

ANNUAL REPORT 2014-15



◆ Seeds ◆ Fertilizers ◆ Solvent Extraction



Shiva Global
Agro Industries Ltd.

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COMPANY INFORMATION

Registered Office & Works

Shri Hanuman Nagar,
Osman Nagar Road,
Village - Dhakni,
Nanded 431708,
Maharashtra.

Auditors

M/s. Jhavar Ladha & Associates
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



India is rich in natural resources which have sustained its agriculture for thousands of years. However, the increasing population and intensification of agriculture have put immense pressure on natural resources of the country. The over exploitation and mismanagement of natural resources are manifested in form of widespread land degradation, deterioration in soil health, depleting surface and ground water resources, contamination of soil and water resources, etc. The situation has worsened with the impact of climate change on land and water resources threatening the agricultural sustainability and national food security.

Climate change has raised new challenges for agriculture in recent years. Erratic temperatures, rainfall variability and extreme weather events are impacting agricultural production and productivity. The ill effects of the climate change may result in more frequent droughts, floods and cyclones. India is more vulnerable to climate change due to excessive pressure on natural resources and poor coping mechanism

During the year, the agriculture sector was impacted by deficient monsoons, lower acreage and falling commodity prices. As per the 3rd advance estimate by the Agriculture ministry, food grain production is expected to be down by 5.3% (251 mMT) Y-o-Y in 2014-15. Overall, the agriculture GDP growth remained marginal at 0.2%. Falling global commodity prices will be a big challenge against agri growth in 2015 as major crop (Cotton, Rice, Wheat) prices have shown a declining trend. As per the World Bank estimates, agricultural prices, which fell 3.4% in 2014, will further decline by almost 5% in 2015 before recovering marginally in 2016.

The year gone by has seen GDP numbers climbing up by 7.3 percent, with improved macro economic indicators and positive business environment. To sustain this drive, it is imperative that agriculture plays a pivotal role in shaping the future outcome of the nation. 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.

There has been additional hardship to the Industry in recent years either due to under provisioning of funds in Union Budget or complex and impractical procedures. The delay in payment of subsidy has become a matter of routine rather than exception. Efforts have been made by the government in the past few years to arrange for some loans for the industry through banking arrangement against subsidy receivables to enable run the business. Interest burden was shared by the industry and the government. During the current year, even the banking arrangement has not been made. All this has taken a heavy toll on fertilizer manufacturers by way of serious liquidity problems, huge interest burden on borrowing, shrinking profits and even suspension of production in some cases. This has also discouraged investment in capacity build up leading to heavy dependence on imports and increased subsidy outflow as import come at

higher cost.

On the seeds front, our BT cotton and paddy seeds served the market throughout the year. Confronted with irregular monsoon it could not achieve the benchmark. Our differentiated and high-yielding seeds portfolio and ongoing research to provide quality seeds could not complete the potentials though survived the difficult market conditions. 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.

The solvent division was affected due to lower demand for de oiled cakes in international as well as domestic market on the one side, with falling prices of crude oil in domestic market on the other. The solvent units could not contribute to achieve the targeted results for the group.

Fertilizer Industry still has lot of expectations from the present government. The assurance from the government to address the issues of the Fertilizer Industry in a time bound manner further raised the hope of the industry. Fertilizer Industry eagerly looks forward to early fulfillment of the commitment of the

government in regard to reforms in policies, adequate budget provision, and practical & speedy payment procedures. On policy front, there is need for major overhaul of present policies which includes time bound road map for complete decontrol of the sector with direct payment of subsidy/ cash reimbursement to farmers. Fertilizer industry provides the key inputs to the agriculture sector. Health of the Fertilizer Industry is essential for improving productivity of agriculture and for bringing prosperity to rural population. Industry is again taking up these issues with the government and hopes that the issues so very crucial for survival of fertilizer industry are addressed with immediate effect.

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



Government of India has been consistently pursuing policies conducive to increased availability and consumption of chemical fertilizers in the country and thereby maximizing agricultural production in the country. To achieve this objective, the government promotes and assists industries in the fertilizer sector and also plans and arranges import and distribution of fertilizers in the entire country.

Industry has been pleading for reduction on import duty on raw materials. Government again has not thought it proper to address this issue in the budget proposals. This is in spite of the fact that the government has an agenda for 'Make in India' and the manufacturing sector in the country is not doing well. Additionally, India as the second largest consumer of fertilisers in the world is dangerously dependent on import of fertilisers threatening the fertiliser security of the country.

As of now, the country has achieved 80% self-sufficiency in production capacity of Urea. As a result, India could substantially manage its requirement of nitrogenous fertilizers through the indigenous industry. Similarly, 50% indigenous capacity has developed in respect of phosphatic fertilizers to meet domestic requirements. However, the raw materials and intermediates for the same are largely imported. For potash (K), since there are no viable sources/reserves in the country, its entire requirement is met through imports.

The fertilizer industry performance witnessed an improved operating environment during FY15 after two very difficult years, primarily on account of normalisation of system level inventories. New government, relatively stable currency rates and

modest global prices of fertilisers and key inputs. Some movement has been observed on the regulatory front, with the government reportedly considering various reforms for the sector but the same have not been at the expected pace since the new government has taken over. The issues on subsidy delays remain, more longterm reforms on urea pricing and subsidies continue to be on the backburner of the government's reform agenda, which is a concern for the fertiliser industry.

