



ASIAN
fertilizers ltd.

To,
The Manager,
Listing Department
BSE Ltd.
PJ Towers, Dalal Street,
Mumbai-400001, India

BSE Scrip code: 524695

Subject: Submission of 32nd Annual Report

Respected Sir,

As per the Sub- Regulation 1 of Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, every listed company shall submit the Annual Report to stock exchange, within twenty one working days of it being approved and adopted in the Annual General Meeting as per the provision of the companies Act, 2013.

Pursuant to this regulation I am enclosing herewith 32nd Annual Report of the Company.

Kindly take the above on record.

Yours faithfully,

For Asian Fertilizers Limited

For ASIAN FERTILIZERS LTD.

Neha Sahu

**(NEHA SAHU)
Company Secretary &
Compliance Officer**

Neha Sahu
Company Secretary and
Compliance officer
Membership No. 42577

Date: 23/09/2017

Place: ~~Kanpur~~

Enclose: as above

Regd. Office :
Flat No. 202, Preet Garden
3A/172, Azad Nagar, Kanpur - 208002
CIN No. L99999 UP1986PLC007621
Website : www.asianfertilizers.com

Admin Office :
P.W.D. Officer's Colony, Near Sahara Press
Park Road, Gorakhpur-273 009
☎:(0551) 2203421, 2202436, 2203468(D)
e-mail-afl@asianfertilizers.com

Factory :
Village : Deokahiya,
Sardar Nagar, Gorakhpur
PAN No.: AABCA168
GSTIN : AABCA1682L

32nd

**ANNUAL REPORT
2016-17**





BOARD OF DIRECTORS

Mr. G.N. Gupta, Chairman/Independent Director
Mr. Ashok Kumar Matanhelia, Managing Director
Mr. Somil Matanhelia, Whole time Director
Mr. Shobhit Matanhelia, Whole time Director
Mrs. Usha Matanhelia, Women Director
Mr. Anurag Tulsyan, Independent Director
Mr. Sunil Kedia, Independent Director

STATUTORY AUDITORS

M/s Kapoor Tandon & Co.
Chartered Accountants
Kanpur

COST AUDITOR

M/s K.S. Bhatnagar and Associates
Cost Accountant
New Delhi

INTERNAL AUDITOR

M/s Agrawal Saraf and Company
Chartered Accountant
Gorakhpur

REGISTERED OFFICE

Flat No. 202, Preet Garden,
3A/172, Azad Nagar,
Kanpur-208 002

ADMINISTRATIVE OFFICE

PWD Officer's Colony
Near Sahara Press
7, Park Road
Gorakhpur - 273001

FACTORY

Deokahia - Sardarnagar
Gorakhpur (U.P.)-273202

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**32nd Annual General Meeting on
Saturday, the 23rd Sept. 2017
at
Saurabh Hotel, Birhana Road,
The Mall, Kanpur at 09.00 A.M.**

BANKERS :

- HDFC Bank Limited
- State Bank of India



MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry structure and developments:

Fertilizers enhance growth of plants by supplying crucial nutrients to them. Some of the essential nutrients required by plants are:

Macronutrients: N-Nitrogen, P-Phosphorous, K-Potassium

Secondary Macronutrients: CA-Calcium, Mg-Magnesium and S-sulphur

Micronutrients– Cu-Copper, Fe- Iron, Mn- Manganese, Zn- Zinc, B-Boron etc.

Nitrogen, phosphorus, potassium (NPK) are three major constituents of fertilizers. Nitrogen helps in leaf growth, Phosphorous helps in development of roots, flowers, seeds and fruits and potassium helps in strong stem growth, movement of water in plants and promotion of flowering and fruiting.

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.

Single super phosphate (SSP) manufactured by carrying out reaction between rock phosphate and Sulphuric acid then MCP and gypsum is produced which is called single super phosphate. It contains 12-15% phosphorous, 10-11% sulphur, and 18-21% Calcium.

Straight Phosphatic 16% P₂O₅ Grade

Company was started its manufacturing unit of single super phosphate (powder plant) in 1992 while single super phosphate (Granulated plant) in 1993 with a capacity of 66000MT and Sulphuric Acid in 1992 with a capacity of 33000MT which is used for the production of SSP, in Village devkahiya, block Sardar Nagar, tehsil chori chura, Gorakhpur, Uttar Pradesh. Company has also installed a Micronutrients plant in the name and style of Asian Fertilizers Ltd. (Micro Nutrient Division) in 2012 to produce Micro nutrient like Zinc Sulphate, Magnesium Sulphate, ferrous Sulphate, Zyme, and Bio-fertilizer.

