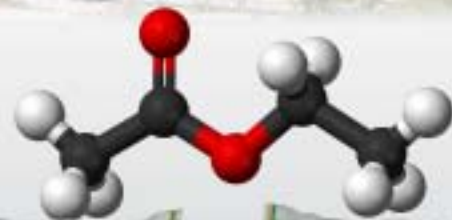


37th Annual Report 2012-2013



GNFC

Chemicals • Fertilizers • IT

Gujarat Narmada Valley Fertilizers & Chemicals Limited

37TH ANNUAL GENERAL MEETING

Date : 21st September, 2013
 Day : Saturday
 Time : 4:00 P.M.
 Place : Open Air Theatre, Sports Complex,
 Narmadanagar Township,
 P.O. Narmadanagar-392 015,
 District : Bharuch,

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Chemicals • Fertilizers • IT

Gujarat Narmada Valley Fertilizers & Chemicals Limited

BOARD OF DIRECTORS

(As on 1st August, 2013)

Dr. Varesch Sinha, IAS, *Chairman*

Shri DJ Pandian, IAS

Dr. Hasamukh Adhia, IAS

Shri GC Murmu, IAS

Shri Atanu Chakraborty, IAS

Shri DC Anjaria

Dr. TT Ram Mohan

Dr. Ashok Shah

Dr. Rajiv Kumar Gupta, IAS, *Managing Director*

Executive Directors

Shri JS Kochar

Shri RA Shah, CFO

Shri PK Masare

Shri RT Bhargava

Shri AT Patadia

Shri JC Bhatt

Company Secretary

Shri RB Panchal

Statutory Auditors

M/s Deloitte Haskins & Sells

Chartered Accountants

Ahmedabad.

Cost Auditors

M/s Diwanji & Associates

Vadodara.

Registered Office :

P.O. Narmadanagar – 392 015,

District : Bharuch,

Gujarat, INDIA,

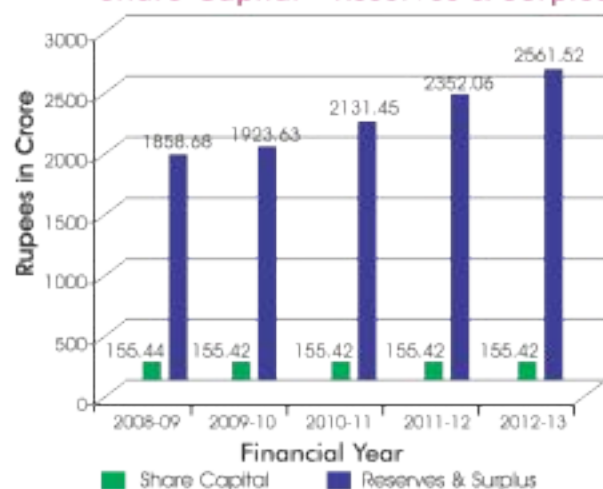
Website : www.gnfc.in

FINANCIALS AT A GLANCE

PARTICULARS	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
OPERATING RESULTS										(Rs. in Crores)
GROSS INCOME	4,527	4,062	3,129	2,799	3,128	3,713	2,992	2,367	1,978	1,602
PROFIT BEFORE INTEREST, DEPRECIATION AND TAX (PBIT)	634	582	523	360	500	698	612	571	436	305
DEPRECIATION	149	131	121	117	120	111	110	89	87	87
PROFIT BEFORE TAX	422	417	381	220	354	576	489	447	330	185
TAX	149	133	114	96	126	203	163	152	106	68
PROFIT AFTER TAX	273	284	267	124	228	373	326	295	224	117
DIVIDEND & DIVIDEND TAX	64	63	59	59	59	77	77	71	63	50
RETAINED EARNINGS	209	221	208	65	169	296	249	224	161	67
AMOUNT PER SHARE										(Rs.)
SALES	289	259	192	175	197	235	190	156	132	106
EARNING	17.57	18.26	17.15	7.97	14.64	23.99	21.00	20.12	15.29	7.98
EQUITY DIVIDEND	3.50	3.50	3.25	3.25	3.25	4.25	4.25	4.25	3.75	3.00
DIVIDEND %	35.00	35.00	32.50	32.50	32.50	42.50	42.50	42.50	37.50	30.00
BOOK VALUE	174.81	161.34	147.14	133.77	129.58	118.74	101.04	80.30	64.93	54.15
MARKET PRICE : HIGH	89.50	114.20	146.20	135.70	177.20	231.00	144.75	137.50	82.00	82.00
LOW	69.80	70.65	88.30	60.00	48.00	86.50	79.00	67.50	41.10	27.10

FINANCIAL HIGHLIGHTS

Share Capital - Reserves & Surplus



Gross & Net Block



Book Value Per Share



Earning Per Share



Gross Income



Profit





NOTICE

NOTICE IS HEREBY given that the **37th Annual General Meeting** of the Members of Gujarat Narmada Valley Fertilizers & Chemicals Limited will be held on **Saturday, the 21st September, 2013 at 4:00 PM** at the Registered Office of the Company, at Open Air Theatre, Sports Complex, Narmadanagar Township, P.O. Narmadanagar - 392 015, District Bharuch to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013, the Statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a Dividend on Equity Shares.
3. To appoint Directors in place of those retiring by rotation.
4. To appoint Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration and, if thought fit, to pass with or without modification(s), the following Resolution **as a Special Resolution** :

"RESOLVED that pursuant to the provisions of Sections 224, 224A and other applicable provisions, if any, of the Companies Act, 1956, the retiring Auditors, M/s Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad (Firm Registration No.117365W) be and are hereby re-appointed Auditors of the Company, to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be determined by the Board of Directors of the Company, based on the recommendation of the Audit Committee and reasonable out-of-pocket expenses actually incurred by them in connection with the audit of the Accounts of the Company for the year ending 31st March, 2014."

SPECIAL BUSINESS :

5. **Appointment of Dr. Hasmukh Adhia, IAS as Director of the Company:**

To consider and, if thought fit, to pass with or without modification(s), the following Resolution **as an Ordinary Resolution** :

"RESOLVED that Dr. Hasmukh Adhia, IAS be and is hereby appointed as Director of the Company, liable to retire by rotation."

6. **Appointment of Dr. Rajiv Kumar Gupta, IAS as Managing Director of the Company :**

To consider and, if thought fit, to pass with or without modification(s), the following Resolution **as an Ordinary Resolution** :

"RESOLVED that subject to the provisions of Sections 198, 269, 309 and 316 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to

the appointment of Dr. Rajiv Kumar Gupta, IAS, as Managing Director of the Company for a period commencing from 2nd May, 2013 until further orders from the Government of Gujarat, so however, his period of office shall not exceed five years from the date of his appointment."

"FURTHER RESOLVED that the approval and consent of the Company be and is hereby given and the Board of Directors of the Company be and is hereby authorized to agree to the payment of remuneration / special pay, if any, as may be granted and conveyed by the Government of Gujarat to Dr. Rajiv Kumar Gupta, IAS, Managing Director of the Company during the aforesaid period, subject to the same not exceeding the limit specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof."

"FURTHER RESOLVED that Dr. Rajiv Kumar Gupta, IAS, Managing Director of the Company be and is hereby authorized to exercise substantial powers of Management and that he shall be responsible for the day to day management of the Company, subject to the superintendence, direction and control of the Board of Directors and shall carry out such duties as may be entrusted and/or delegated to him by the Board of Directors of the Company, from time to time."

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

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE INSTRUMENT APPOINTING PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY- EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 4 to 6 set out above is annexed hereto. The information as are required to be furnished under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, of persons seeking appointment/ re-appointment as Director under Item Nos. 3, 5 and 6 are also annexed.

**By Order of the Board of Directors,
For Gujarat Narmada Valley Fertilizers & Chemicals Ltd.**

Registered Office :
P.O. Narmadanagar
Dist. Bharuch : 392 015
Dated : 13th August, 2013

R B Panchal
Company Secretary



ANNEXURE TO THE NOTICE

AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956, THE FOLLOWING EXPLANATORY STATEMENT SET OUT ALL MATERIAL FACTS RELATING TO THE BUSINESS MENTIONED UNDER ITEM NOS. 4 TO 6 OF THE ACCOMPANYING NOTICE DATED 13th AUGUST, 2013

Item No. 4

M/s Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad were re-appointed Statutory Auditors of the Company at the last Annual General Meeting (AGM) to hold office until the conclusion of this AGM. It is proposed to re-appoint M/s Deloitte Haskins & Sells, as the Statutory Auditors of the Company at this meeting on such remuneration as may be determined by the Board of Directors of the Company.

The holding of Gujarat State Investments Ltd., a Government of Gujarat undertaking as also of the Public Financial Institutions, Nationalized Banks and Insurance Companies, in aggregate is more than 25% of the subscribed share capital of the Company. Hence, the re-appointment of M/s Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad, as Statutory Auditors of the Company, is required to be made by a Special Resolution, as contemplated under Section 224A of the Companies Act, 1956.

Your Directors commend the proposed resolution for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the said Resolution.

Item No. 5

In accordance with Article 142 of Articles of Association of the Company, Dr. Hasmukh Adhia, IAS was appointed as Additional Director on the Board of the Company effective 25th March, 2013.

In pursuance of the provisions of Section 260 of the Companies Act, 1956, Dr. Hasmukh Adhia, IAS holds office of Director up to the date of this Annual General Meeting. As required by Section 257 of the Companies Act, 1956, Notice proposing the candidature of Dr. Hasmukh Adhia, IAS for the office of Director of the Company has been received from a Member alongwith requisite deposit.

Dr. Hasmukh Adhia is a Senior IAS Officer and is presently the Principal Secretary to Government of Gujarat, Finance Department. He has a rich experience in the field of Management, Corporate Finance & Accounts and Administration.

The Board considers that it would be in the interest of the Company to appoint Dr. Hasmukh Adhia, IAS as Rotational Director and therefore, commends the resolution for your approval.

Dr. Hasmukh Adhia, IAS is concerned or interested in the said resolution. None of the remaining Directors is, in any way, concerned or interested in the said resolution.

Item No. 6

The Government of Gujarat (GoG), in exercise of the power vested in it under the Articles of Association of the Company, vide its order dated 30th April, 2013 withdrew the nomination of Shri AM Tiwari, IAS as Govt. Director from the Board of the Company and in his place nominated Dr. Rajiv Kumar Gupta, IAS, Principal Secretary, (Water Supply) Narmada, Water Resources, Water Supply and Kalpsar Department, Government of Gujarat as Govt. Director on the Board of the Company. Shri AM Tiwari, IAS relinquished the charge of Managing Director effective 2nd May, 2013 and Dr. Rajiv Kumar Gupta, IAS assumed the charge of Managing Director effective from the said date.

In pursuance of the provisions of Section 316 of the Companies Act, 1956, Dr. Rajiv Kumar Gupta, IAS, who is also the Managing Director of Gujarat Water Infrastructure Ltd, was unanimously appointed by the Board as Managing Director of the company in its meeting held on 16th May, 2013. As Dr. Rajiv Kumar Gupta, IAS, is drawing remuneration from Govt. of Gujarat, presently, no remuneration is paid to him by the Company as Managing Director of the Company. He will, however, be paid remuneration/ special pay, if any, as may be granted and conveyed by GoG, subject to the same not exceeding the limit specified under Schedule XIII to the Companies Act, 1956.

In pursuance of the provisions of Section 269 of the Companies Act, 1956, read with Schedule XIII of the said Act, the appointment of Dr. Rajiv Kumar Gupta, IAS as Managing Director of the Company and payment of remuneration / special pay, if any, is subject to the approval of the shareholders in General Meeting. Accordingly, your Directors commend the proposed resolution for your approval.

Dr. Rajiv Kumar Gupta, IAS is concerned or interested in the said resolution. None of the remaining Directors is, in any way, concerned or interested in the said resolution.

Inspection of Documents :

All documents referred to in this Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company between 9:30 A.M. and 11:30 A.M. during working days of the Company.

**By Order of the Board of Directors,
For Gujarat Narmada Valley Fertilizers & Chemicals Ltd.**

Registered Office :
P.O. Narmadanagar
Dist. Bharuch : 392 015
Dated : 13th August, 2013

R B Panchal
Company Secretary

INFORMATION REQUIRED TO BE FURNISHED IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT

Details of Directors seeking appointment / re-appointment at the Annual General Meeting are furnished below:

Shri DC Anjaria

Shri DC Anjaria (67), is a Director of the Company since 4th January, 2006. He is B.Com. MBA (Finance), IIM, Ahmedabad. He has long commercial banking experience spanning around 20 years in India and abroad with Citi Bank NA and has held distinguished positions such as Chief Trader, Country Treasurer and Country Financial Controller in India during his tenure with Citi Bank NA. He is also having experience in the field of Government Policy – Capital and Commodity Markets, Treasury / Investment Banking, Investment Management, Corporate Finance, Management Training & Consulting and System Management. His expertise extends to Operations Management, Foreign Exchange Trading, Treasury Management, Financial Control and International Trade Finance.

Details of his other Directorships and Committee Chairmanship / Memberships are as under :

1.	Ratnamani Metals & Tubes Ltd.,	Director and Chairman of Audit Committee and Member of Shareholders'/ Investors' Grievance Committee
2.	Gujarat State Fertilizers & Chemicals Ltd.	Director and Chairman of Audit Committee and Member of Shareholders'/ Investors' Grievance Committee
3.	International Financial Solutions (P) Ltd.	Director
4.	Indian Institute of Financial Services (P) Ltd.	Director
5.	Gujarat Tech-Markets Pvt. Ltd.	Director

He holds 500 Equity Shares of the Company jointly with Gujarat State Investments Ltd.

Shri Atanu Chakraborty, IAS

Shri Atanu Chakraborty, IAS (53), is a Director of the Company since 28th July, 2011. He is BE (Electronics and Communications) and has also done Post Graduate Diploma in Business Finance and MBA from UK. He is a senior IAS Officer having vast experience in the field of Management, Finance, Infrastructure Development and Administration. He has held distinguished positions in the Government of Gujarat and in Government of India. Presently, he is Managing Director of Gujarat State Fertilizers and Chemicals Ltd., Vadodara.

Details of his other Directorships and Committee Chairmanship / Memberships are as under:

1.	Gujarat Green Revolution Co. Ltd.	Chairman
2.	Gujarat State Fertilizers & Chemicals Ltd.	Managing Director and Member of Shareholders' / Investors' Grievance Committee
3.	Gujarat Chemical Port Terminal Co. Ltd.	Director and Member of Audit Committee
4.	The Fertilizer Association of India	Director
5.	Tunisian Indian Fertilizers S.A. (TIFERT)	Director
6.	Indian Potash Ltd.	Director
7.	Bhavnagar Energy Company Ltd.	Director and Member of Audit Committee
8.	GSPC Gas Co. Ltd.	Director
9.	Torrent Pipavav Generation Ltd.	Director and Chairman of Audit Committee
10.	GSFC Agri-Tech Ltd.	Director

He holds 500 Equity Shares of the Company jointly with Gujarat State Investments Ltd.

**Dr. Hasmukh Adhia, IAS**

Dr. Hasmukh Adhia, IAS (54), is a Director of the Company since 25th March, 2013. He is M.Com., Diploma in Public Policy & Management – IIM, Bangalore, Ph.D. (Yoga). He is a Senior IAS Officer having vast experience in the field of Management, Corporate Finance & Accounts and Administration. He has held distinguished positions in Government of Gujarat and Government of India. Presently, he is Principal Secretary to Government of Gujarat, Finance Department.

Details of his other Directorships and Committee Chairmanship / Memberships are as under :

1.	Gujarat State Investments Ltd.	Chairman
2.	Gujarat State Financial Services Ltd.	Managing Director
3.	GSFS Caps Ltd.	Managing Director
4.	Gujarat Informatics Ltd.	Director
5.	Bisag Satellite Communications	Director
6.	Gujarat State Petronet Ltd.	Director
7.	Gujarat Alkalies & Chemicals Ltd.	Director
8.	Gujarat State Fertilizers & Chemicals Ltd.	Director and Member of Audit Committee
9.	Gujarat State Petroleum Corporation Ltd.	Director and Member of Audit Committee
10.	Sardar Sarovar Narmada Nigam Ltd.	Director and Member of Audit Committee
11.	Gujarat International Finance Tech. City Co. Ltd.	Director and Member of Audit Committee

He holds 500 Equity Shares of the Company jointly with Gujarat State Investments Ltd.

Dr. Rajiv Kumar Gupta, IAS, Managing Director

Dr. Rajiv Kumar Gupta, IAS (51), is a Managing Director of the Company since 2nd May, 2013. He is BA (Political Science, English Literature & Medieval History) (Gold Medalist), MA (Political Science), University of Allahabad and Ph.D. (International Law). He is a Senior IAS Officer having rich experience in the field of Management and Administration. He has held distinguished positions in Government of Gujarat like Collector and District Magistrate - Vadodara, Sabarkantha and Mehsana, Principal Secretary, Agriculture and Co-operation Department, Secretary, Women & Child Department, Commissioner (Higher & Technical) Education, Executive Director – Sardar Sarovar Narmada Nigam Ltd., and Managing Director – Gujarat State Civil Supplies Corporation, etc.

He has been associated as an Expert on “Water Law” with Institute of International Law at International Court of Justice, The Hague, Netherlands. He has contributed various Articles in reputed National and International Journals and has written Books on “Water Resource Development”, “Water Resource Management” and on “Public Discipline”. He is holding many international positions like Member of New Generation of Water Leaders, Mexico and has also been awarded Life Time Achievement Award by Australian Alumni Association.

Presently, he is Principal Secretary, (Water Supply) Narmada, Water Resources, Water Supply and Kalpsar Department, Government of Gujarat (GoG). He is also Principal Secretary, Climate Change Department, GoG, which is first of its kind in whole of Asia. He is Chairman and Managing Director of Gujarat Water Infrastructure Ltd. and Chairman of Gujarat Water Supply & Sewerage Board and Water And Sanitation Management Organization (WASMO).

Details of his other Directorships are as under :

1.	Gujarat Water Infrastructure Ltd.	Chairman & Managing Director
2.	Gujarat Urban Development Co. Ltd.	Director
3.	Gujarat Chemical Port Terminal Co. Ltd.	Director
4.	The Fertilizer Association of India	Director

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting this 37th Annual Report together with Audited Statements of Accounts of the Company for the year ended 31st March, 2013.

The year under review proved to be a challenging year for the Indian economy. Years of lavish spending, a long struggle with high inflation, high interest rates and fragile global economy has put back India in a rut. The slowdown in the rate of growth of services during 2011-12 and particularly in 2012-13 contributed significantly to slowdown in the overall growth of economy, while some slowdown could also be attributed to lower growth in agriculture and industrial activities. As a consequence of this, India's GDP growth hit decade low of 5%.

In the backdrop of the sluggish economy, the Company performed reasonably well, thanks to buoyancy displayed in chemical business segment.

Year 2012-13 was celebrated as the "Energy Conservation Year" at GNFC. Continuous efforts of your Company towards energy saving, cost control and thus, achieving higher productivity, have resulted in surpassing many milestones during the year in Production, Marketing and Dispatch of Company's products as well as in terms of the operative parameters.

FINANCIAL RESULTS

Summary of financial results: (Rs. in Crore)

Particulars	2012-13	2011-12
Income from operations	4,252.57	3,862.01
Other Income	40.38	30.09
Total Income	4,292.95	3,892.10
Total Expenditure	3,659.32	3,310.58
Profit before Depreciation, Finance Cost and Tax	633.63	581.52
Depreciation	148.55	130.53
Finance Cost	62.68	33.59
Profit Before Tax (PBT)	422.40	417.40
Provision for Taxes	149.29	133.56
Net Profit for the year	273.11	283.84
Balance brought forward from previous year	485.02	564.41
Amount available for Appropriation	758.13	848.24
Appropriations		
Proposed Dividend	54.40	54.40
Tax on Dividend	9.24	8.82
Transferred to General Reserve	300.00	300.00
Balance carried to Balance Sheet	394.49	485.02

YEAR IN RETROSPECT

Your Company achieved sales turn-over of Rs. 4,252.57 Crore compared to Rs.3,862.01 Crore in the previous Financial Year, registering an increase of 10.11%. The turnover was higher mainly on account of increased volume of production and increased sales realization. Profit Before Tax was higher at Rs.422.40 Crore as against Rs.417.40 Crore of the previous financial year. Profit After Tax was Rs.273.11 Crore as against Rs.283.84 Crore of the previous financial year.

DIVIDEND

Keeping in view the Company's performance and long term growth strategy, your Directors have recommended a dividend of Rs 3.50 per equity share on 15,54,18,783 equity shares for the year ended 31st March, 2013. The dividend on equity shares is subject to the approval of the shareholders at the Annual General Meeting. On its approval, the dividend payout will work out to Rs.63.64 Crore, including tax on dividend of Rs.9.24 Crore. This amounts to 23.30% of the Net Profit.

APPROPRIATIONS

Your company earned Net Profit of Rs.273.11 Crore for the year 2012-13. After adding thereto Rs.485.02 Crore being the balance of Statement of Profit & Loss brought forward from the previous year, amount available for appropriation is Rs.758.13 Crore. Directors have recommended a Dividend @ 35% for the financial year 2012-13, which will entail payout of Rs. 63.64 Crore, including tax on Dividend. The Company proposes to transfer Rs.300 Crore to General Reserve. An amount of Rs.394.49 Crore is proposed to be retained in the Statement of Profit & Loss.

PERFORMANCE REVIEW**Production**

The Company achieved commendable production performance during the year 2012-13. Most plants of the Company were operated at over 100% capacity utilization. Ammonia Plant produced 5,91,861 MT of Ammonia with capacity utilization of 132.85%, Urea Plant produced 7,08,795 MT of Urea with capacity utilization of 111.29%, Formic Acid Plant produced 20,153 MT of Formic Acid with capacity utilization of 201.53%, Acetic Acid Plant produced 1,57,093 MT of Acetic Acid with capacity utilization of 157.09%, Weak Nitric Acid (WNA) Plants produced in aggregate, 3,99,997 MT of WNA with capacity utilization of 115.11%, Ammonium Nitrophosphate Plant (ANP) produced 2,00,895 MT of ANP with capacity utilization of 140.98%, Aniline Plant produced 41,717 MT of Aniline with capacity utilization of 119.19%, Toulene Di-Isocyanate (TDI) Plant produced 17,875 MT of TDI with capacity utilization of 127.68%.



Concentrated Nitric Acid (CNA) plants produced in aggregate 1,08,100 MT of CNA with capacity utilization of 93.19%. Calcium Ammonium Nitrate (CAN) Plant produced 1,06,401 MT of CAN with capacity utilization of 74.67%. Production of CAN was contained to suit the requirement of ANP production/ sale of AN Melt. AN Melt being more remunerative, it was sold directly to the extent possible rather than using the same for producing CAN. Production of WNA and CNA was planned as per the market conditions. Methanol Plants were not operated at their full capacity in view of high cost of production of Methanol coupled with its lower sales realization.

The Government of India encourages production of Neem Coated Urea. During the year, the Company has started production of Neem Coated Urea and has produced 1,00,076 MT of Neem Coated Urea.

Sales

The Company achieved impressive performance in the sale of Fertilizers and Industrial Chemicals. The Company sold in aggregate 11.11 Lac MT of Fertilizers, (both manufactured and traded) during the year. 7.74 Lac MT of Fertilizers constituting 70% of the total sales were sold in the primary marketing zone comprising the Home State Gujarat and the adjoining States - Maharashtra, Madhya Pradesh and Rajasthan. The Company continued the trading activities in imported Urea and Single Super Phosphate. In addition to the manufactured Fertilizers, the Company sold 88,619 MT of imported Urea and 13,014 MT of SSP.

Almost all the Industrial Products performed well in terms of sales and their realization during the year. The Company sold in aggregate 8,59,235 MT of Industrial Products during 2012-13 as against 8,49,761 MT of Industrial Products sold during year 2011-12. The Company exported in aggregate 4,686 MT of Industrial Products registering an increase of 257% over the previous year.

(n)Code Solutions – IT Division

(n)Code Solutions, the IT Division of the Company has continued its growth and expansion in the IT Sector during the year. It achieved the record sales of Rs.79.08 Crore and the record profit by registering 35% growth in profitability based on strong performance of its Digital Signature Certificate (DSC) business and e-Procurement services. It remains market leader in DSC business maintaining about 40% market share. (n)Code has undertaken several initiatives during the year in new business lines such as Cloud Computing, Technology & E-Governance Solutions to realize better growth in the coming years.

STATUS OF PROJECTS

As reported last year, Ethyl Acetate Project, Ammonia Syngas Generation Project (ASGP) and TDI Project at Dahej were under implementation. We are happy to inform you that during the year, Ethyl Acetate Project has been commissioned at a total cost of Rs.124.34 Crore and put into operation. As per the policy of Government of India, ASGP with total investment of Rs.1215.74 Crore is currently under test run.

There has been a time and cost overrun in the implementation of TDI Project undertaken by the Company under its growth plan. We are seriously concerned about the delay in the implementation of this project. As informed earlier, an action plan was chalked out and project team has been reorganized to boost up speedy implementation of TDI Project. With the committed and concerted efforts, the TDI project is expected to be commissioned by end September, 2013.