Despite a challenging environment for the industry, your company has turned around and performed well in the year 2014-15. The company has achieved highest ever annual turnover of Rs.112 Crores. The company has also excelled on marketing front by selling highest ever NPK fertilizers. The increase in production and sales of both the SSP & NPK fertilizers contributes to the increased turnover.

During the year, the company's production of SSP has increased by 36% as compared to last year and the production of NPK fertilizer has risen by 41%. The sales volume of fertilizers increased by 47% and 44% in case of SSP & NPK fertilizers respectively. The company continued expanding the marketing share by exploring the newer markets which has contributed in increased sales volume.

Despite the increase in turnover, the company could not maintain the PBT percentage in relation to sales. The increased cost of raw materials, fall in prices of finished goods and the cut throat competition effected the PBT ratio which stood 2.72% as against 3.09% in the previous year. The Company's consolidated turnover increased from

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. Our seeds wing Kirtiman Agro has been serving the Indian farming community. It has good varieties of seeds in its portfolio. Some of the varieties have already hit the market. 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, this time, could not achieve the targeted results. It continued contributing to the group but failed to achieve the potentials. The poor demand for Deoiled cakes, falling prices of crude oil and the short availability of the raw materials are the main reasons affecting the industry. Solvent business accounts for 52% of the turnover and 47% of the profit before tax of the consolidated entity which were lower as compared to last years contribution. With the projections of 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.

Your company always strives for the farming community. In order to address more members of

the farming community, we have been stepping up in new markets crossing the limits of the state of Maharashtra. Covering the potential areas of the state of Karnataka last year, this year we tried to capture the market in the state of Telangana. Looking at the potential in the new markets we anticipate a better future and a newer results in the time to come.

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.

The continuing trust of the shareholders, active engagement of stakeholders and exceptional resolve by the employees has made this journey truly inspiring. I take this opportunity to recognize the contributions made by each one of you towards the progress and extend best wishes for a prosperous future.

With warm regards,

Deepak S. Maliwal
Director

Notice



Notice is hereby given that the 23rd Annual General Meeting of the Members of Shiva Global Agro Industries Limited will be held on Tuesday the 29th September, 2015 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:
 - a. the Audited Financial Statements of the Company for the financial year ended March 31, 2015, the Report of the Board of Directors and the Report of the Auditors thereon; and
 - b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2015 and the Report of the Auditors thereon

- 2) To appoint a Director in place of Mr. Arun R. Toshniwal (DIN 01689971), 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. Arun R. Toshniwal, having DIN 01689971, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation”.

- 3) To ratify appointment of M/s. Jhavar Ladha & Associates, as Auditors for the period from the conclusion of this Annual General Meeting until the conclusion of the next Annual General

Meeting and in this connection, to consider and if deemed fit, to pass 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 Rules framed thereunder, as amended from time to time, the appointment of Jhavar Ladha & Associates, Chartered Accountants (Firm Registration No. 104223W) as Auditors of the Company for a period of 5 consecutive years, made at the Twenty Second Annual General Meeting (AGM), be and is hereby ratified for the period from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting 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 ratify the remuneration of the Cost Auditors for the financial year ending March 31, 2016 and in this regard to consider and if thought fit, with or without modification(s), to pass 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, Mr. Jayant B. Galande, the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016, be paid the 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.”

**By the order of the Board
For Shiva Global Agro Industries Ltd.**

**Place : Nanded
Dated: 30th May, 2015**

**Omprakash Gilda
Managing Director**

Notes:

1. A member entitled to attend and vote at the Annual General Meeting (“the 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. 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. Proxies submitted on behalf of companies, societies, etc. must be supported by an appropriate resolution/authority, as applicable.
2. Members/proxies should bring duly filled Attendance Slips enclosed with the Annual Report and handover the same at the entrance of the meeting hall, duly signed.
3. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business to be transacted at the Meeting is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from September 24, 2015 to September 29, 2015 (both days inclusive)
5. Details of unpaid/unclaimed dividends lying with the Company as on the last Annual General Meeting of the Company is available on the website of the Company. Members are requested to address all correspondence, including unpaid or unclaimed dividend matters, to the Registrar and Share Transfer Agents, Aarthi Consultants Pvt. Ltd., 1-2-285, Domalguda, Hyderabad – 500 029.
6. Members holding shares in dematerialized 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.
7. 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.
8. 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.
9. 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.

10. Voting through electronic means:

- A. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 23rd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate e-voting. E-voting is optional and members shall have the option to vote either through e-voting or in person at the 23rd Annual General Meeting. The process and instructions for e-voting are as under:

- i. The remote e-voting period begins on 26th September, 2015 at 9.00 A.M. and ends on 28th September, 2015 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date September 23, 2015, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.
- ii. The shareholders should log on to the e-voting website www.evotingindia.com.
- iii. Click on Shareholders.
- iv. Now Enter your User ID
 - For CDSL: 16 digits beneficiary ID
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v. Next enter the Image Verification as displayed and Click on Login.
- vi. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vii. If you are a first time user follow the steps given below:

FOR MEMBERS HOLDING SHARES IN DEMAT FORM AND PHYSICAL FORM

PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- viii. After entering these details appropriately, click on "SUBMIT" tab.

- ix. Members holding shares in physical form will

then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required