



**Shiva
Global
Agro
Industries
Ltd.**



ANNUAL REPORT 2013-14

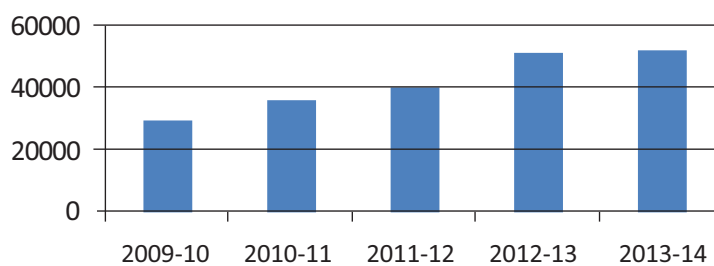
- ♦ Seeds
- ♦ Fertilizers
- ♦ Soil Health Products
- ♦ Research
- ♦ Solvent Extraction



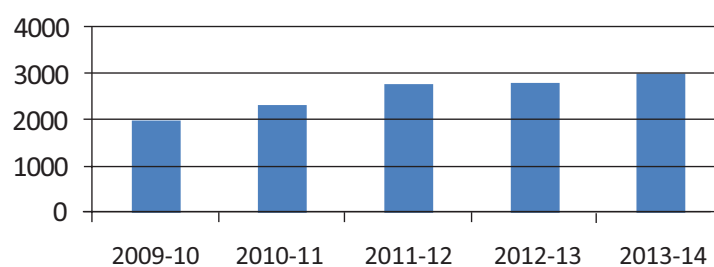
**Integrated
Farm
Solutions**

FINANCIAL HIGHLIGHTS

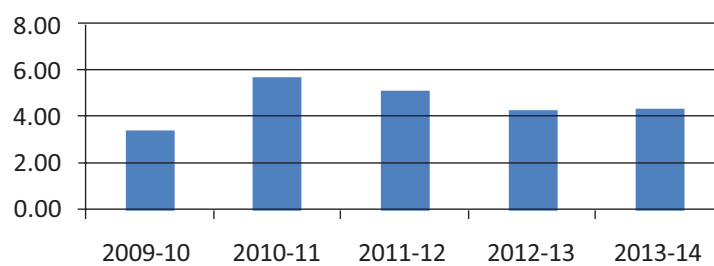
Turnover



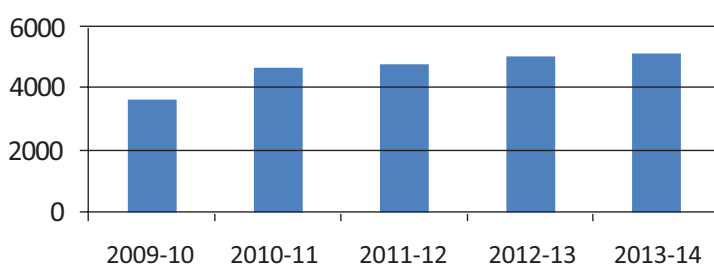
EBITDA



EPS



Net Block



*(The above figures are the consolidated figures of Shiva Group and amount in rupees lacs)

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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

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



Chairman's Message

Fertilizer is an integral part of agriculture. It provides a crucial input in enhancing agriculture productivity. Sustainable agriculture is not possible without sustenance of the growth of the fertilizer sector. Further the food security for a country like India can never be an outdated issue. Fertilizer security is the pre-requisite for food security.

Indian agriculture is not growing at the desired pace in the last few years. There is very little scope to increase area under cultivation. Therefore increase in agricultural production has to come from improvement in crop productivity per unit of land. Towards this, sustenance of soil health is necessary for ensuring food security in the country. The solution is to lay more emphasis on balanced fertilization with integrated nutrient management.

The year gone witnessed a good agricultural season, infact one of the good seasons which the country has seen. The food grains production was 259 million tonnes which was the highest since 1947. This was possible due to good monsoon rains and high water level in major reservoirs of the country. But this output is much lower than the 450 million tonnes of food grains production achieved by China from 2/3rd of arable land. Though there being potentials but the fact of remarkable food grains production cannot be blot out. Fertilizer, being one of the important agricultural inputs can never be

ignored for its contribution in the success story.

