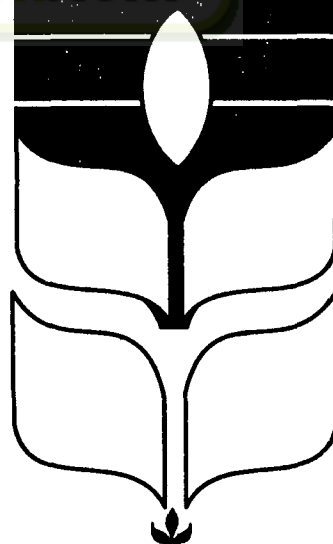


# 23rd ANNUAL REPORT 2007-2008



**ASIAN**  
*fertilizers ltd.*


**ASIAN fertilizers ltd.**

## BOARD OF DIRECTORS

Shri G.N. GUPTA, Chairman  
 Shri A.K. MATANHELIA, Managing Director  
 Shri Somil MATANHELIA  
 Shri K.C. MADAN  
 Shri N.K. MATANHELIA  
 Shri P.K. MATANHELIA  
 Shri Anurag TULSYAN

## AUDITORS

**M/s KAPOOR TANDON & CO.**  
 Chartered Accountants  
 KANPUR

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## REGISTERED OFFICE

47/81, HATIA, KANPUR-208 001

## ADMINISTRATIVE OFFICE

20A, 33, KASIA ROAD  
 NEAR CANTT. POLICE STATION  
 GORAKHPUR - 273 001

## PLANT

SARDARNAGAR  
 GORAKHPUR (U.P.)

**23rd Annual General Meeting on  
 Tuesday, the 30th Sept. 2008  
 at  
 Saurabh Hotel, The Mall,  
 Kanpur at 2.00 p.m.**



## NOTICE

NOTICE is hereby given that 23<sup>rd</sup> ANNUAL GENERAL MEETING of the members of the Company will be held on Tuesday 30<sup>th</sup> September, 2008 at 2.00 p.m. at Hotel Saurabh, The Mall, Kanpur, U.P. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended on March 31, 2008, 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 reappointment.
3. To appoint a Director in place of Shri Anurag Tulsyan, who retires by rotation and being eligible offers, himself for reappointment.
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 authorize the Board of Directors of the company to fix their remuneration. M/s Kapoor Tandon & Co., Chartered Accountants, the retiring Auditors are eligible for reappointment.

### Notes :

1. The relative Explanatory Statement pursuant to Section 173 (2A) of the Companies Act, 1956, in respect of the business under item Nos. 2 & 3 set out above are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. 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.
4. The register of members and transfer books of the company will remain closed from 24<sup>th</sup> September, 2008 to 30<sup>th</sup> September, 2008 both days inclusive.
5. Members are requested to send their queries in advance to the corporate office of the company to facilitate clarification during the meeting.
6. Members are requested to quote their folio number in all correspondence with the company and to notify immediately any change in their address.
7. Members/proxy holders are requested to bring their copy of Annual Report along with them at the meeting.
8. Members are requested to inform the company about their Permanent Account Number (PAN) allotted to them by the Income Tax Authorities.

Gorakhpur

(A. K. Matanhelia)  
Managing Director

(Somil Matanhelia)  
Director



## DIRECTOR 'S REPORT AND MANAGEMENT DISCUSSION ANALYSIS:

To,  
The Members,

Your Directors are glad to present the 23<sup>rd</sup> Annual Report, Audited Balance Sheet and Audited Profit and Loss Account for the financial year ending 31<sup>st</sup> March 2008 of your company.

### 1. THE FINANCIAL RESULTS :

Profitability	2007-2008 Rs.	2006-2007 Rs.
Profit/(Loss) before Depreciation, Taxation and Extraordinary Items	42,29,772	46,25,956
Less :		
Provision for Tax (MAT) including FBT	95,000	7,00,000
Depreciation	21,14,539	20,82,808
Profit/(Loss) for the year before Extraordinary Items	20,20,233	18,43,148
Add :		
Interest Relating to Earlier Year Written back	-	28,33,325
Less :		
Income Tax relating to earlier year	15,92,004	1,39,297
Net Profit/(Loss) after Extraordinary Items	36,12,237	45,37,176

### 2. DIVIDEND :

From the financial results for the year under review, it is evident that your company has earned cash profits of Rs. 42.30 Lacs, however in view of accumulated losses of Rs. 503.11 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 17244 MT of SSP during the period year 2007-08 against the targeted production of 40000 MT which is 43% of the production target agreed with Shriram Fertilizers & Chemicals and 26% of installed capacity of the plant. The company could not achieve the targeted production of Rs.40000 MT of SSP only due to non availability of basic raw material i.e. Rock Phosphate & uncertain Govt. Policy.

