

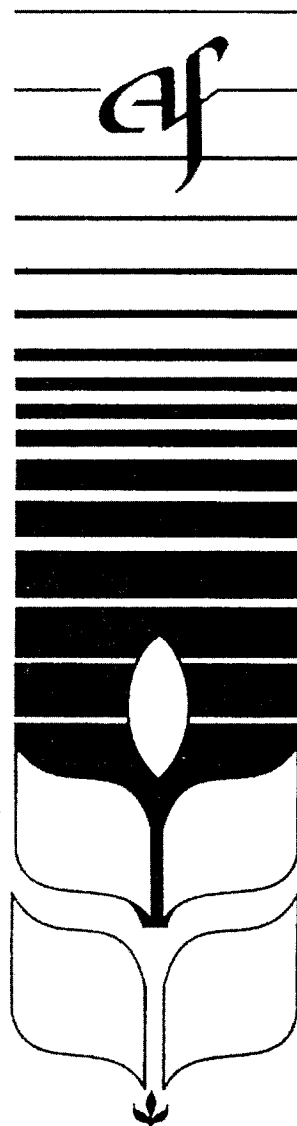


asian fertilizers ltd.

27th

ANNUAL REPORT

2011-2012



asian
fertilizers ltd.



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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**27th Annual General Meeting on
Friday, the 28th Sept. 2012**

at

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



NOTICE

NOTICE is hereby given that 27th ANNUAL GENERAL MEETING of the members of the company will be held on Friday the 28TH day of September, 2012 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, 2012, the Balance sheet as on that date, the Auditors' Report thereon and the Directors' Report;
2. To appoint a Director in place of Mrs Usha 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 for the year and in this connection, to consider, and if thought fit to pass with or without modification(s) the following Resolution as **Ordinary Resolution**:

"RESOLVED THAT M/s Kapoor Tandon & Co. Chartered Accountants, the retiring Auditors, be and are hereby re-appointed as Auditors of the company, from the conclusion of this meeting until the conclusion of next Annual General Meeting of the company on remuneration to be fixed by the Board of Director of the the company.

Notes :

1. 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.
2. 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.
3. The register of members and transfer books of the company will remain closed from 22nd September, 2012 to 28th September, 2012 both days inclusive.
4. Members are requested to send their queries in advance to the administrative office of the company to facilitate clarification during the meeting.
5. Members are requested to quote their folio number in all correspondence with the company and to notify immediately any change in their address.
6. Members/proxy holders are requested to bring their copy of Annual Report along with them at the meeting.
7. Members are requested to inform the company about their Permanent Account Number (PAN) allotted to them by the Income Tax Authorities.

By the order of the Board

Place : Gorakhpur
Date : 30/05/2012

(A. K. Matanhelia)
Managing Direction

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

To,
The Members,

Your directors have pleasure in presenting the 27th Annual Report together with Audited Accounts of the company for the financial year ended 31st March, 2012.

1. THE FINANCIAL RESULTS:

	(Rs in Lacs)	
	<u>2011 - 12</u>	<u>2010 - 11</u>
<u>Turnover</u>		
Sales (Net of Excise Duty)	5610.14	3840.25
<u>Profits</u>		
Profit before Interest, Depreciation and Tax (PBITD)	455.58	128.94
Less : Finance Charges (interest and bank charges)	197.82	15.49
Profit before Depreciation and Tax (PBDT)	257.76	113.45
Less: Depreciation	26.45	24.61
Profit Before Tax (PBT)	231.31	88.84
Less: Provision for Tax (MAT) including deferred Tax	86.50	17.50
Less: Income Tax relating to Earlier Years	(0.48)	(1.01)
Profit After Tax (PAT)	144.33	70.33

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. 144.33 Lacs, however in view of accumulated losses of Rs. 86.98 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 increased 20.16% and production of Sulphuric Acid has increased 2.53%, Net Profit has also been increased 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 48609 MT of SSP during the year 2011-12 against the targeted production of 55000 MT which is 88.38 % of the production target and 73.65% 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

Mrs. Usha Matanhelia Director & Mr. K.C. Madan director of the company retires by rotation at the forthcoming Annual General Meeting & being eligible, offers himself for re-appointment.

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, phosphors, 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. 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 policies 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 setout 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:

Our 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 committment 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 reponsibilities.

(b). 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. Usha Matanhelia	Non Executive	-	-
Mr. P.K.Matanhelia	Non Executive (Promoter)	1	2
Mr. Anurag Tulsyan	Independent Non Executive Director	3	-

(c). Number of Board Meetings During the year are Six held on:

30.04.11, 28.05.11, 11.08.11, 10.10.11, 10.11.11 & 13.02.12.

Following table gives the details of directors' attendance at the Board Meetings during the year (April 11 to March 12) 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	6	1	1
3.	Mr. K.C.Madan	Director	5	—	3
4.	Mrs. Usha Matanhelia**	Director	6	—	—
5.	Mr. Somil Matanhelia	Director	6	1	1
6.	Mr. P.K.Matanhelia	Director	6	1	1
7.	Mr. Anurag Tulsayan	Director	6	1	3

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

iii) Mrs. Usha Devi

(a) Date of Birth	26/02/1959
(b) Date of Appointment	12/04/2011
(c) Qualifications	Graduate
(d) Experience in specific functional area-	Nil
(e) Directorship held in other companies -	Nil
(f) Committee position held in other companies -	Nil



iv) 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 and Managing Director of Hindustan Fertilizers Corporation & FCI Limited and having vast experience in Fertilizers Industries.
(e) Directorship held in other companies - Nil
(f) Committee position held in other companies - Nil

(d) 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 background 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.

(e) Audit Committee:

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

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

Number of Audit Committee meetings during the year are five, held on:
30.04.11, 28.05.11, 11.08.11, 10.11.11 and 13.02.12.

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'11 to March'12). 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.

(f) **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.

(g) **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 and Managing Director. 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. It meets as often it required.

(h) **Details of Remuneration paid to Directors for the year 2011-2012.**

(a). **Executive Director:**

Mr. A.K.Matanhelia, Managing Director has been paid a gross salary of Rs.6.00 Lacs & commission of Rs. 4.62 Lacs during the year.

Mr. Somil Matanhelia, Executive Director has been paid a gross salary of Rs.3.90 Lacs during the year.

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

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