

36th

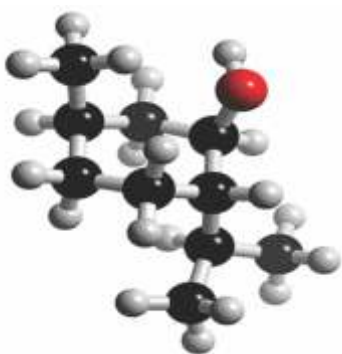
ANNUAL REPORT
2011-2012



GNFC

Chemicals • Fertilizers • IT

Gujarat Narmada Valley Fertilizers Company Limited



36TH ANNUAL GENERAL MEETING

Date : 22nd September, 2012
Day : Saturday
Time : 11:00 A.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 COMPANY LIMITED

BOARD OF DIRECTORS

(As on 8th August, 2012)

Shri AK Joti, IAS, *Chairman*
Shri DJ Pandian, IAS
Shri RK Tripathy, IAS
Shri GC Murmu, IAS
Shri Atanu Chakraborty, IAS
Shri DC Anjaria
Dr. TT Ram Mohan
Dr. Ashok Shah
Shri AM Tiwari, IAS, *Managing Director*

Executive Director

Shri JS Kochar

Chief General Managers

Shri RT Bhargava, CMO
Shri RA Shah, CFO
Shri AT Patadia
Shri PK Masare
Shri JC Bhatt

Company Secretary & General Manager

Shri RB Panchal

Statutory Auditors

M/s Deloitte Haskins & Sells
Chartered Accountants
Ahmedabad.

Cost Auditors

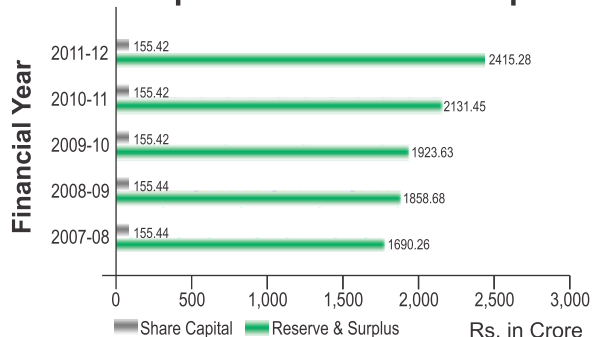
M/s Diwanji & Associates
Vadodara.

Registered Office :

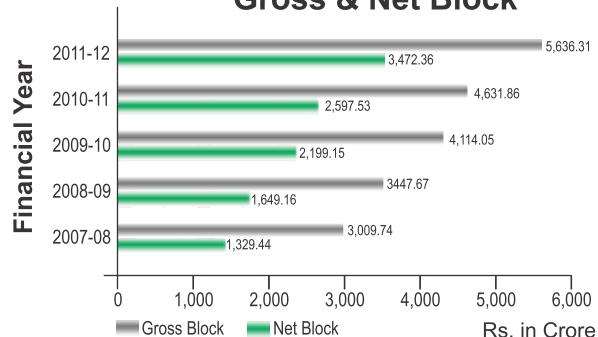
P.O. Narmadanagar – 392 015,
District : Bharuch,
Gujarat, INDIA.
Website : www.gnfc.in