### 4. FINANCE :

We are glad to inform that as on date your company has no debts owing to Financial Institutions.

### 5. INDUSTRIAL RELATIONS :

The company has generally maintained cordial relations with the employees.

### 6. 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.

### 7. 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.

## 8. INDUSTRY STRUCTURE :

Nitrogen, Phosphorus, Potassium are three major constituents of fertilizers. India has good reserves of phosphate rocks, which can be processed to give water soluble phosphatic fertilizers. Single Super Phosphate is a cheap fertilizer and also known as common farmer's fertilizer.

## 9. DEVELOPMENT IN GOVERNMENT POLICY :

Investment required for setting up a SSP unit is modest compared to Nitrogenous fertilizers. The setup with indigenous technology does not depend on any imported material because of availability of good quality of rock phosphate with Rajasthan State Mines & Minerals Limited, a State Govt. Undertaking. The demand of fertilizers is likely to increase with the emphasis by the Govt. on augmenting agriculture produce.

## 10. OPPORTUNITIES :

Since agriculture sector has its own importance in Indian economy, it is bound to grow and our product SSP has also its own importance in Agriculture sector. The sector has good prospects. SSP is in good demand particularly in the Northern Region.

## 11. RISK AND CONCERN :

### (a) Government Policy :

The Government of India has decided a uniform all India MRP of Single Super Phosphate sensing the acute hardship of SSP manufacturers and also decided to monitor details of raw materials, Production, dispatches in districts of SSP under the Fertilizer Monitoring System w.e.f. 1<sup>st</sup> May 2008. However profitability depends on the subsidy decided by the Government of India.

### (b) Availability of Raw Material :

Rajasthan State Mines & Mineral Ltd., a Govt. undertaking is the sole supplier of our basic raw material i.e. Rock Phosphate. Though it can be imported, but costing will be very high.

### (c) Subsidy on SSP :

The subsidy on SSP provided by the Govt. of India, plays a vital role in smooth selling and future prospects of this industry. Though Govt. of India has declared a industrial favorable policy from May-08 but it again depends on the rates of concession decided by The Govt. of India.

For manufacturing SSP, indigenous as well as imported Rock Phosphate is used. Accordingly, Govt. of India has decided to provide separate rate of concession for SSP manufactures based on indigenous and imported Rock Phosphate for SSP manufactured using both indigenous and imported Rock Phosphate by any manufacturer, the rate of concession will be settled in proportion to the production of SSP through use of indigenous and imported Rock Phosphate respectively. Final concession rates will be worked on monthly sales on the basis of price of imported and indigenous Rock Phosphate, as applicable and imported sulphur for the proceeding month.

As per the new policy of Govt. of India, all SSP be marked by large producers, manufacturing more than One Lac MT of SSP per annum or through NPK / Urea Manufactures, who are already covered under the subsidy scheme and who are having a wide marketing network in the country. The marketer will be directly responsible for the quality of SSP being sold in the market and will also claim concession w.e.f. 1<sup>st</sup> May 2008. Accordingly, SSP manufactures like us are required to enter into marketing arrangements with large producers. Fortunately, we have already in place marketing arrangement with M/s. Shriram Fertilizer & Chemicals, who qualify for marketing.

## 12. INTERNAL CONTROL SYSTEM :

The company has proper and adequate system of internal control to ensure that all assets are safe guarded; transactions are authorized, recorded and reported correctly. The controls also ensure compliance with polices statutes.


**13. RISK MANAGEMENT :**

The management of your company controls business processes through operational systems, procedures and financials limits of authority. Your company is in process to make manuals for systems and procedures and delegation of powers and duties.