NEW INITIATIVES

With a view to accelerating its growth momentum, the Company is continuously exploring the potential business opportunities in India and Abroad in the areas having synergy with Company's existing business operations. Towards this direction, following projects are under consideration by the Company:

Brown field Ammonia-Urea Project

The Government of India (GoI) has recently announced the New Investment Policy, 2012 for Urea. Considering the demand-supply gap of Urea and very high price of imported Urea, GoI is likely to approve 4-5 large Ammonia – Urea Projects in India in near future under the new investment policy. The Company is considering to set up a gas based Brown field Ammonia-Urea Project (BAUP) at Bharuch using some of its existing facilities/ utilities. The Company has expressed its interest to the Department of Fertilizers, GoI for setting-up of BAUP at Bharuch. Implementation of this project is subject to the approval of Department of Fertilizers, GoI.

Ghana - India Fertilizer Project

Government of India and Government of Ghana have agreed to set-up in joint venture, a Natural Gas based Ammonia ~ Urea Project in Ghana. Rashtriya Chemicals & Fertilizers Ltd., (RCF) is acting as a nodal agency of GoI for implementation of the said project. The Company has submitted an Expression of Interest (EoI) to RCF for participating in the equity of Indian joint venture to be formed for the proposed project in consortium with Gujarat State Fertilizers & Chemicals Ltd. (GSFC) and Gujarat Alkalies & Chemicals Ltd. (GACL).

Joint Venture Project with M/s. Jordan Phosphate Mines Company Ltd (JPMC), Jordan

M/s JPMC are supplying Rock Phosphate for Company's existing Nitrophosphate Complex. The Company is having a long term business relationship with them. The Company is considering to set-up a Phosphoric Acid Project in Joint Venture with M/s JPMC and has signed MoU for setting up the said project. Actions have been initiated for carrying out the pre-feasibility studies of this project.

Poly Aluminium Chloride and Di-Calcium Phosphate Project

TDI Project at Dahej, when commissioned, will generate Hydrochloric Acid (HCl) as by-product. Poly Aluminium Chloride and Di-Calcium Phosphate Project based on the HCl are under active consideration of the Company.

FERTILIZER POLICY

Government of India (GoI) is slowly but steadily pursuing its initiative to transfer subsidy directly to the farmers. GoI is planning to provide Point of Sale (PoS) devices with an inbuilt thermal printer and internet connectivity to retailers. A pilot plan has been planned in six select Districts across the country.

GoI has announced a New Investment Policy to facilitate fresh investments in Urea sector. GoI has notified lower subsidy rates on P&K fertilizers for the current year and also announced lower indicative selling prices for these fertilizers.

Government of India has notified Ammonium Nitrate Rules, 2012 in July, 2012. The said Rules will become effective from 11th January, 2014. Ammonium Nitrate (AN) Melt and Calcium Ammonium Nitrate (CAN) fertilizer manufactured by the Company are under the purview of the said Rules. As per the provisions of the Rules, Licenses will be required for production, storage, transportation, sale and export of both the products.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors hereby confirm that -

- in the preparation of the Annual Accounts for the year 2012-13, the applicable Accounting Standards have been followed and there are no material departures;
- they have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the profit of the Company for the financial year;

- they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- they have prepared the Annual Accounts on a going concern basis.

CORPORATE GOVERNANCE

As per the requirement of Clause 49 of the Listing Agreement, a Report on Corporate Governance together with the following are attached herewith and form part of this Annual Report:

- Declaration on the Code of Conduct.
- Certificate from the Practicing Company Secretary with regard to company's compliance with the conditions of Corporate Governance.

MANAGEMENT DISCUSSION & ANALYSIS

Management Discussion & Analysis on the business and operations of the Company is attached herewith and forms part of this Annual Report.

DEMERGER OF V-SAT / ISP GATEWAY BUSINESS

Subsequent to the Order by the Hon'ble High Court of Gujarat sanctioning the Scheme of Arrangement and Demerger for transfer of V-SAT / ISP Gateway Business of the Company to ING Satcom Ltd., an unlisted Company, two separate applications for transfer of V-SAT / ISP Gateway Business Licenses standing in the name of company to the name of transferee company viz., ING Satcom Ltd. have been submitted to the Department of Telecommunications (DoT). The Scheme is subject to and conditional upon the approval of Government Authorities for transfer of Licenses as aforesaid, which is in progress.

FIXED DEPOSITS

The Company has not accepted any Fixed Deposit during the year. No amount on account of principal or interest on Fixed Deposits was outstanding as on the date of Balance Sheet.

INSURANCE

The properties and insurable assets and interest of your Company such as buildings, plant & machinery and stocks amongst others, are adequately insured. As required under Public Liability Insurance Act, 1991, your Company has also taken necessary insurance cover.

**DIRECTORATE****Chairman**

Dr. Varesh Sinha, IAS, Chief Secretary to Government of Gujarat (GoG) was nominated by GoG as Government Director on the Board vice Shri AK Joti, IAS (Retd.) effective 1st March, 2013. Dr. Sinha has been appointed Chairman of the Company effective 1st March, 2013.

Managing Director :

- Shri AM Tiwari, IAS relinquished the charge of Managing Director effective 2nd May, 2013.
- Dr. Rajiv Kumar Gupta, IAS, assumed the charge of Managing Director of the Company effective 2nd May, 2013.

Change in Directorship

- Shri MM Srivastava, IAS (Retd.) tendered resignation as Director effective 31st July, 2012.
- Dr. Varesh Sinha, IAS, was appointed Director in the casual vacancy caused by the resignation of Shri MM Srivastava, IAS (Retd.) w.e.f. 22.09.2012. He resigned as Director w.e.f. 28.02.2013.
- Dr. Hasmukh Adhia, IAS, has been appointed as an Additional Director effective 25th March, 2013.
- Shri RK Tripathy, IAS (Retd.) tendered resignation as Director effective 7.05.2013.

In terms of the provisions of the Companies Act, 1956, Dr. Hasmukh Adhia, IAS, holds office up to the date of forthcoming Annual General Meeting (AGM) of the Company. The Company has received a Notice in writing from a Member under Section 257 of the Act, along with the requisite deposit proposing his appointment as Director of the Company at the forthcoming AGM.

In pursuance of the provisions of Articles of Association of the Company as also of the provisions of the Companies Act, 1956, S/Shri DC Anjaria and Atanu Chakraborty, IAS retire by rotation at the forthcoming Annual General Meeting and they are eligible for reappointment.

Your Directors place on record their deep appreciation of the valuable services rendered by the outgoing Directors and take this opportunity to welcome the new Directors.

INFORMATION REGARDING CONSERVATION OF ENERGY, ETC., AND PARTICULARS OF EMPLOYEES

Information required under Section 217(1) (e) of the Companies Act, 1956, read with Rule (2) of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars

of Employees) Rules, 1975, as amended from time to time, are given in Annexure – ‘A’ & ‘B’ respectively forming part of this report.

AUDITORS AND AUDITORS’ REPORT

In pursuance of the provisions of the Companies Act, 1956, M/s Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad, who are the Statutory Auditors of the Company, hold office up to the conclusion of the forthcoming Annual General Meeting and they are eligible for reappointment.

Notes to Accounts forming part of the Audited Financial Statements are self explanatory and need no further explanation. There are no qualifications or adverse remarks in the Auditors’ Report, which require any clarification / explanation.

COST AUDITOR

The Board of Directors has appointed Shri Shirish V Diwanji, Cost Accountant of M/s Diwanji & Associates, Vadodara, as the Cost Auditor of the Company to conduct the Audit of the Cost Accounts in respect of the manufacturing of fertilizers and other related manufacturing activities carried out by the Company for financial year 2013-14 under the Cost Accounting Records (Fertilizer Industry) Rules, 2011.

The Company has e-filed the Cost Audit Report for the financial year 2011-12 with the Ministry of Corporate Affairs (Cost Audit Branch) on 17th December, 2012. The due date of filing the said report was 31st December, 2012.

INDUSTRIAL RELATIONS

Industrial relations during the year under review have remained extremely cordial and harmonious. Your Directors convey their high sense of appreciation for the contribution made by the employees at all levels.

ACKNOWLEDGEMENTS

The Directors wish to place on record their deep sense of gratitude for the support received from the Government of India and the Government of Gujarat. We take this opportunity of extending our wholehearted thanks to all our Consumers, Dealers, Customers, Banks, Business Associates, SEBI, NSDL, CDSL, Stock Exchanges and other Agencies for their continued support and co-operation. Your Directors are also thankful to the valued Investors for strengthening their bond with the Company.

For and on behalf of the Board of Directors,

Place : Gandhinagar
Date : 9th August, 2013

Dr.Varesh Sinha
Chairman

ANNEXURES TO DIRECTORS' REPORT**ANNEXURE - "A"****PARTICULARS UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 FOR THE YEAR ENDED 31ST MARCH, 2013.****(A) CONSERVATION OF ENERGY :**

The Company had framed Energy Policy in 2005 in accordance with Energy Conservation Act, 2001 and the same was revised in 2012. Year 2012-13 was celebrated as "Energy Conservation Year" at GNFC and energy saving targets were fixed for different areas / plants.

It is heartening to note that the year 2012-13 remained very eventful year with commendable achievement in energy saving. During the year, the company was awarded prestigious National Energy Conservation Award (1st Prize) for the year 2012 at the hands of Hon'ble President of India in appreciation of the achievements in energy conservation in the Fertilizer Sector.

(a) Energy Conservation Measures taken

During the year, following three major projects for energy saving were implemented which has resulted into lowest specific energy consumption in the production of Ammonia and Urea.

Co-generation Power and Steam Unit

A Co-generation Power and Steam Unit (CPSU) was commissioned in March, 2012 to generate 33 MW of power and 61 MT/ Hr High Pressure Steam. On account of consistent operation of CPSU during 2012-13, there was an improvement in power generation efficiency, which has led to significant energy cost reduction for all the products of the company.

Synthesis Reactor S-50 project

Additional Synthesis Reactor S-50 series in Ammonia plant was commissioned and remained operational during the year. This has resulted into significant reduction in energy consumption of Urea and other plants using Ammonia.

Ammonia Syngas Generation Project

Ammonia Syngas Generation Plant, for feed stock conversion from LSHS to Natural Gas, has started operating and is currently under Test Run. Once this plant gets fully stabilized, energy consumption for Urea Production will get reduced significantly.

Over and above, following energy saving measures/ schemes were implemented during the year and energy saving was achieved:

Urea Plant

- ❖ Use of low pressure steam for Ejector in place of medium pressure steam resulting into saving of 11,874 MT steam.

Utility Plant

- ❖ At Raw Water Plant, 2 Nos. of cooling water make-up pumps were replaced with new efficient pumps resulting into saving of 1,70,975 kWh power.

Aniline / TDI Plant

- ❖ Laying of new 6" size compressed air line from main utility plant to Aniline-TDI complex has arrested air venting by stopping higher capacity air compressor, which has resulted in saving of 14,19,750 kWh power.

Boiler Plant

- ❖ Installation of 6 Nos. energy efficient motor for Vibro Feeder in Coal Handling Plant has resulted into saving of 3,413 kWh power.

Hazardous chemical Plant

- ❖ 105 Nos. of LSHS rakes were unloaded without low pressure steam heating resulting into saving of 5,250 MT steam.

Electrical System

- ❖ Replacement of 400 Nos. of old ceiling fans with energy efficient fans (5 star rating), 2 Nos. of Window AC by split AC (5 star rating), 3 Nos. of old Freeze by new Freeze (4 star rating), 23 Nos. Split AC of 3 star rating by Split AC of 5 star rating, 464 Nos. (1 x 28W TL5) of Tube Light fixtures with electronic ballast efficient fixture against existing 1 x 40 W fixture. This has resulted in to saving of 17,247 KW power.
- ❖ Replacement of old lighting fixtures with energy efficient fixtures at various locations in the Plants and installation of energy efficient LED in Tissue Culture Laboratory, resulting into saving of 2,66,450 kW power.

Energy Conservation in Office Buildings

- ❖ Office buildings were given close focus for reducing energy consumption. Corporate office garden area street lighting 125w HPSV lamps replaced by 28w LED type fixtures, resulting into saving of 21,464 kWh power.
- ❖ Energy consumption in Corporate Office Building has been reduced and 2% reduction was achieved in energy consumption resulting into saving of 29,000 kWh power.

Steam trap management

- ❖ Steam trap survey was carried out in various plants for identification of defective traps and corrective actions were initiated.

Ethyl Acetate Project

- ❖ A 50,000 MTPA capacity Ethyl Acetate Project was commissioned in October, 2012 as a forward integration of Acetic Acid.

(b) Additional Investment and proposals being implemented for reduction of consumption of energy and to improve productivity.

Following project is under implementation. This will reduce energy consumption / improve productivity of plants.

50,000 MTA capacity Toluene Di-isocyanate (TDI)

- ❖ To meet with the growing demand of TDI, a 50,000 MTA capacity TDI project is being set up at Dahej. The project is expected to be commissioned by September, 2013.

(c) Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on cost of production of goods.

With the implementation of energy conservation measures at (a) above, there has been some energy savings. However, it is difficult to quantify the overall gain as various factors including plant operation parameters and load influence the same. With the implementation of measures at (b) above, there will be further saving in energy.

**(d) Total energy consumption and energy consumption per unit of production.**

The required details are furnished in Form "A" annexed.

(B) TECHNOLOGY ABSORPTION :

Efforts made in technology absorption are furnished in Form "B" annexed.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO :**(a) Export**

Majority of Industrial Products are sold in domestic market as the realization is maximum and the exports are resorted to, if needed. During the year 2012-13, the company exported 99.36 MTs of HCL, 104.46 MTs of Aniline, 40 MTs of TDI, 192 MTs of OTD, 18.90 MTs of Formic Acid, 115.88 MTs of Methyl Formate, 4,085.84 MTs of Ethyl Acetate and 29.97 MTs of Acetic Acid.

(b) Total Foreign Exchange used and earned

(Rs. in Lacs)

Particulars	2012-13	2011-12
Foreign Exchange Used	38,865.60	44,125.52
Foreign Exchange Earned	2,956.69	876.26

FORM - "A"**DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:**

Sr. No.	Particulars	Unit	2012-13	2011-12
A)	Power and Fuel Consumption (GNFC Complex)			
1.	Electricity :			
a)	Power imported at factory #	MWH	39057.254	73417.141
	Less : Power from Wind Mills	MWH	(38144.780)	(37648.865)
	Net Power Import	MWH	912.474	35,768.276
	Power export to GEB	MWH	48.96	12.24
	Total Amount	Rs. Lacs	1111.27	3218.03
	Rate/Unit	Rs./Kwh	121.79	9.00
b)	Own generation through steam			
	Turbine :	'000 KWH	146349	297372
	Unit power per Eq. natural gas	KWH/SM^3	9.55	2.24
	Variable cost/unit (excl. Power Gen. Duty)	Rs./Kwh	3.74	3.73
c)	Own generation through Gas			
	Turbine (33.3 MT GT):	'000 KWH	248956.4	20881.927
	Unit power per Eq. natural gas	KWH / SM^3	6.5	3.82
	Natural Gas for gas turbine unit (with eq. steam export credit)	'000 SM^3	38333.36	5461.641
	Variable cost/unit (excl. Power Gen. Duty)	Rs./Kwh	1.93	2.05
2.	Coal for steam generation (Indian)	MT	389260	447383
	Total Cost of Indian Coal	Rs. Lacs	13988.48	13866.59
	Average Rate	Rs./MT	3593.61	3099.49
	Coal for steam generation (Imported)	MT	194462	257668
	Total Cost of Imported Coal	Rs. Lacs	15521.59	16688.53
	Average Rate	Rs./MT	7981.81	6476.76
3.	Natural Gas for steam generation	'000 SM^3	19470	61274
	Total Cost of Natural Gas	Rs. Lacs	10138.64	5553.57
	Average Rate	Rs./Ksm3	17539.88	8321.75

Sr. No.	Particulars	Unit	2012-13	2011-12
B)	Power and Fuel Consumption (Aniline/ TDI Complex)			
1.	Electricity			
a)	Own generation through Gas			
	Turbine :	'000 KWH	1308.12	49647.30
	Unit power per Eq. natural gas	KWH / SM^3	2.45	2.81
	Variable cost/unit after Steam Credit (excl. Power Gen. Duty)	Rs./Kwh	8.34	1.80
2.	Natural Gas for gas turbine unit	'000 SM^3	534.29	17638.27
	Total Cost of Natural Gas	Rs. Lacs	108.2	1449.57
	Average Rate	Rs./Ksm3	20251.17	8218.32
C)	Consumption per unit of Production:			
i)	Ammonia			
	Electricity	KWH/MT	326.236	316.645
	Coal (at 4200 Kcal/kg)	MT/MT	0.672	0.784
	Natural Gas	SM^3/MT	18.307	56.333
ii)	Urea			
	Electricity	KWH/MT	64.947	64.338
	Coal (at 4200 Kcal/kg)	MT/MT	0.14	0.147
	Natural Gas	SM^3/MT	3.827	10.535
iii)	Methanol (I+II+MSU)			
	Electricity	KWH/MT	252.852	305.628
	Coal (at 4200 Kcal/kg)	MT/MT	0.052	0.047
	Natural Gas	SM^3/MT	1.424	3.380
iv)	Formic Acid			
	Electricity	KWH/MT	833.844	872.654
	Coal (at 4200 Kcal/kg)	MT/MT	1.455	1.553
	Natural Gas	SM^3/MT	39.636	111.552
v)	Acetic Acid			
	Electricity	KWH/MT	175.006	187.790
	Coal (at 4200 Kcal/kg)	MT/MT	0.105	0.116
	Natural Gas	SM^3/MT	2.874	8.338
vi)	Ethyl Acetate			
	Electricity	KWH/MT	215.638 *	Nil
	Coal (at 4200 Kcal/kg)	MT/MT	0.699	Nil
	Natural Gas	SM^3/MT	19.052	Nil
vii)	Nitrophosphate Plants			
(a)	ANP			
	Electricity	KWH/MT	208.942	214.703
	Coal (at 4200 Kcal/kg)	MT/MT	0.062	0.059
	Natural Gas	SM^3/MT	1.676	4.220
(b)	CAN			
	Electricity	KWH/MT	59.988	61.741
	Coal (at 4200 Kcal/kg)	MT/MT	0.011	0.009
	Natural Gas	SM^3/MT	0.288	0.649
(c)	WNA (I+II)			
	Electricity	KWH/MT	44.374	45.455
(d)	CNA (I+II+III)			
	Electricity	KWH/MT	38.127	37.998
	Coal (at 4200 Kcal/kg)	MT/MT	0.078	0.079
	Natural Gas	SM^3/MT	2.125	5.655
viii)	Aniline / TDI complex			
(a)	Aniline			
	Electricity	KWH/MT	232.38	259.53
(b)	TDI			
	Electricity	KWH/MT	1795.11	1999.31
	Coal (at 4200 Kcal/kg)	MT/MT	1.755	0.884
	Natural Gas	SM^3/MT	47.805	63.529

Power imported at factory includes wind mill power generation.

\$\$ Proportional power of reform gas consumed in Methanol plants is allocated.

* Production of Ethyl Acetate commenced from 24-10-2012.

FORM - "B"**DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION :****(A) RESEARCH & DEVELOPMENT****1. Specific Areas in which R&D carried out by the Company**

- a) Polyurethane (PU) Research is highly knowledge intensive, dynamic and closely guarded activity. PU Research and Application is an entirely new activity for company's R&D. The company has developed few Polyurethane products viz. TM Blends, Elastomers, Rigid Foams and Coating & Adhesive as import substitute. Tests & Analysis Reports of the products developed at R&D have been encouraging. Further development work is under progress.
- b) Sample products of 100% Water Soluble Fertilizers (WSF), Calcium Nitrate (CN) and Calcium Nitrate with Boron, CAN (17% & 15%), Nitrogen, Granulated Ammonium Nitro Phosphate (23:23:0), Fungicide coated ANP along with various grades of CAN (15:15:15; 15:0:15; 15:15:0) were prepared.
- c) Purification process for Acetic Acid Plant off gas by removing Methyl Iodide, Methyl Acetate and Acetic Acid vapors has been developed successfully on Laboratory scale.
- d) Studies for improvement of plant performance, understanding of by-products, their disposal and treatment of waste streams have been conducted in close association with various plants, Technical Services and Environment Control Unit.

2. Benefits derived as a result of the above R&D

Several import substitutes in Polyurethane and new fertilizer products were developed.

- a) As a step towards commercialisation, TM 80 (TDI, MDI blend) was supplied to customers for testing the product.
- b) 100% Water Soluble Fertilizer, NPK (19:19:19) grade was prepared and supplied to customers.

3. Future Plan of Action

- a) R&D efforts in the above areas are proposed to be strengthened and new areas of work have been identified which can benefit the Company.
- b) A State of Art PU R&D Center is proposed to be set-up along with System House.
- c) A pilot plant for further process improvement of purification process for Acetic Acid off gas is proposed to be set-up.

4. Expenditure on R&D

(Rs. in Lacs)

Sr. No.	Nature of Expenditure	2012-13	2011-12
1	Capital Expenditure	0.00	0.00
2	Recurring Expenditure	25.81	23.25
3	Salaries to R&D Personnel	204.11	156.90
4	Power and Fuel	3.962	4.02
	Total	233.88	184.17
5	Total R&D Expenditure as percentage of total turn-over	0.0521%	0.0457%
6	Gross Turn-over	448624.25	403227.08

(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :**1) Efforts in brief, made towards technology absorption, adaptation and innovation**

- I. The company has enhanced process design capability and successfully implemented important major technical revamp schemes using in-house resources. The modifications are carried out in plants for safe and reliable operations, improving machine / equipment performance, energy saving by reducing utility consumption.
- II. The company also interacts frequently with know how suppliers / consultants for plant problems and reliability study to sustain productivity and improving plant performance.

2) Benefits derived as a result of above efforts

As a result of above measures, there has been improvement in plant safety, reliability and performance.

3) Information regarding Technology Imported during the last five years

Technology Imported	Year of Import	Has Tech. been fully absorbed?	If Tech. not absorbed, reasons thereof
M/s. Chematur AB Sweden for 50000 MTPA TDI-II Dahej project	2008	Under Implementation	-
M/s. Plinke, Germany for 150 MTD CNA project	2008	Yes	-
M/s. UHDE for 300 MTD WNA project	2008	Yes	-
M/s. Technip BV, Netherland for reformer of Hydrogen-Carbon Monoxide plant (TDI-II Dahej project)	2008	Under Implementation	-
M/s. Air Products, UK for Cold Box and membrane of Hydrogen-Carbon Monoxide plant (TDI-II Dahej Project)	2009	Under Implementation	-
M/s. Haldor Topsoe, Denmark- Ammonia Syngas Generation Project	2010	Under Implementation	-
M/s. UOP Honeywell, USA for PSA Unit - Ammonia Syngas Generation Project	2010	Under Implementation	-
M/s. BASF, Germany for Co2 removal A-MDEA Unit, Ammonia Syngas Generation Project	2010	Under Implementation	-

**ANNEXURE : "B"**

Statement showing the particulars of employees of the Company as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Report of the Board of Directors for the year ended on 31st March, 2013.

