

37th

ANNUAL REPORT 2021-22

- In the support of Green Initiative in Corporate Governance, members are requested to register their e-mail address(es) and changes therein from time to time, by directly sending the relevant e-mail address along with details of name, address, Folio No., shares held:

i) To the registrar and share transfer agent, M/s Skyline Financial Services Pvt. Ltd. or Company for shares held in physical form / Demat;

Upon registration of the email address (es), the Company proposes to send Notices, Annual Report and such other documents to those Members via electronic mode/e-mail.

- SEBI vide circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 has mandated the submission of copy of Permanent Account Number (PAN) by every participant in securities market. Therefore, members are requested to submit copy of their PAN and bank account details (original cancelled cheque leaf/attested bank passbook showing name of account holder) to Company/Skyline.



ASIAN
fertilizers ltd.



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 Rajeev Prem & Associates
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

SECRETARIAL AUDITOR

Awashesh Dixit
Company Secretary
Kanpur

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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**37th Annual General Meeting
scheduled to be held
on Saturday,
24th September, 2022
through
VC/OAVM
at 3.00 pm.**

BANKERS :

- State Bank of India
- HDFC Bank



DIRECTOR'S REPORT

Dear Member,

Your Directors are pleased to present the 37th Annual Report and the Company's Audited financial statement for the financial year ended March 31, 2022.

1. FINANCIAL RESULTS:

The Company's financial performance, for the year ended March 31, 2022 is summarized below :

PARTICULARS	(Rs in Lacs)	
	2021-22	2020-2021
Revenue from Operation	7359.24	3966.64
Other Income	40.66	52.69
Total Expenditure	7092.72	3840.55
Profit before Interest, Depreciation Prior		
Period Items and Tax (PBIDT)	444.58	332.21
Less : Finance Costs	87.06	102.74
Less: Depreciation and Amortization	50.35	50.69
Profit Before Exceptional/Prior Period		
Items and Tax	307.17	178.77
Less: Exceptional/Prior Period Items (Net)	0	0
Profit Before Taxes (PBT)	307.17	178.77
Less: Tax Expense (Net)	76.98	57.47
Profit for the year (PAT)	230.19	121.30

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS :

The turnover of the Company was Rs.7359.24 lakhs for the year ended March 31, 2022, increase of 85.53%, as compared to Rs. 3966.64 lakhs in the previous year. The Company's Profit from Operations for the year ended March 31, 2022 was Rs. 230.19 lakhs, increase of 89.76 %, as compared to Rs. 121.30 lakhs in the previous year.

1. 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 given in "Annexure I" to this Report..



2. DIVIDEND:

In order to conserve the resources of the Company the Board of directors has decided not to recommend any dividend for the financial year 2021-22.

3. AMOUNTS TRANSFERRED TO RESERVES:

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

4. ANNUAL RETURN:

Pursuant to the provisions of section 134 (3) (a) and section 92 of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, annual return of the Company as at 31st March, 2022 is uploaded on the website of the Company at www.asianfertilizers.com.

5. NUMBER OF BOARD MEETING:

Six meetings of the Board of Directors were held during the year as on 26/06/2021, 22/07/2021, 14/08/2021, 18/09/2021, 13/11/2021 and 08/02/2022.

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

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

6. ANNUAL GENERAL MEETING:

The Annual general meeting of the Company for the financial year 2020-21 was held on 25/09/2021.

7. **RELATED PARTY CONTRACT AND ARRANGEMENT OF THE COMPANY:**

All the related party transactions that were entered during the financial year 2021-22 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, Directors, Key Managerial Personnel or other persons which may have a potential conflict with the interest of the Company.

All such Related Party Transactions are placed before the Audit Committee for approval, wherever applicable. Prior omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions. The policy on dealing with Related Party Transactions has been framed by the Board of Directors with the prior approval of the Audit Committee.

All related party transactions entered by the Company were in the ordinary course of business and were on an arm's length basis, form AOC-2 is annexed with this report as "ANNEXURE II" to the Director's Report.