Despite the increase in the consumption of fertilizers in last few years, the consumption pattern of the fertilizers remains skewed. The unbalanced consumption, biased towards urea consumption needs immediate reform to enable balanced fertilization. Looking forward to the potentials in agricultural production, the balanced policy or reform necessitates the situation.

Lowering current assets was another challenge during the year leading to increasing finance costs. Roll over of unpaid subsidy to the next year resulted in escalating unpaid subsidy and consequently increased the finance cost.

For continuous and reliable operation, health of plant and machinery needs to be in excellent condition. We continued the upgradation and modernization of the plant and machineries through replacement of equipments and installation of the latest manufacturing facilities to improve reliability of plant operation and achieve higher operating efficiency.

On the seed front, the success story of our BT cotton remained in the market. Our differentiated and high-yielding seeds portfolio and ongoing research to provide quality seeds improved the market share. Though the season was good, it did not favour the market served by our company.





There was no remarkable achievement in the seed business, but the fact we survived in the industry gives new hopes for the upcoming seasons. Our R&D team works 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.

Despite exposure to volatility in commodity as well as currency fronts, the solvent division has given increased contribution, due to its ability to procure adequate seed for its crushing and manufacturing requirements. Considering the demand for DOC and increased consumption of soya oil, better potentials are projected in the industry.

The new government has expressed its commitment to bring about sustainable and inclusive growth. To build a strong India, it aims to usher the economy to a higher pedestal, rein in inflation, reduce current account deficit, reignite the investment cycle and restore the confidence of domestic and international communities in the national economy. A series of measures and reforms

to help Indian economy achieve its potential of high growth are on cards.

In order to help Indian farmers and improve their lives, we continued offering our bio fertilizers & growth stimulants. Appreciating the initiative of the new government to provide soil health cards to all farmers in the country, we, through, all our endeavors continued educating farmers so as to encourage soil specific crop pattern and use of quality seeds & fertilizers to increase the farm productivity.

As mentioned in my previous communication, we have initiated the steps 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 year gone was again beset with challenges. Nevertheless, a spell of global financial turbulence caused capital outflows and pressure on the exchange rate, but strong policy measures stabilized the currency, rebuilt reserves and narrowed the excessive current account deficit. In financial year 2013-14 the global economy showed signs of recovery. The overall agricultural GDP growth is estimated at 4.6% as compared with 4% in the previous year. However, the domestic macro-economic environment still remains challenging.

During the year, the company's production of SSP has fallen by 27% as compared to last year and the production of NPK fertilizer has risen by 26% whereas the sales volume of SSP decreased by 24% and the same is increased by 56% in case of NPK. Your company entered into marketing arrangement, whereby the company's manufactured fertilizer would be sold by another company in the market, enabling the company to share marketing network of another company and increase its own marketing share.

Despite the economic slowdown and other challenges, the EBITDA percentage in relation to sales increased to 10.95% against 9.55% of previous year. I am pleased to report that, The Company's consolidated turnover increased from Rs. 518.07 crores in previous year to Rs.526.15 crores in current year. The profits before tax of the consolidated

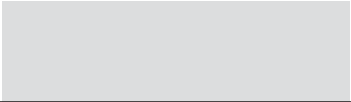
entity stood at Rs.1014.64 lacs as against Rs.905.65 lacs of previous year.

Seeds, the other primary and important agricultural input. We offer the seeds through our subsidiary Kirtiman Agro to Indian farming community. In a short span of time, Kirtiman Agro has smartly ramped up its market presence. The company failed to achieve the targeted sales due to erratic and irregular monsoon in the areas served by the company. Though the company is satisfied with the performance of its products in seeds portfolio. It has a leading presence in hybrid paddy, maize, wheat, soyabean, bajra and cotton. Our research variety paddy seeds namely Mugdha, Hina & Kanchan were again falling short in supply as against their demand.

The solvent business once again gave the remarkable contribution during the year. Solvent business accounts for 62% of the turnover and 52% of the profit before tax of the consolidated entity. Looking forward to the good monsoon and estimates of increase in yield of oil seeds throughout the country, better results from the solvent business is expected in the coming year.

