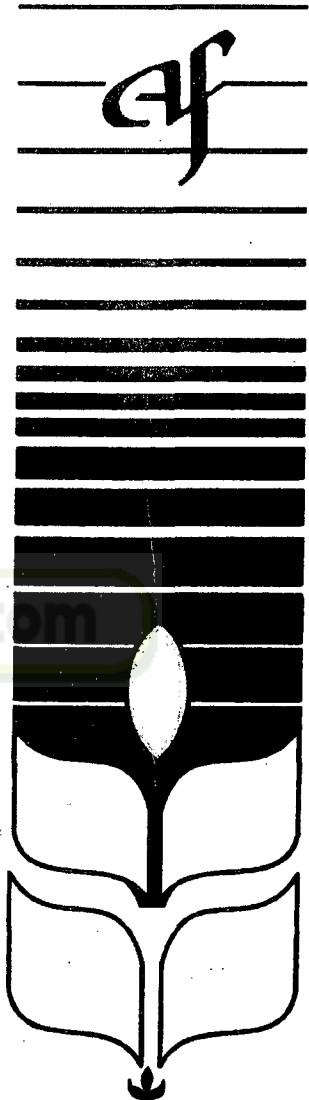




**asian fertilizers ltd.**

**24<sup>th</sup>**

**ANNUAL REPORT  
2008-2009**



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## 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

## REGISTERED OFFICE

47/81, HATIA, KANPUR-208 001

## ADMINISTRATIVE OFFICE

PWD OFFICERS COLONY  
 NEAR SAHARA PRESS  
 PARK ROAD  
 GORAKHPUR - 273001

## PLANT

SARDARNAGAR  
 GORAKHPUR (U.P.)

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**24th Annual General Meeting on**

**Monday, the 28th Sept. 2009**

**at**

**Saurabh Hotel, The Mall,  
 Kanpur at 2.00 p.m.**



ASIAN fertilizers ltd.

## NOTICE

NOTICE is hereby given that 24<sup>th</sup> ANNUAL GENERAL MEETING of the members of the company will be held on Monday the 28<sup>th</sup> day of September, 2009 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, 2009, the Balance sheet as on that date, the Auditors' Report thereon and the Directors' Report;
2. To appoint a Director in place of Shri N. K. Matanhelia who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri K.C.Madan, 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.

By Order of the Board of Directors

(A.K.Matanhelia)  
Managing Director

Gorakhpur, Dated 29.06.2009  
Regd. Office: 47/81, Hatia Bazar  
Kanpur – 208 001

### 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 SELF 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 22nd September, 2009 to 28th September, 2009 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.



**asian fertilizers ltd.**

## DIRECTORS'S REPORT AND MANAGEMENT DISCUSSION ANALYSIS:

To,  
The Members,

Your directors have pleasure in presenting the 24th Annual Report together with Audited Accounts of the company for the financial year ended 31<sup>st</sup> March, 2009.

### 1. THE FINANCIAL RESULTS:

	(Rs in Lacs)	
	2008 - 09	2007 - 08
<b>Turnover</b>		
Sales (Net of Excise Duty)	5530.86	1690.10
<b>Profits</b>		
Profit before Interest, Depreciation and Tax (PBITD)	281.05	64.48
Less: Finance Charges (interest and bank charges)	65.16	22.18
Profit before Depreciation and Tax (PBDT)	215.89	42.30
Less: Depreciation	22.16	21.15
Profit Before Tax (PBT)	193.73	21.15
Less: Provision for Tax (MAT) including FBT	25.10	0.95
Less: Income Tax relating to Earlier Years	0.12	15.92
Profit After Tax (PAT)	168.51	36.12

### 2. DIVIDEND :

From the financial results for the year under review, it is evident that your company has earned Profits after Tax (PAT) of Rs. 168.51 Lacs, however in view of accumulated losses of Rs. 334.60 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 49811 MT of SSP during the period year 2008-09 against the targeted production of 50000 MT which is about 100 % of the production target agreed with Shriram Fertilizers & Chemicals and 75% of installed capacity of the plant. In the year of recession the company could achieve the targeted performance due to significant mile stone turned by the government by providing Nutrient base variable concession. Availability of rock phosphate is main bottleneck in the smooth functioning of SSP industry. Now because of variable concession, the company could meet its requirement of raw material (i.e. Rock Phosphate) from imports also. Because of the said change in the Government policy the arrangement with Shriram Fertiliser & Chemicals was a great success during the year.