The details of the transactions with Related Party are provided in the accompanying financial statements.

8. **AUDITORS & AUDITORS' REPORT :**

(a) **Statutory Auditors & Audit Report :**

Pursuant to provisions of Section 139 of the Act and Rules made thereunder, M/s Rajeev Prem & Associates, Chartered Accountants, Kanpur (FRN: 008905C) were appointed as Statutory Auditors of the Company for a term of five years, to hold office from the conclusion of the 33rd Annual General Meeting of the Company held on September 29, 2018, till the conclusion of the 38th Annual General Meeting to be held in the year 2023. They have confirmed that they are not disqualified from continuing as Auditors of the Company.

M/s. Rajeev Prem & Associates, Chartered Accountants, Kanpur submitted their report for the financial year ended March 31, 2022. The observations of the auditors are explained wherever necessary in appropriate notes to the accounts. Also, there is no adverse comment in the Auditor's Report.

(b) **Secretarial Auditor & Secretarial Audit Report:**

The Board, on recommendation made by the Audit Committee, had appointed Mr. Awashesh Dixit, Practicing Company Secretary, Kanpur to conduct Secretarial Audit for the F.Y. 2022-23. The Secretarial Audit Report for the financial year ended March 31, 2022 is annexed with this report as ANNEXURE III" to this Report. The Secretarial Audit report contains few qualification, reservation, adverse remarks or disclaimer.

Replies of qualification marks in Secretarial Audit Report are as follows.

- (i) *The company has provided the facility of Demat of the shares to all the shareholders. However, the process of Demat of shareholding including promoters is in progress;*



Demat of shares are in the process.

- ii. *The website of the company needs to be updated in terms of the provisions of Regulation 46 of SEBI LODR, 2015.*

Due to some technical issue documents not shown properly. Now updated

(c) Cost Auditor :

M/s K. S. Bhatnagar and Associates, Cost Accountants was appointed as the cost Auditor of the Company for the financial year ended March 31, 2022 to conduct the audit of Cost records of the Company. They been re-appointed as the Cost Auditor of the Company for the financial year ending on March 31, 2023. Pursuant to provisions of section 148(3) of the Act read with Companies (Audit and Auditors) Rules, 2014, as amended, the remuneration payable to Cost Auditors has to be ratified by the Members of the Company. Accordingly, the Board seeks ratification at the ensuing Annual General Meeting of the remuneration payable to the Cost Auditor for the financial year ending on March 31, 2023.

9. PARTICULARS OF LOANS, GUARANTEES & INVESTMENTS UNDER SECTION 186:

The Particulars of loans, Guarantees & Investments U/S 186, in format MBP-2, for the financial year 2020-2021 has been annexed with this report as "ANNEXURE -IV".

10. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION:

The Company would like to inform that no material changes and commitments affecting the financial position of the Company have occurred during the period from the end of financial Year till the date of this report.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

a) Conservation of Energy

Since the operations of the Company are not energy intensive, therefore it does not call for any steps to be taken.

Therefore clause (i), (ii) & (iii) of Rule 8 are not applicable.

b) Technology Absorption

The Company has not imported any specific technology for its operations which are not updated in India.

c) Foreign Exchange Earnings and Outgo

Foreign Exchange Earnings: Rs.0/-

Foreign Exchange Outgo: \$ 1406910/-

12. RISK MANAGEMENT POLICY AND IDENTIFICATION OF KEY RISKS:

The Company would like to inform that the risks which threaten the existence of the Company have been identified and accordingly a risk management framework has



been created and adopted by the Company. Further the internal auditor of the Company has been casted with the responsibility of monitoring this framework and reports to the management the key risks affecting the business.

13. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

a. Appointment of Directors and Key Managerial Personnel

Mrs Kunika Meghani, was appointed as Company Secretary of the Company w.e.f. 22/07/2021.

