

Integrated Farm Solutions



Shiva Global
Agro Industries Ltd.

ANNUAL REPORT
2012-13

- ◆ SEEDS
- ◆ FERTILIZERS
- ◆ SOIL HEALTH PRODUCTS
- ◆ RESEARCH
- ◆ SOLVENT EXTRACTION



An inside view of the State-of-the-art, recently upgraded beneficiated rock phosphate plant at Nanded, Maharashtra.

An inside view of the state-of-the-art, solvent plant at Nanded, Maharashtra.



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COMPANY INFORMATION

Registered Office & Works
Shri Hanuman Nagar,
Osman Nagar Road,
Village - Dhakni,
Nanded 431708,
Maharashtra.

Auditors

M/s. J. P. Falor & Co.
Chartered Accountants
Sanman Towers,
Vazirabad,
Nanded 431601,
Maharashtra.

Bankers

Union Bank of India,
Santkripa Market,
G. G. Road,
Nanded 431601,
Maharashtra.

Share Transfer Agent

Aarathi Consultants Pvt. Ltd.
1-2-285, Domalguda,
Hyderabad 500 029,
Andhra Pradesh.



CHAIRMAN'S MESSAGE

The year was not good for fertilizer industry due to erratic monsoon and severe drought conditions prevailed in the Country. The economic performance in the Indian economy was dampened due to fiscal deficit, inflation, volatile exchange rates, effects of global slowdown and slow pace of structural reforms. The economy slowed to around 5% for the 2012-13 fiscal year compared with 6.2% in the previous fiscal.

The sales of fertilizers witnessed a decline of 15% in FY 2012-2013. While urea volumes continued to remain relatively steady, a steep decline was witnessed in the sales volumes of fertilizers such as di-ammonium phosphate (DAP), single super phosphate (SSP) and NPK complexes with demand being affected by higher prices on account of lower subsidy for these nutrients, increased cost of raw materials globally and rupee depreciation. The demand for these fertilizers was further impacted by inventory overhang and delayed monsoon. As per the Fertilizers Association of India the N:P:K usage ratio is expected to have deteriorated from 6.5:2.9:1 in FY12 to 8.1:3.2:1 in Kharif 2012.


Nevertheless, the core long-term demand drivers for the industry remain steady with improving farm economics and rising thrust on irrigation. However, price driven factors are increasingly impacting consumption pattern among fertilizers. The growing disparity between urea and phosphatic fertilizer pricing does offer significant challenges. Partial price deregulation (fixed urea price and variable non urea fertiliser prices), lower subsidies (under NBS) and weak rupee have significantly widened the retail price differential between urea and non-urea fertilisers, thus further skewing the consumption in favour of urea. This not only adversely affects the Government in balancing the

budget due to the burgeoning subsidy bill but also the overall soil health due to suboptimal skewed application of NPK fertilizers which affects agricultural productivity. The Government is aware of these effects of the current subsidy policy and I expect a more balanced policy will emerge in the near future.

On the seed front, our BT cotton has already captured the market. We further expect to gain market share because of our differentiated and high-yielding seeds portfolio. We have continued our research to provide quality seeds. Our R&D in paddy seed has also brought good results and we are poised to grow faster in this field as well. Our R&D teams work closely with farmers in different regions to recognize and understand their needs and deliver customized solutions using our wide range of seeds and soil health products.

While this year offered some short-term challenges, growing population and rising income levels in developing economies have contributed to the increased demand for food and nutrient products, which will fuel the demand for fertilizers in the long term. Population of India is ever growing. Urbanization is also growing with the developing economy. This is resulting in reduction of availability of cultivable land. Coupled with the increase in Population and reduction in availability of cultivable land it is necessary to increase food grain production. This is only possible through use of better agri inputs and efficient use of the available resources.

Coupled with limited availability of land, the growth in population underscores an urgent need to improve farm productivity in order to attain self-sufficiency in food for most developing nations. Of late grains also have created a non-traditional



demand with agricultural produce now being used to meet the energy needs. This particularly affects pricing of products like sugarcane, wheat, coarse grains and vegetable oils. Currently the main thrust of productivity improvement is in fertilizers but will soon turn to other methods like deployment of superior seeds and a more efficient cropping pattern. We expect productivity gains to be backed by increased use of fertilizers and expect it will be a key growth ingredient in developing countries where per hectare usage still remains relatively low. In the medium-term a positive agricultural outlook is expected to stimulate fertilizer demand. World demand is projected to be 188.3 million tonnes in 2014-15 corresponding to an average compounded annual growth rate of 2.5%. Phosphatic fertilizers especially SSP is likely to witness a period of strong growth in the coming years. This is good news for Shiva Global Agro since we are well-entrenched in the Phosphatic fertilizer segment. We are doing our best to help farmer in all aspect. Our bio fertilizers & growth stimulants are also useful for farmers. We are making all our endeavors

to educate farmers so as to encourage soil specific crop pattern and use of quality seeds & fertilizers to increase the farm productivity. We are educating the farmers to use available technological resources efficiently to further improve the yield. As it is our responsibility to ensure food security for our country.