Sr. No. (1)	Name (S/Shri) (2)	Age (Yrs.) (3)	Qualification (4)	Total Exp.(Yrs.) (5)	Designation (6)	Remuneration Received (Rs.) (7)	Date of Joining (8)	Last Employment held (9)
A. Employee who were employed throughout the financial year and was in receipt of remuneration for the year which in the aggregate was not less than Rs. 60,00,000/-								
Nil								
B. Employees who were employed for a part of the financial year and were in receipt of remuneration for any part of that year at the rate which in the aggregate was not less than Rs. 5,00,000/- per month								
1	AK Datta	60	B.Com.	31	Officer	17,80,196	1/6/1988	Accts. Asstt. – Polyweave, Ankleshwar
2	AK Shah	48	BE(Chem.)	26	Sr. Manager	24,38,167	1/2/1988	GET – GNFC, Bharuch
3	AL Patel	60	BE (Mech.), Dip. in Ind. Mgt.	35	General Manager	46,23,453	2/10/1978	GET – GSFC, Vadodara
4	AP Shah	60	BE (Mech.)	38	General Manager	48,55,033	1/12/1976	Mech. Engineer Trainee – GSFC, Vadodara
5	BA Patel	60	M.Sc.	34	Sr. Manager	36,14,331	12/11/1980	Chemist – Atul Products Ltd., Valsad
6	Baldev Sharma	60	B.A., PGDBM, PGDIRPM	40	Sr. Manager	23,47,976	10/10/1977	Stenographer – Kanwal Electrical Corporation, Delhi
7	BH Jadeja	60	ATC, ITI(IM), NCTVT(IM)	39	Sr. Manager	30,55,771	30/5/1981	Jr. Technician (Inst.) – IFFCO, Kandla
8	BV Sheth	42	BE(Mech.)	21	Manager	19,75,732	1/10/1994	Shift Engineer – Gujarat Gas, Ahmedabad
9	CL Gangwar	60	B.Sc. (Agri.)	37	Chief Mktg. Manager	27,75,049	30/11/1981	Agri. Representative – Bayer (India) Ltd., Nainital
10	DH Vyas	60	B.Com., Dip. in Ind. Safety & Environment, Dip. in NFSC	38	Sr. Manager	27,13,904	12/11/1979	Fire Operator – Civil Aviation Deptt., Bhavnagar
11	DK Udawat	60	BE (Mech.), IPMM, Dip. in Ind. Engg. Mgt.	36	Addl. General Manager	35,78,334	24/9/1978	GET – GNFC, Bharuch
12	DP Shah	37	BE(Chem.)	16	Sr. Shift Engineer	10,37,406	30/7/1998	Trainee Production Officer – ENZAL Chem. (I) Pvt. Ltd., Panoli
13	Dr. NK Patadia	60	B.Sc., MSW, LL.B.(G), Ph.D., IRPM, DLP, Dip. in Trg. & Dev.	37	Addl. General Manager	37,95,559	3/12/1981	Asstt. Labour Officer – Jyoti Ltd., Vadodara
14	DV Udeshi	60	B.Com., Inter CA	36	Manager	25,49,910	1/12/1982	Accounts Asstt. – ALA Chemicals Ltd., Bombay
15	GJ Naik	60	M.A., LL.B., Dip. in Ind. Relations & Pers. Mgt.	35	Manager	23,11,501	4/3/1983	Sales Asstt. – Aquaseal Surat
16	GJ Nizama	60	B.A., Sanitary Inspector Course	41	Sr. Manager	27,78,644	1/7/1981	Leprosy Asstt. – District Panchayat, Bharuch
17	GK Parikh	60	B.A.	33	Sr. Officer	22,17,330	12/11/1983	Sr. Data Entry Optr. – Computer Accounting System, Vadodara
18	GM Bareeya	60	Dip. in Civil Engg.	36	Manager	23,98,243	10/10/1981	Asstt. Civil Engineer – Gujarat Urban Housing Co., Vadodara
19	GR Patel	53	DEE	32	Sr. Manager	28,04,955	1/4/1982	Jr. Tech. Trainee – GNFC, Bharuch
20	JM Lad	60	ATC (I), ITI (I)	37	Sr. Manager	24,30,016	1/10/1982	Mobile Craftsman – Calico Polyester, Vadodara
21	KM Malek	60	SSC Fail	33	Sr.MEO	18,16,502	8/10/1980	Khalasi – Western Railway, Bharuch
22	KS Soni	60	B.A.	37	Sr. Sectl. Officer	23,64,498	3/6/1982	Typist-cum-Clerk – Euphoric Pharmaceutical Pvt. Ltd., Ankleshwar
23	KT Trivedi	60	M.Sc.	37	Chief Manager	35,87,632	29/1/1980	Analytical Chemist – Saurashtra Chemicals Ltd., Porbandar
24	MG Baraiya	60	B.Sc. (Agri.), LL.B. (G)	38	Chief Mktg. Manager	37,91,882	4/5/1982	Jr. Sales Promotion Asstt. – GSFC, Vadodara
25	MM Pandya	60	B.Com.	37	Manager	19,36,418	18/10/1977	Clerk – GSFC, Vadodara
26	NA Mody	60	M.Com.	41	Manager	24,40,806	20/10/1977	Asstt. Accountant – Prithvi Cotton Mills Ltd., Bharuch
27	NC Poulouse	60	B.A., MBA, Dip. in Mgt.	41	Mktg. Manager	21,44,140	8/11/1979	Typist-cum-Clerk – Precision Bearing India Ltd., Vadodara
28	NG Chaudhari	60	B.Sc. (Agri.), MBA (Mktg.)	37	Chief Manager	28,56,787	5/12/1981	Jr. Sales Promotion Asstt. – GSFC, Vadodara
29	NN Patel	60	DChE	37	Sr. Manager	25,62,736	10/10/1979	Asstt. Shift Incharge – Simalin Chemical Ind. Pvt. Ltd., Vadodara
30	NP Tandel	60	ATC, ITI (IM)	38	Sr. Instrument Engineer	31,71,716	16/8/1982	Helper – Atul Products Ltd., Atul
31	PH Gandhi	47	CA	24	Sr. Manager	27,91,009	1/7/1992	Accts. Executive – Maywell Apparel Ind. Ltd., Mumbai
32	PM Parmar	60	Std. VII	18	Depot Attendant	7,89,493	1/7/1993	–
33	RC Desai	60	B.Com., LL.B. (G)	38	Manager	26,51,143	4/8/1982	Asstt. Accountant – Panchmahal Steel Ltd., Kalol
34	RH Sane	60	Std-IX	39	Sr. MEO	22,05,806	19/8/1980	Substitute Pointsman – Western Railway, Vadodara
35	RJ Thakar	60	SY B.Com.	33	Sr. Assistant	22,38,620	13/1/1982	Supervisor – United Shippers, Jamnagar
36	Sandeep Kumar Rana	33	BE(Fire), DIS	08	Sr. Fire Officer	9,67,526	21/2/2005	Fire Officer (on Contract) – GNFC, Bharuch
37	SK Thakar	60	M.Tech.(El.), Spl. in Inst. & Control & Computer	36	General Manager	47,37,570	28/4/1984	Sr. Inst. Engineer – IOCL, Vadodara
38	SV Joshi	60	M.Sc. (Agri.)	35	Sr. Mktg. Manager	30,80,666	25/10/1982	Sales Supervisor – Nath Seeds Ltd.
39	TI Raghwa	60	ATC(Chem.), SY B.Sc., Dip. in Log. Mgt.	41	Manager	26,98,440	28/9/1979	Plant Supervisor – United Phosphorous Ltd., Vapi
40	UN Desai	60	B.A.	39	Sr. Manager	37,46,714	7/4/1980	Jr. Clerk-cum-Time Keeper – Gujarat Tractor Corporation Ltd., Vadodara
41	V K C Nair	60	M.A.	37	Manager	22,05,138	10/3/1981	Jr. Stenographer – Sarabhai Chemicals, Vadodara
42	VD Patel	60	Std. VII	32	Sr. MEO	26,18,687	14/3/1982	–
43	Vinubhai B. Patel	60	B.Com.	39	Manager	25,91,080	11/10/1979	Asstt. Accountant – Baroda Rolling Mills Ltd., Vadodara
44	VK Agarwal	60	B.Sc. (Agri.)	38	Sr. Mktg. Manager	29,66,341	15/4/1983	Sales Representative – Rallis India Ltd., Bhopal
45	VS Patel	60	M.Sc.	36	Sr. Manager	25,15,484	24/10/1979	Apprentice – GSFC, Vadodara
46	YC Goratela	60	BE(Mech.)	38	Addl. General Manager	44,98,803	1/12/1976	GET – GSFC, Vadodara

NOTES :

- The total remuneration includes salaries, allowances, special pay, leave salary, ex-gratia payment, leave travel concession, medical aids, gratuity, company contribution to provident fund, where applicable, etc. The perquisites have been evaluated in accordance with the Income Tax Rules.
- The employees as shown in Statement 'B' are either retired or have resigned from the services of the Company.
- None of the above employees is a relative of any Director of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

1.0 ECONOMIC OUTLOOK :

India's economy was expected to grow at around 6-6.5% at the time the Union budget was presented earlier in the year. In the light of subsequent developments, however, it appears that the growth rate will be lower, say, closer to 5.5%. Even this growth rate will be the result of a revival of agricultural, rather than industrial growth. The corporate sector, therefore, has to brace for another tough year following low growth in 2012-13.

The IMF expects global growth at around 3.1% this year, with an improvement in US and Japan being offset by slower growth in emerging markets, notably China and India. In India, although the wholesale inflation rate has shown signs of falling to a lower level compared to last year, the prospects for monetary easing have received a setback because of adverse developments in our external accounts.

The current account deficit for FY 2012-13 was 4.8% of GDP, way above the sustainable level of 2.5%. On top of this, the perception of an earlier than expected tapering of quantitative has put pressures on net inflows of capital. This has caused the rupee to depreciate by a steep 5.8% in nominal terms in the period May 22 to July 26, 2013 and there are expectations amongst market participants that the rupee could depreciate further. These developments are seen as having limited the scope for monetary easing and a pick-up in growth driven by lower interest rates. Companies such as ours will have to ride this year out with a focus on production efficiencies, management of costs and greater efforts to increase exports.

2.0 INDUSTRY STRUCTURE AND DEVELOPMENTS :

2.1 Chemical Business :

The Chemical Industry is among one of the fastest growing sector in India. The bulk of chemicals produced in India comprise either upstream products or intermediates, which go into variety of manufacturing applications including fertilizers, pharmaceuticals, textiles, paints, agrochemicals, dyes etc. Imports of various chemicals are on a rise, as increased/enhanced capacities are not able to cope up with the increasing demand.

The Indian chemical sector accounts for 13-14% of total exports and 8-9% of total imports of India. Currently, per capita consumption of products of the Indian chemical industry is one-tenth of the world average, which reflects the huge potential for further growth.

GNFC has been the leading manufacturer of Acetic Acid, Formic Acid, Aniline, CNA, Ammonium Nitrate Melt, Ethyl Acetate. GNFC has been the only producer of Toluene Di-Isocyanate (TDI) in whole SAARC region.

2.2 Fertilizer Business :

Delayed and poor monsoon in most parts of the country coupled with high imports resulted into very high inventories of phosphatic fertilizers at the end of the

year. Import of Urea continued at the normal level and import of MOP was lower compared to previous years due to the high carry forward inventories at the beginning of the year. 80.45 lac MT Urea, 57.02 lac MT DAP, 24.41 lac MT MOP and 4.05 lac MT Complex Fertilizers were imported during the year.

As a step forward towards the Government's initiative to transfer subsidy directly to the farmers, Department of Fertilizers, Government of India (GoI) introduced an incentive of Rs.50/- PMT to retailers who acknowledged receipt of fertilizers in the Mobile based Fertilizers Management System (mFMS) from November, 2012. Release of 5% subsidy on Urea and 10% subsidy on Phosphatic and Potassic (P&K) fertilizers to the industry has also been linked to acknowledgement of receipt of fertilizers by retailers from November, 2012.

The Government, in its endeavor to reduce freight subsidy has restricted the movement of fertilizers by road to 500 Kms. and by rail to 1,400 Kms.

Ammonium Nitrate Rules, 2012 were notified in July, 2012. These Rules will become finally effective from 11th January, 2014. Ammonium Nitrate (AN) Melt and Calcium Ammonium Nitrate (CAN) fertilizer manufactured by your company are under the purview of these Rules. The Company has already initiated the actions for obtaining necessary licenses to continue to market these products. In addition to above, the Company is in the process of developing a lighter version of CAN Fertilizer "CANLite" with 15% Nitrogen, which is in the process of being included in the Fertilizer Control Order so that the Company can produce and sell this fertilizer.

Government appears to have kept on hold its plan to bring Urea under the NBS for the time being.

Due to high international prices of P&K fertilizers, prices of these fertilizers increased substantially during the year. Price of Ammonium Nitro Phosphate (ANP) produced by your Company was also in line with prevailing prices during this period. However, low demand for P&K fertilizers in the international market has forced the prices down. There is a down trend in the international prices of these fertilizers during the current year. This will benefit the farmers by way of lower prices and the Government by way of lower subsidy. Government has notified lower subsidy rates on P&K fertilizers for the current year and also announced lower indicative selling prices for these fertilizers. International prices of important raw material including Rock Phosphate consumed by your Company have reduced. Fertilizer Industry has represented to Department of Fertilizers (DOF) against this move. DOF has sought costing data of P&K Fertilizers from the Industry.

With an exceptionally high level of opening stock of phosphatic fertilizers, new arrivals at lower prices, reduced subsidy rates and lower indicative selling prices, realization on Company's ANP fertilizer is likely to get affected.

**2.3 IT Business :**

The Company's IT business division - (n)Code Solutions, has continued its growth and expansion in the IT Sector during the year 2012-2013. It showed strong financial performance with good growth in profitability based on strong performance of its Digital Signature Certificate (DSC) business, e-Procurement services and e-Governance projects. (n)Code successfully achieved better price realization despite the tough competitive landscape. It remains market leader in the DSC business because of its quality service and support.

The year witnessed (n)Code enhancing its reach in the Indian market place, through its engagement with National Informatics Centre in the roll out of several e-governance projects across India. It has also forayed into international business such as PKI implementation project in Africa.

The overall IT market remains challenging with general slowdown and drying up of foreign markets making large Indian IT players to aggressively operate in the domestic market thereby increasing competition. (n)Code has already undertaken several initiatives during the year in new business lines such as Cloud Computing, Technology & E-Governance Solutions and Data Center services to realize high growth in the current and subsequent years and be at the technology forefront.

3.0 BUSINESS SEGMENT PERFORMANCE :**3.1 Industrial Chemicals Business :**

The Company achieved ever highest sales of Formic acid, Methylformate, WNA, AN Melt, Aniline & Calcium Carbonate during the year. New product Ethyl Acetate was launched and started selling this product from November, 2012.

Export Performance :

Need to give more thrust on Export has been identified. Total Exports (10185 MT valuing Rs 39.23 crore) of Industrial Products in the FY 2012-13, were higher compared to previous year (3350 MT) in FY 2011-12, valued at Rs.12.74 crores.

Operating Environment and Performance :

The year under review was characterized by sustained high crude oil / natural gas prices, leading to increased feedstock prices. The company's ability to maintain its cash flows and profits in this uncertain environment reflects the global competitiveness of its operations and its leadership in domestic markets.

3.2 Fertilizer Business :

Fertilizer business was good throughout the year. Sale of Urea was 7.07 lac MT, that of ANP was 2.00 lac MT and that of CAN was 1.01 lac MT, totaling a sale of 10.08 lac MT of manufactured fertilizers. Two vessels of Imported Urea were handled at Rozi Port, Jamnagar during the year. 88,619 MT Imported Urea was sold during the year. Trading of SSP continued, selling 13,014 MT during the year. Total sale of manufactured, imported and traded fertilizers was 11.11 lac MT.

CAN fertilizer (127 MT) valued at Rs. 16.51 Lac was exported during the year.

3.3 Information Technology Business :**Digital Signature Certificates and Public Key Infrastructure (PKI) :**

(n)Code continues to be a market leader in issuance of Digital Signature Certificates (DSCs) with approximately 37% market share by issuing more than 8 Lac DSCs during the year. The market segment though growing would continue to witness aggressive competition in the coming years. (n)Code is focused on retaining its market leadership and also exploiting new opportunities like Banking and Managed PKI segment.

e-Procurement Services :

In the year 2012-13, a record breaking 33,097 tenders were completed on (n)Procure portal making it one of the most successful state level e-Procurement initiatives in the country.

Data Centers & Technology Solutions and Services:

(n)Code provides turnkey solutions including designing, creation, commissioning, operation and maintenance of data centers. (n)Code currently provides operations and maintenance services to more than 14 Data Centers across the country on a 24x7 basis. It has undertaken several e-security projects in CCTV and Surveillance space which are major growth segments owing to security concerns and hence this activity is likely to see major growth during the coming years.

e-Governance Projects :

(n)Code has successfully, implemented the IT systems for Cashless Health Card project (MA Yojana). In addition to the replication of the mining and health projects, (n)Code plans to focus on Service and System Integration projects of high value and volume including offering Cloud Based Solutions/Services to achieve the Division's growth plans.

4.0 OPERATIONS :**Production performance :**

The Company has achieved remarkable production performance during the year 2012-13. Most plants of the Company were operated at over 100% capacity utilization.

Plant	Production (MT)	Capacity Utilization (%)
Ammonia	5,91,861	132.85
Urea	7,08,795	111.29
Formic Acid	20,153	201.53
Acetic Acid	1,57,093	157.09
Weak Nitric Acid (WNA) - I	2,87,307	116.08
Weak Nitric Acid (WNA) - II	1,12,690	112.69
Concentrated Nitric Acid (CNA) – I+II+III	1,08,100	93.19
Ammonium Nitrophosphate (ANP)	2,00,895	140.98
Calcium Ammonium Nitrate (CAN)	1,06,401	74.67
Aniline	41,717	119.19
Toluene Di-Isocyanate (TDI)	17,875	127.68

To improve profitability, total 106,646 MT of gas based ammonia was produced from Synthesis Gas Generation Unit (SGGU) Shift gas & Methanol purge gas. The Company has started Neem Coated Urea production from 11th October 2012 and total 1,00,076 MT of Neem coated Urea produced during the year. To reduce dependency on M/s JPMC, Jordan for rock in ANP plant, the Company has started use of Morocco Rock successfully in ANP plant and plant operation stabilized. To reduce cost of power, CPSU GT were operated throughout the year having higher efficiency and reduce cost of steam, maximum utilization of indigenous coal with better quality was used in BHEL boilers. Methanol Plants were operated as per cost economics.

Awards/ Recognition :

The Company has received following awards / recognition during the year:

- First prize for Prestigious National Energy Conservation Award in appreciation of the achievements in energy conservation in the Fertilizer Sector for the year 2012 by Bureau of Energy Efficiency, Ministry of Power, Government of India.
- Rajya Shram Vir Award under Rajya Puraskrit Shram Paritoshik Yojana.
- Second Prize for "Excellence in Suggestion Scheme Performance" in Fertilizer Industry category from Indian National Suggestion Schemes' Association (INSSAN).
- (n)Code received key quality certification of CMMI-SVC level-3 during the year, becoming the 20th organization in the Country and the first Gujarat based IT organization to receive such a certification.
- (n)Code has also received several recognitions and awards for its e-Governance projects- Mineral Administration and Cashless Health Card (Ma-MukhyaMantri Amrutam Yojana) and sustenance award for e-Procurement, all during the year.

5.0 PROJECTS UNDER CLEAN DEVELOPMENT MECHANISM (CDM) :

Following projects were undertaken as Clean Development Mechanism (CDM) under the Kyoto protocol. Thus, the Company is contributing to the global efforts towards combating global warming.

- **N2O Abatement Project in Weak Nitric Acid (WNA) Plant :**
The project is registered with UNFCCC on 29th October, 2009. This project has potential to reduce about 3,30,000 MT of CO₂ per annum. Company has been issued 40,663 Certified Emission Reduction (CER) certificates.
- **Wind Mill Power Project of 21 MW capacity :**
Company has set up total 21 MW capacity Wind Turbo Generators in the Kutch region of Gujarat. These projects have potential to reduce about 38,000 MT of CO₂ per annum. 9 MW project is registered with UNFCCC on 1st December, 2010. Company has been issued 47,540 Verified Emission Reduction (VER) certificates. Company is not pursuing for CERs due to statutory and economical reasons.
- 33 MW Co-generation Power and Steam Unit has potential to reduce CO₂ emission by about 3,12,000 MT per annum.

6.0 OUTLOOK :

Business of the Company is being consolidated after implementation of various projects like Weak Nitric Acid-II, Concentrated Nitric Acid-III, 33 MW Co-generation Power and Steam Unit, Ethyl Acetate and Ammonia Syngas Generation plant.

The Company is also planning expansion in the capacities of some of the core products and exploring investment opportunities abroad.

Chemical Business:

- The Company is the country's largest manufacturer of Acetic Acid, Formic Acid and Aniline. The Company is the only manufacturer of TDI in SAARC countries.
- The Company is the leading manufacturer of various building block chemicals in India. The Company has a significant market share in various chemical products in India.
- Overall, the Chemical market in India is expanding & growing.
- All the chemicals are sold in the domestic market wherein realization is maximum. Currently, the dependence on export market is minimal.
- Good potential exists for export of Ethyl Acetate.
- With the commissioning of 50,000 MTPA TDI project at Dahej by September, 2013, country's import dependence for TDI will reduce and export market will be required to be tapped.
- The Company faces competition mainly from imports, as majority of its products are being imported, especially Acetic Acid, TDI, Formic Acid, Methanol. These products are governed by international prices due to OGL.

Fertilizer Business :

Onset and spread of monsoon is good. Favourable pricing will further help in faster off take of fertilizers. CAN export is also likely to go up.

Raw materials :

- On raw material front, Company's major Petroleum inputs are being procured on import price parity basis. International prices of Petroleum products have remained range bound in vicinity of their peak levels. It is expected that the prices of these products shall remain range bound during current financial year.
- The prices of indigenous coal were increased during January, 2012 which was subsequently rolled back. However, due to change in pricing pattern and increase in railway freight, the prices of indigenous coal have again increased by about 20% during March, 2012. Further increase in price of indigenous coal during the year 2013-14 cannot be ruled out due to increased demand from power sector. Price of imported coal may remain stable during the year 2013-14.
- Due to higher inventory of phosphatic fertilizers in the country and demand-supply gap, the price of rock phosphate has come down by approx. 15% and shall continue to remain in the same range in 2013-14.



- Price of Ammonia is likely to remain range bound in the near future.
- Depreciating Rupee will result in higher cost of imported/import parity raw materials being consumed by the company.

7.0 FINANCIAL PERFORMANCE :

The Company has achieved Highest Ever Net Sales Turnover during the year. The Financial Highlights for year 2012-13 are as under: (Rs. in Crores)

Particulars	2012-13	2011-12
Net Sales Turnover	4,252.57	3,862.01
Total Income	4,292.95	3,892.10
Earnings before Interest, Depreciation and Tax (EBIDT)	633.63	581.52
Profit Before Tax (PBT)	422.40	417.40
Profit After Tax (PAT)	273.11	283.84
Book Value per Share (Rs.)	174.81	161.34
Earnings per Share (EPS) (Rs.)	17.57	18.26
Return on Capital Employed (ROCE) (%)	9.75	12.44
Return on Equity (ROE) (%)	10.05	11.32

8.0 NEW PROJECTS :

8.1 Project Completed :

The Ethyl Acetate Project with 50,000 MTPA capacity has been completed in October, 2012 at a total cost of Rs.124.34 crore.

8.2 Projects under Execution:

Following Projects with an estimated investment of Rs. 3,680 Crores are under implementation:

- Ammonia Syngas Generation Project (ASGP) with a capacity of Synthesis gas equivalent to 1,120 MT of Ammonia per day is under test run.
- TDI-II project at Dahej with a capacity of 50,000 MTPA is expected to be completed by end September, 2013.

Thus, with the commissioning of aforesaid 2 Plants all the 14 projects undertaken under growth plan from the year 2007 onwards will be completed.

9.0 OPPORTUNITIES & THREATS :

9.1 Opportunities :

- During the year, the Company has completed Ethyl Acetate project. Ammonia Syngas Generation Project and TDI-II Project at Dahej are under final stages of implementation, which will be commissioned during the year 2013-14.
- The Company is also planning to have TDI-MDI blend. This will open a new avenue for business. Production of TM 80 (TDI MDI blend) on regular basis is envisaged for supply in automobile sector.

- The Company is the only producer of TDI in SAARC countries and capacity is further being expanded by new capacity at Dahej. Actions have already been initiated for setting up Polyurethane System House. The Company is trying to produce Polyol, one of the raw materials for production of Polyurethane Foam.
- The company is actively considering setting-up Poly Aluminium Chloride and Di-calcium Phosphate projects based on Hydrochloric Acid that will be generated as by-product from TDI-II plant at Dahej.
- Huge gap between demand and supply of various chemical products of the company offers a business opportunity to trade various products.
- The Company started production of Ethyl Acetate which is having good demand in Turkey, Europe and Africa.
- The company is now having spare capacity of LSHS based gasifiers, after commissioning of gas based Ammonia Syngas Generation Plant. It has potential to produce about 6 to 15 lac MTs per annum of Acetic Acid, Formic Acid, Aniline and other products, based on synthesis gas / Carbon Monoxide, subject to viability.
- Shortages and high price of major raw materials like natural gas, LSHS, Rock Phosphate etc. in India are the stumbling block for growth and hence, the company is exploring projects in Africa and Middle East countries where such raw materials are available at competitive price.
- Brand image of the company's fertilizers continue to be in the premium segment. This will help consolidate markets in the Primary Marketing Zone in the decontrol scenario in the future.
- It is estimated that apart from manufactured fertilizers about 2 lac MTs of imported and indigenously sourced fertilizers, mainly Urea, will be traded during 2013-14. This will increase turnover and profit of the company.
- From inception of the company's plants, M/s IOC have met entire requirement of feed stock to full satisfaction of GNFC. Earlier long term agreement was valid up to 31st December, 2010. GNFC and M/s IOC have signed Minutes of Meeting for entering in to a new long term agreement for supply of Feed Stock by IOC to GNFC for the period up to 31st December, 2020.
- The Company has entered in to long term / annual contracts for supplies of most of the critical raw materials like oil, coal, rock phosphate, benzene, toluene, caustic soda lye, chlorine and packing materials, etc., which are essential for continuous production.