No other director/s or KMP/s have been appointed or retired or resigned during the financial year 2021-22.

b. Retirement by Rotation :

Mr. Somil Matanhelia, Whole Time Director, is liable to retire by rotation and being eligible offer himself for re-appointment in the ensuing AGM. The brief resume of Mr. Somil Matanhelia, Whole Time Director of the Company, retiring by rotation but seeking re-appointment at the ensuing Annual General Meeting is the part of Annual Report. (Please see notes of AGM Notice)

14. INTERNAL FINANCIAL CONTROLS :

The existing internal financial control system is adequate and commensurate with the nature and size of the business of the Company. The internal auditors of the Company keep a follow up on the internal financial reporting and information dissemination of the Company between the departments. The Audit committee of the Company interacts from time to time with the internal auditors of the Company regarding the adequacy of internal financial control system placed in the Company.

15. DECLARATION BY INDEPENDENT DIRECTOR :

All Independent Directors have given declaration under section 149(7) of the Companies Act 2013 that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

16. CSR ACTIVITIES :

Since the Company does not meet the criteria as defined under section 135 of Companies Act, 2013 read with schedule. Therefore, the provision relating to CSR Activities are not applicable to the Company.

17. FORMAL ANNUAL EVALUATION OF BOARD OF DIRECTORS AND ITS COMMITTEES AND INDIVIDUAL DIRECTORS:

a. Performance evaluation of the Board of Directors of the Company:

As per the evaluation criteria formulated by the Nomination and Remuneration Committee of the Board, Board of the Company has evaluated its own performance in context of Company's performance, status of compliance carried out, efforts made towards risk management, internal control, code of conduct followed and maintained by them, ethical standards met. Below are some of the criteria on the basis of which Board has made its evaluation at specific intervals:

- 1) Size and composition of the Board of Directors of the Company as per Companies Act, 2013.
- 2) Diversity of thought, experience, knowledge, perspective and gender in the Board

of Directors of the Company.

- 3) Maintaining transparency in the entire Board processes.
- 4) Any deviations, if any, from the set goals of the Board and steps taken to control such deviations.
- 5) Efficiency and effectiveness of the Board of Directors of the Company in carrying out its functions.
- 6) Timely flow of information among the Board of Directors.
- 7) Updation of knowledge of governing laws, rules and regulations.
- 8) Independent judgement of each matter placed before the Board of Directors. After evaluating its own performance, Board is of the view that the performance of the Board of Directors as a whole was satisfactory during the financial year 2021-2022.

b. Performance evaluation of the Committees of Board of Directors of the Company:

The Board of Directors of the Company evaluated the performance of each of its committees on the basis of various criteria such as composition of committee, quantum and quality of information received by the committee members, time spent for discussing the matter and reaching out the final decision, efficiency and effectiveness of the decision making of the committee members, level of active participation of committee members, number of meetings attended by the members, presence of the Chairman of the committee.

On the basis of the above criteria and the working procedure established by the Board of Directors of the Company, the Board is of unanimous consent that all the committees of the Company are working satisfactorily.

c. Performance evaluation of the Independent Directors of the Company:

As per the criteria formulated by Nomination and Remuneration Committee for the performance evaluation of Independent directors, the performance of each Independent director was evaluated by the entire Board of Directors but excluding the director being evaluated. While evaluation the following things were taken into consideration:

- 1) Application of Independent judgment while taking decision as part of the Board of Directors of the Company.
- 2) Exercise of the responsibility in a bona fide manner in the interest of the Company.
- 3) Attendance in the meeting of Board of Directors and meetings of committees where independent director is a member.
- 4) Active participation in the familiarization programme conducted for the Independent Director.

d. Performance evaluation of the each individual director of the Company:

Further the Board evaluated during the year, the performance of each Director taking each of them as a separate individual, in order to judge the contribution and efforts made by them individually and the initiatives taken by them during the year. This helped the Board of Directors in deciding whether to extend the tenure of director



being evaluated.

18. COMMITTEES TO THE BOARD:

The Company has several Committees which have been established in Compliance with the requirements of the relevant provisions of applicable laws and statutes.