FINANCIAL HIGHLIGHTS

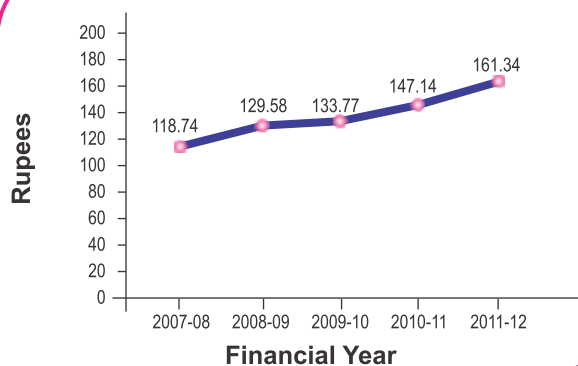
Share Capital - Reserves & Surplus



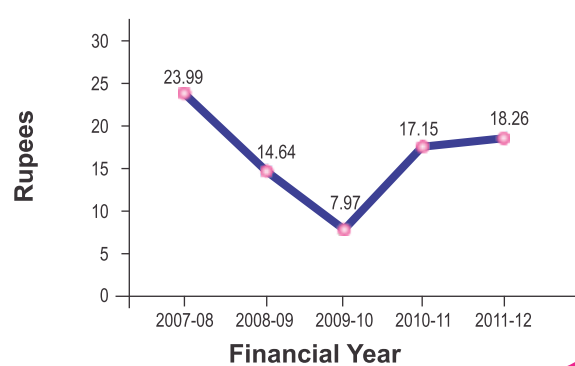
Gross & Net Block



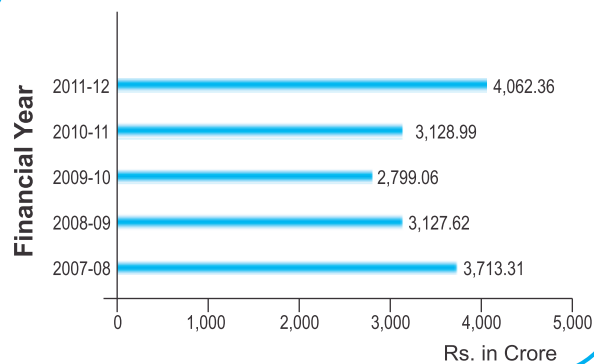
Book Value Per Share



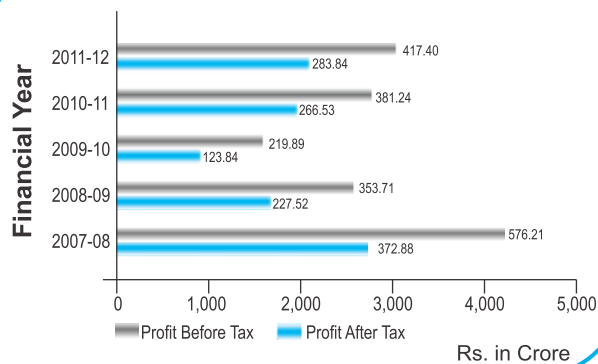
Earning Per Share



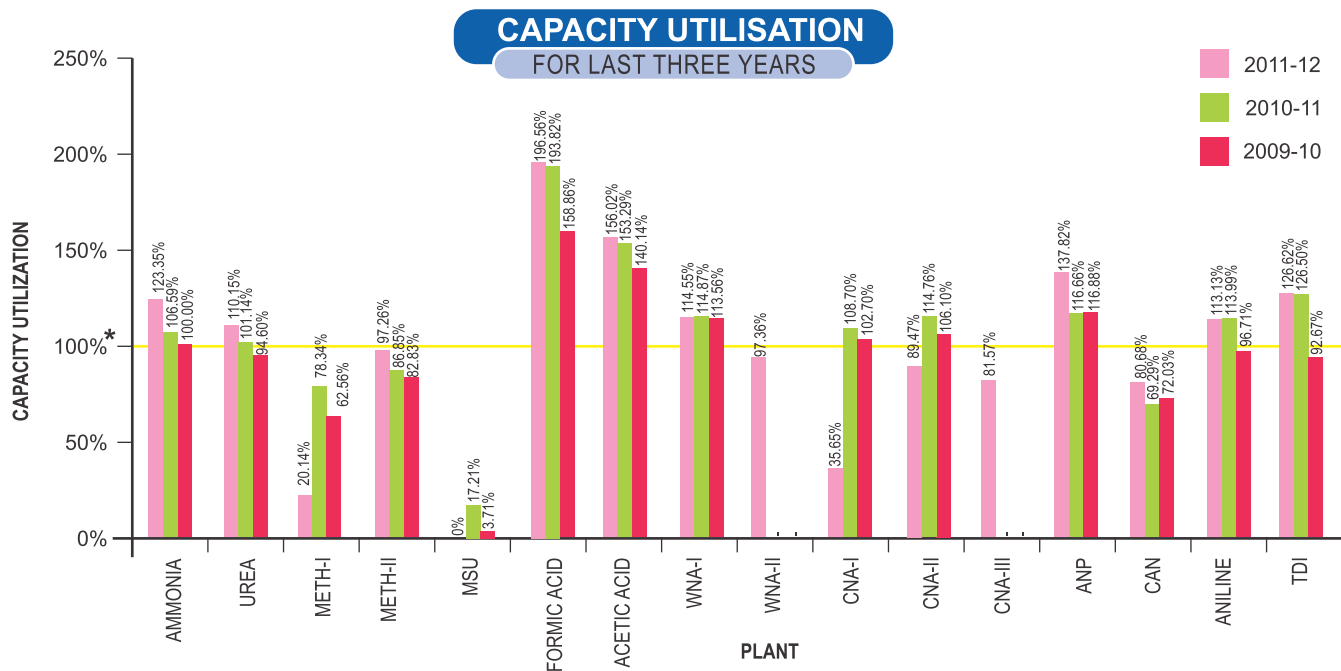
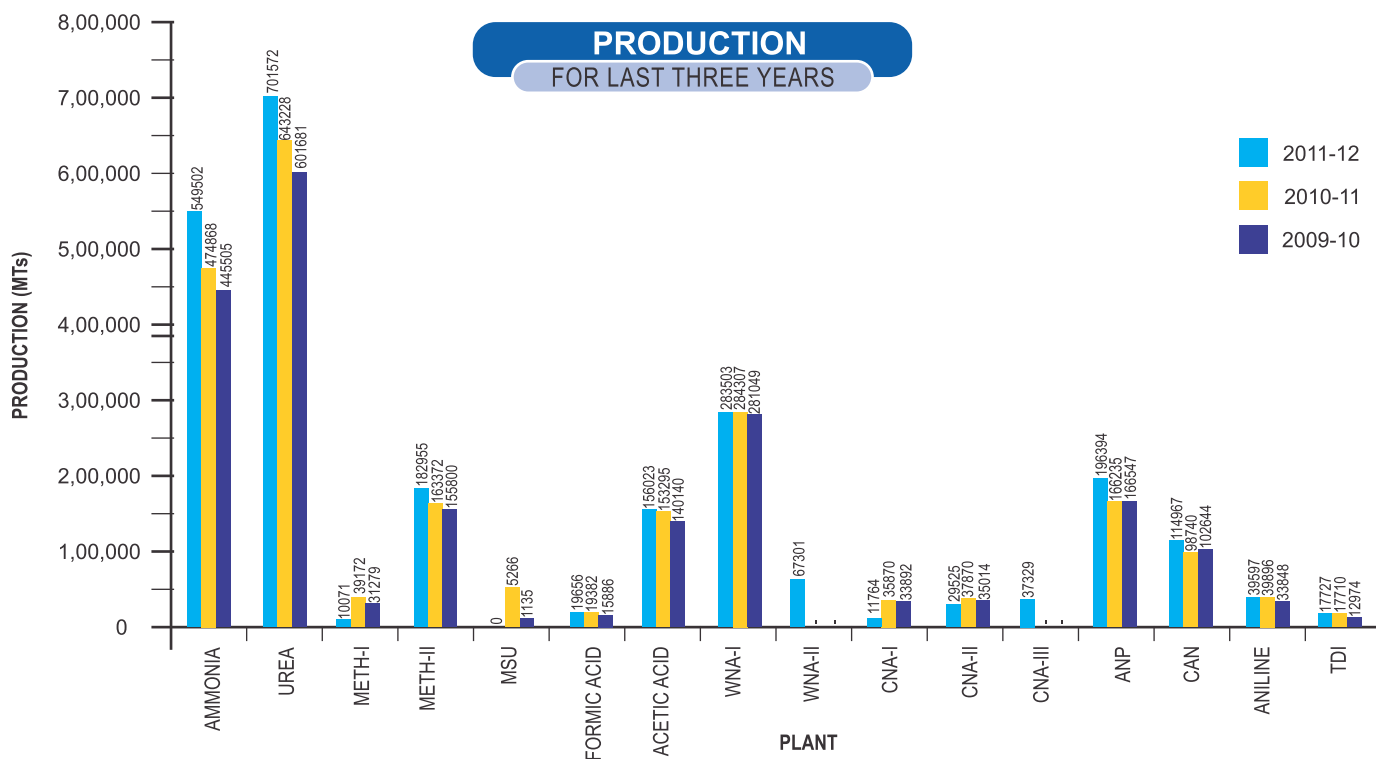
Gross Income



Profit



OPERATIONAL HIGHLIGHTS



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



NOTICE

NOTICE IS HEREBY given that the **36th Annual General Meeting** of the Members of Gujarat Narmada Valley Fertilizers Company Limited will be held on **Saturday, the 22nd September, 2012 at 11:00 A.M.** 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, 2012, 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 reappointed 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, 2013.”