**14. 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 services in a wide-ranging marketing area is apparent from the excellent achievement on this score in the past.

**15. CAUTIONARY STATEMENT :**

The report may contain certain statements that the company believes are, or may be considered to be "forward looking statements" that describe our objectives, plans or goals. All these forward looking statements are subject to certain risks and uncertainties, including but not limited to, Government action, economic development, risks inherent in the company's growth strategy and other factors that could cause the actual results to differ materially from those contemplated by the relevant forward looking statements.

**16. CONSERVATION OF ENERGY :**

Your company has been making continuous efforts to reduce energy consumption and achieve high plant operating efficiencies. 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-I).

**17. 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.

**18. 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 responsible 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.

**19. 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 significant weapon of investor protection. Good corporate governance provides an appropriate framework to the Board & Management to carry out the objectives that are in the interest of the company and shareholders.


**II. Board of Directors :**

The present strength of Board is seven and comprises of two executive and five non executive directors.

**1. Board of Directors :**

Directors	Executive / Non Executive / Independent Promoter	Other Committee Membership/ Chairmanship	Number of Outside Directorships
Mr. G.N.Gupta	Independent Non Executive Director	1	5
Mr. A.K. Matanhelia	Managing Director (Promoter)	1	1
Mr. Somil Matanhelia	Executive Director	—	—
Mr. K.C. Madan	Independent Non Executive Director	3	—
Mr. N.K. Matanhelia	Non Executive (Promoter)	1	3
Mr. P.K. Matanhelia	Non Executive (Promoter)	1	2
Mr. Anurag Tulsyan	Independent Non Executive Director	3	—

**2. Number of Board Meetings During the year are Five held on :**

30.04.07, 29.06.07, 31.07.07, 30.10.07, 28.01.08.

Following table gives the details of directors attendance at the Board Meetings during the year (Apr' 07 to March' 08) 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. G.N.Gupta, Chairman		3	—	1
2.	Mr. A.K. Matanhelia, Managing Director		5	1	1
3.	Mr. K.C. Madan, Director		5	—	2
4.	Mr. N.K. Matanhelia, Director		5	1	1
6.	Mr. Somil Matanhelia, (Director, appointed on 29.06.07)		3	—	—
7.	Mr. P.K. Matanhelia, Director		5	1	1
8.	Mr. Anurag Tulsyan, Director		5	1	2

**Details of the directors seeking appointment/reappointment in forth coming A.G.M. pursuant clause 49 (VI) (A) is as under :**

**i) Mr. A.K. Matanhelia**

- |   |   |
|---|---|
| a) Date of Birth                              | 13.01.1956  |
| b) Date of Appointment                        | 24.10.2001  |
| c) Qualifications                             | Graduate  |
| d) Experience in specific functional area     | Mr. A.K. Matanhelia is an industrialist having vast experiences in the phosphatic fertilizers industry and is associated with the company since the very beginning and is also promoter of the company. |
| e) Directorship held in other companies       | Pasupati Agro Finance Ltd. Kolkatta   |
| f) Committee position held in other companies | Nil.  |


**II) Mr. Anurag Tulsyan**

- |   |  |
|---|--|
| a) Date of Birth                              | 04.06.1972   |
| b) Date of Appointment                        | 27.01.2003   |
| c) Qualifications                             | Chartered Accountant   |
| d) Experience in specific functional area     | Mr. Anurag Tulsyan is a Chartered Accountant having vast experience in Finance & Accounts. |
| e) Directorship held in other companies       | Nil.   |
| f) Committee position held in other companies | Nil.   |

**II. Board Agenda :**

The Board meetings are scheduled well in time. The Board members are provided with well structured and comprehensive agenda papers. All major agenda items are backed by in-depth back ground information and analysis, wherever possible, to enable the board members to take in formed decisions. Agenda papers are generally circulated a week prior to the meeting of the Board.

**III. Audit Committee :**

The Audit committee constituted by your Board of Directors consists of four non-executive directors of which three are independent Directors as detailed below :-

Name	Designation	Status	Attendance
Mr. K.C. Madan	Chairman	Independent	5
Mr. Anurag Tulsyan	Member	Independent	5
Mr. P.K. Matanhelia	Member	Non-Executive	5

Number of Audit Committee Meetings during the year are five held on:

30.04.07, 29.06.07, 31.07.07, 30.10.07, 28.01.08

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 and external audit report and adequacy of internal control system.
- Review of internal investigation, incase of suspected fraud or irregularity, review of financial and risk management policies.
- Review of default in payment.