In order to ensure sustained growth, we are looking forward to set up additional manufacturing facilities in other parts of the country. We express our gratitude to all our stakeholders including shareholders, customers, bankers, and farmers for their unstinted support and contribution which we value the most.

With warm regards,

Omprakash K. Gilda
Founder and Chairman





DIRECTOR'S MESSAGE

The Indian Fertilizer industry is passing through a very challenging phase. The year was not good for fertilizer industry. Erratic monsoon and severe drought conditions prevailed in the Country. During the year, the company's production of SSP has fallen by 9% as compared to last year and the production of NPK fertilizer has risen by 6% whereas the sales volume of SSP & NPK decreased by 24% and 11% respectively. However due to the likely forecast of early monsoon during the current year, we remain optimistic of good market conditions during the current year and anticipate it will help the farm sector achieve higher food and grain output during the year.

We at Shiva are striving hard to attain higher production of SSP. In the last couple of years the company has put efforts and invested in the set up and operations of Beneficiated Rock Phosphate Plant to cater the needs of Raw Material i.e. Rock Phosphate. During the year the company focused on the upgradation of the plant. The BRP Plant was further upgraded.

I am pleased to report that, The Company's consolidated turnover increased from 398.54 crores in previous year to Rs.518.07 Crores in current year. Your company could endure the pressure of economic woes, erratic monsoon and demand contraction with a marginal fall in profits. The profits before tax of the consolidated entity stood at Rs.905.65 crores as against Rs.927.58 crores of previous year.

Seeds business is constantly remaining one of the most important part of Indian Economy. Our seed wing Kirtiman Agro has also contributed to some extent in such economic woes. The company could not achieve the targeted sales due to erratic and

irregular monsoon. Though the company is satisfied with the performance of its products in seeds portfolio. Our research variety paddy seeds namely Mugdha, Hina & Kanchan were short in supply as against their demand, which proves the good contributions in the coming years from seed division.

The solvent business has made a remarkable contribution during the year. Demand for oil and DOC has been good. Solvent business accounts for 61% of the turnover and 47% of the profit before tax of the consolidated entity. However the constant changes in Soyabean prices have been a challenge. We are well prepared to face and expect our solvent business to remain steady. The company further expects better results from the solvent business.

The years ahead are expected to bring new challenges. SSP sale is likely to increase as it is cheaper as compared to other fertilizers supplying P. Now the government is planning to pay the subsidy directly to the Farmers. Various steps in this direction have already been taken. This will also encourage use of SSP as it will be cheapest fertilizer under this circumstance. However competition is set to increase with the entry of various new plants in the field. However we at Shiva are ready to face new challenges and attain new heights.

We are committed for our growth and we are committed to translate our plans into actions. Our BRP plant is now fully upgraded and is running successfully giving strength to our SSP unit. As mentioned in the last report, the MOU with The M. P. State Mining Corporation Ltd. for supply of Rock Phosphate was signed in the year 2011 and the plan to set up BRP and SSP plants in the state of

Madhya Pradesh, I am pleased to report you that positive steps were further taken during the current year to realize the plans and promises. Some of the approvals of governmental agencies were received and some are in progress. We expect to commence operations in our first plant in Madhya Pradesh within next couple of years.

Shiva Global Agro is committed to educate farmers to adopt quality seeds and use of soil specific fertilizers which can improve the yield and as part of this programme, we started educating farmers about the fertilizer best management practices. Our constant endeavour is to increase our reach and be in a position to deliver our fertilizers and seeds to a larger section of farmers. We provide soil testing, field demonstrations, crop seminars and farmers

meetings to convince the farmers about the benefits of balanced use of fertilizer.

A formal plan is in place to achieve an ambitious target for the coming years and the Company is confident of achieving the same. With the support of Government and all stakeholders especially farmers, your company would march ahead successfully from strength to strength.