SPECIAL BUSINESS :

5. **Appointment of Shri GC Murmu, 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 Shri GC Murmu, IAS be and is hereby appointed as Director of the Company, liable to retire by rotation.”

6. **Appointment of Shri Atanu Chakraborty, IAS as Managing Director – holding of additional charge during the absence of Shri AM Tiwari, IAS, Managing Director of the Company on Election Duty :**

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 or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the appointment of Shri Atanu Chakraborty, IAS, Managing Director, Gujarat State Fertilizers & Chemicals Ltd., Vadodara, to hold the additional charge of Managing Director of the Company during the absence of Shri AM Tiwari, IAS, Managing Director from Head Quarter on Election Duty for a period from 11th January, 2012 to 9th March, 2012.”

“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 Shri Atanu Chakraborty, for holding the additional charge of the post of Managing Director of the Company, during the aforesaid period, subject to the same not exceeding the limit specified under Schedule XIII of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.”

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

7. **Change of the name of the Company :**

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



“RESOLVED that subject to the approval of the Registrar of Companies, Gujarat and pursuant to Section 21 and other applicable provisions, if any, of the Companies Act, 1956, the name of the Company be changed from Gujarat Narmada Valley Fertilizers Company Limited to Gujarat Narmada Valley Fertilizers & Chemicals Limited.”

“FURTHER RESOLVED that subject to the approval of the Registrar of Companies, Gujarat, and pursuant to Section 21 and other applicable provisions, if any, of the Companies Act, 1956, the name of Gujarat Narmada Valley Fertilizers Company Limited wherever appear in the Memorandum & Articles of Association of the Company, be substituted by the new name Gujarat Narmada Valley Fertilizers & Chemicals Limited.”

“FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, and things and authorize such person or persons as it may deem fit to do all such acts, deeds, things and sign all such papers and applications as may be necessary or expedient to give effect to the above 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. 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. Relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 4 to 7 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 and 5 are also annexed.

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

Registered Office :
P.O. Narmadanagar
Dist. Bharuch : 392 015
Dated : 14th August, 2012

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 7 OF THE ACCOMPANYING NOTICE DATED 14TH AUGUST, 2012

Item No. 4

M/s Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad were 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 reappoint 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 is more than 25% of the subscribed share capital of the Company in aggregate and 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 141 of Articles of Association of the Company, Shri GC Murmu, IAS was appointed as Director on the Board of the Company effective 20th October, 2010, in the casual vacancy caused by the resignation of Shri Pankaj Kumar, IAS.

In pursuance of the provisions of the Companies Act, 1956, Shri GC Murmu, IAS, holds the office of Director upto the date of forthcoming AGM. As required by Section 257 of the Companies Act, 1956, Notice proposing the candidature of Shri GC Murmu for the office of Director of the Company has been received from a Member along with requisite deposit.

Shri GC Murmu, is a senior IAS officer and is presently the Additional Principal Secretary to Hon'ble Chief Minister of Gujarat. He has a rich experience in the field of Management

and Administration. The Board considers that it would be in the interest of the Company to appoint Shri GC Murmu as Rotational Director and therefore, commends the resolution for your approval.

Shri GC Murmu is interested in the said resolution. None of the remaining Directors is, in any way, concerned or interested in the said Resolution.

Item No. 6

Shri AM Tiwari, IAS, Managing Director of the Company was appointed as an Observer of Election Commission of India for the General Election of Legislative Assembly of Uttarakhand. He proceeded on Election Duty w.e.f. 11th January, 2012.

As directed by Government of Gujarat, Shri Atanu Chakraborty, IAS, was appointed by the Board to hold the additional charge of Managing Director of the Company, during the absence of Shri Tiwari on Election Duty. Shri Chakraborty held additional charge of Managing Director of the Company during the absence of Shri AM Tiwari from 11th January, 2012 to 9th March, 2012.

In pursuance of the provisions of Section 269 of the Companies Act, 1956, read with Schedule XIII of the said Act, the appointment of Shri Atanu Chakraborty as Managing Director of the Company and payment of any remuneration / special pay as may be granted and conveyed by the Govt. of Gujarat, if any, to him for holding the additional charge is subject to the approval of the shareholders in General Meeting. Accordingly, your Directors commend the proposed resolution for your approval.

Shri Atanu Chakraborty is interested, in the said resolution. None of the remaining Directors is, in any way, concerned or interested in the said Resolution.

Item No. 7

Your company was incorporated under the Companies Act, 1956 on 10th May, 1976. Initially, the Company started its business of production and distribution of Chemical Fertilizers in India and upto the year 1985 the Company's activities were centered around Chemical Fertilizers. 1985 onwards, the Company has undertaken a major diversification into Industrial Chemicals viz. Methanol, Formic Acid, Acetic Acid, Weak Nitric Acid (WNA) and Concentrated Nitric Acid (CNA). In 1992, the Company promoted Narmada Chematur Petrochemicals Ltd., (NCPL) jointly with Chematur Engineering AB, Sweden and IBI



Chematur Ltd., India to manufacture Aniline and Toluene Di-Isocyanate. NCPL has been merged with the Company effective 15th February, 2007.

Due to phase-wise diversification, the total earning of the Company, which was initially entirely from the manufacture and sale of Fertilizers has gradually changed. As per the Audited Annual Accounts for financial year 2011-12, out of the total earnings (PBT of the Company) 30.96% is from Fertilizer Products whereas 63.10% is from Industrial Chemical Products.

As observed from the financial results of last several years, the share of Industrial Products – Chemicals has remained predominant.

Two new chemical plants viz. WNA-II and CNA-III have been commissioned during the year. Ethyl Acetate Project and TDI Project each having capacity of 50,000 MTPA are under implementation and the same are expected to be mechanically complete by August, 2012 and March, 2013 respectively. With the commissioning of these Projects, it is expected that in the coming years, the percentage of Chemical products in the total earnings of the Company will increase further.