Industry continues to operate in the highly regulated environment. With the expansion of production capacity in the country, due to entry of 5 new SSP plants in India, the more challenges are expected in the coming years. The previous





government expressed its intention to pay subsidy direct to the farmers. Industry had welcomed it because industry wants to operate in free and competitive environment. Industry is performing onerous duty of reaching fertilizers to 138 million farmers at subsidized prices in every nook and corner of the country. Your company always strives for the farming community. In order to address more members of the farming community, we have already stepped up in new markets crossing the limits of the state of Maharashtra. This year was the beginning with a small portion of the production being offered to the states of Karnataka.

The SSP fertilizer plants operated at a lower capacity throughout the country. The major drawback for the industry is its high dependence on imported raw materials and intermediates. This exposes the industry to the vagaries of international market. Securing consistent quality of rock phosphate remains a challenge. Indian fertilizer companies are importing rock phosphate from more than 10 different countries. Variation in quality of rock phosphate affects the operation of phosphatic plants. Plants are blending various grades of rock phosphate to optimize operational efficiency. Further, the high international prices of raw materials and declining demand of phosphatic and complex fertilizers resulted in low production levels. In spite of these challenges, your company has invested heavily in improving operational efficiency and improvement in environment.

As reported in my previous communication, the MOU with The M. P. State Mining Corporation Ltd. and the plan to set up BRP and SSP plants in the state of Madhya Pradesh, were further moved forward with effective steps during the current year to realize the plans and promises. Some further 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.

With the object to educate farmers to adopt quality seeds and use of soil specific fertilizers, we continued educating farmers about the fertilizer best management practices. We found Indian farmers are very proactive and they will certainly adopt any innovative technique provided it is remunerative.

We hope that the new government will see the reason and bring reform in the sector and make requisite allocation for fertilizer subsidy as determined by the prevailing pricing policies. 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 22nd Annual General Meeting of the Members of Shiva Global Agro Industries Limited will be held on Tuesday the 30th September, 2014 at 1.00 P.M. at "Shiva House", Near State Bank of India, New Mondha, Nanded - 431602, to transact the following business.

A) ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and the statement of Profit and Loss of the Company for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
- 2) To appoint a Director in place of Mr. Omprakash K. Gilda, who retires by rotation and, being eligible, offers himself for re-appointment and in this connection to consider and if deemed fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Omprakash K. Gilda, having DIN 01655503, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation".
- 3) To appoint Auditors in place of the retiring Auditors to hold office for a period of five

consecutive years from the conclusion of this Annual General Meeting until the conclusion of the 27th Annual General Meeting. The retiring Auditors M/s J. P. Falor & Co., Chartered Accountants, have informed the Company that they do not wish to seek re-election as Auditors of the Company. The Company has proposed the appointment of M/s Jhavar Ladha & Associates, Chartered Accountants as Auditors of the Company in the place of M/s J. P. Falor & Co. In this connection, to consider and if deemed fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable rules, if any, M/s Jhavar Ladha & Associates, Chartered Accountants, bearing Registration No.104223W with the Institute of Chartered Accountants of India, be and they are hereby appointed as Auditors of the Company to hold office for a period of five consecutive years from the conclusion of this Annual General Meeting until the conclusion of the



27th Annual General Meeting of the Company, subject to ratification by members at every Annual General Meeting, in place of the retiring Auditors, M/s J. P. Falor & Co., Chartered Accountants, at such remuneration as may be fixed by the Board of Directors on the recommendation of the Audit Committee of Directors plus reimbursement of out of pocket expenses and applicable taxes."

B) SPECIAL BUSINESS

- 4) To appoint Mrs. Sandhya Satish Maheshwari (DIN: 06956895) as a Independent Director to fill up the vacancy of the retiring director Mr. Sambhaji Laxman Pawar (DIN: 00182533), who retires at this Annual General Meeting and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mrs. Sandhya Satish Maheshwari (DIN: 06956895), in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as a Independent Director of the Company, not liable to retire by rotation, to hold office for a period of 5 (five) years from the date of this Annual General Meeting, in the vacancy of Mr. Sambhaji Laxman Pawar (DIN:00182533), who retires at this Annual General Meeting."

- 5) To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution for appointment of Mr. Santosh Hanumandas Malpani, as an Independent Director for a period of two years, not liable to retire by rotation.