With warm regards,

Deepak S. Maliwal
Director





NOTICE

Notice is hereby given that the **21st ANNUAL GENERAL MEETING** of the Share holders of the Company will be held at the Administrative Office of the Company on **Saturday the 28th September, 2013 at 1.00 P.M.** to transact the following.

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Profit and Loss Account for the year ended **31st March, 2013** and the Balance Sheet as at that date together with the reports of the Board of Directors and Auditors thereon.
- 2) To elect a Director in place of **Shri Deepak Shyamsunder Maliwal** who retires by rotation and being eligible offers himself for re-appointment.
- 3) To elect a Director in Place of **Shri Vijayprakash Onkarlal Agarwal** who retires by rotation and being eligible offers himself for re-appointment.
- 4) To Declare Dividend for the year ended 31st March, 2013.
- 5) To appoint Auditors to hold office from the Conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and to pass the following resolution thereof:

RESOLVED THAT M/s J. P. Falor & Co., Chartered Accountants, be and are hereby re-appointed as the Auditors of the Company to hold the office from the conclusion of this Annual General Meeting to the conclusion of next Annual General Meeting on such remuneration as may be determined by the Board of Directors in consultation with the Auditors & the remuneration may be paid on a progressive

billing basis to be agreed between the Auditors and the Board of Directors.

By the order of the Board

Place : Nanded
Dated: 30th May, 2013

Omprakash Gilda
Managing Director

Notes

1. A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend and vote in the meeting and the proxy need not be a member of the company.
2. The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
3. Members/proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.
4. The Register of Members and Share Transfer Books will remain closed from September 23, 2013 to September 28, 2013 (both days inclusive)
5. Subject to the provisions of Section 206A of the Companies Act, 1956, dividend as recommended by the Board of Directors, if declared at the meeting, will be paid to those members whose names appear on the Register of Members as on September 28, 2013.
6. Members are requested to address all correspondence, including dividend matters, to the

Registrar and Share Transfer Agents, Aarthi Consultants Pvt. Ltd., 1-2-285, Domalguda, Hyderabad - 500 029.

7. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, Aarthi Consultants Private Limited to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to the registrars and share transfer agents.

8. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company or Aarthi Consultants Private Limited, for assistance in this regard.

9. Members desiring any information concerning accounts are requested to send their queries at least seven days before the date of meeting to the company so that information required may be made available at the meeting.

10. The Ministry of Corporate Affairs (MCA), Government of India, has announced "Green initiative in the Corporate Governance" by permitting the Companies to send the Balance Sheet, Profit & Loss Account, Directors' Report, Auditor's Report etc. to their members through email instead of mailing physical copies. Members are requested to support the Green Initiative by the Government and get their email addresses registered with their Depository Participants in case of shares held in demat form or with Registrars in case of shares held in physical form.

By the order of the Board

Dated: 30th May, 2013
Place : Nanded

Omprakash Gilda
Managing Director



DIRECTOR'S REPORT

Your Directors are pleased to place before you the Twenty First Annual Report and the Audited Accounts of the company for the year ended March 31, 2013.

PERFORMANCE OF THE COMPANY

Your company's financial results are summarized hereunder:

Particulars	Consolidated		Standalone	
	2012-13	2011-12	2012-13	2011-12
Income				
From Operations	51,806.86	39,853.63	10,614.51	11,149.64
Other	276.37	148.69	57.69	37.81
Total	52,083.23	40,002.32	10,672.20	11,187.46
Profit				
Profit Before Interest, Depreciation and Taxation	2,837.98	2,818.34	1,013.82	1,124.03
Less: Interest	1,676.53	1,646.98	635.29	574.27
Depreciation	255.80	243.79	95.53	88.51
Profit Before Tax	905.65	927.58	283.00	461.25
Less: Provision for Tax (Including Deferred Tax and MAT Credit Entitlement)	305.79	292.82	101.93	143.50
Profit After Tax	599.86	634.76	181.06	317.75
Add: Surplus brought forward	1,382.08	1,033.07	983.96	782.13
Less: Transfer to Minority Interest	176.88	133.85	0.00	0.00
Less: Adjustments on account of change in holding	35.33	23.85	0.00	0.00
Amount available for appropriations	1,769.73	1,510.13	1,165.03	1,099.88
Appropriations				
Proposed Dividend (Including Dividend Tax)	55.82	110.91	55.82	110.91
Transfer to General Reserve	17.07	17.13	5.00	5.00
Surplus retained in the Profit & Loss Account	1,696.84	1,382.08	1,104.20	983.96