As the name Gujarat Narmada Valley Fertilizers Company Limited suggests, the Company is viewed only as a Fertilizer manufacturing company and labelled and rated accordingly. As such, the name of the Company does not appropriately match with its present activities. In order to bring the name of the Company in line with its present activities,

(production and sale of both – Fertilizers and Chemicals), it is proposed to change the name of the Company from Gujarat Narmada Valley Fertilizers Company Limited to Gujarat Narmada Valley Fertilizers & Chemicals Limited.

In view of the above, the Special Resolution set-out in the Notice is placed before the members of the Company for approval as also for authorizing the Board of Directors of the Company to do all such acts, deeds, matters and things, as may be necessary to give effect to the said resolution.

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.

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 Co. Ltd.**

Registered Office :
P.O. Narmadanagar
Dist. Bharuch : 392 015
Dated : 14th August, 2012

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:

Dr. Ashok Shah

Dr. Ashok Shah (63), is a Director of the Company since 4th January, 2006. Dr. Shah is M.Sc. & Ph.D. (Microbiology). He is post doctorate, a qualified microbiologist / biotechnologist. He has long industrial experience in senior positions. He has developed various products with the use of seaweed plants, bacterial extracts and cow urine.

Dr. Shah specializes in Organic farming, Agroforestry, Spiritual and Medicinal plantation, Biotechnology and Ayurvedic preparation. He is a Consultant to different fermentation industries for scale up and adviser to many allopathic and ayurvedic pharma companies. He is a renowned lecturer and has delivered series of lectures on biodiversity, ancient Indian religious literature and science of plantation, agriculture, astrology and healthy living. He is a member of many NGOs and private and government institutes. He is well known for his natural cure therapies for diseases like cancer, thalassaemia, diabetes, heart diseases, neurological disorders, impotence, etc. He is winner of several outstanding performance awards.

He is a Director on the Board of Gujarat Venture Finance Limited and also a Member of its Shareholders'/Investors' Grievance Committee.

He holds 575 Equity Shares of the Company (including 500 shares held jointly with Gujarat State Investments Ltd.).

Dr. TT Ram Mohan

Dr. TT Ram Mohan (56) is a Director of the Company since 31st August, 2005. He is B.Tech - Metallurgy, IIT, Mumbai, PGDM, IIM, Kolkata, MBA Stern School of Business, New York and Ph.D. (Economics), Stern School of Business, New York.

He is a Professor, finance and accounting area at IIM, Ahmedabad. He worked extensively in consultancy and in the financial sector before entering academics. He has worked as Divl. Manager with Tata Economic Consultancy Services, Head of Strategy at Standard Chartered Bank and Vice President with Bear Stearns Asia Ltd.(Hong Kong). At IIM, Ahmedabad, Prof. Ram Mohan specialises in the financial sector. His current research interests include banking sector reforms, privatisation and corporate governance. He has run training programmes for executives and presented papers at conferences in India and abroad, published papers and authored three books, including one on financial regulation. He has been writing a fortnightly column for "The Economic Times" for last several years. He was a visiting faculty at Stern School of Business, New York University in 2001. He has served on RBI Committees.

Details of his other Directorship and Committee Membership are -

1.	IndusInd Bank Ltd.	Director
2.	Brics Securities Ltd.	Director & Member of Audit Committee
3.	Paterson Securities Pvt. Ltd.	Director
4.	SBI Pension Funds Pvt. Ltd.	Director

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

Shri GC Murmu, IAS

Shri GC Murmu, IAS (52), is a Director of the Company since 20th October, 2010. He is M.A. (Political Science) and MBA (Public Service) (UK). He is a senior IAS Officer. He has held distinguished positions in the Government of Gujarat. He has rich experience in the field of Management and Administration. Presently, he is the Addl. Principal Secretary to Hon'ble Chief Minister of Gujarat and Principal Secretary (Home, Law & Order) Government of Gujarat.

Details of his other Directorship and Committee Membership are -

1.	Gujarat State Machine Tools Corpn. Ltd.	Chairman
2.	Gujarat Venture Finance Ltd.	Chairman
3.	Gujarat Industrial Investment Corpn. Ltd.	CMD & Member of Audit Committee
4.	Gujarat Chemical Port Terminal Co. Ltd.	Chairman & Member of Audit Committee
5.	Gujarat Port Infrastructure & Devp. Co. Ltd.	Director
6.	Gujarat State Investments Ltd.	Director
7.	Alcock Ashdown Gujarat Ltd.	Director
8.	Gujarat Alkalies & Chemicals Ltd.	Director & Member of Shares/ Debentures Transfers & Investors' Grievance Committee
9.	Gujarat Informatics Ltd.	Director

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

**DIRECTORS' REPORT**

To
The Members,

Your Directors have pleasure in presenting this 36th Annual Report together with Audited Statements of Accounts of the Company for the year ended 31st March, 2012.

FINANCIAL PERFORMANCE

Summary of financial results: (Rs. in Crore)

Particulars	2011-12	2010-11
Income from Operations	3,862.01	2,845.89
Other Income	30.09	143.56
Total Income	3,892.10	2,989.45
Total Expenditure	3,310.58	2,466.84
Profit before Depreciation, Finance Cost and Tax	581.52	522.61
Depreciation	130.53	121.11
Finance Cost	33.59	20.26
Profit Before Tax (PBT)	417.40	381.24
Provision for Taxes (Net)	133.56	114.71
Net Profit for the year	283.84	266.53
Balance brought forward from previous year	564.41	456.58
Amount available for Appropriation	848.24	723.11
Appropriations		
Proposed Dividend	54.40	50.51
Tax on Dividend	8.82	8.19
Transferred to General Reserve	300.00	100.00
Balance carried to Balance Sheet	485.02	564.41

YEAR IN RETROSPECT

Your company achieved a sales turn-over of Rs.3,862.01 Crore compared to Rs.2,845.89 Crore in the previous Financial Year, registering an increase of 35.70%. The turnover was higher mainly on account of increased volume of production and increased sales realization. Profit Before Tax was higher at Rs.417.40 Crore as against Rs.381.24 Crore of the previous financial year, registering an increase of 9.48%. Profit After Tax was also higher at Rs.283.84 Crore as against Rs.266.53 Crore of the previous financial year, registering an increase of 6.49%.