"RESOLVED THAT Mr. Santosh Hanumandas Malpani, having DIN 00547824, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 2 (two) years from the date of this Annual General Meeting, not liable to retire by rotation."

- 6) To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution for appointment of Mr. Divakar

Nagappa Shetty as an Independent Director for a period of two years, not liable to retire by rotation.

"RESOLVED THAT Mr. Divakar Nagappa Shetty, having DIN 01822463, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 2 (two) years from the date of this Annual General Meeting, not liable to retire by rotation."

- 7) To ratify the remuneration of the Cost Auditors for the financial year ending March 31, 2015 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, including any statutory modification(s) or re-enactment thereof, for the time being in force and subject to such guidelines and approvals as may be required from the Central Government, appointment of Mr. Jayant B. Galande, Cost Accountant to audit cost accounting records with respect to fertilizer business of the Company for the financial year ending March 31, 2015 at a remuneration as recommended by the Audit Committee and approved by the Board of Directors, be and is hereby ratified."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

- 8) To consider and, if thought fit, to pass the following resolution as a Ordinary Resolution for increasing the Authorized Share Capital:

"RESOLVED THAT pursuant to the provisions of Section 61 and 64 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed there under, the Authorized Share Capital of the

Company be and is hereby increased from Rs.10,00,00,000 (Rupees Ten crores) divided into 1,00,00,000 (One Crore) Equity Shares of Rs.10/- each to Rs.15,00,00,000 (Rupees Fifteen Crores) divided into 1,50,00,000 (One Crore Fifty Lacs) Equity Shares of Rs.10/- each by creation of additional 50,00,000 (Fifty lacs) Equity Shares of Rs.10/- each ranking pari passu in all respect with the existing Equity Shares."

"RESOLVED FURTHER THAT, Mr. Deepak Maliwal, Director of the Company be and is hereby authorized to take all necessary steps for giving effect to the above resolution and file relevant forms with the Registrar of Companies, as required under the provisions of the Companies Act, 2013.

- 9) To consider and, if thought fit, to pass the following resolution as a Special Resolution for Alteration of Capital Clause contained in the Memorandum of Association:

"RESOLVED THAT pursuant to the provisions of Section 13 and 61 and other applicable provisions of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed thereunder the consent of the Members be and is hereby accorded for substituting Clause V of the Memorandum of Association of the Company with the following clause. V "The Authorized Share Capital of the Company is Rs. 15,00,00,000/- (Rupees Fifteen crores only) divided into 1,50,00,000 (One Crore Fifty Lacs) Equity Shares of face value of Rs.10/- (Rupees Ten) each."

"RESOLVED FURTHER THAT, Mr. Deepak Maliwal, Director of the Company be and is hereby authorized to take all necessary steps for giving effect to the above resolution and file relevant forms with the Registrar of Companies, as required under the provisions of the Companies Act, 2013.

- 10) To consider and, if thought fit, to pass the following resolution as a Special Resolution for Alteration of Capital Clause contained in the Articles of Association:

"RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed

there under the consent of the Members be and is hereby accorded for substituting Clause 2 of the Articles of Association of the Company with the following clause."

"The Authorized Share Capital of the Company is Rs. 15,00,00,000/- (Rupees Fifteen crores only) divided into 1,50,00,000 (One Crore Fifty Lacs) Equity Shares of face value of Rs.10/- (Rupees Ten) each."

"RESOLVED FURTHER THAT, Mr. Deepak Maliwal, Director of the Company be and is hereby authorized to take all necessary steps for giving effect to the above resolution and file relevant forms with the Registrar of Companies, as required under the provisions of the Companies Act, 2013.

- 11) To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution for increasing the borrowing powers of the Board of Directors of the Company from Rs.60 Crore to Rs.100 Crore:

"RESOLVED THAT in supersession of the Special Resolution passed at the Annual General Meeting held on 29th September, 2009, and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modification(s) or re-enactment thereof for the time being in force, consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time such sum or sums of money and on such terms and conditions as it may consider necessary for the purpose of the business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided, however, that the aggregate amount upto which monies may be borrowed by the Board of Directors shall not exceed the sum of Rs. 100 crore (Rupees One Hundred Crore) at any one time, over and above the paidup capital and free reserves of the Company."