The Company has following Committees of the Board:

- A. Audit Committee
- B. Nomination & Remuneration Committee
- C. Stakeholders Relationship Committee

The details with respect to the composition of the committees, number and dates of the meeting of the committees and number of meeting attended by each director of relevant Committees are given in details below.

(A) AUDIT COMMITTEE:

In compliance and as per the requirements of Section 177 of the Companies Act, 2013, an Audit Committee has been constituted to monitor and supervise the Company's financial reporting process with a view to provide accurate, timely and proper disclosures and financial reporting.

The Audit Committee consists of three directors out of which two are Independent Directors. Five meetings of Audit Committee were held during the year on 26.06.2021, 14.08.2021, 18.09.2021, 13.11.2021 and 08.02.2022. During the year, all the recommendations made by the Audit Committee were accepted by the Board.

Composition and attendance in Committee meeting during the year:

Name of Committee	Positions	Meeting held	Meeting attended
*Mr. G. N. Gupta	Chairman/ Independent	5	5
Mr. Anurag Tulsyan	Member/Independent	5	5
Mr. Somil Matanhelia	Member / Non independent	5	5

*The Chairman of the Committee was present at the last Annual General Meeting held on 25th September, 2021.

a. ESTABLISHMENT OF VIGIL/WHISTLE BLOWER MECHANISM:-

The Company has established a vigil mechanism for directors and employees in compliance with the provisions of Sub section 9 of Section 177 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 to report genuine concerns. Vigil mechanism shall provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional case.

The Company promotes ethical behavior in all its business activities and in line with the best practices for corporate governance. It has established a system through which directors & employees may report breach of code of conduct or suspected fraud, unethical business practices, illegality, fraud, and corruption etc. at work place without fear of reprisal. The Board designated and authorized Mr. Somil Matanhelia, Whole time Director of the Company as



Vigilance and Ethics Officer and Mr. G.N. Gupta, Chairman of the Audit Committee to oversee the vigil mechanism. The functioning of the Vigil mechanism is reviewed by the Audit Committee from time to time. It may be noted that if any of the members of the Committee do have a conflict of interest in any given case, he/she to recuses themselves and the others on the committee would deal with the matter on hand.

The Vigil mechanism shall provide for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and also to provide for direct access to the Chairman of the Audit Committee and in case of repeated frivolous complaints being filed by a Director or an employee, the Chairman of the Audit Committee may take suitable action against the concerned Director or employee including reprimand.

During the Financial Year 2021-2022 there was no complaint reported by any Director or employee of the Company under this mechanism.

(B) NOMINATION & REMUNERATION COMMITTEE:

The Nomination and remuneration committee consists of three Non-Executive Directors, and all are Independents. During the period 1 meeting of the Nomination and remuneration committee is held on 26/06/2021.

a. Composition and attendance in Committee meeting during the year:

Name of Committee Members	Positions	Meeting held	Meeting attended
Mr. G. N. Gupta	Chairman/Independent Director	1	1
Mr. Anurag Tulsyan	Member/Independent Director	1	1
Mr. Sunil Kedia	Member/Independent Director	1	1

b. NOMINATION AND REMUNERATION POLICY OF THE COMPANY:

In compliance with the provisions of Section 178 of the Companies Act, 2013 the Nomination and Remuneration Committee of the Board of Directors has formulated a policy comprising the criteria for determining qualifications, positive attributes and independence of a director and remuneration for the directors, key managerial personnel and other employees, which have been approved and adopted by the Board. The criteria formulated by the Nomination and Remuneration Committee is duly followed by the Board of Directors of the Company while appointing the directors, Key Managerial Personnel and senior management personnel in the Company.

I. Criteria for appointment of Directors in the Company:

- 1) Person of integrity with high ethical standards.
- 2) Person with knowledge, skill and innovative ideas that can be beneficial to the Company.
- 3) Interested in learning new things and updating the knowledge and skills possessed.