DIVIDEND

The Company is presently implementing CAPEX programmes under its Corporate Plan which will entail substantial expenditure. In order to part finance the CAPEX programmes, it is necessary to retain some profits for generating internal accruals. Keeping in view the Company's performance, need for capital for its Growth Plan and to ensure that the shareholders of the Company get sustained return on their investments, your Directors have recommended a higher dividend @ 35%, for the financial year ended 31st March, 2012 as against 32.5% for the previous financial year ended 31st March, 2011. On its approval, the dividend payout will work out to Rs.63.22 Crore, including tax on dividend of Rs.8.82 Crore. This amounts to 22.27% of the Net Profit.

APPROPRIATIONS

Your company earned Net Profit of Rs.283.84 Crore for the year 2011-12. After adding thereto Rs.564.41 Crore being the balance of Profit & Loss Account brought forward from the previous year, amount available for appropriation is Rs.848.24 Crore. Directors have recommended a Dividend @ 35% for the financial year 2011-12, which will entail payout of Rs.63.22 Crore, including tax on Dividend. The Company proposes to transfer Rs.300 Crore to General Reserve. An amount of Rs.485.02 Crore is proposed to be retained in the Statement of Profit & Loss.

PERFORMANCE REVIEW

The Company has achieved all-round satisfactory performance during the year. Members will be happy to know that during the year under review, three new plants viz. 300 MTD WNA-II, 150 MTD CNA-III and 33 MW CPSU Plants have been commissioned.

Production

The Company achieved impressive production performance during 2011-12. Most plants of the Company were operated at over 100% capacity utilization. Ammonia Plant produced 5,49,502 MTs of Ammonia with capacity utilization of 123.35%, Urea Plant produced 7,01,572 MTs of Urea with capacity utilization of 110.15%, Formic Acid Plant produced 19,656 MTs of Formic Acid with capacity utilization of 196.56%, Acetic Acid Plant produced 1,56,023 MTs of Acetic Acid with capacity utilization of 156.02%, Weak Nitric Acid (WNA)-I Plant produced 2,83,504 MTs of WNA with capacity utilization of 114.55%, Ammonium Nitrophosphate Plant (ANP) produced 1,96,394 MTs of ANP with capacity utilization of 137.82%, Aniline Plant produced 39,597 MTs of Aniline with capacity utilization of 113.13%, Toulene Di-Isocyanate (TDI) Plant produced 17,727 MTs of TDI with capacity utilization of 126.62%. Production of Acetic Acid, Formic Acid, Methyl Formate and TDI was adjusted to maximize contribution based on availability of Carbon Monoxide. Production of WNA and CNA was planned as per the market condition. Methanol- I & II Plants were not operated at their full capacity and Methanol Synthesis Unit (MSU) was not operated in view of high cost of production of Methanol coupled with its lower sales realization. Production of Calcium Ammonium Nitrate (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.

Sales

The Company achieved a commendable performance in the sale of Fertilizers and Industrial Chemicals. The Company sold in aggregate 10.85 Lacs MTs of Fertilizers, (both manufactured and traded) during the year. 7.43 Lacs MTs of Fertilizers constituting 69% 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, imported MOP and SSP. In addition to the manufactured Fertilizers, the Company sold 37,021 MTs of imported Urea, 30,873 MTs of imported MOP and 30,456 MTs of SSP.

The chemical market continued its recovery from the Global meltdown. Almost all the Industrial Products performed well in

terms of realization during the year. The Company sold in aggregate 8,49,761 MTs of Industrial Products during financial year 2011-12 vis-a-vis 7,84,592 MTs of Industrial Products sold during financial year 2010-11, registering an increase of 8.31%. The Company during financial year 2011-12 exported in aggregate 1310 MTs of Industrial Products registering an increase of 22.19% over the previous year.

78 new records were established during the year in terms of production, marketing and despatch.

GROWTH STRATEGY

(a) Projects under Corporate Plan

As informed to you last year, of the total 14 projects taken-up for implementation by the Company under its Growth Plan, 8 projects were completed by 2010-11 at a total cost of Rs.432.05 Crore. During the year, three more projects viz. WNA-II, CNA-III and CPSU Projects were completed and commissioned, at a cost of around Rs.596.25 Crore. Wet Sulphuric Acid Project has been abandoned. Remaining two projects viz. TDI Project and Ethyl Acetate Project are under implementation. An action plan was chalked out last year for the speedy implementation of these projects. With the committed and concerted efforts, the TDI project is expected to be mechanically complete by March, 2013 and Ethyl Acetate Project is expected to be mechanically complete by August, 2012.

As per the policy of Government of India, the Company is also implementing Ammonia Plant Feed Stock Conversion Project. This project is scheduled to be commissioned by September, 2012.

(b) New Initiatives :

With a view to accelerating its growth momentum going forward, the Company is continuously looking for opportunities of business avenues in India and abroad.

Formulation of a new Urea Investment Policy by Government of India is in the offing aimed at boosting the production of Urea - India's most widely used Fertilizer. The Company is actively considering setting-up a world scale Ammonia ~ Urea facility.

Major raw materials for Methylene Diphenyl Di-isocyanate (MDI) are Aniline, Formaldehyde, Carbon Monoxide and Chlorine. The Company has the required infrastructure for setting up MDI Project. As such, as a forward integration, the Company is considering putting-up MDI Project. The Company has approached the technology suppliers for tie-up. The Company has also initiated actions for sourcing the technology to take care of the higher requirement of Aniline, which is the main raw material for MDI.

The Company has joined hands with a renowned Engineering Company of India for providing the Project Management Services for relocation of Ammonia ~ Urea Plant from Alaska to Nigeria. The Company has signed an Agreement with M/s Chematur AB, (CEAB) Sweden, to provide commissioning assistance / technical services for CEAB's projects world-wide.

Considering the Company's experience of successfully absorbing technology from variety of sources, its technical personnel are providing commissioning services for TDI, Methanol and other plants in China, Iraq, Myanmar, Iceland, Iran, etc.

The Company is considering to have overseas offices in Middle East, Africa and South East Asia.

(n) Code Solutions – IT Division :

(n) Code Solutions, the IT Division of the Company issued 7,51,194 Digital Signature Certificates during the financial year 2011-12, registering a growth of over 300% over the previous year and completed 23,502 tenders, registering a growth of around 59% over the previous year. (n) Code recorded highest ever sales of Rs.73.10 Crore during 2011-12 registering a growth of 43% over the previous year.

