Punjab National Bank and Financial Institutions. Over due as on 31/03/2005 is Rs. 20.47 Lacs only.

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 had 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 set out in a separate statement attached here to (Annexure-1).

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. DIRECTORS RESPONSIBILITY STATEMENTS :

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

- a. That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departure ;
- b. That the accounting policies selected 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 at the end of the financial year and of the profit / loss of the company for that period;
- c. That 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. That the annual accounts have been prepared on a 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 O.P. Yadav Manager IFCI Ltd. Lucknow as its nominee on the Board of the company to replace Shri S.K. Bhandari with effect from the next Board Meeting.

Following table gives the details of directors attendance at the Board Meetings during the year (April 2004 to March 2005) and at the last Annual General Meeting, number of membership held by directors in the Board/ Committee.

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

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

Mr. A.K. Matanhelia is an Industrialist having vast experience in the Phosphatic Fertilizers Industry and is associated with the company since the very beginning and is also a promoter of the company.

Mr. P.K. Matanhelia is a businessman having vast experience in the marketing of cement and is associated with the company since the very beginning and is also promoter of the company.

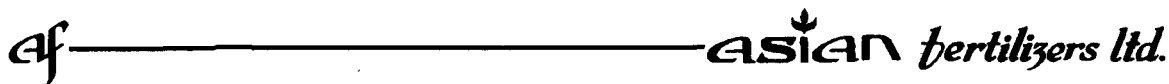
Mr. Anurag Tulsyan is a chartered Accountant having vast experience in Finance & Accounts.

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 :

- Oversight of the financial reporting, disclosure of financial information.
- Fixation of Audit Fees
- 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.
- Review of internal & external audit report and adequacy of internal control system.
- Review of internal investigation in case of suspected fraud or irregularity, review of financial and risk management policies.
- Review of default in payment.



During the year, (April 2004 to March 2005) the meeting of audit committees 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. 1.44 Lacs (per annum excluding reimbursement of expenses) 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
2001-2002	Hotel Saurabh, Kanpur	27.02.2003	2 p.m.
2002-2003	Hotel Saurabh Kanpur	29.11.2003	2 p.m.
2003-2004	Hotel Saurabh Kanpur	25.09.2004	2 p.m.

VII. Disclosures :

- 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 interest of the company at large.
None of the transactions with any of the related parties were in conflict with the interests of the company.
- 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 31.12.04 was published in the pioneer (English) and Swatantra Bharat (Hindi) at Kanpur on 02.02.05

IX. General Shareholders informations :

- Annual General Meeting Date Time : - 26th Sept. 2005 at 2 p.m., venue Hotel Saurabh, Kanpur.
- Next financial year 2005-06 (tentative)

Board Meeting-Result for the year quarter Last week

ending 30.06.05 Jul ' 2005
ending 30.09.05 Oct ' 2005
ending 31.12.05 Jan ' 2006
ending 31.03.06 Jun ' 2006

- Date of Book closure 20.09.05 to 26.09.05 (Both day inclusive).
- Listing of Equity shares on Stock Exchanges
 - The U.P. Stock Exchange Association Ltd., Padam Towers, 14/113, Civil Lines, Kanpur.
 - The Stock Exchange Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 01.
 - The Delhi Stock Exchange Association Ltd., DSE House, 1/3 Asaf Ali Road, New Delhi-110 002.
 - The Calcutta Stock Exchange Association Ltd., 7, Lyons Range Calcutta.


ASIAN fertilizers ltd.

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	114715	1.46
Shares held by NRIS	2000	0.03
Shares held by Body Corporate	3363487	42.92
Shares held by Directors	338830	4.32
Shares held by Others	4016868	51.27
Total :	<u>7835900</u>	

viii. Dematerialization of shares

The company's shares have not been dematerialized till 31.05.05

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 A.K. Matanhelia, Shri P.K. Matanhelia and Shri Anurag Tulsyan 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. ACKNOWLEDGMENT :

Your directors would like to express their sincere thanks and appreciation for the co-operation, assistance and guidance extended by the Central Govt., State Govt., the Financial Institutions, the Bankers, the investors, the customers and the employees. Your Directors wish to place on record, their deep sense of appreciation for the devoted services and also express deep regrets on the sad demise of Shri M.M. Srivastava, Ex-Finance Advisor and recognise their contribution for the cause of the company.

For & on behalf of the Board

Gorakhpur
June 25, 2005

(A.K. MATANHELIA)
Managing Director

(N.K. MATANHELIA)
Director



ANNEXURE - 1
FORM - A
(See Rule - 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.

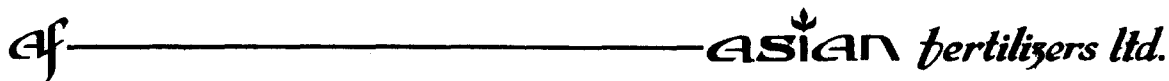
A. Power and Fuel Consumption

	Current Year	Previous Year
1. Electricity		
a. Purchase unit	2031650	2420263 units
Total Amount	Rs. 8588541.00	Rs. 10971063.00
Rate/Unit	Rs. 4.23	Rs. 4.53
b. Own Generation		
(i) Through Diesel General	46070 units (12843) Ltrs.	75941 units (21095) Ltrs. 3.60 Per Ltrs.
Unit per Ltr of Diesel oil	3.59 per Ltr. 7.24 Per Unit	6.08 per unit
Cost/Unit	approx	approx
(ii) Through steam turbine generator.	2164799 unit	552216 unit
Unit per Ltr. of fuel	Nil	Nil
Oil/Gas		
Cost/Unit	Not ascertainable	Not ascertainable
2. Coal (specify quality and where used)		
Quantity (Tonnes)	1.340 MT	1.957 MT
Total Cost	Rs. 12203.00	Rs. 12283.75
Average Rate	Rs. Nil	Rs. Nil
3. Furnace oil	Nil	Nil
Quantity (K.Ltr.)		
Total Amount	Rs. Nil	Rs. Nil
Rate / K.Ltr.	Rs. Nil	Rs. Nil
4. Other / Internal generation (Please give details)		
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	65.81 Units* per Mt SSP	54.25 Units per Mt SSP

* Consumption per unit of production has increased due to consumption of power in cooling tower installed in turbine. It has resulted in substantial increase in output from turbine i.e. from 5.59 Lacs units to 21.65 Lacs.



FORM - B
(See Rule - 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

Research and Development (R & D)

- | | |
|---|-----|
| 1. Specific areas in which R & D carried out by the company | NIL |
| 2. Benefits derived as a result of the above R & D | NIL |
| 3. Future plan of action | NIL |
| 4. Expenditure on R & D | NIL |
| (a) Capital | NIL |
| (b) Recurring | NIL |
| (c) Total | NIL |
| (d) Total R & D expenditure as a percentage of total turnover | NIL |

Technology absorption, adoption and innovation

- | | |
|---|-----|
| 1. Efforts in brief, made towards technology absorption adoption and innovation | |
| 2. Benefits derived as a result of the above efforts, e.g. product development, import substitution etc. | NIL |
| 3. In case of imported technology (imported during the last 5 year reckoned from the beginning of financial year), following information may be furnished | |
| (a) Technology imported | NIL |
| (b) Year of import | NIL |
| (c) Has technology been fully absorbed | |
| (d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action. | |

Foreign Exchange earning and outgo

NIL

	2004-2005	2003-2004
(i) Foreign exchange earnings on account of export sales (FOB value)	Rs. NIL	Rs. NIL
(ii) Foreign exchange outgo	Rs. NIL	Rs. NIL