9.2 Threats, Risks & Concerns :

- The import duty reduction on some of the products in the recent Free Trade Agreements has marginal impact on company's operations.
- The company endeavors to enhance its competitive advantage, through a process of continuous improvements and by implementing appropriate business strategies.
- While the overall industrialization and economic growth in India provides major opportunities for growth of the chemical industry in India, some severe constraints and obstacles include:
 - Surging of imports from the Asian and Middle Eastern countries.
 - Increasing number of producers from the Middle East (with a feedstock cost advantage) and China aggressively pursuing Indian markets because of very low tariff levels.
 - Growing menace of dumping generic chemical products.
 - High cost of power, energy, finance and capital equipment.
- Natural Gas and LSHS prices have increased substantially and Methanol sales realization has reduced significantly, hence, Methanol capacities are operated accordingly.
- Government of India has allocated only part of domestic Natural Gas for recently commissioned Ammonia Syngas Generation Plant (ASGP). Balance domestic gas is yet to be allocated. The plant is currently under test run.
- Acetic Acid, Formic Acid, Ammonium Nitro Phosphate plants will continue to be operated with LSHS based Gasifier operation which is running at low load post ASGP commissioning. This will increase cost of production of these products.
- Due to high price of main inputs LSHS, rock phosphate, natural gas, coal etc., the viability of the final products based on such inputs is adversely affected.
- Fertilizer business depends very much on Government policies and hence may be affected based on the policy declared from time to time. Subsidy amount under NBS for Phosphatic and Potassic (P&K) fertilizers reduced for the Year 2013-14. Fixed cost of Urea manufactured has not been revised since April, 2010 and budget for Fertilizer subsidy is insufficient.
- Calcium Ammonium Nitrate is covered in the Ammonium Nitrate Rules. This may affect its sale and production of the company.

- Commissioning of mega plants of Methanol, Acetic Acid, TDI in Middle East, China etc. will improve the global supply position leading to softening of international prices.

10.0 HUMAN RESOURCE MANAGEMENT :

The Company believes that its Human Resources are its most valued Asset and considers its employees as its Human Capital. It has been the company's continuous endeavor to create an environment where people excel, have a sense of belongingness to the organization, in turn giving their best to the organization, thereby attaining a win - win situation. The Company makes continuous and concerted efforts to groom its human resources to meet with the present and future challenges in the field of Technology and Management functions in the rapidly changing Industrial scenario. To support the growing and expanding business needs, talent acquisition and development at all levels has remained a focus area of the company.

All out development and new initiatives/measures are being undertaken for optimally utilizing the potential of the valuable Human Resources available within the company as also acquired from outside by strengthening the internal procedures & systems towards attaining the best of standards/practices.

The employees have been regularly groomed through need based training & development programmes organized by inviting expert faculties from outside as well as with the help of internal faculties in addition to deputing the employees to attend specialized training programmes organized by the reputed training institutes in the country. Remaining conscious & focused about the importance of safety, environment and health aspects, the company conducted in-house training programmes on safety awareness, environmental aspects, health awareness, etc., during the year.

In its pursuit towards improving industrial relations, the company's proactive actions have resulted into good, harmonious, cordial and healthy industrial relations through-out the year which has helped in sustainable growth and enrichment of values for the shareholders.

The total strength of human asset of the company as on 31st March, 2013 was 3122.

11.0 INTERNAL CONTROL SYSTEM & ITS ADEQUACY :

The Company has a broad based Internal Audit as well as Risk Management framework which operate through the following mechanism :

- All the proposals involving expenditure above a certain basic amount are subject to financial concurrence through the Finance Department followed by approval from Senior Executive or Managing Director or from the Board of Directors (depending upon the value of proposals).



- The Company has introduced certain strict controls on internal procedures to ensure better financial discipline.
- The Company prepares exhaustive operational as well as procurement budget for various budget centers at the beginning of each financial year. Throughout the year, the actual expenses are closely monitored against such targets. Variances are analyzed and timely corrective measures are taken.
- Various Operating Departments generate reports for management on all relevant parameters of their department and compare the same with quantitative / qualitative goals for Management. This helps to keep the operations on its targets. The Company runs ERP package viz. SAP, which offers a seamless database and data flow, linking all important functions like production, plant maintenance, technical services, materials, finance, marketing, etc., of the company. All the Regional and Area Offices have been connected with SAP to make the organization a virtual work place. SAP masters' updations are carried out and maintained with reference to the inputs and outputs requirements.
- The Company constantly monitors and undertakes measures for re-organization of certain functional areas as per requirement, in line with the global economic scenario prevalent from time to time.
- The Company has engaged services of a reputed firm of Chartered Accountants as Internal Auditors of the company for the year under review and their reports are properly dealt with at the Audit Committee of Board of Directors periodically for suitable corrective actions and guidance. The audit plan also covers systems & processes.
- To have resourceful, competitive and cost-effective agencies in company's approved list, continuous efforts are being made to enlarge vendor base for supply of goods. In last five years, total 2100 plus new applications for vendor registration were processed and 600 plus new vendors added in the vendor list. This will help in increasing competition and improvement in delivery of goods.
- With continuous watch, for critical high value raw materials, optimum level of inventory was managed throughout the year.
- For sales and purchases, company is planning to utilize services of National Commodities & Derivatives Exchange Ltd., (NCDEX) for improved transparency and better competition.

- With the sustained team efforts, the disposal of used equipment/ scraps worth Rs.424 lacs was achieved during 2012-13.

12.0 CORPORATE SOCIAL RESPONSIBILITY - INITIATIVES:

The Company performs its Corporate Social Responsibility very religiously and has established its CSR wing, Narmadanagar Rural Development Society (NARDES) to plan, design, implement and monitor development projects. To carry forward the company's tradition in most empathetic manner, it has a dedicated team of skilled development professionals from renowned social and rural development Institutes of India.

The Company has been carrying out various small-scale CSR initiatives through several unique people-centric CSR initiatives like Eye donation Camps, Mobile Medical Vans, Camps for the Handicapped, Blood Donation Camps, Thalassemia Awareness Programme etc.

The Company has started implementing very ambitious and innovative projects mainly in the field of education, health and infrastructure like the Model School Project, Vocational Training Project, Project – "Vatsalya" for expectant mothers, 24 X 7 Drinking Water Project in tribal areas of Dahod, School for Special Children Project, Narmada School for Slum Children Project and extends development support to district administration.

NARDES has undertaken construction of Primary Health Centres (PHCs) at Jhagadia and Govali and has also worked on improving the infrastructure facilities at Angareshwar.

The total CSR expenditure incurred in the year 2012-13 is Rs.13.14 Crore.

13.0 CAUTIONARY STATEMENT:

This Report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements.

The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

REPORT ON CORPORATE GOVERNANCE**COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

The philosophy of corporate governance in the Company envisages attainment of the highest level of accountability, transparency and equity in all facets of its operations and aims at maximizing the shareholders' value, protecting interest of all stakeholders and meeting societal expectations. Your Company is committed to the principles of good governance.

BOARD OF DIRECTORS**Composition of the Board**

Your Company is managed by a professional Board comprising Nine Directors, of which Eight Directors are the Non-executive Directors, constituting more than half of the total strength of the Board. Managing Director of the Company is the only Executive Director on the Board of Company and is the Non-independent Director. Chairman of the Company is Non-Executive Director. More than half of the Board comprises of independent directors. Composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

Composition and category of the Directors on the Board of the Company.

Sr. No.	Name of Director	Category
1.	Dr. Varesh Sinha, IAS, Chairman	Promoter, Non-Executive Director, Independent
2.	Shri DJ Pandian, IAS	Promoter, Non-Executive Director, Independent
3.	Dr. Hasmukh Adhia, IAS	Non-Executive Director, Independent
4.	Shri GC Murmu, IAS	Non-Executive Director, Independent
5.	Shri Atanu Chakraborty, IAS	Non-Executive Director, Independent
6.	Shri DC Anjaria	Non-Executive Director, Independent
7.	Dr. TT Ram Mohan	Non-Executive Director, Independent
8.	Dr. Ashok Shah	Non-Executive Director, Independent
9.	Dr. Rajiv Kumar Gupta, IAS, Managing Director	Promoter, Executive Director, Non-independent

Changes occurred in the Board of Directors since 1st April, 2012.

Sr. No.	Name of Director	Particulars
1.	Shri MM Srivastava, IAS (Retd.)	Tendered resignation as Director effective 31st July, 2012.
2.	Shri AK Joti, IAS (Retd.)	Nomination withdrawn by GOG as Govt. Director effective 1st March, 2013. He ceased to be the Chairman effective from the said date.
3.	Dr. Varesh Sinha, IAS	Appointed as a Director in causal vacancy w.e.f. 22nd September, 2012. He resigned as Director w.e.f. 28th February, 2013. Nominated by GOG as Govt. Director effective 1st March, 2013 and appointed Chairman of the Company effective from the said date.

Sr. No.	Name of Director	Particulars
4.	Dr. Hasmukh Adhia, IAS	Appointed as Additional Director effective 25th March, 2013.
5.	Shri AM Tiwari, IAS	Nomination withdrawn by GOG and relinquished the charge of Managing Director effective 2nd May, 2013.
6.	Dr. Rajiv Kumar Gupta, IAS	Nominated by GOG and appointed as Managing Director effective 2nd May, 2013.
7.	Shri RK Tripathy, IAS (Retd.)	Tendered resignation as Director effective 7th May, 2013.

Number of Board Meetings

During the year 2012-13, Eight meetings of the Board of Directors were held with a time-gap of not more than 4 months between any two meetings. The dates on which the said meetings were held are : 10th May, 2012, 30th May, 2012, 31st July, 2012, 22nd September, 2012, 6th November, 2012, 29th January, 2013, 25th February, 2013 and 15th March, 2013. Requisite quorum was present for all the meetings.

Directors' Attendance Record

Attendance of Directors at the Board Meetings during 2012-13 and at the last Annual General Meeting held on 22nd September, 2012.

Name of Director	No. of Board Meetings held during the tenure of Directorship	No. of Board Meetings Attended	Attendance at Last AGM
Dr. Varesh Sinha ¹	5	3	Attended
Shri DJ Pandian	8	5	Not Attended
Dr. Hasmukh Adhia ²	—	—	—
Shri GC Murmu	8	2	Not Attended
Shri Atanu Chakraborty	8	7	Not Attended
Shri DC Anjaria	8	7	Attended
Dr. TT Ram Mohan	8	6	Attended
Dr. Ashok Shah	8	8	Attended
Shri MM Srivastava ³	3	3	—
Shri AK Joti ⁴	7	6	Attended
Shri AM Tiwari ⁵	8	8	Attended
Shri RK Tripathy ⁶	8	2	Not Attended

1 Nominated w.e.f. 01-03-2013

2 Appointed w.e.f. 25-03-2013

3 Ceased to be a Director w.e.f. 31-07-2012

4 Ceased to be a Director w.e.f. 01-03-2013

5 Ceased to be a Director w.e.f. 02-05-2013

6 Ceased to be a Director w.e.f. 07-05-2013

**Other Directorship / Committee position of Directors**

Number of Directorship and Committee position held by the Directors as on 31st March, 2013.

Name of Director	No. of other Directorships*	No. of Committee position held in other Companies**	
		As Chairman	As Member
Dr. Varesh Sinha	4	None	None
Shri DJ Pandian	14	2	1
Dr. Hasamukh Adhia	11	None	3
Shri GC Murmu	9	None	3
Shri Atanu Chakraborty	8	1	3
Shri DC Anjaria	2	2	2
Dr. TT Ram Mohan	2	None	1
Dr. Ashok Shah	1	None	1
Shri AM Tiwari ¹	1	None	None
Shri RK Tripathy ²	4	None	1

1 Ceased to be a Director w.e.f. 02-05-2013.

2 Ceased to be a Director w.e.f. 07-05-2013.

* Other Directorships do not include directorship of private limited companies, companies incorporated outside India and companies under Section 25 of the Companies Act, 1956.

** In accordance with Clause 49 of the Listing Agreement, Chairmanship/ Membership of Board Committees include only Audit Committee and Shareholders'/ Investors' Grievance Committee.

Notes:

- None of the Directors on the Board is related to any other Director.
- None of the Directors has any material pecuniary relationship or transaction with the Company.
- None of the Directors received any loans and advances from the Company during the year.

Information supplied to the Board

Requisite information as enumerated in the Listing Agreement are made available to the Board of Directors, whenever applicable, for discussions and consideration at the Board Meeting. Agenda Papers are circulated to the Directors sufficiently in advance so as to have the focussed and meaningful discussion thereon. At every Board Meeting, a presentation is made on the matters covering finance, marketing, operations and any other material/significant developments. Some urgent matters are approved by passing a resolution by circulation and the same is put-up to the Board in the next meeting for taking note thereof. Action Taken Report in respect of the decisions taken at a Board / Committee Meeting is placed at the succeeding Board / Committee Meeting for noting.

In addition to the Audit Committee and the Shareholders' / Investors' Grievance Committee, as are mandatorily required to be constituted in terms of the Listing Agreement, the Board has constituted other Committees of the Directors such as "Project Committee" and "Human Resource Development Committee".

These Committees have been delegated powers and duties by the Board for specific purposes. Meetings of the Committees are held, whenever need arises. Minutes of all Committee Meetings are placed before the Board for taking note thereof.

The Board periodically reviews compliance reports of laws applicable to the Company as also the steps taken to rectify non-compliances, if any.

Membership of the Committees of the Board

None of the Directors holds membership in more than 10 Committees or acts as Chairman of more than 5 Committees [as specified in Clause 49 I (C) (ii) of Listing Agreement], across all the Companies in which he is a Director. Necessary disclosures as required regarding Committee positions in other public companies as on 31st March, 2013 have been made by the Directors.

Disclosure regarding appointment/ reappointment of Director(s)

Information as required under Clause 49 (IV)(G) of the Listing Agreement is annexed to the Notice of the Annual General Meeting.

Code of Conduct

The Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. Code of Conduct sets ethical standards for the Directors and Senior Management Personnel of the Company. Code of Conduct is available on Company's website viz. www.gnfc.in. All Board Members and Senior Management Personnel have affirmed their compliance with the Code of Conduct. A declaration to this effect signed by the Managing Director of the Company is annexed to this Report.

AUDIT COMMITTEE**Constitution**

Audit Committee seeks to ensure better Corporate Governance and provides assistance to the Board of Directors in fulfilling the Board's overall responsibilities. Audit Committee of the Board of Directors is constituted in line with the provisions of Clause 49 of the Listing Agreement entered into with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

Composition

Audit Committee presently comprises four Directors viz. Shri DC Anjaria, Dr. TT Ram Mohan, Dr. Ashok Shah and Dr. Rajiv Kumar Gupta, IAS. Except Dr. Rajiv Kumar Gupta, IAS, Managing Director of the Company, who is the Executive Director, all other Members of the Committee are Independent Non-executive Directors. Shri DC Anjaria is the Chairman of the Audit Committee who is an Independent Director. All the members of the Committee possess good knowledge of Finance and Accounts. The Company Secretary acts as Secretary to the Audit Committee.

Terms of Reference

The terms of reference and powers of the Audit Committee are as under :

Role of Audit Committee includes -

- ❖ Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

- ❖ Recommending to the Board the appointment, reappointment and if required, replacement or removal of Statutory Auditors and fixation of audit fees.
- ❖ Approval of payment to statutory Auditors for any other services rendered by them.
- ❖ Reviewing with the Management, the annual financial statements before submission to the Board for approval, focussing primarily on;
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the report of the Board of Directors.
 - b. Any change in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of related party transactions.
 - g. Qualifications in the draft audit report.
- ❖ Reviewing with the Management, the quarterly financial statements before submission to the Board for approval.
- ❖ Reviewing with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- ❖ Reviewing with the Management, performance of statutory and internal auditors and the adequacy of internal control systems.
- ❖ Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- ❖ Discussion with internal auditors on any significant findings and follow up thereon.
- ❖ Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- ❖ Discussion with statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- ❖ To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- ❖ To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- ❖ Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or

discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

- ❖ Carrying out such other functions as may be specifically referred to the Committee by the Board of Directors.
- ❖ To review the following information:
 - a. Management Discussion and Analysis of Financial Condition and Results of Operations;
 - b. Statement of significant related party transactions;
 - c. Management letters / letters of internal control weaknesses issued by Statutory Auditors;
 - d. Internal audit reports relating to internal control weaknesses; and
 - e. The appointment, removal and terms of remuneration of Internal Auditors.

Powers of Audit Committee

- to investigate any activity within its terms of reference.
- to seek information from any employee.
- to obtain outside legal or other professional advice.
- to secure attendance of outsiders with relevant expertise, if it considers necessary.

Number of Meetings

During the financial year 2012-13, Five Meetings of the Audit Committee were held with a time-gap of not more than four months between any two meetings. The dates on which the said meetings were held are : 9th May, 2012, 26th May, 2012, 31st July, 2012, 5th November, 2012 and 28th January, 2013. Requisite quorum was present for all the meetings.

Attendance at the Meetings

Statutory Auditors, Internal Auditors and Senior Management Personnel of the Company also attend the meetings by invitation. Cost Auditor appointed under Section 233B of the Companies Act, 1956 attend the meeting by invitation, where the Cost Audit Report is discussed. The recommendations of the Audit Committee are placed before the Board for its consideration and approval.

Attendance of each Member at the Audit Committee Meetings held during the year 2012-13.

Name of Member	No. of Meetings held during the tenure of Membership	No. of Meetings Attended
Shri DC Anjaria	5	5
Dr. TT Ram Mohan	5	5
Dr. Ashok Shah	5	5
Shri AM Tiwari *	5	5

* Ceased to be a Member w.e.f. 02-05-2013

Shri DC Anjaria, Chairman of Audit Committee was present at the last Annual General Meeting.

Remuneration of Directors

No Remuneration Committee has been constituted by the Board. Remuneration of Directors is decided by the Board of Directors, keeping in view the provisions of Articles of Association of the Company and the Companies Act, 1956, subject to approval, if any, from the Shareholders, where necessary.



Appointment of Managing Director is made by the Board in consultation with the Government of Gujarat and usually he is from IAS Cadre. Managing Director is paid remuneration as per the terms and conditions prescribed and notified by the Government of Gujarat and as determined by the Board of Directors, subject to the approval by shareholders.

Details of remuneration paid to the Directors

Executive Director

Shri AM Tiwari, IAS was appointed Managing Director of the Company effective 14th July, 2011. He relinquished the charge of Managing Director effective 2nd May, 2013. He was paid remuneration / perquisites as per the terms and conditions as prescribed and notified by the Government of Gujarat and as approved by the Shareholders at their Annual General Meeting held on 17th September, 2011.

Dr. Rajiv Kumar Gupta, IAS, Principal Secretary to GOG (Water Supply) Narmada, Water Resources, Water Supply and Kalpsar Department has been appointed to hold the additional charge of the post of Managing Director of the Company effective 2nd May, 2013. No remuneration is being paid to Dr. Gupta for holding the additional charge of Managing Director. However, Dr. Gupta may be required to be paid remuneration/ special pay, if any, as may be granted/ conveyed by GOG. An enabling resolution for the purpose has been proposed in the Notice of this Annual General Meeting.

Details of remuneration paid to Managing Director during 2012-13

(Amount in Rs.)

Sr No.	Name of Managing Director	Salary	Perquisites and allowances	Total
1.	Shri AM Tiwari, IAS	15,85,820/-	4,02,784/-	19,88,604/-

Non-Executive Directors

Remuneration of Non-Executive Directors is decided by the Board. Non-Executive Directors are paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and Committees thereof. They are paid sitting fees @ Rs.5,000/- per meeting attended by them.

Details of Sitting Fees paid to the Non-Executive Directors during 2012-13

(Amount in Rs.)

Sr. No.	Name of Director	Sitting Fees paid
1.	Dr. Varesh Sinha	15,000*
2.	Shri DJ Pandian	45,000*
3.	Shri GC Murmu	10,000*
4.	Shri Atanu Chakraborty	40,000*
5.	Shri MM Srivastava	15,000*
6.	Shri AK Joti	30,000*
7.	Shri RK Tripathy	10,000*
8.	Shri DC Anjaria	1,85,000
9.	Dr. TT Ram Mohan	75,000
10.	Dr. Ashok Shah	1,70,000

*Amount Deposited in Government Treasury

Details of equity shares held in the Company by the Non-Executive Directors as on 31st March, 2013

Sr. No.	Name of Director	No. of Equity Shares held
1.	Dr. Varesh Sinha	500*
2.	Shri DJ Pandian	Nil
3.	Dr. Hasmukh Adhia	Nil
4.	Shri GC Murmu	500*
5.	Shri Atanu Chakraborty	500*
6.	Shri DC Anjaria	500*
7.	Dr. TT Ram Mohan	500*
8.	Dr. Ashok Shah	575*
9.	Shri RK Tripathy	500*

* 500 Equity Shares held jointly with Gujarat State Investments Ltd as qualifications shares.

The Company has not issued any convertible instruments. Besides, the Company has also not granted any stock option to its Directors.

SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

Composition

Shareholders'/Investors' Grievance Committee presently comprises three Directors viz. Shri DC Anjaria, Dr. Ashok Shah and Dr. Rajiv Kumar Gupta, IAS. Shri DC Anjaria and Dr. Ashok Shah are the Non-Executive Directors and Dr. Rajiv Kumar Gupta, IAS is the Executive Director. Dr. Ashok Shah is the Chairman of Shareholders' / Investors' Grievance Committee.

Terms of Reference

Shares-cum-Debentures Transfer/ Investors' Grievance Committee amongst others specifically looks into the issues relating to shareholders such as registration of transfer of shares, issue of share certificates, redressal of shareholders' complaints relating to transfer of shares, non-receipt of Annual Reports/ Dividend, etc. This Committee has been delegated authority by the Board to approve transfer/transmission of shares, issue of share certificates etc. With a view to expediting the process of share transfers, the Board has in addition to the Shares-cum-Debentures Transfer / Investors' Grievance Committee, delegated the power to approve transfer / transmission of shares to the Company Secretary.

Number of Meetings

During the year 2012-13, Ten meetings of the Committee were held. Dates on which the said meetings were held are : 9th May, 2012, 26th May, 2012, 6th July, 2012, 16th August, 2012, 22nd September, 2012, 6th November, 2012, 8th December, 2012, 11th January, 2013, 28th January, 2013 and 15th March, 2013. Requisite quorum was present for all the meetings.

Attendance

Details of meetings attended by the Members during the year 2012-13.

Name of Member	Category of Director	No. of meetings held during the tenure of membership	No. of meetings attended
Shri DC Anjaria	NED & ID	10	10
Dr. Ashok Shah	NED & ID	10	10
Shri AM Tiwari *	ED & NID	10	10
* Ceased to be a Member w.e.f. 02-05-2013. NED = Non-Executive Director ID = Independent Director ED = Executive Director NID = Non-Independent Director			

Compliance Officer

Shri RB Panchal, Company Secretary is the Compliance Officer of the Company for complying with the requirements of Listing Agreement entered into with the Stock Exchanges as also of SEBI (Prohibition of Insider Trading) Regulations, 1992.

Investors' Grievance Redressal

Total number of complaints received and replied to the shareholders during the year under review was 954. As on 31st March, 2013, no complaint was pending redressal, no share transfer was pending registration and no request for dematerialization of shares was pending for confirmation.

General Body Meetings**(a) Annual General Meeting**

Details as to the date, time and venue of last three Annual General Meetings of the Company held as also the Special Resolutions passed thereat are as under :

Year	Date	Time & Venue	Special Resolution Passed
2011-12	22 nd September, 2012	At 11:00 AM at the Regd. Office of the Company at Open Air Theatre, Sports Complex, Narmadanagar Township, P.O. Narmadanagar-392 015. Dist. Bharuch.	Reappointment of Statutory Auditors and Change of Name of the Company.
2010-11	17 th September, 2011	At 11:00 AM at the Regd. Office of the Company at Open Air Theatre, Sports Complex, Narmadanagar Township PO: Narmadanagar-392015. Dist. Bharuch	Appointment of Statutory Auditors
2009-10	24 th September, 2010	At 11:00 AM at the Regd. Office of the Company, Near Jan Vikas Temple, P.O. Narmadanagar-392 015, Dist. Bharuch.	Reappointment of Statutory Auditors

All resolutions moved at the last Annual General Meeting were passed by show of hands with requisite majority of members attending the meeting.

(b) Extra-ordinary General Meeting

No extra-ordinary General Meeting of the Members was held during the year 2012-13.

Postal Ballot

No postal ballot was conducted during the year 2012-13.

No resolution is proposed to be passed through postal ballot at the forthcoming Annual General Meeting.

DISCLOSURES**Related Party Transactions**

The Company has entered into related party transactions as set out in the Notes on Financial Statements, which are not likely to have conflict with the interest of the Company at large. Details of all significant transactions with related parties are periodically placed before the Audit Committee.

Accounting treatment

The Company has complied with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) in the preparation of financial statements.

Details of Non-compliance

The Company has complied with the requirements stipulated by the Regulatory Authorities. No penalty / stricture has been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority on any matter relating to the capital market during the last three years.

Risk Management

The Company has laid down procedures to inform the Board Members about the risk assessment and risk mitigation mechanism. Risk Management Report is periodically reviewed by the Audit Committee/Board.

Reconciliation of Share Capital Audit

In compliance with SEBI (Depositories & Participants) Regulations, 1996, reconciliation of Share Capital Audit was carried out by a qualified Practicing Company Secretary on a Quarterly basis for the purpose of reconciliation of share capital held in Depositories and in physical form with the total issued and listed capital of the Company. The Audit Report issued by the Practicing Company Secretary confirms that the total issued/ listed capital is in agreement with the total number of shares held in physical form and in dematerialized form with NSDL & CDSL. Audit Report of reconciliation of share capital for each quarter is submitted to BSE & NSE, where the company's equity shares are listed and is also placed before the Board.