(n) Code won four prestigious awards for its project on Mineral Administration implemented for Commissionerate of Geology and Mining, Government of Gujarat and Department of Mining and Geology, Government of Karnataka.

FERTILIZER POLICY

The primary nutrients viz. Nitrogen (N) Phosphatic (P) Potash (K) and Secondary Nutrient, Sulphur (S) in NPK Fertilizers covered under NBS Policy introduced by the Government of India (GoI) effective 1st April, 2010 shall be eligible for the NBS during 2012-13. GoI has vide its Office Memorandum dated 29.3.2012 announced per kg NBS for nutrients, N, P, K & S for the year 2012-13 with effect from 1st April, 2012. In terms of the said NBS Policy applicable to the Company's product, the Company was free to decide selling price of ANP in the market. Considering the market scenario, the prices of ANP were increased gradually. With the de-regulation of prices of all the Fertilizers, excepting Urea, the market has become very competitive. The Company has been able to benefit from such de-regulation of prices. The Company increased prices of ANP and CAN during the year by taking advantage of its brand equity.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of sub section (2AA) of Section 217 of the Companies Act, 1956, your Directors hereby confirm that -

- in the preparation of the Annual Accounts for the year 2011-12, 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 judgements 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, 2012 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 Practising 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

Hon'ble High Court of Gujarat has vide its order dated 15th June, 2012 approved the Scheme of Arrangement and Demerger for transfer of V-SAT / ISP Gateway Business of the Company to ING Satcom Ltd., an unlisted Company. The Scheme of Arrangement and Demerger will become finally effective upon the transfer of Licenses for V-SAT / ISP Gateway Business by the competent authority to the name of ING Satcom Ltd.

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.

DIRECTORS

The position with respect to Board of Directors since the last Annual Report is as follows:

- Shri Atanu Chakraborty, IAS, Director of the Company was appointed to hold the additional charge of Managing Director of the Company during the absence of Shri AM Tiwari, IAS, Managing Director of the Company, on election duty from 11th January, 2012 to 9th March, 2012.
- In terms of the provisions of the Companies Act, 1956, Shri GC Murmu, IAS, holds office up to the date of forthcoming AGM of the Company. The Company has received a Notice in writing from a Member under Section 257 of the Act, along with requisite deposit proposing appointment of Shri GC Murmu 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 Dr. Ashok Shah and Dr. TT Ram Mohan retire by rotation at the forthcoming AGM and they are eligible for reappointment.
- Shri MM Srivastava, IAS on reaching superannuation, has retired from the services of Government of Gujarat effective 31st July, 2012. He has tendered his resignation as Director of the Company w.e.f. 31st July, 2012.

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 2012-13 under the Cost Accounting Records (Fertilizer Industry) Rules, 2011.

The Company has e-filed the Cost Audit Report for the financial year 2010-11 with the Ministry of Corporate Affairs, (Cost Audit Branch) on 24th September, 2011. The due date of filing the said report was 27th September, 2011.

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. A fresh Long Term Wage Settlement has been entered into with the Employees' Union for the period from 1st July, 2010 to 30th June, 2014 on the expiry of previous settlement.

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. The 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 : 08-08-2012

A K Joti
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, 2012.****(A) CONSERVATION OF ENERGY:**

The Company framed Energy Policy in February, 2005, in accordance with Energy Conservation Act, 2001 and same is in force. Energy audit of GNFC complex was also carried out by M/s ERDA in the year 2009-10. Its various recommendations are being implemented.

(a) Energy Conservation measures taken.

Following schemes were implemented during the year and some energy saving was achieved.

Co-Generation Power and Steam Unit

- ❖ A Co-generation Power & Steam Generation Unit is installed to generate 33.3 MW power and 62 MT/Hr. high pressure steam. This has higher efficiency compared to steam turbine resulting in to saving on energy consumption. The project is completed in March, 2012.

Utility Plant

- ❖ At raw water plant, 2 nos of raw water transfer pumps were replaced with new efficient pumps resulting in to power saving of 83 MW/Year.

Aniline/TDI Plant

- ❖ 6" line from utility plant to ANI/TDI complex is installed to stop air venting by stoppage of one compressor. This has potential power saving of 1460 MW/Year.
- ❖ Stopping of one cooling water supply pump by optimizing cooling water flow in exchangers resulting in to power saving of 914 MW/Year.
- ❖ Increase of line size SHP (steam line) and repairing of insulation has increased SHP temperature & thus reduced heat loss from the system resulting in to steam saving of 2205 MT/Year.
- ❖ Replacement of interstage cooler and LP & HP stages element replacement of air compressor has improved the compressor efficiency resulting in to power saving of 378 MW/Year.
- ❖ Solving colorization problem of Aniline finished product resulted into reduction of 869 MT steam consumption.
- ❖ Reduction in unreacted H₂ venting from Aniline reactor resulted into saving of 200 NM³/Hr. H₂, giving saving of 5050 MKcal /year of energy.

ANP Plant

- ❖ Provision of LT motor for fan (fluidized bed cooler) in place of HT motor resulted into power saving of 223 MW/Year.

CAN Plant

- ❖ Provision of Variable Speed Drive for wet scrubber exhaust blower resulting in to power saving of 220 MW/Year.

Hazardous Plant

- ❖ Total 71 defective traps/valve /fittings/ coupling and line leakages were indentified. 10 traps replaced with new one, resulting in to reduction in steam consumption of LP steam @ 1 MT/Day.
- ❖ Total 94 Nos. of LSHS rakes were unloaded without use of steam heating resulting LP steam saving of 4700 MT during the year.

Electrical System

- ❖ Replacement of old lighting fixtures with energy efficient ones at residential township and corporate building resulting in to power saving of 86 MW/Year.
- ❖ Throughout the year, power factor was maintained above specified limit so as to get rebate on power factor adjustment from State Electricity Board. The energy saving worth Rs. 76 lacs was achieved.
- ❖ In Ammonia plant, 25nos., 2 x 250 HPMV Flood Light Fixtures replaced by 1x 250 W Metal Halide Flood Light fixture resulting in to power saving of 4 MW/year.
- ❖ In Nitro phosphate complex, plant open space lighting modification done by replacing street light fitting with MH flood light fittings with reduced quantity and lighting circuit modified in WNA-II & CNA-III plants resulting in to power saving of 22 MW/year.
- ❖ In Boiler plant, new 25 nos. of 2 X 26 Watt CFL well glass lighting fixture installed in place of 125w HPMV Well glass lighting resulting in to power saving of 24 MW/year.