2. Opportunities and Threats:

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.



Govt. of India has emphasized to promote SSP to fulfill the demand of phosphatic fertilizers.

3. Segment-wise or product-wise performance:

Single Super phosphate: Company is produce single super phosphate in two categories one is powder and second is granule. Company is able to achieve production of 40473 MT of Green SSP during the year 2016-17 against the targeted production of 66000 MT which is 61.32% of the targeted production and 61.32% of the installed capacity of 66000 MT. Company has dispatched 40734 MT during the year. In quantum wise production of SSP has decreased 6.37%.

Sulphuric Acid: Company has produce the Sulphuric acid for the captive consumptions and the excess quantity of Acid sold by Company. Company is able to achieve the production of 32461 MT of the Sulphuric acid during the year 2016-17 against the installed capacity of 33000 MT which is 98.36% of the installed capacity. The captive consumption of the Sulphuric Acid for production of SSP is 12371 MT and the sale of Sulphuric Acid was 20946 MT. While In quantum wise production of Sulphuric Acid has increased 1.98%.

Micro Nutrients:

Company has produced multiple product in Micro Nutrients Division. Product wise performance of the Micro Nutrients are as follows with comparative study:

S. No.	Product	Production (MT)		Sale (MT)	
		2016-17	2015-16	2016-17	2015-16
1	Maxo Zyme	71.49	228.70	69.85	356.87
2	Ferrous Sulphate	-	238.413	76.00	76.70
3	Mono	10.00	-	11.50	-
4	Magnesium Sulphate	-	-	13.00	-
5	Zinc Sulphate	406.598	520.77	764.10	1161.43



4. Outlook:

Agriculture has been playing vital role in Indian economy with its contribution to GDP, around 49% of Indian population is still dependent on agriculture and its allied activities for their livelihood. The growth rate in agriculture has been fluctuating and these uncertainties/ fluctuations in growth rate can be attributed to over dependence on rains (around 60% of agriculture is still rainfall dependent). One of the vital industries in Indian economy is the fertilizer industry which serves as a very crucial raw material for agriculture. Fertilizer, alone accounts for large subsidy, the second highest after food. Owing to poor monsoons in last two years and low commodity prices, there was slowdown in the fertilizer sector. Currently, this sector is showing strong signs of revival owing to good monsoon last years and reforms taken by government.

5. Risks and concerns:

(a) Government Policy:

This sector operates in a highly regulated environment with cost of production and selling prices being regulated by the Government of India. Due to this reason, fertilizer industry suffered from low profitability as compared to other sectors. Govt. imposed several regulations on prices, subsidies, production, import etc.

There have been changes in regulations, subsidy structure from time to time creating confusion and uncertainty among producers. In recent years, govt. has decontrolled DAP, MOP, complex fertilizers and SSP which will stimulate growth of this industry and thereby ensure adequate supply of essential fertilizers to farmers.

Subsidy for P&K fertilizers is fixed and not varies with market prices. Govt. does not regulate import of DAP and MOP as it does for Urea. Govt. has decontrolled prices of P&K fertilizers, MRP is left open to manufactures to decide and so domestic prices are decided by demand and supply. P&K fertilizers are less regulated compared to Urea, therefore P&K fertilizer producers can optimize operation, improve supply chain and product mix to earn better profits.

Considering all the issues relating to agriculture productivity, balanced fertilization, growth of indigenous fertilizer industry, competitiveness amongst the fertilizer



companies and to overcome the deficiency of concession scheme, the Government introduced **Nutrient Based Subsidy (NBS) Policy** for P&K fertilizers with effective from 1.4.2010.

Under the NBS Policy, a fixed rate of subsidy (in Rs. per Kg basis) is announced on nutrients namely Nitrogen (N), Phosphate (P), Potash (K) and Sulphur (S) by the Government on annual basis which is decided based on international prices, exchange rates, inventory and prevailing MRP etc.

The Govt. of India has opened the MRP of SSP from 01/04/2011 and manufacturers are free to decide their rates upto a fixed limit.

(b) Development In Government Policy:

Investment required for setting up a SSP unit is modest compared to Nitrogenous fertilizers. The setup with indigenous technology depend on imported material because of non-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. The Govt. of India has notified the Imported Rock Phosphate from some countries to use in production of SSP for competitive Production Cost.

(c) Availability of Raw Material:

Rock Phosphate is imported from Egypt by different dealers. There is no problem in availability of Raw Material.

