



## BOARD OF DIRECTORS

Shri G.N. GUPTA, Chairman  
Shri A.K. MATANHELIA, Managing Director  
Shri SOMIL MATANHELIA  
Shri K.C. MADAN  
Smt. USHA 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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**26th Annual General Meeting on  
Thursday, the 29th Sept. 2011  
at  
Saurabh Hotel, The Mall,  
Kanpur at 2.00 p.m.**



## NOTICE

**NOTICE** is hereby given that 26<sup>th</sup> ANNUAL GENERAL MEETING of the members of the company will be held on Thursday the 29<sup>th</sup> day of September, 2011 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, 2011, the Balance sheet as on that date, the Auditors' Report thereon and the Directors' Report;
2. To appoint a Director in place of Shri Somil 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.

### **SPECIAL BUSINESS:**

5. **To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :**

"RESOLVED THAT subject to the provisions of Sections 198, 268, 269, 309, 310, 311, 317 read with Schedule XIII as amended and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactments thereof, for the time being in force and all other applicable regulatory approvals, consent(s) as may be necessary in this regard and subject to such conditions as may be imposed by such authorities while granting such approval(s), consent(s) and permission(s), the approval of the shareholders be and is hereby accorded for the re-appointment of Shri Ashok Kumar Matanhelia as Managing Director of the company for the terms of five years w.e.f. 1st April, 2011 on the following terms & conditions and the remuneration as recommended by the remuneration committee.

- (a) Tenure : Five Years w.e.f. 1st April, 2011
- (b) Salary 50,000 - 5000 - 70,000 per month for the respective five (5) years.
- (c) Leave travel for 10 days in a year with the family members at any place throughout the country at the cost of the company.
- (d) Reimbursement of charges for books and periodical, subject to the maximum of 1000 per month.
- (e) Reimbursement of entertainment, traveling, hotel, medical, club fees and other expenses actually incurred by him in performances of the duties on the behalf of the company.
- (f) No sitting fee will be paid for attending the meeting of Board of Directors of the company or committees thereof.
- (g) Commission @2% of the net profit of the company arrive at in accordance with the provision section 198, 269, 309, 349 & other applicable provisions of the Companies Act, 1956.
- (h) During the tenure of the Managing Director the remuneratin by way of salary and perquisites will not exceed 12,00,000 per annum in the respective years.



## OTHER CONDITIONS

- (a) If during the currency of tenure of the Managing Director, the company has no profits or its profits are inadequate in any financial year, the Managing Director shall be entitled to remuneration by way of salary and perquisites not exceeding the limits specified above.
- (b) For all other terms & conditions not specifically spelt out above, the Rules & orders of the company shall apply.

"RESOLVED FURTHER THAT the aggregate amount of remuneration payable to Shri Ashok Kumar Matanhelia for a period of 5 years w.e.f. 1st April 2011 in a particular financial year will be subject to the overall ceiling laid down in Sections 198 and 309 read with Schedule XIII of the Companies Act, 1956."

"RESOLVED FURTHER THAT in case the company has inadequate profits or suffers loss, the remuneration would be restricted to maximum remuneration provided under schedule XIII of the Companies Act, 1956."

"RESOLVED FURTHER THAT in no circumstances remuneration paid to him shall not exceed the remuneration as prescribed under Schedule XIII of the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board of Director of the company or a committee constituted by the Board for the purpose, be and is hereby authorised to revise / alter / vary the remuneration including perquisites in such manner as the Board or the committee, as the case may be, may consider proper from time to time, subject to the limits as laid down in Schedule XIII read with other applicable provisions of the Companies Act, 1956 or any amendment(s) or modification(s) thereof for the time being in force."