Corporate Building

- ❖ Optimum utilization of condenser and chiller pumps in AC unit of corporate building and replacement of 2 Nos energy efficient double skin AHUs resulted in to power saving of 162 MW/Year.

Ammonia plant**Revamp of Ammonia synthesis loop by S-50 Converter**

- ❖ Waste heat boiler of S-50 converter synthesis loop is repaired and the same is put in service in May, 2012 shut down.

Following projects implemented during the year:**150 MTD Concentrated Nitric Acid (CNA) plant**

- ❖ CNA-III plant has been set up to meet the requirement of new TDI project and to cater to the growing demand. The project is completed in May, 2011.

300 MTD Weak Nitric Acid (WNA) Plant

- ❖ To mitigate the shortage of WNA in existing complex, to meet the growing market demand as well as feed requirement of new CNA plant, a 300 MTD capacity WNA-II plant is set up. The project is completed in July, 2011.

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

Following projects / schemes are also under implementation. This will reduce energy consumption / improve productivity of plants.



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

- ❖ To meet the growing demand, a 50,000 MTA capacity TDI project is being set up at Dahej. The project execution is in full swing. The project is under implementation and expected to be completed by June, 2013.

Ammonia plant feedstock conversion Project

- ❖ Company's Ammonia plant is based on Fuel Oil/LSHS. Ammonia Synthesis Gas Generation Unit is being set up to switch over feedstock from LSHS to natural gas. This will save some energy. Project is under implementation and expected to be completed by September, 2012.

Ethyl Acetate Project

- ❖ A 50,000 MTA capacity Ethyl Acetate project is being set up as a forward integration of Acetic Acid. Project is under implementation and expected to be completed by September, 2012.

Acetic Acid Plant

- ❖ Scheme is under execution for recovering low pressure flash steam resulting in to saving of LP steam approx. 12 MT/D.

Formic Acid Plant

- ❖ Installation of Energy Conservation Turbine across steam pressure reduction and desuperheating station is under procurement. It has energy saving potential of -200 kwh.

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

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

(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) Exports :

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 2011-12, the Company exported 410.40 MT of HCL, 552.51 MTs of Aniline, 180 MTs of TDI, 112 MTs of Ortho Toluene Diamine, 55.04 MTs of Methyl Formate and 1262 MTs of CAN.

b) Total Foreign Exchange used and earned:

(Rs. in Lacs)

Particulars	2011-12	2010-11
Foreign Exchange Used	44,125.52	32,587.49
Foreign Exchange Earned	876.26	859.78

FORM - "A"

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

Sr. No.	Particulars	Unit	2011-12	2010-11
A) Power and Fuel Consumption (GNFC Complex)				
1.	Electricity			
a)	Power imported at factory #	MWH	73417.141	52386.575
	Less : Power from Wind Mills	MWH	(37648.865)	(34,815.829)
	Net Power Import	MWH	35,768.276	17,570.746
	Power export to GEB	MWH	12.24	13.68
	Total Amount	Rs. Lacs	3218.03	2003.66
	Rate/Unit	Rs./Kwh	9.00	11.40
b)	Own generation through steam			
	Turbine :	'000 KWH	297372	342032
	Unit power per Eq. natural gas	KWH / SM^3	2.24	2.30
	Variable cost/unit (excl. Power Gen. Duty)	Rs./Kwh	3.73	3.20
c)	Own generation through Gas			
	Turbine (33.3 MT GT):	'000 KWH	20881.927	0.00
	Unit power per Eq. natural gas	KWH / SM^3	3.82	0.00
	Natural Gas for gas turbine unit (with eq. steam export credit)	'000 SM^3	5461.641	0.00
	Variable cost/unit (excl. Power Gen. Duty)	Rs./Kwh	2.05	0.00
2.	Coal for steam generation (Indian)	MT	447383	374419
	Total Cost of Indian Coal	Rs. Lacs	13866.59	10784.19
	Average Rate	Rs./MT	3099.49	2880.25
	Coal for steam generation (Imported)	MT	257668	297803
	Total Cost of Imported Coal	Rs. Lacs	16688.53	14945.02
	Average Rate	Rs./MT	6476.76	5018.42
3.	Natural Gas for steam generation	'000 SM^3	61274	73822
	Total Cost of Natural Gas	Rs. Lacs	5553.57	5359.90
	Average Rate	Rs./Ksm3	8321.75	7260.62
B) Power and Fuel Consumption (Aniline/ TDI Complex)				
1.	Electricity			
a)	Own generation through Gas			
	Turbine :	'000 KWH	49647.30	40542.66
	Unit power per Eq. natural gas	KWH / SM^3	2.81	2.615
	Variable cost/unit after Steam Credit (excl. Power Gen. Duty)	Rs./Kwh	1.80	1.84
2.	Natural Gas for gas turbine unit	'000 SM^3	17638.27	15502.42
	Total cost of Natural Gas	Rs. Lacs	1449.57	1221.22
	Average Rate	Rs./Ksm3	8218.32	7877.61
C) Consumption per unit of production				
i)	Ammonia :			
	Electricity	KWH/MT	316.645	356.551
	Coal (at 4200 Kcal/kg)	MT/MT	0.784	0.830
	Natural Gas	SM^3/MT	56.333	76.140
ii)	Urea :			
	Electricity	KWH/MT	64.338	64.443
	Coal (at 4200 Kcal/kg)	MT/MT	0.147	0.144
	Natural Gas	SM^3/MT	10.535	13.168
iii)	Methanol (I + II + MSU) :			
	Electricity \$	KWH/MT	305.628	325.498
	Coal (at 4200 Kcal/kg)	MT/MT	0.047	0.056
	Natural Gas	SM^3/MT	3.380	5.127
iv)	Formic Acid :			
	Electricity	KWH/MT	872.654	856.629
	Coal (at 4200 Kcal/kg)	MT/MT	1.553	1.406
	Natural Gas	SM^3/MT	111.552	128.945