Code of prevention of Insider Trading Practices

In compliance with SEBI Regulations on prevention of insider trading, the Company has framed a comprehensive code of conduct for prevention of insider trading practices in the equity shares of the Company. The Code lays down the guidelines, which advises the connected persons mentioned in the code, on the procedures to be followed and disclosures to be made by them, while dealing with the shares of the Company and cautioning them of the consequences of violations.

Whistle Blower Policy

A formal whistle blower policy is not in place. The Company, however, takes cognizance of complaints, if any, made by the employees and others. Complaints are looked into and wherever necessary, suitable corrective measures are taken. No employee of the Company has been denied access to the Audit Committee of the Board of Directors.



CEO / CFO Certification

The Managing Director (CEO) and the Executive Director & Chief Financial Officer (CFO) have given Annual Certification on financial reporting and internal controls to the Board in terms of Clause 49 (V) of the Listing Agreement. CEO and CFO have also given quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement.

Subsidiary Companies

The Company does not have a subsidiary company.

Management Discussion & Analysis

Management Discussion & Analysis Report forms part of the Annual Report and include discussions on various matters specified under Clause 49 (IV)(F) of the Listing Agreement.

Means of Communication

- ❖ The Company's website www.gnfc.in provides information about the Company. A section on "Shareholders" contained therein gives useful information and allows the investors to access information at their convenience. The Annual Report of the Company is also available on the website in downloadable format.
- ❖ Quarterly, Half-yearly and Annual Financial Results are regularly submitted to the Stock Exchanges, published in prominent English and Gujarati daily news-papers and are displayed on the Company's Website.
- ❖ The quarterly Shareholding Pattern and Quarterly Corporate Governance Report are also displayed on the Company's Website.
- ❖ Official news releases on significant developments about the Company are also displayed on the Company's website.
- ❖ All disclosures to BSE and NSE are filed electronically through Corporate Filing and Dissemination System (CFDS). Investors can view these information by visiting the website www.corpfiling.co.in. All periodical compliance filings like Shareholding Pattern, Corporate Governance Report, Financial Results, etc. are also filed electronically on NSE Electronic Application Processing System (NEAPS) and on BSE Listing Centre.

COMPLIANCE

Mandatory Requirement

The Company is fully compliant with the applicable mandatory requirements of Clause 49 of the Listing Agreement.

Adoption of Non-mandatory requirement

- ❖ No specific tenure has been specified for the Independent Directors. However, none of the Independent Directors has a tenure exceeding in aggregate, a period of 9 years on the Board of the Company.
- ❖ All the Independent Directors on the Board have requisite qualifications and experience and they contribute effectively to the Company in the capacity as Independent Directors.
- ❖ The Financial Statements of the Company are free from any qualification by the Auditors.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Day : Saturday

Date : 21st September, 2013

Time : 4.00 P.M.

Venue : At the Registered Office of the Company at - Open Air Theatre, Sports Complex, Narmadanagar Township, P.O. Narmadanagar-392 015, Dist. Bharuch.

Financial Year : 1st April to 31st March.

Financial Calendar : (Tentative)

Results for the Quarter ending on will be announced by

- | | |
|------------------------|-----------------------|
| - 30th June, 2013 | : 14th August, 2013 |
| - 30th September, 2013 | : 14th November, 2013 |
| - 31st December, 2013 | : 14th February, 2014 |
| - 31st March, 2014 | : 30th May, 2014 |

Book Closure

Closure of Register of Members and Share Transfer Books : Saturday, the 24th August, 2013 to Friday, the 30th August, 2013. (both days inclusive) for the payment of Dividend.

Dividend Payment

: Dividend of Rs.3.50 per equity share will be paid on or after 30th September, 2013, subject to the approval by the Shareholders at the Annual General Meeting.

Corporate Identity No. (CIN) : L24110GJ1976PLC002903

Listing :

Equity shares of the Company are presently listed with the following two Stock Exchanges:

- 1) National Stock Exchange of India Limited (NSE), Mumbai
- 2) BSE Limited, Mumbai.

GDRs issued by the Company in the international market are listed on Luxembourg Stock Exchange.

Listing Fees to Stock Exchanges

The Company has already made payment of Annual Listing Fees for the year 2013-2014 to NSE and BSE.

Custodial Fees to Depositories

The Company has paid custodial fees for the year 2013-14 to National Securities Depository Ltd. and Central Depository Services (India) Ltd.

OTHER DETAILS

Details of Security

ISIN for the Company's equity shares is : **INE 113A01013**. The Stock Code of the Company's equity shares at the BSE Ltd., Mumbai is "**500670**" and at the National Stock Exchange of India Ltd., Mumbai, is "**GNFC EQ**".

Stock Market Price Data

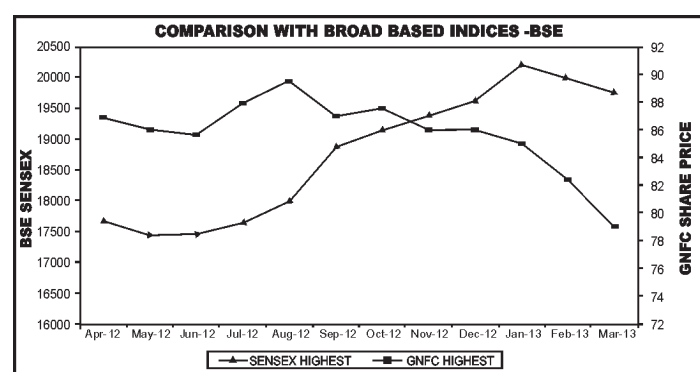
Monthly High & Low quotation on BSE Ltd and National Stock Exchange of India Ltd.

(Amount in Rupees)

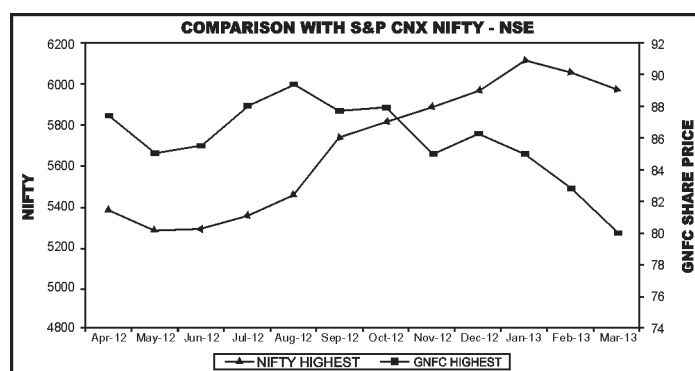
MONTH	BSE		NSE	
	HIGH	LOW	HIGH	LOW
April 2012	86.90	81.20	87.40	81.05
May 2012	86.00	77.40	85.05	77.40
June 2012	85.65	79.65	85.50	79.65
July 2012	87.90	83.15	88.00	83.10
August 2012	89.50	75.95	89.35	75.70
September 2012	87.00	76.10	87.70	76.00
October 2012	87.55	77.00	87.90	81.00
November 2012	86.00	79.10	85.00	79.30
December 2012	86.00	81.00	86.25	81.15
January 2013	85.00	78.00	85.00	78.00
February 2013	82.40	75.00	82.80	74.70
March 2013	79.00	69.80	80.00	69.90

Stock Performance : 2012-13**STOCK PERFORMANCE VS S&P BSE SENSEX**

MONTH	SENSEX HIGHEST	GNFC HIGHEST
April 2012	17664.10	86.90
May 2012	17432.33	86.00
June 2012	17448.48	85.65
July 2012	17631.19	87.90
August 2012	17972.54	89.50
September 2012	18869.94	87.00
October 2012	19137.29	87.55
November 2012	19372.70	86.00
December 2012	19612.18	86.00
January 2013	20203.66	85.00
February 2013	19966.69	82.40
March 2013	19754.66	79.00

Performance of the Company's shares on BSE in comparison to S&P BSE Sensex**STOCK PERFORMANCE VS S&P CNX NIFTY**

MONTH	NIFTY HIGHEST	GNFC HIGHEST
April 2012	5378.75	87.40
May 2012	5279.60	85.05
June 2012	5286.25	85.50
July 2012	5348.55	88.00
August 2012	5448.60	89.35
September 2012	5735.15	87.70
October 2012	5815.35	87.90
November 2012	5885.25	85.00
December 2012	5965.15	86.25
January 2013	6111.80	85.00
February 2013	6052.95	82.80
March 2013	5971.20	80.00

Performance of the Company's shares on NSE in comparison to S&P CNX NIFTY**Investors' Services**

The Company is registered with the Securities & Exchange Board of India (SEBI) as an in-house Share Transfer Agent - Category - II. Entire work relating to registration of physical transfer of shares as well as dematerialisation/ rematerialisation of securities is handled by the Company in-house.

Share Transfer System

Equity shares lodged with the Company for transfer are processed within 15 days from the date of lodgement. All the requests for dematerialisation of shares are processed within 15 days from the date of lodgement. The complaints received from investors and other miscellaneous correspondence relating to change of address, particulars of bank account, dividend payment mandate, etc., are processed generally within 30 days from the receipt thereof.

The Board has delegated the power to approve transfer/ transmission of shares, etc. to the Company Secretary. A summary of transfer/ transmission of shares, etc., so approved by the Company Secretary is placed before the Shares-cum-Debtentures Transfer/ Investors' Grievance Committee. The Company obtains from a Company Secretary in Practice, a Certificate of compliance with the share transfer formalities as required under Clause 47(C) of the Listing Agreement on half-yearly basis and files a copy of the Certificate with the Stock Exchanges.

**Distribution of Shareholding as on 31st March, 2013**

Category of Equity shares	No. of share holders	% to total share holders	No. of shares	% to Total Equity Capital
1 to 250	235629	91.271	1,66,44,730	10.710
251 to 500	12809	4.961	47,96,555	3.086
501 to 1000	5298	2.052	41,68,466	2.682
1001 to 2000	2336	0.905	35,33,818	2.274
2001 to 3000	718	0.278	18,34,477	1.180
3001 to 4000	315	0.122	11,31,962	0.728
4001 to 5000	243	0.094	11,51,055	0.741
5001 to 10000	437	0.169	31,79,868	2.046
10001 and above	383	0.148	11,89,77,852	76.553
Total	258168	100.000	15,54,18,783	100.000

Shareholding Pattern of the Company as on 31st March, 2013

Sr. No	Holders	Total no. of shares	% to Total Equity Capital
1	Promoters & Promoters Group	6,40,06,713	41.183
2	Mutual Funds & UTI	45,87,661	2.952
3	Banks/ Financial Institutions & Insurance Companies	2,47,05,235	15.896
4	Foreign Institutional Investors (FIIs)	1,36,90,515	8.809
5	NRIs / OCBs	31,76,945	2.044
6	Bodies Corporates	58,53,261	3.766
7	Co-operative Societies	3,52,614	0.227
8	Indian Public	3,88,33,538	24.986
9	Shares In Pool A/c (As reported by Depositories)	91,061	0.059
10	Shares held by Custodians and against which Depository Receipts have been issued	121,240	0.078
	Total	15,54,18,783	100.000

Dematerialisation of Shares & Liquidity

As on 31st March, 2013, 92.16% of the shares were held in dematerialised form and remaining shares in physical form. The Promoters hold their equity shareholding in the Company in dematerialized form. The equity shares of the Company are permitted to be traded only in dematerialised form, as notified by SEBI.

Unclaimed Shares held in Unclaimed Suspense Account

In compliance of Clause 5AII of the Listing Agreement, the details of shares held in the Unclaimed Suspense Account as on 31st March, 2013 are as under :

Sr. No.	Particulars	No. of Shareholders	No. of Shares
(i)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year.	4,194	1,71,851
(ii)	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year.	23	792

Sr. No.	Particulars	No. of Shareholders	No. of Shares
(iii)	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year.	23	792
(iv)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year.	4,171	1,71,059

The Unclaimed Suspense Account is held by the Company purely on behalf of the shareholders entitled for these shares. The voting rights on these shares shall remain frozen till the rightful owner claims the shares.

Outstanding GDRs

As on 31st March, 2013, 24,248 GDRs were outstanding, which represent 1,21,240 equity shares. There are no other outstanding instruments convertible into equity shares in future.

Plant Locations

All the manufacturing Plants of the Company are located at the Registered Office situated at P.O. Narmadanagar - 392 015, Dist. Bharuch. The Company is setting up a 50,000 MTPA TDI-II Project at Dahej.

Activities in the area of Information Technology (IT) are being carried out at the Registered Office as also at the Infotower established by the Company at Ahmedabad at the following address:

GNFC INFOTOWER
3rd Floor, Bodakdev
Gandhinagar-Sarkhej Highway
AHMEDABAD - 380 054.

Address for Correspondence

All correspondence relating to the equity shares of the Company should be forwarded to :

Investor Service Centre
Secretarial & Legal Department
Gujarat Narmada Valley Fertilizers & Chemicals Limited
'Narmada House', Corporate Office,
P.O. Narmadanagar - 392 015, Dist. Bharuch.
Tele - Fax : 02642 - 247084
E-mail : investor@gnfc.in

Exclusive E-mail ID for redressal of Investors' Complaints

The Company has designated E-mail ID "investor@gnfc.in" exclusively for the purpose of registering complaints by investors.

Declaration regarding compliance by the Board Members and Senior Management Personnel with the Company's Code of Conduct

To the Shareholders of Gujarat Narmada Valley Fertilizers & Chemicals Ltd

Sub : Compliance with Code of Conduct - Financial Year 2012-13

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.

Place : Narmadanagar

Date : 14th June, 2013

DR. RAJIV KUMAR GUPTA, IAS
MANAGING DIRECTOR

CERTIFICATE BY PRACTISING COMPANY SECRETARY ON COMPLIANCE WITH THE CONDITIONS OF THE LISTING AGREEMENT ON CORPORATE GOVERNANCE

TO THE MEMBERS OF GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED

We have examined the compliance of conditions of Corporate Governance by **GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED** for the year ended on 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause-49 of the above mentioned Listing Agreement.

We state that as at 31st March, 2013, no investor grievance was pending for a period of one month against the Company as per the records maintained by the Company and presented to Shareholders'/Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Arvind Gaudana & Company,
(Company Secretaries)

Arvind D. Gaudana
Proprietor

Date : 9th August, 2013

Place: Ahmedabad

C.P. No. 2183



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business / activities / results, clauses (xiii) and (xiv) of CARO are not applicable.
- (ii) In respect of the Company's fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117365W)

Gaurav J. Shah
Partner

Place : Ahmedabad
Date : 16-05-2013

(Membership No. 35701)

to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of the Company's inventories:
 - (a) As explained to us, the inventories were physically verified during the year by the Management and a firm of Chartered Accountants at reasonable intervals.
 - (b) In our opinion and according to the information and

explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in such internal control system.
- (vi) According to the information and explanations given to us and to the best of our knowledge and belief, there are no contracts or arrangements required to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposits during the year from public within the meaning of provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and rules made thereunder.
- (viii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (ix) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (x) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.
- (c) Details of dues of Sales Tax / VAT, Service Tax, Excise Duty and Cess which have not been deposited as on 31st March, 2013 on account of disputes are given below:

Name of Statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount (Rs. In Lacs)
Central Excise & Customs Act, 1944	Excise Duty	CESTAT	2005-06	1.01
		CESTAT	1997 to 2002	118.99
		CESTAT	2004-05	0.18
		CESTAT	2004-05	10.44
		CESTAT	2003 to 2007	2.96
		Supreme Court	2003-04	558.98
	Service Tax	CESTAT	2004 to 2007	38.22
		CESTAT	2002 to 2005	1.30
Central Sales Tax Act, 1956	Central Sales Tax	Joint Commissioner of Commercial Tax	2007-08	1,106.08
		Joint Commissioner of Commercial Tax	2008-09	1,086.14

- (xi) The Company does not have accumulated losses as at 31st March, 2013 and has not incurred cash losses during the financial year ended as on that date and in the immediately preceding financial year.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company has no outstanding dues to financial institutions or debenture holders.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xvi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- (xvii) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xviii) The Company has not issued any debentures during the year.
- (xix) The Company has not raised money by way of public issue during the year.
- (xx) To the best of our knowledge and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 117365W)

Gaurav J. Shah
Partner

Place : Ahmedabad
Date : 16-05-2013

(Membership No. 35701)



BALANCE SHEET AS AT 31ST MARCH, 2013

			(Rs. in Lacs)
	NOTE NO.	31-03-2013	31-03-2012
EQUITY AND LIABILITIES:			
Shareholders' Funds:			
Share Capital	1	15,541.88	15,541.88
Reserves and Surplus	2	2,56,152.01	2,35,206.34
		2,71,693.89	2,50,748.22
Non-current Liabilities:			
Long-Term Borrowings	3	1,81,867.13	79,413.85
Deferred Tax Liabilities (Net)	4	23,582.72	22,115.72
Long-Term Provisions	5	9,391.22	8,126.09
		2,14,841.07	1,09,655.66
Current Liabilities:			
Short-Term Borrowings	6	1,01,197.32	45,662.60
Trade Payables	7	22,077.20	46,628.98
Other Current Liabilities	8	79,403.60	1,05,822.84
Short-Term Provisions	9	12,985.15	10,419.76
		2,15,663.27	2,08,534.18
TOTAL		7,02,198.23	5,68,938.06
ASSETS:			
Non-current Assets:			
Fixed Assets:			
Tangible Assets	10	1,79,590.75	1,59,177.92
Intangible Assets		1,157.49	1,337.54
Capital Work-in-Progress		2,75,245.29	1,86,720.08
		4,55,993.53	3,47,235.54
Non-Current Investments	11	12,984.02	9,756.26
Long-Term Loans and Advances	12	10,648.60	27,816.64
Other Non-current Assets	13	2.58	1.51
		4,79,628.73	3,84,809.95
Current Assets:			
Inventories	14	63,699.33	59,920.48
Trade Receivables	15	1,17,699.09	77,864.22
Cash and Bank Balances	16	22,119.31	29,989.57
Short-Term Loans and Advances	17	19,051.77	16,353.84
		2,22,569.50	1,84,128.11
TOTAL		7,02,198.23	5,68,938.06

Significant Accounting Policies

Notes on Financial Statements

1 to 52

The accompanying Notes are an integral part of the financial statements

For and on behalf of the Board of Directors,

R.A. Shah
Executive Director & CFOR.B. Panchal
Company SecretaryDr. Rajiv Kumar Gupta
Managing DirectorDr. Vares Sinha
ChairmanDr. Ashok Shah
DirectorDr. TT Ram Mohan
DirectorD.C. Anjaria
DirectorAtanu Chakraborty
DirectorD.J. Pandian
DirectorPlace : Gandhinagar
Date : 16-05-2013AS PER OUR REPORT OF EVEN DATE
For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 117365W)Place : Ahmedabad
Date : 16-05-2013**Gaurav J. Shah**
Partner
Membership No. : 35701

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(Rs. in Lacs)

	NOTE NO.	2012-13	2011-12
INCOME:			
Revenue from Operations:			
Sale of Products		4,42,447.59	3,98,881.75
Sale of Services		6,176.66	4,345.33
	42 & 43	4,48,624.25	4,03,227.08
Less: Excise Duty		23,367.20	17,026.41
		4,25,257.05	3,86,200.67
Other Income	18	4,037.93	3,009.39
Total Revenue		4,29,294.98	3,89,210.06
EXPENDITURE:			
Cost of Materials Consumed	19	2,46,832.41	2,13,506.95
Purchases of Stock-in Trade	43	8,193.51	14,938.75
Change in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade	20	(4,032.75)	(6,794.00)
Employee Benefits Expense	21	25,725.50	28,391.77
Finance Costs	22	6,268.37	3,358.55
Depreciation and Amortization Expense	10	14,855.49	13,052.53
Other Expenses	23	89,212.94	81,015.65
Total Expenses		3,87,055.47	3,47,470.20
Profit Before Tax		42,239.51	41,739.86
Tax Expense:			
Current Tax		13,462.00	12,322.00
Deferred Tax		1,467.00	1,034.36
		14,929.00	13,356.36
Profit for the year		27,310.51	28,383.50
Earnings per Equity Share of face value of Rs. 10/- each			
Basic & Diluted (in Rs.)	24	17.57	18.26
Significant Accounting Policies			
Notes on Financial Statements			
The accompanying Notes are an integral part of the financial statements			

For and on behalf of the Board of Directors,				
R.A. Shah Executive Director & CFO	R.B. Panchal Company Secretary	Dr. Rajiv Kumar Gupta Managing Director	Dr. Vares Sinha Chairman	
Dr. Ashok Shah Director	Dr. TT Ram Mohan Director	D.C. Anjaria Director	Atanu Chakraborty Director	D.J. Pandian Director

Place : Gandhinagar
Date : 16-05-2013

AS PER OUR REPORT OF EVEN DATE
For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 117365W)

Place : Ahmedabad
Date : 16-05-2013

Gaurav J. Shah
Partner
Membership No. : 35701

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

(Rs. in Lacs)

Particulars	2012-13	2011-12
A. Cash Flow from Operating Activities:		
Net Profit before Taxation & extraordinary items	42,239.51	41,739.86
Adjustments for:		
- Depreciation/ Amortisation	14,855.49	13,052.53
- Foreign exchange loss/(gain)	1,059.57	629.47
- Forward Contract Net loss/(gain)	810.06	72.19
- Interest income	(802.57)	(742.88)
- Dividend income	(271.90)	(286.58)
- Finance Costs	6,268.37	3,358.55
- (Profit) / Loss on sale of Fixed Assets (Net)	7.23	(5.44)
- (Profit) / Loss on sale of Investments (Net)	0.00	3.67
- Provision for Expenses on Abandoned Project	79.80	0.00
- Provision for Doubtful Advances	200.00	157.27
	22,206.05	16,238.78
Operating Profit before Working Capital Changes	64,445.56	57,978.64
Adjustment for:		
- Trade and other Receivables	(44,140.80)	(31,914.06)
- Inventories	(3,778.85)	(13,567.24)
- Trade and other Payables	(22,845.48)	23,703.19
- Provisions	4,045.66	576.58
	(66,719.47)	(21,201.53)
Cash Generated from/ (Used in) Operations	(2,273.91)	36,777.11
- Income Tax paid (Net of Refund)	(13,729.27)	(11,504.16)
Net Cash Generated from / (Used in) Operating Activities	(16,003.18)	25,272.95
B. Cash Flow from Investing Activities:		
- Purchase of Fixed Assets	(78,611.24)	(77,484.79)
- Sale of Fixed Assets	43.39	27.53
- Interest received	802.57	742.88
- Dividends received	271.90	286.58
- Purchase of Investments	(3,227.76)	(1,128.00)
- Sale of Investments	0.00	30.85
- Investment in bank deposits (having original maturity of more than three months)	(109.03)	(98.20)
- Maturity of bank deposits (having original maturity of more than three months)	97.69	4,091.51
Net Cash (Used in) Investing Activities	(80,732.48)	(73,531.64)
C. Cash Flow from Financing Activities:		
- Proceeds from Short Term Borrowings	1,16,104.61	24,354.15
- Repayment of Short Term Borrowings	(62,463.60)	(18,129.66)
- Proceeds from Long Term Borrowings	1,38,703.00	1,31,294.66
- Repayment of Long Term Borrowings	(73,917.57)	(53,950.00)
- Finance Costs paid	(22,438.43)	(13,752.10)
- Dividend paid (Including Dividend Tax)	(6,322.82)	(5,870.95)
- Forward Contract Net gain / (loss)	(810.06)	(72.19)
Net Cash flow from Financing Activities	88,855.13	63,873.91
Net increase/ (decrease) in cash and cash equivalents	(7,880.53)	15,615.22
Cash and cash equivalents at the beginning of period	29,891.82	14,276.60
Cash and cash equivalents at the end of period	22,011.29	29,891.82

Notes : 1 The Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard -3 "Cash Flow Statement".
2 For Components of cash and cash equivalents, refer Note-16.

For and on behalf of the Board of Directors,

R.A. Shah
Executive Director & CFO

R.B. Panchal
Company Secretary

Dr. Rajiv Kumar Gupta
Managing Director

Dr. Varesn Sinha
Chairman

Dr. Ashok Shah
Director

Dr. TT Ram Mohan
Director

D.C. Anjaria
Director

Atanu Chakraborty
Director

D.J. Pandian
Director

Place : Gandhinagar
Date : 16-05-2013

AS PER OUR REPORT OF EVEN DATE
For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 117365W)

Place : Ahmedabad
Date : 16-05-2013

Gaurav J. Shah
Partner
Membership No. : 35701

SIGNIFICANT ACCOUNTING POLICIES:**1. Accounting Convention:**

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except otherwise stated. The accounting policies have been consistently applied by the Company.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

2. Fixed Assets:

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of qualifying fixed assets which take substantial period of time to get ready for their intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

3. Depreciation:

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management or at the rates prescribed under schedule XIV of the Companies Act, 1956, whichever is higher.