During the year, (Apr' 07 to March' 08) the meeting of Audit Committees were held five times. The meeting of the Audit Committee was also attended by head of accounts & finance deptt. and the cost auditor of the company. The audit report covered the items as per the term of reference.

**Whistle Blower Policy :**

Every employee of the company has been given right to approach the Audit Committee if he observes an unethical or improve practice without necessarily informing their superior. Further no personnel of the company have been denied access to Audit Committee.

**IV. Remuneration Committee :**

The Remuneration Committee of the board consists of one independent Director as a chairman and two non-executive directors as members viz. Mr. G.N. Gupta as Chairman, Mr. K.C. Madan and Mr. Anurag Tulsyan as its members. The committee recommends the remuneration of the Executive Directors. The remuneration package is



governed by the industry pattern and as per the provisions of the Companies Act, 1956. The compensation of Non-Executive Directors is approved at Board Meeting. The sitting fee is not paid to the Executive Directors for attending the Board Meetings or Committee Meetings thereof. The necessary approvals were obtained from share holders, wherever required.

#### V. Details of Remuneration paid to Directors for the year 2007-2008.

##### a) Executive Directors :

Mr. A.K. Matanhelia, Managing Director has been paid a gross salary of Rs.3.60 Lacs. Further to aforesaid the Managing Director is entitled to get a commission @-2% of net profit. However in view of the financial position of the company, he has desired not to claim the commission.

Mr. Somil Matanhelia, Executive Director has been paid a gross salary of Rs. 1.80 Lacs during the year.

##### b) Non-Executive Directors :

Further to aforesaid, no remuneration has been paid to the Non-Executive Directors during the year.

#### VI. Shareholders/Investors Grievances Committee :

The composition of the committee for Shareholders/Investors grievances as under :-

Name	Designation
Mr. N.K. Matanhelia	Chairman
Mr. K.C. Madan	Member
Mr. A.K. Matanhelia	Member
Mr. Anurag Tulsyan	Member

Number of shareholders complaints received during the year were three.

"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."

#### VII. General Body Meeting :

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

Year	Location	Date	Time
2004-2005	Hotel Saurabh, Kanpur	26.09.2005	2 p.m.
2005-2006	Hotel Saurabh, Kanpur	27.09.2006	2 p.m.
2006-2007	Hotel Saurabh, Kanpur	28.09.2007	2 p.m.

#### VIII. 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, are 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.

#### IX. 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 31.12.07 was published in the Pioneer (English) and Swatantra Bharat (Hindi) at Kanpur on 30.01.08.


**X. General Shareholders informations :**

a. Annual General Meeting date is 30<sup>th</sup> Sept.' 08 at 2 p.m. at Hotel Saurabh, Kanpur.

b. Next financial year 2008-09 (Tentative)

Board Meeting-Result for the year quarter	Last week
Ending 30.06.08	Jul' 2008
Ending 30.09.08	Oct' 2008
Ending 31.12.08	Jan' 2009
Ending 31.03.09	Jun' 2009

c. Date of Book closure 24.09.08 to 30.09.08 (Both days inclusive).

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, Phiroza Towers, Dalal Street, Mumbai-400 001.

iii. The Delhi Stock Exchange Association Ltd., File No. 5987, DSC House No. 3/1 Asif Ali Road, New Delhi

iv. The Kolkata Stock Exchange Association Ltd., 7, Lyons Range, Kolkata.

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 date of receipt.

vii. Share holding pattern :

Category	No of Shares	% of shareholding
Shares held by Mutual Funds	114715	1.46
Shares held by NRI's	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 :	7835900	100.00

viii. Dematerialization of shares :

The company's shares have not been dematerialized till 31.05.08

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, 20A, 33 Kasia Road, Near Cantt. Police Station, Gorakhpur.

**20. DIRECTORS :**

Shri A.K. Matanhelia and Shri Anurag Tulsyan retire by rotation in ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

**21. 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.