6. **To consider and if thought fit, to pass, with or without modification(s), the following resolution as ordinary Resolution.**

"RESOLVED THAT subject to the provisions of Sections 198, 268, 269, 309, 310, 311, 317 read with Schedule XIII as amended and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactments thereof, for the time being in force and all other applicable regulatory approvals, consent(s) as may be necessary in this regard and subject to such conditions as may be imposed by such authorities while granting such approval(s), consent(s) and permission(s), the approval of the Shareholders be and is hereby accorded for the re-appointment of Shri Somil Matanhelia as the whole time director and designated as Executive Officer of the company for the terms of 5 years w.e.f. 1st October 2010 on following terms & conditions and the remuneration as recommended by the remuneration committee.

- (a) Tenure : Five years w.e.f. 1st October 2010.
- (b) Salary : 30,000 - 5000 - 50,000 per month for the respective five (5) years.
- (c) Leave travel for 10 days in a year with family members at any place throughout the country at the cost of the company.
- (d) Reimbursement of charges for books and periodicals, subject to the maximum of Rs. 1000/- per month.
- (e) Reimbursement of Entertainment, Traveling, medical, Hotel, Club Fees and other expenses actually incurred by him in performance of the duties on behalf of the company.



- (f) Any other benefits, facilities, allowances and expenses as may be allowed under Company Rules/Schemes and available to the employees.
- (g) No sitting fees will be paid for attending the meetings of the Board of Directors of the company or the committees thereof.
- (h) During the tenure of the Executive Director the remuneration by way of salary and perquisites will not exceed 12,00,000 per annum in the respective years.

**OTHER CONDITIONS :**

- (a) If during the currency of tenure of whole time director, the company has no profits or its profits are inadequate in any financial year, the Executive Director shall be entitled to remuneration by way of salary and perquisites not exceeding the limits specified above.
- (b) For all other terms and conditions not specifically spelled out above, the Rules and orders of the Company shall apply."

"RESOLVED FURTHER THAT the aggregate amount of remuneration payable to Shri Somil Matanhelia as a whole time Director & designated as Executive Officer of the company for the period of 5 years w.e.f. 1st October 2010 in a particular financial year will be subject to the overall ceiling laid down in Sections 198 & 309 read with Schedule XIII of the Companies Act, 1956."

"RESOLVED FURTHER THAT in case the company has inadequate profits or suffers loss, the remuneration would be restricted to maximum remuneration provided under Schedule XIII of the Companies Act, 1956."

"RESOLVED FURTHER THAT in no circumstances the remuneration paid to him shall not exceed the remuneration as prescribed under Schedule XIII of the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board of Director of the company or a committee constituted by the Board for the purpose, be and is hereby authorised to revise / alter / vary the remuneration including perquisites in such manner as the Board or the committee, as the case may be, may consider proper from time to time subject to the limits as laid down in Schedule XIII read with other applicable provisions of the Companies Act, 1956 or any amendment(s) or modification(s) thereof for the time being in force."

**7. Two consider and if thought fit, to pass, with or without modification(s), the following resolution as ordinary resolution.**

RESOLVE THAT Mrs. Usha Matanhelia, who has appointed as Additional Director w.e.f. 12 April 2011, and who holds office upto the date of this Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing as per Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director liable to retire by rotation.

**Notes :**

1. The relative Explanatory Statement pursuant to Section 173 (2A) of the Companies Act, 1956, in respect of the business under item Nos. 5, 6 & 7 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 23rd September, 2011 to 29th September, 2011 both days inclusive.
  5. Members are requested to send their queries in advance to the administrative 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.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT 1956**

As required by Section 173 (2) of the Companies Act 1956, the explanatory statement sets out all material facts concerning the special business referred to in item no. 5, 6 & 7 of the accompanying notice.