In respect of equipment of IT and PKI Projects, they are depreciated at the rate of 9.5% per annum which is based on useful life of such assets estimated by the management.

Furniture exceeding Rs. 5,000/- provided to employees is depreciated fully in the year of purchase.

In respect of assets acquired for giving on lease, the depreciation is provided at flat rates equally spread over the tenure of lease agreement or at the rates specified in Schedule XIV of the Companies Act, 1956, whichever is higher.

The core engine, an integral part of Captive Power Plant, needs replacement at the end of every three years and so the replacement amount is capitalized and is depreciated over its useful life of three years.

Leasehold land is amortized over the lease period.

4. Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

5. Intangible Assets:

Goodwill is amortized over the period of 5 years commencing from the financial year in which the amalgamation is effected and accounted for.

Software is amortized over its estimated useful life of six years. License acquired and used along with and directly related to the plant and machinery is amortized over the estimated useful life of the related plant and machinery.

Research costs are expensed as incurred. Development

expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

6. Leases:**Finance Lease:**

Assets given under a finance lease are recognized as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the IRR method. The principal amount received reduces the net investment in the lease and interest is recognized as revenue. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Statement of Profit and Loss.

Operating Lease:

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Statement of Profit and Loss.

7. Investments:

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on investment category basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

8. Inventories:

Inventories are valued as follows:

(A) At Plant:		
1	Stores and Spares (including coal)	At Weighted Average Cost.
2	Raw Materials and Finished Goods and Stock-in-Process	At lower of Weighted Average Cost or Net Realisable Value. Annual cost is computed on full absorption costing method including material cost and conversion costs.
3	Fertilizers of sub-standard quality	At lower of Weighted Average Cost or Net Realisable Value as estimated by the Company. Annual cost is computed on full absorption costing method including material cost and conversion costs.
(B) At Field:		
1	Finished Goods	At lower of Weighted Average Cost or Net Realisable Value. Annual cost is computed on full absorption costing method including material cost and conversion costs. Cost of field stocks includes freight to the destination.
2	Fertilizers of sub-standard quality	At lower of Weighted Average Cost or Net Realisable Value as estimated by the Company.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

9. Foreign currency Transactions:**a. Initial Recognition:**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b. Conversion:

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are



reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

c. Exchange Differences:

The net gain or loss on account of exchange rate differences arising on settlement or restatement of foreign currency transactions for foreign currency monetary items are recognized as income or expenses of the period in which they arise except exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset which are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the Company treats a foreign currency monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.

d. Forward Exchange Contracts not intended for trading or speculation purposes:

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is recognized as income or as expense for the year. Any gain / loss arising on forward contracts which are long-term foreign currency monetary items is recognized in accordance with c. above.

10. Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

a. Sale of goods:

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.

Sales, net of sales tax / VAT and discounts, comprise of sale of goods and services, excise duty and claims preferred on the Government of India for retention price reimbursement on fertilizers and admissible claims for change in retention price on account of variation in the costs. The excise duty collected on sales is shown by way of further deduction from sales.

Urea and ANP Product Subsidy:

Urea Subsidy under the New Pricing Scheme-III (extension) and ANP Subsidy under Nutrient Based Subsidy (NBS) Scheme w.e.f. 01-04-2010 is allowed by the Government of India (GoI) for the quantity received at the destination, as per the rate prescribed by GoI, at the time of dispatch in case of Urea and at the time of receipt in case of ANP. Urea Subsidy is further adjusted for input price escalation / de-escalation as estimated by the Management based on the prescribed norms. The Company accounts for the same on sales quantity basis.

Urea and ANP Freight Subsidy:

Freight Subsidy is recognized for the quantity received at the destination based on the rates approved by the Government of India in case of Urea and on the normative rates approved by the Government of India or the actual freight, whichever is lower in case of ANP.

b. Sale of Services:

Income from services rendered is recognized as and when the services are rendered based on the agreement / arrangement with the concerned parties.

c. Other Income:

Interest:

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividends:

Revenue is recognized when the right to receive the dividend is established.

Other Income:

The amounts receivable from various agencies are accounted on accrual basis to the extent it is possible to ascertain the income with reasonable accuracy.

Insurance claims:

Revenue is recognized on actual receipt basis.

11. Government Grants:

Government Grant is recognized when there is reasonable assurance that the conditions attached to them will be complied with. Government Grant received against the cost of fixed asset is credited to the gross value of the respective fixed asset in arriving at its book value. The grant is thus recognized in the Statement of Profit and Loss over the useful life of the respective depreciable fixed asset by way of a reduced depreciation charge.

12. Borrowing Costs:

Interest and other costs in connection with the borrowing of the funds to the extent related / attributed to the acquisition / construction of qualifying assets are accumulated and capitalized upto the date when such assets are ready for their intended use. Other borrowing costs are charged to Statement of Profit and Loss.

13. Export Benefits:

Export benefits under Duty Exemption Advance License Scheme, Duty Exemption Pass Book Scheme and Duty Drawback Scheme are accounted for in the year of export of goods.

14. Retirement Benefits:

- Retirement benefits in the form of Provident Fund and Pension Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
- Gratuity liability and Post employment Medical Benefit liability are defined benefit obligations and are provided for on the basis of actuarial valuation made at the end of each financial year on project unit credit method.
- Short term compensated absences are provided for on basis of estimates. Long term compensated absences are provided for based on actuarial valuation on project unit credit method.
- Actuarial gains / losses are immediately taken to Statement of Profit and Loss and are not deferred.

15. Taxation:

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has carried forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

16. Provisions:

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present

value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

17. Earnings Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

18. Cash and Cash Equivalents:

Cash and cash equivalents in balance sheet comprise cash at bank and in hand and fixed deposits with banks.

19. Segment Reporting Policies:

Identification of segments:

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products. Majority of the Company's products are sold within India and hence geographical segment is not identified. There are no intersegment transfers.

Allocation of Common Costs:

To the extent the costs can be directly identified, they are allocated to the related segment. Common allocable costs are allocated to each segment according to the relative production tonnage, sales tonnage / value and other related basis.

Unallocated items:

Other segment includes Information Technology activity and general corporate income and expense items which are not allocated to any business segment.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

NOTE - 1

(Rs. in Lacs)

	31-03-2013	31-03-2012
SHARE CAPITAL:		
Authorised:		
25,00,00,000 Equity Shares of Rs.10/- each	25,000.00	25,000.00
(31-03-2012: 25,00,00,000 Equity Shares)		
Issued:		
15,54,18,783 Equity Shares of Rs.10/- each fully paid	15,541.88	15,541.88
(31-03-2012: 15,54,18,783 Equity Shares)		
Subscribed and Paid up:		
15,54,18,783 Equity Shares of Rs.10/- each fully paid up	15,541.88	15,541.88
(31-03-2012: 15,54,18,783 Equity Shares)		
TOTAL	15,541.88	15,541.88

(I) Terms / Rights attached to Equity shares:

The Company has only one class of shares, i.e. equity shares which rank *pari passu* in all respects. All the equity shares are fully paid up and no restrictions are attached to equity shares.

(II) Details of Shareholders holding more than 5% shares in the Company:

As at 31-03-2013 As at 31-03-2012

Name of the Shareholder	No. of Shares	% of total Equity Capital	No. of Shares	% of total Equity Capital
Gujarat State Investments Ltd.	3,32,24,046	21.38	3,32,24,046	21.38
Gujarat State Fertilizers & Chemicals Ltd.	3,07,79,167	19.80	3,07,79,167	19.80
Life Insurance Corporation of India	1,40,83,612	9.06	1,40,83,612	9.06

(III) Reconciliation of the number of shares outstanding:

	As at 31-03-2013	As at 31-03-2012
No. of Shares	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	15,54,18,783	15,54,18,783
Add: Equity Shares issued during the year	0	0
Less: Equity Shares cancelled during the year	0	0
Equity Shares at the end of the year	15,54,18,783	15,54,18,783

NOTE - 2

(Rs. in Lacs)

	31-03-2013	31-03-2012
RESERVES AND SURPLUS:		
Capital Reserve:		
(Amount received under Central / State Subsidy Scheme and amount received / transferred on Shares / Debentures Forfeited)		
As per the last Balance Sheet	63.83	63.83

NOTE - 2 (Continued)

(Rs. in Lacs)

	31-03-2013	31-03-2012
Securities Premium Account:		
As per the last Balance Sheet	31,330.67	31,330.67
General Reserve:		
As per the last Balance Sheet	1,55,309.55	1,25,309.97
Add : Transferred from Surplus in the Statement of Profit and Loss	30,000.00	30,000.00
Less: Rounding Difference of Dividend	0.71	0.42
	1,85,308.84	1,55,309.55
Surplus in the Statement of Profit and Loss:		
As per the last Balance Sheet	48,502.29	56,440.90
Add : Profit for the year	27,310.51	28,383.50
Less: Appropriations:		
Transfer to General Reserve	30,000.00	30,000.00
Proposed Equity Dividend [per share Rs.3.50 (previous year: Rs.3.50)]	5,439.66	5,439.66
Tax on Proposed Equity Dividend	924.47	882.45
TOTAL	39,448.67	48,502.29
	2,56,152.01	2,35,206.34

NOTE - 3

LONG-TERM BORROWINGS:

Rupee Term Loans From Banks (Secured)	1,31,124.45	49,382.05
Foreign Currency Term Loan From Bank (Secured)	17,942.30	17,631.80
Rupee Term Loan From Bank (Unsecured)	800.38	2,400.00
Rupee Term Loan From other (Unsecured)	32,000.00	10,000.00
TOTAL	1,81,867.13	79,413.85

a. Security details:

- Rupee term loans from banks are secured by way of first mortgage on all immovable properties, both present and future for which charge is created / to be created and are further secured by way of hypothecation created / to be created on all non-current assets and second charge by way of hypothecation created / to be created on all current assets including stocks and book debts.
- Foreign currency term loan from bank is secured by way of first mortgage on all immovable properties, both present and future for which charge is to be created and is further secured by way of hypothecation to be created on all movable fixed assets.
- The above charges are ranking *pari-passu* among the lenders.

b. Repayment details:

- Rupee term loans from banks of Rs. 1,08,103 lacs carries interest @ 11.50% p.a. (floating) payable on monthly basis. The loan is repayable in quarterly installments starting from 30.09.2012 and ending on 30.06.2017.

**NOTE - 3 (Continued)**

- (ii) Rupee term loans from banks of Rs. 67,300 lacs carries interest @ 11.00%-11.25% p.a. (floating) payable on monthly basis. The loan is repayable in quarterly installments starting from 31.12.2013 and ending on 30.09.2021.
- (iii) Foreign currency term loan from bank carries interest @ 6 month Euribor plus 1.98% payable on half yearly basis. The loan is repayable in half yearly installments starting from 01.10.2014 and ending on 01.04.2020.
- (iv) Unsecured rupee term loan from bank is against assignment of security held by the Company towards outstanding of House Building Advance given to its employees and carries interest @ 11.70 % p.a. (floating) payable on monthly basis. The loan is repayable in quarterly installments starting from 31.12.2009 and ending on 30.09.2014.
- (v) Unsecured rupee term loan from other of Rs. 10,000 lacs carries interest @ 9.25 % p.a. (floating) payable on quarterly basis. The loan is repayable in quarterly installments starting from 06.12.2013 and ending on 07.03.2016.
- (vi) Unsecured rupee term loan from other of Rs. 30,000 lacs carries interest @ 9.25% p.a. (floating) payable on quarterly basis. The loan is repayable in quarterly installments starting from 20.12.2013 and ending on 21.09.2015.

NOTE - 4

(Rs. in Lacs)

	31-03-2013	31-03-2012
DEFERRED TAX:		
Liabilities:		
Arising on account of timing differences in:		
Depreciation	28,235.57	26,537.61
Less: Assets:		
Arising on account of timing differences in:		
Provision for Doubtful Debts/ Advances/ Loans	598.18	480.21
Provision for Leave Encashment & Bonus	3,834.31	3,245.82
Foreign Exchange Variance	220.36	265.64
Provision for Gratuity	0.00	430.22
	4,652.85	4,421.89
TOTAL	23,582.72	22,115.72

NOTE - 5**LONG-TERM PROVISIONS:****Provision for Employee Benefits:**

Provision for Leave Encashment on Retirement	8,653.37	7,541.77
Provision for Post Retirement Medical Benefits	737.85	584.32
	9,391.22	8,126.09
TOTAL	9,391.22	8,126.09

NOTE - 6**SHORT-TERM BORROWINGS:**

Loans Payable on Demand:		
From Bank-Cash Credit and Overdraft Accounts	47,305.96	38,032.37
From Other	305.00	305.00
	47,610.96	38,337.37
Deposits:		
Short-Term Deposit from Other	40,000.00	0.00
Other Loans and Advances:		
Short-Term Loans and Advances from Banks	9,963.43	0.00
Buyers' Credit in Foreign Currency from Banks	3,622.93	7,325.23
	13,586.36	7,325.23
TOTAL	1,01,197.32	45,662.60
Out of the above:		
Secured Borrowings	57,269.39	38,032.37
Un-secured Borrowings	43,927.93	7,630.23

NOTE - 6 (Continued)

- (i) Short term borrowings from banks as Cash Credit and Overdraft accounts are secured by first charge by way of hypothecation of stocks and book debts and all other movables, both present and future and further secured by second charge by way of mortgage on all immovable properties. These charges are ranking pari-passu among the working capital lenders.
- (ii) Short term borrowings from banks as Short-Term Loans and Advances are secured by hypothecation of assets, for which charge is to be created. The said charge on the hypothecated assets shall rank as first pari passu charge inter se the member banks of SBI consortium.

NOTE - 7

(Rs. in Lacs)

	31-03-2013	31-03-2012
TRADE PAYABLES:		
Trade Payables (Refer Note-32)	22,077.20	46,628.98
TOTAL	22,077.20	46,628.98

NOTE - 8**OTHER CURRENT LIABILITIES:****Current Maturities of Long-Term Borrowings:**

Rupee Term Loans From Banks (Secured)	26,960.60	17,317.95
Rupee Term Loan From Bank (Unsecured)	1,600.00	1,600.00
Rupee Term Loan From other (Unsecured)	8,000.00	55,000.00
	36,560.60	73,917.95
(Refer Note 3a. (i) and 3a. (ii) for details of Security)		
Interest Accrued but not Due on Borrowings	1,833.21	1,542.92
Investor Education and Protection Fund: (*)		
Unclaimed Dividends	731.05	706.92
Other Payables:		
Statutory Dues	1,149.93	412.05
Advances from Customers	1,590.52	1,490.49
Payables on purchase of Fixed Assets	33,871.41	24,085.63
Others	3,666.88	3,666.88
	40,278.74	29,655.05
TOTAL	79,403.60	105,822.84

(*) There are no amounts due and outstanding to be credited to the Investor Education Protection Fund.

NOTE - 9**SHORT-TERM PROVISIONS:****Provision for Employee Benefits:**

Provision for Leave Encashment on Retirement	2,878.41	2,472.24
Provision for Post Retirement Medical Benefits	23.97	16.50
Provision for Gratuity Benefits	2,366.89	0.00
	5,269.27	2,488.74

Other Provisions:

Provision for Taxation/ Fringe Benefit Tax	1,48,266.76	1,34,794.65
Less: Advance Tax and Tax Deducted at Source	1,46,915.01	1,33,185.74
	1,351.75	1,608.91
Provision for Proposed Equity Dividend	5,439.66	5,439.66
Provision for Tax on Proposed Equity Dividend	924.47	882.45
	6,364.13	6,322.11
TOTAL	12,985.15	10,419.76

NOTE - 10**FIXED ASSETS :**

(Rs. in Lacs)

Sr. Fixed Assets No.	COST				DEPRECIATION / AMORTIZATION				IMPAIRMENT LOSS	NET BLOCK	
	As on 01-04-2012	Additions / Adjustments	Deductions / Adjustments	As on 31-03-2013	Upto 01-04-2012	For the year	Deductions / Adjustments	Upto 31-03-2013	Upto 31-03-2013	As on 31-03-2013	As on 31-03-2012
I Tangible Assets:											
(a) Lease Hold Land	0.00	22,241.62	0.00	22,241.62	0.00	233.53	0.00	233.53	0.00	22,008.09	0.00
(b) Free Hold Land	2,490.21	0.00	0.00	2,490.21	0.00	0.00	0.00	0.00	0.00	2,490.21	2,490.21
(c) Buildings	14,282.32	171.60	53.16	14,400.76	4,890.57	332.96	110.49	5,113.04	0.00	9,287.72	9,391.75
(d) Plant and Equipment	3,47,525.60	9,661.92	139.13	3,57,048.39	2,02,385.43	13,763.96	132.17	2,16,017.22	477.96	1,40,553.21	1,44,662.21
(e) Furniture and Fixtures	1,560.78	307.29	70.33	1,797.74	1,186.52	137.21	56.31	1,267.42	0.00	530.32	374.26
(f) Vehicles	353.22	164.87	48.06	470.03	161.29	33.48	24.54	170.23	0.00	299.80	191.93
(g) Office Equipment	962.24	78.03	47.01	993.26	484.80	41.27	43.55	482.52	0.00	510.74	477.44
(h) Roads, Culverts & Compound Wall	1,357.33	1,785.81	0.00	3,143.14	398.24	48.21	0.00	446.45	0.00	2,696.69	959.09
(i) Railway Sidings	376.99	0.00	0.00	376.99	357.90	0.24	0.00	358.14	0.00	18.85	19.09
(j) Water Supply & Drainage System	1,957.85	397.01	0.00	2,354.86	1,574.90	57.12	0.00	1,632.02	0.00	722.84	382.95
	3,70,866.54	34,808.15	357.69	4,05,317.00	2,11,439.65	14,647.98	367.06	2,25,720.57	477.96	1,79,118.47	1,58,948.93
II Intangible Assets: (Other than internally generated)											
(a) Goodwill	1,688.99	0.00	0.00	1,688.99	1,688.99	0.00	0.00	1,688.99	0.00	0.00	0.00
(b) Softwares	1,794.15	18.70	0.00	1,812.85	1,317.80	198.75	0.00	1,516.55	0.00	296.30	476.35
(c) Licences	1,396.53	0.00	0.00	1,396.53	535.34	0.00	0.00	535.34	0.00	861.19	861.19
	4,879.67	18.70	0.00	4,898.37	3,542.13	198.75	0.00	3,740.88	0.00	1,157.49	1,337.54
III Tangible Assets given on Lease:											
(a) Buildings	225.34	312.04	0.00	537.38	43.32	8.76	(59.99)	112.07	0.00	425.31	182.02
(b) Plant and Equipment	939.37	0.00	0.00	939.37	892.40	0.00	0.00	892.40	0.00	46.97	46.97
	1,164.71	312.04	0.00	1,476.75	935.72	8.76	(59.99)	1,004.47	0.00	472.28	228.99
TOTAL	3,76,910.92	35,138.89	357.69	4,11,692.12	2,15,917.50	14,855.49	307.07	2,30,465.92	477.96	1,80,748.24	1,60,515.46
As on 31-03-2012	3,24,727.13	52,296.13	112.34	3,76,910.92	2,02,955.22	13,052.53	90.25	2,15,917.50	477.96	1,60,515.46	

Notes:

- Additions to Fixed Assets during the year include **Rs. Nil** (previous year: Rs. Nil) used for research and development.
- Additions during the year include borrowing cost of **Rs. 143.33 lacs** (previous year: Rs. 1,597.47 lacs) pertaining to the borrowings related to qualifying assets as defined under AS-16 "Borrowing Costs".
- Borrowing cost of **Rs. 16,460.35 lacs** for the year (previous year Rs. 11,045.53 lacs) pertaining to the borrowings related to qualifying assets as defined under AS-16 "Borrowing Costs" has been treated as capital expenditure.
- Addition during the year to the Leasehold Land pertains to the costs incurred for Leasehold Land in possession of the Company as a Licensee, pending completion of formalities for execution of the lease agreement for a term of 99 years.

NOTE - 11

(Rs. in Lacs)

31-03-2013 31-03-2012

NON-CURRENT INVESTMENTS:**(at cost unless otherwise stated)****(a) Investments in Equity Instruments:****Non-Trade Investments:****(In fully paid up Equity Shares-Quoted)**

75,00,000	Gujarat State Fertilizers & Chemicals Ltd. of Rs. 2/- each (31-03-2012: 15,00,000 shares of Rs. 10/- each)	1,503.75	1,503.75
17,59,996	Gujarat Alkalies & Chemicals Ltd. of Rs.10/- each (31-03-2012: 2,92,800 shares)	2,427.28	224.52
80,00,000	Gujarat State Petronet Ltd. of Rs. 10/- each	1,000.00	1,000.00
1,26,000	Videocon Industries Ltd. of Rs.10/- each	756.00	756.00
1,99,808	IDBI Bank Ltd. of Rs.10/- each	162.34	162.34
3,60,000	Indian Oil Corporation Ltd. of Rs.10/- each	421.13	421.13
50,330	Dena Bank of Rs.10/- each	15.10	15.10
		6,285.60	4,082.84

(In fully paid up Equity Shares-Unquoted)

2,15,43,200	Gujarat State Petroleum Corporation Ltd. of Re.1/- each	1,349.99	1,349.99
42,000	Bharuch Enviro Infrastructure Ltd. of Rs.10/- each	4.20	4.20
20,000	Gujarat Venture Finance Ltd. of Rs.10/- each	2.00	2.00
12,50,000	Gujarat Green Revolution Co. Ltd. of Rs. 10/- each	125.00	125.00

NOTE - 11 (Continued)

(Rs. in Lacs)

31-03-2013 31-03-2012

50,000	GSPC Gas Co. Ltd. of Rs. 10/- each	5.00	5.00
18,39,60,000	Gujarat Chemical Port Terminal Co. Ltd. of Re. 1/- each \$	4,941.00	4,941.00
2,50,00,000	Bhavnagar Energy Co. Ltd. of Rs. 10/- each # @ (31-03-2012: 1,47,50,000 shares)	2,500.00	1,475.00
1,35,30,000	Bharuch Dahej Railway Co. Ltd. of Rs. 10/- each @	1,353.00	1,353.00
		10,280.19	9,255.19
(b) Investments in Mutual Funds:			
Non-Trade Investments:			
(In fully paid up Units - Quoted)			
2,69,180	UTI-Equity Fund of Rs.10/-each	40.90	40.90
		16,606.69	13,378.93
Less: Provision for Diminution in Value of Investments		3,622.67	3,622.67
TOTAL		12,984.02	9,756.26
Aggregate Book Value of Unquoted Investments (net of provision)			
		7,178.79	6,153.79
Aggregate Book Value of Quoted Investments (net of provision)			
		5,805.23	3,602.47
Aggregate Market Value of Quoted Investments			
		15,103.40	14,337.77
\$ Refer Note-29 regarding restrictions on disposal.			
@ Refer Note-30 regarding restrictions on disposal.			
# Share Certificates for 1,02,50,000 shares of Bhavnagar Energy Co. Ltd. are yet to be received.			