ASIAN fertilizers Ltd.

**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 DEPOSIT:**

Your company has not invited any deposit 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 in 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. Major break through for the industry (Single Super Phosphate fertilizer) during the year was change in concession policy of the Government. Unlike earlier years where the fixed rate of concession was being paid by the govt. now the variable concession is there depending upon input cost of basic raw material i.e. Rock Phosphate and Sulphur. Because of variable concession industry could meet its requirement of raw material by importing Rock Phosphate. Government of India has also introduced nutrient base concession in which the value of Sulphur inherent in Single Super Phosphate is also recognized.

**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 concession.

**(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. The company has also imported the Rock Phosphate during the year.

**(c) Concession on SSP:**

The concession on SSP provided by the Govt. of India, plays a vital role in smooth selling and future prospects of this industry. However the Govt. of India has declared an industrial favorable policy from May-08.

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 is being settled in proportion to the production of SSP through use of indigenous and imported Rock Phosphate respectively. Final concession rates are being worked on monthly sales on the basis of price of imported and indigenous Rock Phosphate, as applicable and imported sulphur for the preceding month.

**12. INTERNAL CONTROL SYSTEM:**

The company has proper and adequate system of internal control to ensure that all assets are safeguarded; 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.

*asian fertilizers ltd.***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 as 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 STATEMENT:**

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

- (a) That in the operation 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 judgments 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 annual accounts have been prepared on a going concern basis.



**asian fertilizers ltd.**

## 19. COPORATE 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 of 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.

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	-
Mr. Somil Matnhelia	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	-

### III. Number of Board Meetings During the year are five held on:

30.04.08, 30.06.08, 30.07.08, 22.10.08, 30.01.09.

Following table gives the details of directors' attendance at the Board Meetings during the year (April 08 to March 09) 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	—	3
4.	Mr. N.K.Matanhelia	Director	5	1	1
5.	Mr. Somil Matanhelia	Director	3	—	—
6.	Mr. P.K.Matanhelia	Director	5	1	1
7.	Mr. Anurag Tulsayan	Director	5	1	3





**ASIAN fertilizers ltd.**

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

**i) Mr. N. K. Matanhelia**

- (a) Date of Birth 08/09/1956  
 (b) Date of Appointment 01/01/1989  
 (c) Qualifications Graduate  
 (d) Experience in specific functional area Mr. N. K. Matanhelia is an industrialist having vast experiences in the Cement & Fertilizers industries and is associated with the company since the very beginning and is also promoter of the company.  
 (e) Directorship held in other companies Gorakhpur Resources Ltd.  
 (f) Committee position held in other companies Nil.

**ii) Mr. K. C. Madan**

- (a) Date of Birth 19/11/1931  
 (b) Date of Appointment 01/01/1992  
 (c) Qualifications B.Sc. Hons. (Tech.)  
 (d) Experience in specific functional area- Mr. K.C.Madan is a retired Chairman & Managing Director of Hindustan Fertilizers Corpn. & F.C.I. Ltd. and having vast experience in Fertilizer Industries  
 (e) Directorship held in other companies - Nil  
 (f) Committee position held in other companies Nil.

**IV. 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 informed decisions. Agenda papers are generally circulated a week prior to the meeting of the Board.

**V. Audit Committee:**

The Audit committee constituted by your Boards of Directors consists of three 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:  
 30.04.08, 30.06.08, 30.07.08, 22.10.08, 30.01.09.



**asian fertilizers ltd.**

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) Review of the financial reporting process, 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 and 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

The meetings of Audit committee were held five times during the year (April'08 to March'09). The meeting of the Audit committee was also attended by head of accounts and finance deptt. and the cost auditor of the company. The audit report covered the items as per the terms of reference.

#### **VI. Whistle Blower Policy :**

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

#### **VII. 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 and 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.

#### **VIII. Details of Remuneration paid to Directors for the year 2008-2009.**

##### **(a). Executive Director:**

Mr. A.K.Matanhelia, Managing Director has been paid a gross salary of Rs.3.60 Lacs. Further to aforesaid the Managing Director has also been paid a commission of Rs.4.08 Lacs as per the terms of appointment.

Mr. Somil Matanhelia, Executive Director has been paid a gross salary of Rs.2.40 Lacs during the year.

##### **(b) Non-Executive Director:**

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