**ITEM NO : 5**

Mr. Ashok Kumar Mathanhelia is an industrialist having vast experience in the phosphatic fertilizers industry and is associated with the company since the very beginning & is also promoter of the company. He was re-appointed as Managing Director of the company w.e.f. 1 April 2011 for 5 years & his remuneration & term of appointment was recommended by the remuneration committee and it was approved by shareholders in accordance with the provisions of the schedule XIII of the Companies Act, 1956. He is well renowned and has richly exercised his supervisory and advisory role in the company. Mr. Ashok Kumar Mathanhelia had been rendering very valuable services to the company. The company has made steady and commendatory progress under the stewardship of Mr. Ashok Kumar Mathanhelia. In view of long experience of Mr. Ashok Kumar Mathanhelia in rendering valuable services to the company, the board of directors of the company have considered it in the interest of the company that the managing Director be re-appointed w.e.f. 1.4.2011 for a period of five years and have unanimously passed a resolution of Mr. Ashok Kumar Mathanhelia as fixed by the remuneration committee in accordance with the provision of schedule XIII of the Companies Act, 1956.

Keeping in view the present corporate remuneration scenario and the experience of the director, their remuneration has been fixed by the remuneration committee and the same was accepted by the board. The board re-appointed the managing director w.e.f. 01.04.2011 on the terms and conditions as mentioned in the resolution.

Except Mr. Ashok Kumar Mathanhelia, Somil Mathanhelia, Usha Mathanhelia & Pramod Kumar Mathanhelia, no other director of the company is concerned & interested in the aforesaid resolution.

The Board of Directors recommends the resolution for the approval of the members.

**ITEM NO : 6**

Mr. Somil Mathanhelia is an industrialist having vast experience in marketing and finance. He was re-appointed as Whole Time Director and designated as Executive Director of the company w.e.f. 1.10.2010 and his remuneration and terms of appointment were recommended by the remuneration committee in accordance with the provisions of the schedule XIII of the Companies Act, 1956. Mr. Somil Mathanhelia had been rendering very valuable services to the company. The company has made steady and commendatory progress under the stewardship of Mr. Somil Mathanhelia. In view of long experience of Mr. Somil Mathanhelia and valuable service being rendered by him, the board of directors of the company have considered it in the interest of the company that the Whole Time Director and designated as Executive Director be



re appointed w.e.f. 1.4.2010 for a period of five years and have unanimously passed a resolution of Mr. Somil Mathanhelia as fixed by the remuneration committee in accordance with the provision of schedule XIII of the Companies Act, 1956. As a whole time director he would be in charge for the day to day affairs and shall be responsible for sale, marketing, production of the company.

Keeping in view the present corporate remuneration scenario and the experience of the director their remuneration has been fixed by the remuneration committee and the same was accepted by the board. The board has approved the appointment of the Whole Time Director w.e.f. 1.10.2010 on the terms and condition as mentioned in the resolution.

Except Mr. Somil Mathanhelia, Ashok Kumar Mathanhelia, Usha Mathanhelia and Pramod Kumar Mathanhelia no other director of the company is concerned and interested in the aforesaid resolution.

The Board of Directors recommends the resolution for the approval of the members.

**ITEM NO. 7**

At the meeting of the board of director of the company held on 12th Feb. 2011 Mrs. Usha Mathanhelia was appointed as an additional director of the company w.e.f. 12/4/2011.

Mrs. Usha Mathanhelia holds office of the director up to the date of this Annual general meeting in terms of section 260 of the Companies Act, 1956. Pursuant to section 257 of the act, the company has received the notice, together with requisite deposit from a member signifying its intention to propose Mrs. Usha Mathanhelia as a candidate for the office of director of the company.

Except Mrs. Usha Mathanhelia, Mr. Somil Mathanhelia, Ashok Kumar Mathanhelia and Pramod Kumar Mathanhelia none of the other Director may be deemed to be concerned or interested in the proposed resolution.

By the order of the Board

Place : Gorakhpur  
Date : 28/05/2011

(A. K. Mathanhelia)  
Managing Director



**DIRECTORS'S REPORT AND MANAGEMENT DISCUSSION ANALYSIS:**

To,  
The Members,

Your directors have pleasure in presenting the 26th Annual Report together with Audited Accounts of the company for the financial year ended 31<sup>st</sup> March, 2011.

