

SHIVA FERTILIZERS LIMITED



1997-98



Annual Report

6th



Shiva Fertilizers Limited**BOARD OF DIRECTORS**

Shri Omprakash Gilda
 Shri Arvind Modgi
 Shri Arun Toshniwal
 Shri Deepak Maliwal
 Shri Narayanlal Kalantri
 Shri Sambaji L. Pawar
 Shri Vijay Agrawal

Managing Director
 Nominee Director (SICOM)

REGISTERED OFFICE & WORKS

Osmannagar Road
 Village - Dhakni
 Dist. Nanded
 (Maharashtra)

MD	✓	BKC	✓
CS	NA	DPY	NA
RO	✓	GV	✓
TRA	✓	IC	✓
AGM	✓	SHD	✓
YE	✓		✓

AUDITORS

M/s. BHARTIYA & FALOR
 Chartered Accountants
 Mahajan Building
 Vazirabad
 Nanded - 431 601.

BANKERS

Union Bank of India
 Nanded - 431 601.

FINANCIAL ADVISORS

Chidrupi Financial Services Limited,
 1001A, Raghava Ratna Towers,
 Chirag Ali Lane, Opp : Medwin Hospitals,
 Hyderabad - 500 001.

SHARE TRANSFER AGENTS

Aarshi Consultants (P) Ltd.
 1-2-285, Domalguda,
 Hyderabad - 500 029.

Shiva Fertilizers Limited**NOTICE**

NOTICE is hereby given that the 6th Annual General Meeting of the Shareholders of the Company will be held at Hotel Chandralok, Airport Road, Nanded, on Monday, the 28th September, 1998 at 3.00 p.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 1998 and the Balance Sheet as at that date together with the reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To elect a Director in place of Shri Narayanlal Kalantri who retires by rotation and being eligible offers himself for re-appointment.
4. To elect a Director in place of Shri Vijay O. Agrawal who retires by rotation and being eligible offers himself for re-appointment.
5. To elect a Director in place of Shri Deepak S. Maliwal who retires by rotation and being eligible offers himself for re-appointment.
6. To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT M/s Bhartiya & Falor, Chartered Accountants, Auditors of the Company who retire at the conclusion of ensuing Annual General Meeting are hereby appointed as auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors."

7. To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT in supersession of the resolution passed by the Company in the General Meeting held on 12th day of November 1994 in relation to the exercise of borrowing power, the Board of Directors of the company be and is hereby authorised to borrow money from time to time to a limit of not exceeding in the aggregate Rs.2500 Lacs notwithstanding that the money to be borrowed by the company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the company and its free reserve, that is to say, reserves not set apart for any specific purpose."

BY THE ORDER OF THE BOARD

Place : Nanded
Dated : 30th June, 1998

OMPRAKASH GILDA
Managing Director

Shiva Fertilizers Limited**NOTES**

1. Any Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and a proxy need not be member. The proxies, to be effective, should be deposited at the registered office of the company not later than 48 hours before the commencement of the meeting.
2. The Register of Members of the Company will remain closed during the period from 17.09.1998 to 28.09.1998 both days inclusive.
3. If dividend on equity shares is declared, the same will be paid to the members whose names are on the company's register of the members on 28.09.1998.
4. Members desiring any information concerning accounts are requested to send their queries at least seven days before the date of the meeting to the company so that information required may be made available at the meeting.
5. Members are requested to bring their copy of Annual Report along with them to the meeting as copies of the Annual Report will not be distributed at the meeting.
6. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed thereto and forms part of the notice.

Report Junction.com

BY THE ORDER OF THE BOARD

Place : Nanded
Dated : 30th June, 1998

OMPRAKASH GILDA
Managing Director

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.
Item No. 7 :

Section 293(1) (d) of the Companies Act, 1956, provides that the Board of Directors of the Company shall not without the consent of the shareholders in the General Meeting exceed the present borrowing powers fixed. In view of the Company's expanding/diversified operations there is definite need for sanction of loans, advances and various credit facilities from Financial Institutions, Banks. Accordingly in order to meet the statutory requirements and also the requirements of Financial Institutions/Banks the present borrowing power from Rs.1000 lacs needs to be increased to Rs.2500 lacs. Hence the resolution is recommended for your approval.

None of the directors of the company is concerned or interested in the said resolution.*

Shiva Fertilizers Limited**DIRECTORS' REPORT**

Your Directors are pleased to place before you the Sixth Annual Report and the Audited Accounts of the company for the year ended March 31, 1998.

PERFORMANCE OF THE COMPANY

Your company's financial results are summarised hereunder :

(Amt. in Lacs)

Particulars	1997-98	1996-97
Sales	2,494.23	1,561.59
PBIDT	232.01	215.06
Finance Charges	92.82	87.32
Depreciation	42.25	36.04
Profit Before Taxation	96.94	91.70
Provision for Taxation	21.00	20.00
Profit After Taxation	75.94	71.70
APPROPRIATIONS		
Proposed Dividend	18.61	18.61
Transferred to General Reserve	20.00	40.00
Surplus Carried Forward	165.10	128.56

REVIEW OF OPERATIONS

Your company has achieved as sales turnover of Rs.2494.23 Lacs during the year under review which represents a significant increase of 60% over the previous year. This smart increase in sales could be achieved due to your company consolidating its market share of Mixed Fertilizers. Your company's profitability during the year under review was under strain due to the reduced off take of Single Super Phosphate in Rabi, large allowance of discounts to dealers on SSP and delayed receipts of subsidy from Central Government. The manufacture and sale of SSP dropped due to erratic monsoon during the year under review. However, the market share of SSP during the current year has improved smartly and your company is confident of posting improved operational and financial results during the current year.