**NOTE - 12**

(Rs. in Lacs)

31-03-2013 31-03-2012

LONG-TERM LOANS AND ADVANCES:**Unsecured- Considered Good:**

Capital Advances	890.15	19,466.19
Advances recoverable in cash or in kind or for value to be received	33.96	33.96
Other Loans and Advances:		
Loans to Employees	9,167.79	8,102.76
Loans to Other Companies (Refer Note-31)	200.00	200.00
Balance with Central Excise, Customs and Other Government Departments etc.	356.70	13.73
	10,648.60	27,816.64

Unsecured-Considered Doubtful:

Advances recoverable in cash or in kind or for value to be received	321.01	321.01
Less: Provision for Doubtful of Recovery	321.01	321.01
	0.00	0.00

Other Loans and Advances:

Balance with Central Excise, Customs and Other Government Departments etc.	200.00	0.00
Less: Provision for Doubtful of Recovery	200.00	0.00
	0.00	0.00

TOTAL**10,648.60 27,816.64**

Loans to Employees include amounts due from:

(i) Employees who have mortgaged/ hypothecated their Buildings and Vehicles to the Company	7,953.83	7,523.60
(ii) An officer of the Company	0.33	0.60

NOTE - 13**OTHER NON-CURRENT ASSETS:****Long-Term Trade Receivables (Unsecured):**

Outstanding for period exceeding six months from due date:

Receivables-Considered Doubtful	53.55	53.55
Less: Provision for Receivables-Considered Doubtful	53.55	53.55
	0.00	0.00

Bank Deposits with more than 12 months original maturity (*)

2.58 1.51**TOTAL****2.58 1.51**

(*) Pledged with Government Authorities

2.58 1.51**NOTE - 14****INVENTORIES:****(Valued at lower of Cost and Net Realisable Value)**

Raw Materials	14,361.01	14,281.38
(Includes in transit Rs. 65.92 lacs 31-03-2012: Rs. 4,018.25 lacs)		
Work-in-Progress	7,243.12	6,703.55
Finished Goods	10,833.69	6,556.96
(Includes in transit Rs. 1,815.33 lacs 31-03-2012: Rs. 332.18 lacs)		
Stock-in-Trade	209.27	992.82
Stores and Spares (including coal)	31,052.24	31,385.77
(Includes in transit Rs. 271.96 lacs 31-03-2012: Rs. 5,134.32 lacs)		
TOTAL	63,699.33	59,920.48

NOTE - 15

(Rs. in Lacs)

31-03-2013 31-03-2012

TRADE RECEIVABLES:**(Unsecured)**

Outstanding for a period exceeding six months from the due date:

Receivables-Considered Good	506.74	200.62
Subsidy and other Claims Receivables-Considered Good	16,635.85	1,674.41
	17,142.59	1,875.03

Outstanding for a period not exceeding six months from the due date:

Receivables- Considered Good	17,103.36	18,622.33
Subsidy and other Claims Receivables-Considered Good	83,453.14	57,366.86
	1,00,556.50	75,989.19

TOTAL**1,17,699.09 77,864.22****NOTE - 16****CASH AND BANK BALANCES:****Cash and Cash Equivalents**

Balances with Banks:

Current Accounts	1,052.70	1,052.54
Bank Deposits with less than 3 months original maturity	20,211.00	28,000.00
On Unpaid Dividend Accounts	731.05	706.92
Cheques, Drafts on hand	0.00	116.86
Cash on hand	16.54	15.50
	22,011.29	29,891.82

Other Bank Balances

Bank Deposits (*):

With more than 3 months but less than 12 months original maturity	107.96	96.69
With more than 12 months original maturity	0.06	1.06
	108.02	97.75

TOTAL**22,119.31 29,989.57**

(*) Pledged with Government Authorities

108.02 97.75**NOTE - 17****SHORT-TERM LOANS AND ADVANCES:****Unsecured- Considered Good**

Advances recoverable in cash or in kind or for value to be received

1,309.18 1,026.49

Other Loans and Advances:

Advances/ Deposits with Suppliers	2,425.53	3,432.22
Loans to Employees	1,714.66	1,352.16
Share Application Money	125.00	0.00
Prepaid Expenses	724.19	503.77
Balance with Central Excise, Customs and Other Government Departments etc.:		
CENVAT Credit Receivable	4,577.23	2,766.14
VAT Credit Receivable	3,303.05	2,250.42
Service Tax Credit Receivable	1,604.10	1,482.91
Deposits	3,268.83	3,539.73
	17,742.59	15,327.35

TOTAL**19,051.77 16,353.84**

Loans to Employees include amount due from:

(i) Employees who have mortgaged/ hypothecated their Buildings and Vehicles to the Company	1,010.64	966.13
(ii) An officer of the Company	0.13	0.48

NOTE - 18

(Rs. in Lacs)

	2012-13	2011-12
OTHER INCOME:		
Interest Income:		
On Bank Deposits	417.95	283.01
On Employee Loans	319.18	302.28
Others	65.44	157.59
	802.57	742.88
Income from Long Term Investments:		
Dividend	271.90	286.58
Share of Profit	0.50	23.00
	272.40	309.58
Rent	680.25	543.01
Gain on cancellation of Forward Contracts	0.76	4.34
Profit on Sale of Assets (Net)	0.00	5.44
Excess Provision of Doubtful Debts Written Back	7.40	11.64
Excess Provision of Expenses Written Back	0.00	345.10
Insurance Claims	363.59	7.53
Miscellaneous Income	1,910.96	1,039.87
TOTAL	4,037.93	3,009.39

NOTE - 19**COST OF MATERIALS CONSUMED:**

Raw Materials Consumed (Refer Note- 44)	2,46,832.41	2,13,506.95
TOTAL	2,46,832.41	2,13,506.95

NOTE - 20**CHANGE IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS AND STOCK-IN-TRADE:****Opening Stock:**

Finished Goods	6,556.96	4,303.85
Stock-in-process	6,703.55	2,735.57
Stock-in-trade	992.82	419.91
	14,253.33	7,459.33

Less : Closing Stock:

Finished Goods	10,833.69	6,556.96
Stock-in-process	7,243.12	6,703.55
Stock-in-trade	209.27	992.82
	18,286.08	14,253.33
TOTAL	(4,032.75)	(6,794.00)

NOTE - 21**EMPLOYEE BENEFITS EXPENSE:**

Salaries, Wages and Bonus	17,094.61	22,571.64
Contribution to Provident Fund and Pension Fund	2,494.81	2,090.77
Contribution and Provision towards Gratuity	2,679.49	1,013.79
Welfare Expenses	3,671.33	2,874.76
	25,940.24	28,550.96
Less:		
Salary Recoveries from outside Agencies	10.63	2.28
Employee Benefits Expense relating to R & D Activities	204.11	156.91
	214.74	159.19
TOTAL	25,725.50	28,391.77

NOTE - 22

(Rs. in Lacs)

	2012-13	2011-12
FINANCE COSTS:		
Interest Expenses	5,217.74	3,111.76
Bank Charges & Commission	220.13	233.86
Exchange Difference considered as an adjustment to Borrowing Cost	827.93	0.00
Other Borrowing Costs	2.57	12.93
TOTAL	6,268.37	3,358.55

NOTE - 23**OTHER EXPENSES:**

Power, Fuel and Other Utilities	43,878.70	44,087.61
Stores, Chemicals and Catalysts	4,673.55	5,466.26
Packing Expenses	5,328.96	4,623.08
Insurance	3,298.02	2,565.93
Repairs and Maintenance to:		
Buildings	999.18	612.39
Plant and Machinery	6,799.02	7,018.25
Others	396.83	375.77
	8,195.03	8,006.41
Materials Handling Expenses at Factory	577.45	527.78
Laboratory Expenses	97.43	66.86
Research & Development Expenses:		
Personnel Expenses	204.11	156.91
Consumables and Spares	25.81	23.24
Power and Fuel	3.96	4.02
	233.88	184.17
(Increase) / Decrease of Excise Duty on Inventory	425.27	116.91
Lease Rent	1.57	1.54
Other Operating Expenses	640.44	354.99
Outward Freight and Other Charges	10,824.42	8,421.61
Selling Expenses	415.61	154.48
Selling Commission to Other Selling Agents	14.46	42.56
Consignment and Entry Tax	1,386.56	836.95
Rates and Taxes	422.46	155.61
Rent	536.29	286.10
Printing, Stationery, Postage, Telegrams, Telephones & Advertisement	609.46	397.70
Traveling and Conveyance Expenses	583.63	388.76
Vehicle Running and Maintenance Expenses	158.62	103.70
Fire fighting, Safety and Security Expenses	414.93	346.89
Conference, Seminar, Subscription & Membership Fees	143.67	109.15
Professional and Consultation Charges	363.17	156.42
Purchase of Services	460.94	369.48
Miscellaneous Expenses	3,065.87	2,387.09
Loss on Sale of Fixed Assets (Net)	7.23	0.00
Loss on Sale of Investments (Net)	0.00	3.67
Provision for Expenses on Abandoned Project	79.80	0.00
Directors' Sitting Fees	5.95	4.85
Auditors' Fees (including service tax)	45.14	54.48
Donations & Contributions towards CSR	1,313.61	560.73
Premium on Forward Contracts	810.82	76.53
Bad Debts/ Advances Written Off	0.00	0.08
Provision for Doubtful Debts/ Advances	200.00	157.27
TOTAL	89,212.94	81,015.65

**24. Earnings Per Share:**

	Unit	2012-13	2011-12
Net profit after tax	Rs. in Lacs	27,310.51	28,383.50
Weighted average number of equity shares of nominal value of Rs. 10/- each in calculating basic Earnings Per Share	Nos.	15,54,18,783	15,54,18,783
Basic and Diluted Earnings Per Share	Rs.	17.57	18.26
		(Rs. in Lacs)	
		2012-13	2011-12

25. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances):

	2012-13	2011-12
	30,978.25	86,639.43

26. Other Commitments:

- (i) The Company is committed to invest a further sum of **Rs. 2,975 lacs** (31-03-2012: Rs. 1,025 lacs) in the equity share capital of Bhavnagar Energy Co. Ltd. as per the terms of the Shareholders' Agreement.
- (ii) Export obligation on account of benefit of concessional rate of Custom duty availed under EPCG license scheme on imports of capital goods is **Rs. 57,466.71 lacs** (31-03-2012 : Rs. 55,655.09 lacs) which is over and above the normal average exports of **Rs. 83,811.51 lacs** (31-03-2012 : Rs. 70,360.98 lacs).

27. Contingent Liabilities not provided for:

- (i) Claims against the Company not acknowledged as debts (mainly on account of water charges) **2,804.61** 3,227.59
- (ii) Claims in respect of employees' / contract labour matters **Amount not ascertainable**
- (iii) Income tax assessment orders contested **1,605.70** 3,609.28
- (iv) Demands in respect of Central Excise Duty, Service Tax and VAT in fertilizers and chemical divisions' activities and the same as estimated by the Company **4,527.42** 1,922.12

28. Statement of Profit and Loss includes:

- (a) In the item of Sales (which is net of Rebate and Discounts):
- (i) Subsidy from Government of India under the Retention Price Scheme and Nutrient Based Subsidy (NBS) Scheme **1,53,916.05** 1,44,150.81
- (ii) Reimbursement of expenses in respect of Imported Fertilizers **774.77** 441.70
- (b) Payments to Auditors: As auditor
- (i) Statutory Audit Fees **16.85** 16.85
- (ii) Tax Audit Fees **2.86** 2.78
- (iii) Other services for Certification work etc. **10.29** 17.94
- (iv) Reimbursement of Expenses **1.48** 1.62
- (v) Income Tax Assessment work & Retainership **13.66** 15.29
- 45.14** 54.48
- (c) Payments to Cost Auditor:
- (i) Cost Audit Fees **2.81** 2.81
- (ii) Reimbursement of Expenses **0.21** 0.20
- 3.02** 3.01
- (d) Foreign Exchange Rate Differences loss/(gain) **1,059.57** 629.47

29. As one of the promoters of Gujarat Chemical Port Terminal Company Ltd. (GCPTCL), the Company has given undertaking to ICICI Bank for not to transfer, assign, dispose off, pledge, charge, or create any lien or in any way encumber Company's existing or future shareholding in the GCPTCL in favour of any person so long as money remains due by GCPTCL to ICICI Bank or till the project is duly completed, whichever is later.

30. The Company has entered into a Shareholders' Agreement for its investments in the equity share capital of Bhavnagar Energy Co. Ltd. (BECL) and Bharuch Dahej Railway Co. Ltd. (BDRCL). The agreement with regard to the equity investment in BECL, inter alia, includes terms whereby the Company's investment in the equity share capital of BECL is subject to restrictions as regards transfer of shares upto the date of successful commercial operations of BECL. Similarly, the agreement with regard to the equity investment in BDRCL, inter alia, includes terms whereby the Company's investment in the equity share capital of BDRCL is subject to lock in period restrictions. As per the said terms, the Company cannot transfer any part of the equity shares acquired pursuant to the agreement for a period of four years from the date of commercial operations of BDRCL.

31. Long-Term Loans and Advances include interest bearing unsecured loan of **Rs. 160.00 Lacs** (31-3-2012: Rs. 160.00 lacs) to Gujarat Chemical Port Terminal Company Ltd.

32. As per the provisions of "The Micro, Small And Medium Enterprises Development Act, 2006", the principal amount payable to Micro, Small and Medium enterprises is **Rs. 541.27 Lacs** (31-3-2012: Rs. 863.74 Lacs) The payments to Micro Small and Medium undertakings have been made within the prescribed time limit/ date agreed upon with supplier and hence no interest is payable for delayed payments. These amounts have been included in Trade Payables.

This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

33. Related Party Disclosures:

Related party disclosures, as required by AS-18, "Related Party Disclosures", are given below:

Key Management Personnel: (Rs. in Lacs)

Name of the Person	Designation	Remuneration 2012-13	2011-12
Shri A.M. Tiwari	Managing Director *	19.89	10.03
Shri H.V. Patel	Managing Director **	0.00	0.68

* For full period of 2012-13 and part period of 2011-12

** For part period of 2011-12

Company under Significant Influence: (Rs. in Lacs)

Name of the Company	Nature of Transactions	Amount 2012-13	2011-12
Gujarat Green Revolution Co. Ltd.	Sale of Goods & Services	6.61	11.67
	Receipts towards Outstanding	6.60	11.20
	Closing Balance	0.48	0.47

34. Disclosures Related to Accounting Standard 15 – Employee Benefits:

(Rs. in Lacs)

	2012-13	2011-12
(A) The Amounts recognized in respect of unfunded obligations:		

Amount recognized in the Balance Sheet in respect of leave liability **11,531.78** 10,014.01

Amount recognized in Salary, Wages and Employee Benefits in the Statement of Profit and Loss in respect of leave liability **1,388.59** 410.78

Principal Actuarial Assumptions at the Balance Sheet date:

Discount rate	8.00%	8.25%
Future Salary escalation	5.00%	5.00%
Mortality Table	Indian Assured Lives Mortality (2006-08) Ultimate	LIC 1994-96 (Ultimate)

(B) Defined Contribution Plan:

(Rs. in Lacs)

2012-13 2011-12

Amount recognized as an expense as Contribution to Provident Fund and Pension Fund

2,494.81 2,090.77

(C) Defined benefit plans - As per actuarial valuation on Balance Sheet Date:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity as per payment of Gratuity Act. The Scheme is funded with Gratuity Trust.

(Rs. in Lacs)

Sr. No.	Particulars	Gratuity		Post Employment Medical Benefit	
		2012-13	2011-12	2012-13	2011-12
I	Expense recognized in the Statement of Profit & Loss for the year				
1	Current Service Cost	554.00	312.36	46.07	39.25
2	Interest Cost	1,086.45	969.97	53.53	48.24
3	Expected return on plan assets	(1,132.62)	(947.80)	—	—
4	Actuarial (gains) / losses	2,259.92	760.64	95.66	(25.20)
5	Total expenses (Includes Gratuity expenses Capitalized)	2,767.75	1,095.17	195.26	62.29
		88.26	81.38	—	—
II	Net Assets / (Liabilities) recognized in the Balance Sheet				
1	Present value of Defined Benefit Obligation as at Balance Sheet Date	15,753.31	13,169.15	761.82	600.82
2	Fair value of plan assets as at Balance Sheet Date	13,386.42	13,170.01	—	—
3	Funded status [surplus / (deficit)]	(2,366.89)	0.86	(761.82)	(600.82)
4	Net assets / (liabilities) as at Balance Sheet Date	(2,366.89)	0.86	(761.82)	(600.82)
III	Change in Obligation during the year				
1	Present value of Defined Benefit Obligation at the beginning of the year	13,169.15	11,757.23	600.82	552.32
2	Current Service Cost	554.00	312.36	46.07	39.25
3	Interest Cost	1,086.45	969.97	53.53	48.24
4	Actuarial (Gains) / Losses	2,320.52	896.29	95.66	(25.20)
5	Benefit Payments	(1,376.81)	(766.70)	(34.26)	(13.79)
6	Present value of Defined Benefit Obligation at the end of the year	15,753.31	13,169.15	761.82	600.82
IV	Change in fair value of plan Assets during the year				
1	Plan assets at the beginning of the year	13,170.01	11,847.49	—	—
2	Expected return on plan assets	1,132.62	947.80	—	—
3	Contribution by employer	400.00	1,005.77	—	—
4	Actual benefit paid	(1,376.81)	(766.70)	—	—
5	Actual Gains / (Losses)	60.60	135.65	—	—
6	Plan assets at the end of the year	13,386.42	13,170.01	—	—
7	Actual return on plan assets	1,193.22	1,083.45	—	—
V	Actuarial Assumptions:				
1	Discount Rate	8.00%	8.25%	8.25%	8.25%
2	Expected rate of return on plan assets	8.70%	8.60%	—	—
3	Mortality/ pre-retirement	Indian Assured Lives Mortality (2006-08) Ultimate	LIC (1994-96) Table	—	—
4	Medical Inflation rate	—	—	4.00%	4.00%
5	Salary Escalation	5.00%	4.00%	—	—
6	Attrition Rate	2.00%	2.00%	—	—

(Rs. in Lacs)

Sr. No.	Particulars	Gratuity		Post Employment Medical Benefit	
		2012-13	2011-12	2012-13	2011-12
VI	Nature and extent of investment details of plan assets:				
	Insurer managed fund	100%	100%	—	—

(Rs. in Lacs)

Sr. No.	Particulars	Post Employment Medical Benefit	
		1 % Increase	1 % Decrease
1	Positive/ (Negative) effect on Defined Benefit Obligation, if Medical Inflation rate is changed	(54.69)	63.11

(Rs. in Lacs)

Sr. No.	Particulars	Gratuity				
		2012-13	2011-12	2010-11	2009-10	2008-09
1	Defined Benefit Obligation	15,753.31	13,169.15	11,757.23	10,987.45	10,090.49
2	Plan Assets	13,386.42	13,170.01	11,847.49	10,790.54	9,997.41
3	Surplus/(Deficit)	(2,366.89)	0.86	90.26	(196.91)	(93.08)
4	Experience adjustment on plan liabilities (gain) / loss	1,166.87	148.15	194.03	406.79	505.59
5	Experience adjustment on plan assets (loss) / gain	60.60	135.65	(0.95)	112.16	44.58

(Rs. in Lacs)

Sr. No.	Particulars	Post Employment Medical Benefit				
		2012-13	2011-12	2010-11	2009-10	2008-09
1	Defined Benefit Obligation	761.82	600.82	552.32	509.10	391.30
2	Experience adjustment on plan liabilities (gain) / loss	134.66	(12.46)	(10.13)	116.57	45.57

The Company expects to contribute Rs. 958.16 lacs towards Gratuity Benefit in the year 2013-14 (Previous year: Rs. 401.43 lacs).

35. Operating Lease:

The Company has given office premises on operating lease. The lease term is for three to four years. There are no restrictions imposed by lease arrangements.

(Rs. in Lacs)

	2012-13	2011-12
Future minimum lease payments:		
Not later than one year	119.87	64.90
Later than one year and not later than five years	87.22	49.63
Later than five years	0.00	0.00
TOTAL	207.09	114.53

36. Capitalization of exchange differences:

The Ministry of Corporate Affairs (MCA) has issued an amendment dated 29th December, 2011 to AS-11 'The Effects of Changes in Foreign Exchange Rates', to allow companies deferral/ capitalization of exchange differences arising on long-term foreign currency monetary items.

In accordance with the above stated amendment to AS-11, the Company has capitalized exchange loss, arising on long-term foreign currency loan and payables, amounting to **Rs. 708.62 lacs**



(Previous year: Rs. 737.14 lacs) to the cost of Capital Work in Progress (CWIP). The Company has also capitalized exchange gain, arising on long-term foreign forward contract, undertaken to fully hedge the foreign currency loan, amounting to **Rs. 185.72 lacs** (Previous year: Rs. 172.01 lacs) to the cost of CWIP.

37. Share Application Money of Rs. 125.00 lacs (31-03-2012: Rs. Nil) represents amount paid to Bhavnagar Energy Co. Ltd. towards equity, pending allotment.

38. The Scheme of Arrangement and Demerger for transfer of V-SAT/ ISP Gateway Business of the Company to ING Satcom Ltd., an unlisted Company against cash consideration of Rs.6 crore, was approved by the Board of Directors at its meeting held on July 31, 2010 and further approved by the shareholders, secured creditors and unsecured creditors of the Company at their respective meetings held on 31.8.2011 in pursuance of the directions given by Hon'ble High Court of Gujarat.

The "Appointed Date" of the Scheme is 1st April, 2010.

On approval to the Scheme as aforesaid, a Company Petition was filed before Hon'ble High Court of Gujarat for its sanction to the said Scheme. Hon'ble High Court of Gujarat sanctioned the Scheme of Arrangement and Demerger of V-SAT and ISP Gateway Business Division/ Undertaking to ING Satcom Limited, an unlisted Company vide its Common Oral Order dated June 15, 2012. The Company received from the Hon'ble High Court of Gujarat, the certified copy of drawn up Order sanctioning the Scheme of Arrangement and Demerger of V-SAT and ISP Gateway Business Division/ Undertaking to ING Satcom Limited, an unlisted Company. The Company physically filed the Order(s) with the Registrar of Companies, Gujarat on 16th August, 2012.

Subsequent to the Order passed by the Hon'ble High Court of Gujarat, sanctioning the Scheme of Demerger, two separate applications for transfer of V-SAT and ISP Gateway Licenses standing in the name of the Company to the name of Transferee Company viz. ING Satcom Limited have been submitted to Department of Telecommunications (DOT) on 31st January, 2013.

As per the legal opinion obtained from Legal Consultant, though the Scheme has been sanctioned by the Hon'ble High Court of Gujarat and has become effective on 16.8.2012, the Scheme is subject to and conditional upon the approval of the Government Authorities for transfer of Licence of V-SAT from GNFC to ING Satcom Limited. Hence, no accounting treatment in respect of Demerger Scheme is given in the books of account of the Company for the year ended 31.03.2013.

Necessary accounting treatment will be given in the books of account of the Company on transfer of Licenses in the name of ING Satcom Ltd. by the competent authorities, which is in progress.

39. Confirmations of certain parties and banks for amounts due to them / amounts due from them as per accounts of the Company are not received. Necessary adjustments, if any, will be made when the confirmations are received, reconciled and settled.

40. Segment Information:

Based on the guiding principles given in Accounting Standard on 'Segment Reporting' (AS-17) as notified by Companies (Accounting Standards) Rules, 2006, the Company's primary business segments are Fertilizers, Chemicals and Others (which includes mainly IT Division's activities) which have got their own respective risk and return profiles.

41. Financial information about the primary business segments for the year ended 31st March, 2013:

(Rs. in Lacs)

	Fertilizers		Chemicals		Others		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
A REVENUE:								
External Sales Revenue	2,41,360.67	2,27,388.74	1,99,590.93	1,68,925.52	7,672.65	6,912.82	4,48,624.25	4,03,227.08
Intersegment Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	2,41,360.67	2,27,388.74	1,99,590.93	1,68,925.52	7,672.65	6,912.82	4,48,624.25	4,03,227.08
Less : Excise Duty	1,019.81	754.13	22,329.06	16,262.41	18.33	9.87	23,367.20	17,026.41
Net Revenue	2,40,340.86	2,26,634.61	1,77,261.87	1,52,663.11	7,654.32	6,902.95	4,25,257.05	3,86,200.67
B RESULT:								
Segment result - profit / (loss)	13,528.26	12,250.00	32,086.20	29,992.57	2,670.28	1,593.22	48,284.74	43,835.79
Other Income							3,667.11	3,131.67
Unallocable Expenses							(3,443.97)	(1,869.05)
Operating profit							48,507.88	45,098.41
Finance Costs							(6,268.37)	(3,358.55)
Profit before tax							42,239.51	41,739.86
Provision for income tax (including deferred tax)							(14,929.00)	(13,356.36)
Net profit							27,310.51	28,383.50
C OTHER INFORMATION:								
Capital Employed:								
Segment assets	2,87,976.11	1,95,750.22	2,77,746.59	2,46,681.86	5,510.52	4,542.44	5,71,233.22	4,46,974.52
Segment liabilities	(34,485.44)	(29,561.92)	(14,408.33)	(16,632.38)	(1,545.90)	(1,421.31)	(50,439.67)	(47,615.61)
Other unallocable corporate assets							1,30,965.01	1,21,963.54
Other unallocable corporate liabilities							(3,80,064.67)	(2,70,574.23)
Total capital employed	2,53,490.67	1,66,188.30	2,63,338.26	2,30,049.48	3,964.62	3,121.13	2,71,693.89	2,50,748.22
Capital assets / expenditure incurred during the year:								
Capital assets including capital work in progress	63,825.96	44,255.92	41,920.32	36,719.66	626.53	296.67	1,06,372.81	81,272.25
Other unallocable capital expenditures							17,371.09	19,284.75
TOTAL	63,825.96	44,255.92	41,920.32	36,719.66	626.53	296.67	1,23,743.90	1,00,557.00
D Segment depreciation	2,789.22	2,714.20	9,125.15	8,580.20	2,941.12	1,758.13	14,855.49	13,052.53
E Non cash expenses other than depreciation							279.80	157.27

42. Sales and Closing Stock :

(Rs. in Lacs)

Products (Manufactured) and Services	Sales		Closing Stock as on	
	2012-13	2011-12	31-03-2013	31-03-2012
Urea	36,432.95	35,221.86	2,267.71	1,944.67
Ammonium Nitro Phosphate	28,486.76	21,277.64	987.56	771.09
Calcium Ammonium Nitrate	14,190.05	14,175.95	1,466.94	654.17
Methanol	12,664.66	23,326.84	360.57	331.33
Formic Acid	8,906.03	7,411.06	182.49	236.34
Acetic Acid	46,434.00	47,855.42	1,365.21	1,029.66
Concentrated Nitric Acid	9,329.78	4,877.61	69.38	110.47
Aniline	47,046.53	32,926.11	825.25	455.38
Toluene Di-Isocyanate	32,197.98	24,388.42	1,566.03	486.96
Ethyl Acetate	7,046.49	0.00	1,218.09	0.00
Liquid Ammonia	1,385.92	0.00	1,835.13	1,563.45
Loose Urea in Silo	0.00	0.00	5,072.91	4,844.22
By-products and Others	34,599.51	27,944.34	859.54	832.77
Fertilizers and Freight Subsidy	1,53,916.05	1,44,150.81	0.00	0.00
IT related Services	6,176.66	4,345.33	0.00	0.00
TOTAL	4,38,813.37	3,87,901.39	18,076.81	13,260.51

43. Goods Traded:

(Rs. in Lacs)

Products (Traded)	Purchases		Sales		Closing Stock as on	
	2012-13	2011-12	2012-13	2011-12	31-03-2013	31-03-2012
Imported Urea	4,823.97	2,559.07	4,757.27	2,004.86	30.04	352.32
Single Super Phosphate	849.00	1,264.81	869.23	1,301.07	0.00	0.00
Imported Muriate of Potash	(47.64)	8,941.57	471.64	8,771.77	0.00	485.34
Imported Methanol	1,159.19	0.00	1,209.48	0.00	0.00	0.00
Imported Acetic Acid	370.68	458.38	425.60	458.85	0.00	34.77
Imported TDI	170.40	0.00	174.10	0.00	0.00	0.00
PKI & Data Centre	861.62	1,712.81	1,127.17	2,347.44	174.50	120.39
Others	6.29	2.11	1.62	0.00	4.73	0.00
Reimbursement of Exp. for Imported Fertilizer	0.00	0.00	774.77	441.70	0.00	0.00
TOTAL	8,193.51	14,938.75	9,810.88	15,325.69	209.27	992.82

44. Raw Materials Consumed:

(Rs. in Lacs)

	2012-13	2011-12
LSHS & HVFO (Feed Stock)	1,47,307.85	1,36,239.03
Natural Gas	40,722.39	30,300.63
Rock Phosphate	15,168.27	12,791.52
Liquid Ammonia	2,366.12	5,264.79
Naphtha	348.65	16.64
Ethanol	3,730.64	0.00
Benzene	27,531.11	20,090.89
Toluene	8,563.53	6,793.82
Chlorine	30.87	504.75
Raw Materials for others	1,062.98	1,504.88
TOTAL	2,46,832.41	2,13,506.95

Liquid Ammonia being an intermediate product, materials acquired from outside only are considered.