**1. THE FINANCIAL RESULTS:**

	(Rs in Lacs)	
	<u>2010 – 11</u>	<u>2009 – 10</u>
<b>Turnover</b>		
Sales (Net of Excise Duty)	3846.61	2846.19
<b>Profits</b>		
Profit before Interest, Depreciation and Tax (PBIDT)	128.94	67.70
Less: Finance Charges (interest and bank charges)	15.49	14.18
Profit before Depreciation and Tax (PBDT)	113.45	53.52
Less: Depreciation	24.61	23.86
Profit Before Tax (PBT)	88.84	29.66
Less: Provision for Tax (MAT) including FBT	17.50	4.60
Less: Income Tax relating to Earlier Years	(1.01)	(7.89)
Profit After Tax (PAT)	70.33	32.95

**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. 70.33 Lacs, however in view of accumulated losses of Rs. 231.32 Lacs, your Directors regret that it would not be possible to declare any dividend.

**3. PLANT OPERATIONS:**

The turnover of the company has increased as compared to the previous year due to better market conditions. In quantum wise production of SSP has decreased about 17% whereas production of Sulphuric Acid has increased about 12%, Net Profit has also been affected due to the above reasons.

Pursuant to the purchase agreement entered into 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 40454 MT of SSP during the year 2010-11 against the targeted production of 48000 MT which is about 84 % of the production target and 61% of installed capacity.

We wish to inform you that your company has entered a fresh purchase agreement with Shriram Fertilizers & Chemical (A division of Shriram Consolidated Ltd.) from 1.4.11, in which the total production target is fixed 65000 MT & Shriram Fertilizers & Chemicals has agreed to purchase total production of SSP. Your company has agreed to pay only commission on sales and interest on deployed advances @ 1% - SBI PLR to Shriram Fertilizers & Chemicals. To maintain the production schedule, your company has installed a new grinding mill so that targeted production can be achieved smoothly.



**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. DIRECTORS**

Mr. Somil Matanhelia whole time director & Mr. Anurag Tulsyan director of the company retires by rotation at the forthcoming Annual General Meeting & being eligible, offers himself for re-appointment.

Mr. Ashok Kumar Matanhelia was re-appointed by Board of Directors on the remuneration package as recommended by remuneration committee as Managing Director of the company w.e.f. 1st April 2011 after passing the necessary resolution as required in accordance with provisions of section 198, 268, 269, 310, 311, 317 read with schedule XIII of Companies Act, 1956.

Mr. Somil Matanhelia was re-appointed as whole time Director and designated as Executive Director by Board of Directors on the remuneration package as recommended by remuneration committee w.e.f. 1st October 2010 after passing the necessary resolution as required in accordance with provision of Section 198, 268, 269, 310, 311, 317 read with schedule XIII of Companies Act, 1956.

All the resolution for the approved of Share Holders are being placed before Annual General Meeting.

**8. 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.

**9. 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.

**10. 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.





**11. 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.

Due to heavy increase in imported price of DAP and non-availability of DAP in world market, Govt. of India has emphasized to promote SSP to fulfill the demand of phosphatic fertilizers.

**12. RISK AND CONCERN:**

**(a) Government Policy:**

The Govt. of has opened the MRP of SSP from 01/04/11 and manufacturers are free to decide their rates.

**(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) Subsidy on SSP**

The Govt. of India has introduced nutrient base subsidy policy for all type of fertilizers including SSP. The Govt. of India fixed subsidy for whole year.

**13. INTERNOL 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.

**14. 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.

**15. 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.

**16. 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.



**17. 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.

**18. 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.

**19. 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.

**20. CORPORATE GOVERNANCE:**

The code of Corporate Governance has been implemented in the company

**(a) 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. Corporate Governance based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good Governance practices stem from the culture and mindset of the organization. Corporate Governance is an integral part of management, execution of business plans, policies and processes as the company believes that it is a tool to attain and enhance the competitive strengths in business and ensure sustained performance for continuously enhancing the value for every stakeholder. Accordingly, Asian Fertilizers Limited endeavors to adhere to the highest levels of transparency, accountability and ethics in all operations fully realizing at the same time social responsibilities.