DIVIDEND

In view of paucity of profits during the year under review, and need for augmenting the long term working capital margins, your directors are constrained to recommend a Dividend of 6% on equity capital, subject to approval by the Members in the Annual General Meeting, Financial Institutions and Bankers.

FURTHER PROSPECTS

Your company is making continuous efforts for consolidating its market share in the SSP and Mixed fertilizer segments. It is well poised to take significant share of the increased demand in the respective

Shiva Fertilizers Limited

market segments. Your company is also actively considering strategic marketing tie-ups for distribution of complex fertilizers through its large dealer network.

FIXED DEPOSITS

Your Company has accepted fixed deposits during the year and there are no unpaid/overdue fixed deposits.

DIRECTORS

Your directors express their deep regret on untimely demise of Shri Rakesh Sharma, Director (Mktg.) in the month of July 1997.

Shri Narayanlal Kalantri, Shri Vijay O. Agrawal and Shri Deepak S. Maliwal, Directors of the company, retire by rotation and being eligible offer themselves for reappointment.

AUDITORS

M/s Bhartiya & Falor, Chartered Accountants, Auditors of the company, retire at the conclusion of ensuing Annual General Meeting are eligible for re-appointment.

ENERGY, TECHNOLOGY, FOREIGN EXCHANGE

Details of energy conservation and research and development activities undertaken by the Company along with the information in accordance with the provisions of Section 217(1)(e) of the Companies Act 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in the Annexure-A to the Directors' Report.

PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217(2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended is not presently applicable.

ACKNOWLEDGMENT

Your Directors have pleasure in recording their appreciation of the assistance extended, and support from various State and Central Government Departments, Financial Institutions viz., SICOM LTD., Union Bank of India and the co-operation received from Shareholders, Employees, Customers and Dealers.

ON BEHALF OF THE BOARD

Place : Nanded
Dated : 30th June, 1998

OMPRAKASH GILDA
Managing Director

Shiva Fertilizers Limited**ANNEXURE TO THE DIRECTORS' REPORT****A) CONSERVATION OF ENERGY****FORM - A****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO
CONSERVATION OF ENERGY****a) Power and Fuel Consumption**

	For the Year ended 31st March, 1998	For the Year ended 31st March, 1997
1) Electricity		
a) Purchased		
Unit	861652	835397
Rate/unit Rs.	3.73	3.54
b) Own Generation	Nil	Nil
2) Coal	Nil	Nil
3) Furnace Oil	Nil	Nil
4) Others	Nil	Nil
b) Consumption per unit of production		
Electricity (KWH)	19.20 PMT	16.42 PMT

B) TECHNOLOGY ABSORPTION**FORM - B**

Company has fully absorbed the technology to manufacture Single Super Phosphate (SSP) with an installed capacity of 300 TPD. The plant has been operated at its full efficiency level.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO : Nil

Shiva Fertilizers Limited**AUDITORS' REPORT**

To,
The Shareholders of
Shiva Fertilizers Limited

We have audited the attached Balance Sheet of Shiva Fertilizers Limited as at 31st March 1998 together with the annexed Profit and Loss Account of the company for the year ended on that date and report that :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, a statement on the matters specified in paragraphs 4 and 5 of the said order is annexed.
2. Further to our comments in the statement referred to in paragraph (1) above :
 - a) We have obtained all the informations and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion proper books of accounts as required by law have been kept by the company so far as appears from our examination of these books.
 - c) The company's Balance Sheet and the Profit and Loss account dealt with by this report are in agreement with the books of account.
 - d) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
 - i) in the case of the Balance Sheet, the state of affairs of the Company as at 31st March, 1998 and;
 - ii) in case of the Profit and Loss Account, the Profit of the Company for the year ended on that date.

For **BHARTIYA & FALOR**
Chartered Accountants

Place : Nanded
Dated : 30th June, 1998

J.R. FALOR
Partner

Shiva Fertilizers Limited**ANNEXURE TO THE AUDITORS' REPORT**

Statement referred to in paragraph 1 of our report of even date :

1. The company has maintained proper records to show full particulars including quantitative details and situations of fixed assets. As explained to us, the management has physically verified fixed assets during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification of fixed assets is reasonable.
2. None of the fixed assets have been revalued during the year.
3. Physical verification has been conducted by the management during the year in respect of finished goods, stores, packing material and raw materials. In our opinion the frequency of verification is reasonable.
4. In our opinion, the procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. The discrepancies noticed on physical verification, between physical stocks and books records, were not material in relation to the operations of the company and have been properly dealt with the books of accounts.
6. In our opinion, the valuation of stocks is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the preceding year.
7. The company has taken loans from company listed in the register maintained under section 301 of the companies Act, 1956 and from a company under the same management as per section 370 (1B) of the Companies Act 1956. The terms and condition are not prima facie prejudicial to the interest of the company.
8. The company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 and/or to companies under the same management as defined under section 370(1-B) of the Companies Act, 1956.
9. The company has not given any loans and advances in the nature of loan except loans and advances to its employees and advances in the normal course of business of the company. Such loans and advances wherever applicable are being recovered as stipulated or agreed to.
10. In our opinion and according to the information and explanation given to us, there are adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to purchase of raw materials, stores, plant and machinery and other assets and with regard to sale of goods.
11. According to the information and explanation given to us, the transaction of purchase and sale of goods and materials made in pursuance of contracts or agreement entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000 or more in respect of each party, have been made at prices which, in our opinion, are reasonable having regard to prevailing market prices of such goods and materials or the prices at which similar transactions have been made with other parties, as the case may be.