(d) Subsidy on SSP:

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

6. Internal control systems and their adequacy:

In any industry, the processes and internal control systems play a critical role in the health of the Company. The Company's well defined organizational structure, documented policy guidelines, defined authority matrix and internal controls ensure efficiency of operations, compliance with internal policies and applicable laws and regulations as well as protection of resources. Moreover, the Company continuously upgrades these systems in line with the

best available practices. The internal control system is supplemented by extensive internal audits, regular reviews by the management and standard policies and guidelines to ensure reliability of financial and all other records to prepare financial statements and other data.

7. Discussion on financial performance with respect to operational performance:

The highlights of the company's performance for the year ended March 31, 2017 are as under:

Revenue from operation decreased by 8.11% to Rs. 5006.95 Lakhs.

PBDIT increased by 15.42% to Rs. 376.08 Lakhs.

Profit before tax decreased by 1.29% to Rs. 49.82 Lakhs.

Net profit increased by 10.12% to Rs. 36.01 Lakhs.

8. Material developments in Human Resources / Industrial Relations front, including number of people employed:

Asian Fertilizers Limited is a knowledge-driven organization focused on judicious people recruitment and retention. The Company's HR function focuses on employee training, values inculcation and enhanced functional expertise. The Company's key HR objective is to ensure that employees are aware of expected roles leading to organizational momentum. The top management conducted several discussions with employees to discuss multiple issues including leadership qualities, values, responsibilities, workplace freedom and empowered decision-making. Going ahead, the Company will continue to invest in people to strengthen its production processes, product quality and service delivery. During the year under report, the Company also focused on the automation of key HR processes for employee benefit. The result of these initiatives was that the Company was able to keep its attrition levels well under control, much below the industry average. The Company's headcount stood at 46 as on 31 March 2017.



DIRECTOR'S REPORT

Dear Member,

Your Directors are pleased to present the 32nd Annual Report and the Company's Audited financial statement for the financial year ended March 31, 2017.

1. FINANCIAL HIGHLIGHTS:

The Company's financial performance, for the year ended March 31, 2017 is summarized below:

PARTICULARS	(Rs in Lacs)	
	2016-2017	2015-2016
Revenue from Operation	5006.95	5,449.05
Other Income	52.28	36.70
Total Expenditure	4683.15	5,159.92
Profit before Interest, Depreciation Prior Period Items and Tax (PBIDT)	376.08	325.83
Less : Finance Costs	288.87	243.02
Less: Depreciation and Amortization	37.39	32.34
Profit Before Exceptional/Prior Period Items and Tax	49.82	50.47
Less: Exceptional/Prior Period Items (Net)	0	0
Profit Before Taxes (PBT)	49.82	50.47
Less: Tax Expense (Net)	13.81	17.77
Profit for the year (PAT)	36.00	32.70

2. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 read with Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), is presented in a separate section forming part of the Annual Report.



3. DIVIDEND:

In order to conserve the resources of the Company the Board of directors has decided not to declare any dividend for the financial year 2016-17.

4. AMOUNTS TRANSFERRED TO RESERVES:

The Board discussed and decide to transfer the profit of the year in reserves account.

5. EXTRACT OF ANNUAL RETURN:

The extract of Annual Return, in format MGT-9, for the financial year 2016-2017 has been enclosed with this report as “ANNEXURE -I”.

6. NUMBER OF BOARD MEETING:

Eight meetings of the Board of Directors were held during the year as on 30/05/2016, 02/08/2016, 11/08/2016, 28/09/2016, 12/11/2016, 05/01/2017, 11/02/2017 and 31/03/2017.

S. No.	Name of Director	Designation	No. of meeting Held	No. of meeting attended
1.	Gyanendra Nath Gupta	Chairman / Independent Director	8	5
2.	Ashok Kumar Matanhelia	Managing Director	8	8
3.	Somil Matanhelia	Whole Time Director	8	8
4.	Shobhit Matanhelia	Whole Time Director	8	8
5.	Anurag Tulsyan	Independent Director	8	6
6.	Usha Matanhelia	Women Director	8	4
7.	Sunil Kedia	Independent Director	6	4

The gap between any of the two Board Meetings did not exceed more than four months.

Leave of absence was granted to the non-attending directors on their request and noted in the attendance register as well as in the minutes of the meetings.

7. ANNUAL GENERAL MEETING:

The Annual general meeting of the Company for the financial year 2015-16 was held on 28/09/2016.

8. RELATED PARTY CONTRACT AND ARRANGEMENT OF THE COMPANY:

All the related party transactions that were entered during the financial year 2016-17 were in the ordinary course of business of the Company and were on an arm's length basis. There were no materially significant related party transactions entered by the Company with Promoters,