45. Value of Imported and Indigenous Raw Materials, Components and Spares Consumed and percentage thereof to the total consumption:

	2012-13		2011-12	
	Rs. in Lacs	%	Rs. in Lacs	%
Raw Materials:				
Imported	15,810.55	6.41	12,900.79	6.04
Indigenous	2,31,021.86	93.59	2,00,606.16	93.96
TOTAL	2,46,832.41	100.00	2,13,506.95	100.00
Components & Spares:				
Imported	2,939.88	43.24	2,837.74	40.43
Indigenous	3,859.14	56.76	4,180.51	59.57
TOTAL	6,799.02	100.00	7,018.25	100.00

46. C.I.F. Value of Imports:

(i) Raw Materials and Fuel	30,256.75	23,041.07
(ii) Spares	1,897.75	3,668.84
(iii) Capital goods	4,348.88	7,558.80

47. Expenditure in Foreign Currency (Accrual Basis):

(i) Engineering, Licence and Know-how fees		
- Capital Nature	365.93	270.40
(ii) Engineering, Licence and Know-how fees		
- Revenue Nature	76.86	30.64
(iii) Travelling, Journal, Membership fees, Interest etc.	503.47	238.79

48. Amount remitted during the year in Foreign Currencies on account of Dividend :

(i) Number of Shareholders	468	518
(ii) No of Shares held by them on which Dividend was due	3,97,923	5,08,627
(iii) Year to which Dividend relates	2011-12	2010-11
(iv) Amount remitted (Net of Tax) (Rs. in Lacs)	13.93	16.53

49. Earnings in Foreign Currency (Accrual Basis):

(i) Export of goods on FOB basis	2,851.31	866.46
(ii) Technical consultancy & other fees	105.38	9.80



50. The foreign currency payables and receivables unhedged at the year end are as follows:

(I) Amounts Payable in Foreign Currency :

Particulars	As on 31-03-2013		As on 31-03-2012	
	Rs. in Lacs	Amount in FC	Rs. in Lacs	Amount in FC
Payables for Import	2,826.55	Euro 40,27,575	3,736.76	Euro 59,47,834
Payables for Import	176.90	JPY 3,05,00,000	0.00	0
Payables for Import	147.52	USD 2,69,994	7,716.68	USD 1,51,12,359
Payables for Import	5.24	GBP 6,332	4.59	GBP 6,332
Payables for Import	0.09	CHF 165	0.08	CHF 165
Commission payable on Export	0.00	0	1.82	USD 3,500
ECB	0.00	0	13,702.23	Euro 2,00,50,000
Buyers Credit	0.00	0	7,325.23	USD 1,43,19,250
Interest accrued but not due	0.00	0	43.02	Euro 62,951
Interest accrued but not due	0.00	0	60.60	USD 1,18,455

(II) Amounts Receivable in Foreign Currency :

Particulars	As on 31-03-2013		As on 31-03-2012	
	Rs. in Lacs	Amount in FC	Rs. in Lacs	Amount in FC
Receivables for Export	551.91	USD 10,23,458	59.69	USD 1,17,440

51. The foreign currency payables hedged and Interest rate swaps at the year end are as follows:

(I) Amounts Payable in Foreign Currency :

Particulars	As on 31-03-2013		As on 31-03-2012	
	Rs. in Lacs	Amount in FC	Rs. in Lacs	Amount in FC
ECB	17,942.30	Euro 2,58,00,000	3,929.57	Euro 57,50,000
Buyers Credit	3,622.93	USD 66,60,500	0.00	0
Interest accrued but not due	11.24	USD 20,657	0.00	0
Payables for Import	0.00	0	1,463.08	USD 28,60,000

(II) Interest rate swaps :

Particulars	As on 31-03-2013		As on 31-03-2012	
	Notional amount Rs. in Lacs	Notional amount in FC	Notional amount Rs. in Lacs	Notional amount in FC
Hedge against exposure to variable interest outflow on loan. Swap to pay fixed interest @ ranging from 9.52% p.a. to 9.74% p.a. and receive a variable interest @ 6 month EURIBOR plus 1.98% on notional amount	17,584.57	Euro 2,58,00,000	3,757.56	Euro 57,50,000

52. The previous year's figures have been regrouped / reclassified, wherever necessary, to conform to the figures of the current year presentation. Figures are rounded off to the nearest lacs.

R.A. Shah
Executive Director & CFO

R.B. Panchal
Company Secretary

For and on behalf of the Board of Directors,
Dr. Rajiv Kumar Gupta
Managing Director

Dr. Vares Sinha
Chairman

Dr. Ashok Shah
Director

Dr. TT Ram Mohan
Director

D.C. Anjaria
Director

Atanu Chakraborty
Director

D.J. Pandian
Director

Place : Gandhinagar
Date : 16-05-2013

AS PER OUR REPORT OF EVEN DATE
For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 117365W)

Place : Ahmedabad
Date : 16-05-2013

Gaurav J. Shah
Partner
Membership No. : 35701



GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED

FOR MEMBERS' ATTENTION

(I) SOME IMPORTANT NOTES

1. Members desirous of obtaining information as regards the Accounts are requested to send their queries at least fifteen (15) days before the date of Meeting, so as to enable the Company to make the information available at the Meeting.

2. Members holding shares in **physical form** are requested to promptly notify to the Company, Change in their Address - Pin Code Number (alongwith self attested proof of residential address), Bank Account details, Nomination, Power of Attorney, E-Mail address etc.

Members holding shares in **dematerialised form** are requested to send their instructions regarding Change of Address with Pin Code Number, Bank Account details, Nomination, Power of Attorney, E-mail address etc. directly to their Depository Participant (DP) with whom Demat Account is maintained.

3. Non-Resident Indian shareholders holding shares in **physical form** are requested to inform the Company immediately -
 - a) the change in Residential status on return to India for permanent settlement along with (i) self attested copy of address proof, (ii) self attested copy of PAN Card, (iii) original share certificate(s) for necessary endorsement and (iv) E-Mail address.
 - b) the particulars of Bank Account maintained in India with complete name of the Bank, branch, account type, account number, 09 Digit MICR Code and address of the Bank, (if not furnished earlier) alongwith a photo copy of cancelled cheque.
4. In case of transfer and transmission of shares, deletion of name of deceased shareholder and transposition of names in respect of shares held in **physical form**, submission of photocopy of PAN Card of the transferee(s), legal heir(s), surviving holder(s) and Joint Holder(s) respectively alongwith necessary documents at the time of lodgment of request for these transactions, has become mandatory.

(II) REGARDING ANNUAL REPORT / ANNUAL GENERAL MEETING

1. Kindly bring your copy of this Annual Report alongwith you for the Annual General Meeting.
2. Arrangement for Buses from ST Depot, Bharuch to the place of Meeting will be made by the Company on the day of Meeting from 2.00 P.M. onwards as the meeting is scheduled to be held at 4.00 P.M.
3. Members / Proxies are requested to detach the "Entrance Pass" from this Report and hand over at the Entrance duly signed by them.
4. Only Members and in their absence, duly appointed proxies will be allowed for the Meeting.



ADDITIONAL INFORMATION FOR SHAREHOLDERS

Green Initiative

With a view to support the 'Green Initiative' taken by the Ministry of Corporate Affairs (MCA) in the Corporate Governance by allowing paperless compliances by the companies, from the FY 2010-11, the Company sends Annual Report in electronic form to the shareholders whose e-mail addresses are made available by the Depositories and / or Members. The Company proposes to continue sending Notices of the General Meetings, Annual Reports and other communications in electronic form to the Members of the Company.

Members are requested to register / update their e-mail address with their Depository Participant (in case shares are held in demat form) or with the Company (in case shares are held in physical form).

Annual Report of the Company for the financial year 2012-13 will be displayed on the Company's website: www.gnfc.in

Nomination Facility

The Companies Act, 1956, provides facility for making nomination by shareholders in respect of their shares. Such nomination facilitates transmission of shares from the name of deceased shareholder to his / her nominee without going through the time consuming and cumbersome process of obtaining succession certificate / probate of the Will. **It would be in the interest of shareholders holding shares in single name to make such nomination without delay.** Nomination will have to be made in the prescribed form which can be obtained from Secretarial and Legal Department of the Company. The same is also available on the Company's website www.gnfc.in. In respect of shares held in electronic form, nomination may be directly registered with the respective Depository Participants.

Dividend

(1) Payment of Dividend

The Board of Directors of the Company has recommended a dividend of Rs.3.50 (35%) per equity share of the Company for the financial year ended 31st March, 2013, subject to the approval by shareholders at the Annual General Meeting (AGM). The dividend, if approved, will be paid on or after 30th September, 2013.

(2) Closure of Register of Members & Share Transfer Books for Dividend

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 24th August, 2013 to Friday, 30th August, 2013 (both days inclusive) for determining the entitlement for payment of dividend.

(3) Dividend Remittance

Dividend on equity shares as recommended by the Directors for the year ended 31st March, 2013, when declared at the AGM will be paid –

- (i) to those members whose names appear on the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company on or before 23rd August, 2013; and
- (ii) in respect of shares held in electronic form, to those members whose names appear in the Statement of Beneficial Ownership furnished by National Securities Depository Ltd., (NSDL) and Central Depository Services (India) Ltd., (CDSL) as at the end of business hours on 23rd August, 2013.

(4) Unclaimed Dividend

The Dividend for the years 1994-95 to 2004-05, remaining unclaimed for a period of seven years from the respective dates of payment have been transferred to Investor Education & Protection Fund (IEPF) set up by the Government of India (pursuant to Section 205A of the Companies Act, 1956). **No claim shall lie against the Company or IEPF in respect of amount of unclaimed or unpaid dividend transferred to IEPF.**

The details relating to the unclaimed and unpaid dividend for the years 2005-06 to 2010-11 have been uploaded on the website of the company: www.gnfc.in.

(5) Dividend to be transferred to Investor Education & Protection Fund (IEPF)

The dividend for the following years remaining unclaimed for a period of 7 years from the due date of payment is required to be transferred by the Company to IEPF and the various due dates for transfer of such amounts are as under :

Particulars of Dividend	Date of declaration of dividend	Due Date for transfer to IEPF *
23 rd unpaid dividend 2005 - 2006	23-09-2006	04-10-2013
24 th unpaid dividend 2006 - 2007	22-09-2007	14-10-2014
25 th unpaid dividend 2007 - 2008	25-09-2008	05-10-2015
26 th unpaid dividend 2008 - 2009	24-09-2009	05-10-2016
27 th unpaid dividend 2009 - 2010	24-09-2010	01-10-2017
28 th unpaid dividend 2010 - 2011	17-09-2011	23-09-2018
29 th unpaid dividend 2011 - 2012	22-09-2012	30-09-2019

* Actual dates of transfer to IEPF may vary.

The Company has individually intimated to all concerned shareholders regarding non-encashment of their dividend warrants. Members who have so far not encashed their dividend warrant(s) of above years, are requested to claim their dividend from the Company. Such Members may write to the Company Secretary at the Registered Office of the company for payment of unclaimed dividend amount.

For shareholders of erstwhile Narmada Chematur Petrochemicals Ltd., (NCPL)

For the information of shareholders of erstwhile NCPL, it is hereby notified that the dividend declared by erstwhile NCPL in respect of the following financial year will be due for transfer to IEPF and for transfer of such amount is as under :

Particulars of Dividend	Date of declaration of dividend	Due Date for transfer to IEPF *
4 th unpaid dividend 2005-2006	16-09-2006	25-09-2013

The shareholders of erstwhile NCPL, who have so far not encashed their dividend warrant(s) for the year 2005-06, are requested to claim their dividend from the Company. Such Members may write to the Company Secretary at the Registered Office of the company, for payment of unclaimed dividend amount.

Payment of dividend through National Electronic Clearing Services (NECS)

Members are requested to provide NECS Mandate to the company in case of shares held in physical form and to the Depository Participant in case of shares held in demat form. Members may ensure that correct particulars of their Bank Account are furnished to the Company / Depository Participant. This would facilitate them in receiving direct credit of dividend in their bank account from the company thereby avoiding postal delays / loss of dividend warrants in postal transit.

NECS Mandate Form can be available from the Company on request. The same is also available on the Company's website (www.gnfc.in) in a downloadable format.

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

INDUSTRIAL PRODUCTS PROFILE

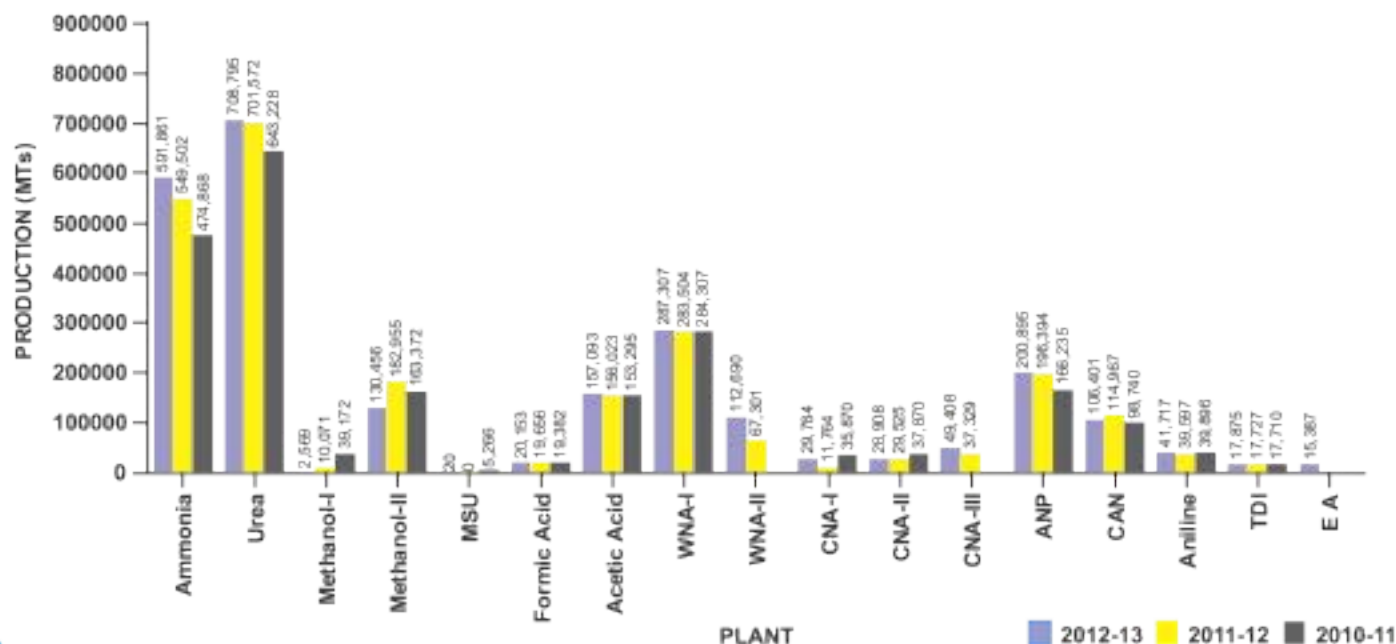
Sr. No.	PRODUCT	APPLICATION(S)
1	TDI (Toluene Di- Isocyanate)	Flexible Polyurethane Foam, Furniture Cushion, Industrial Gaskets, Protective pads for Sports & Medical Use, Automobiles: Seats, Furniture, Lining, Sun visors
2	Aniline	Acetanilide, Antioxidants, Herbicides, Pigments, Rubber Chemicals: Vulcanizing Agents, Photographic Chemicals: Hydroquinone, Pharmaceutical, Isocyanates: MDI
3	Acetic Acid (Glacial)	Acetic Anhydride, Vinyl Acetate Monomer(VMA), Purifier Te- rephthalic Acid(PTA), Monochloro Acetic Acid, Acetates, Dyes & Dye Intermediates
4	Ethyl Acetate	Solvent in Printing Inks, Paints and Coating, Laminates, Flexible, Packaging, Aluminium Foil, Pesticides, Flavour in Pharmaceuticals, Varnishes, Synthetic Fruit Essence, Perfumes, Photographic Films and Plates, Adhesives and Pharmaceuticals
5	Nitrobenzene	Aniline, Antioxidants, Herbicides, Pigments, Rubber Chemicals: Vulcanizing Agents, Photographic Chemicals: Hydroquinone.
6	Formic Acid	Coagulant for obtaining rubber from latex, Fixing of dyes in leather industry, Pesticides, Vulcanization Accelerators, Electroplating, Construction Chemicals
7	Methyl Formate	Di Methyl Formamide(DMF), Formic Acid, Pharmaceuticals, Metal Foundries, Fumigant & Larvicide for Tobacco, Formulations of Synthetic Flavors
8	CNA (Concentrated Nitric Acid)	Nitrobenzene, Aniline, TDI, Dyestuff & Dye Intermediates, Explosives
9	WNA (Weak Nitric Acid)	Nitrobenzene, CNA, Aniline, TDI, Dyestuff & Dye Intermediates, Explosives
10	Ammonium Nitrate (Melt)	Explosives, Fertilizers like CAN & ANP, Pharmaceuticals, Pyrotechnics, Herbicides & Insecticides
11	Methanol	Acetic Acid, Formaldehyde, Chloromethane, Pesticides, Methyl Amines, Paints, Insecticides

BY PRODUCTS

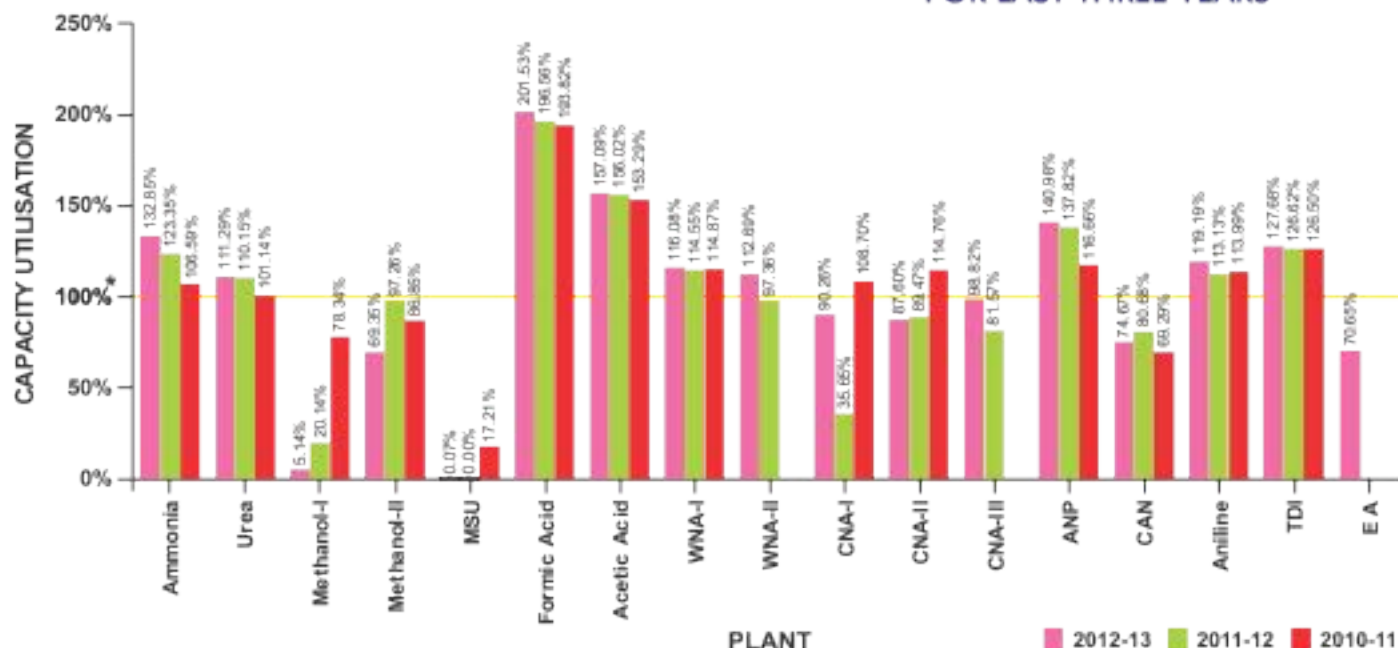
1	Calcium Carbonate	In Cattle feed, Water treatment, Neutralization of Acidic Effluent
2	Dilute Sulfuric Acid	Ferric Alum, Fertilizer, Textile
3	Hydrochloric Acid	Vinyl Chloride, Chemical Reagent, Production of gelatin, Household cleaning
4	MTD (Meta Toluene Diamine)	Monomer, Chain extender, Cross linker, Rubber Chemical & dyes, Polyamides / Polymides, TDI
5	OTD (Ortho Toluene Diamine)	Polyols, Antioxidants, Corrosion Inhibitors, Rubber Chemicals, Dyes
6	Sodium Hypo Chlorite	Disinfectant, Bleaching Agent, Water Treatment, Endodontic, Oxidation

OPERATIONAL HIGHLIGHTS

PRODUCTION FOR LAST THREE YEARS



CAPACITY UTILISATION FOR LAST THREE YEARS



* Lower capacity utilisation below 100% is mainly due to cost economics or lower demand of that product.



GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED

Regd. Office : P.O. Narmadanagar - 392 015, Dist. Bharuch, Gujarat, India.

ENTRANCE PASS

To be presented at the Entrance

DP. Id*	
Client Id*	

Registered Folio No.	
----------------------	--

I hereby record my presence at the **37th Annual General Meeting** of the Company held at Open Air Theatre, Sports Complex, Narmadanagar Township, P.O. Narmadanagar : 392 015, Dist. Bharuch on **Saturday, the 21st September, 2013 at 4:00 P.M.**

Member's /Proxy's Signature :

* Applicable for investors holding shares in Electronic Form.



TEAR HERE



PROXY FORM

GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED

Regd. Office : P.O. Narmadanagar : 392 015, Dist. Bharuch, Gujarat, India.

DP. Id*	
Client Id*	

Registered Folio No.	
No. of Shares held	

I/We _____ of _____ in the district of _____ being a Member(s) of the above named Company, hereby appoint _____ of _____ in the district of _____ or failing him _____ of _____ in the district of _____ as my/our Proxy to attend and vote for me/us on my/our behalf at the 37th Annual General Meeting of the Company to be held on **Saturday, the 21st September, 2013 at 4:00 P.M.** and at any adjournment thereof.

Signed this _____ day of _____ 2013

*Applicable for investors holding shares in Electronic Form

NOTES:

1. The Proxy Form duly completed should be deposited at the Registered Office of the Company at P.O. Narmadanagar - 392 015, Dist. : Bharuch, not later than 48 hours before the commencement of the Meeting.
2. A Proxy need not be a Member of the Company.

Affix
15 Paise
Revenue
Stamp here

Signature



"License to post on pre-payment of postage in cash"
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- 380 009.

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To,



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Gujarat Narmada Valley Fertilizers & Chemicals Limited

(An ISO 14001 & OHSAS 18001 Company)

P.O. Narmadanagar - 392 015, Dist. Bharuch, Gujarat, India

Ph (02642) 247001 to 247015 **Fax** (02642) 247084 **Website** www.gnfc.in