Sr. No.	Particulars	Unit	2011-12	2010-11
v)	Acetic Acid plant :			
	Electricity	KWH/MT	187.790	199.334
	Coal (at 4200 Kcal/kg)	MT/MT	0.116	0.116
	Natural Gas	SM ³ /MT	8.338	10.642
vi)	Nitrophosphate Plants :			
(a)	ANP :			
	Electricity	KWH/MT	214.703	221.340
	Coal (at 4200 Kcal/kg)	MT/MT	0.059	0.037
	Natural Gas	SM ³ /MT	4.220	3.370
(b)	CAN :			
	Electricity	KWH/MT	61.741	63.828
	Coal (at 4200 Kcal/kg)	MT/MT	0.009	0.006
	Natural Gas	SM ³ /MT	0.649	0.580
(c)	WNA :			
	Electricity	KWH/MT	45.455	46.184
(d)	CNA : (I + II) :			
	Electricity	KWH/MT	37.998	37.845
	Coal (at 4200 Kcal/kg)	MT/MT	0.079	0.048
	Natural Gas	SM ³ /MT	5.655	4.434
vii)	Aniline / TDI complex:			
(a)	Aniline :			
	Electricity	KWH/MT	259.53	275.514
(b)	TDI :			
	Electricity	KWH/MT	1999.31	2020.682
	Coal (at 4200 Kcal/kg)	MT/MT	0.884	1.235
	Natural Gas	SM ³ /MT	63.529	113.185

Power imported at factory includes wind mill power generation.

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

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 study on hydrolysis of Methyl Formate to formic acid using solid catalyst carried out on bench scale and is in operation on pilot scale with encouraging results.
- Activities to produce 100% water soluble fertilizers for field trial have been carried out.
- Activities for setting up Polyurethane System House have been started. Selection of site, renovation of building is planned.
- Studies for improvement of plant performance, understanding of byproducts, their disposal and treatment of waste streams have been conducted in close association with various plant groups, Technical Services Dept and Environment Control Unit.

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

In-house developed CATSOL® desulphurisation chemicals worth Rs. 96 lakhs have been commercially supplied during the year.

3. Future Plan of Action

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.

4. Expenditure on R&D : (Rs. in Lacs)

Sr. No.	Nature of Expenditure	2011-12	2010-11
1	Capital Expenditure	0.00	0.00
2	Recurring Expenditure	23.25	42.23
3	Salaries to R&D Personnel	156.90	127.12
4	Power and Fuel	4.02	3.61
	Total	184.17	172.96
5	Total R&D Expenditure as percentage of Total Turnover	0.0457%	0.0579%
6	Gross Turn-over	4,03,227.08	2,98,542.90

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

- 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.
- The Company also interacts frequently with know how supplier / consultant 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 last five years :

Technology Imported	Year of Import	Has Tech. been fully absorbed?	If Tech. not absorbed, reasons thereof
M/s. BASF, Germany for Nitrous Oxide abatement catalyst for WNA plant-a CDM Project.	2007	Yes	—
M/s. Linde, Germany for Molecular Sieve system in Ammonia plant	2007	Yes	—
M/s. Chematur AB Sweden for 50000 MTPA TDI 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 project)	2008	Under Implementation	—
M/s. Air Products, UK for Cold Box and membrane of Hydrogen-Carbon Monoxide plant (TDI project)	2009	Under Implementation	—
M/s. Haldor Topsoe, Denmark-Ammonia plant feed stock conversion 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, 2012.

Sr. No.	Name (S/Shri)	Age (Yrs.)	Qualification	Total Exp.(Yrs.)	Designation	Remuneration Received (Rs.)	Date of Joining	Last Employment held
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
A. Employees 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	AA Shah	60	B.Com., Dip. in Fin. Mgt., Dip. in Mgt. Accounting, Computer Fundamentals & Basic Course, Dip. in Computer & Office Mgt., Prof. Trg. Project – Oracle & Developer-2000, Dip. in Mktg. Mgt.	38	Sr. Manager	17,18,501	01/10/1983	Accountant – Prabhat Fabrics Pvt. Ltd., Mumbai
2	AK Trivedi	60	B.Com. LL.B., CA, CS	34	General Manager	16,94,787	14/12/2000	Dy. Manager (F&A) – Reliance Industries Ltd., Mumbai
3	AN Dhurashtra	60	Std. VII	36	Sr. Rigger	12,23,987	04/12/1979	Rigger – Balaram & Bros. Company, Vadodara
4	BJ Suthar	60	Std. IX	36	Sr. Yard Supervisor	14,91,098	03/08/1982	Attendant (B&MH) – IFFCO Ltd., Kalol
5	BP Patel	60	B.Sc. NCTVT	35	Sr. Shift Engineer	16,00,063	24/10/1979	Trade Apprentice (Attd. Operator)-GSFC Ltd., Vadodara
6	BR Patel (Late)	57	DEE, Craft Instructor(EI), Wireman Cert. Exam	35	Manager	16,20,142	17/03/1983	Wireman Instructor-Regional Adivasi Trg. Centre, Ukai
7	DP Satani	59	B.Sc.(Agri.)	34	Chief Mktg. Manager	23,38,327	26/10/1982	Seeds Supervisor – Gujarat State Seeds Corp. Ltd., Gandhinagar
8	GA Gaekwad	60	BA,B.Com.,LL.B.,Dip. in IPMM, Dip. in Import/ Export Mgt.	36	Addl. General Manager	27,63,944	11/08/1979	Clerk – IPCL, Vadodara
9	IS Solanki (Late)	57	Std.-VII	28	Attendant	12,32,513	18/09/1984	Attendant/Ward Boy (on Contract) – GNFC Ltd.
10	Ms. Jaya Ayyer(Dr.)	60	M.Sc., Ph.D.	32	Addl. General Manager	29,40,569	06/10/1987	Research Associate/Visiting Scientist – Indian Inst. of Science, Bangalore
11	JC Modi	60	B.Sc., I&Ind Class Boiler Prof. Exam.	40	Sr. Manager	18,59,909	24/09/1979	Plant Asstt. (Process) – Guj. Mineral Development Corp. Ltd., Kadipani
12	JC Patel	47	Dip. in Petro. Chem. Tech.	22	Sr. Operator	7,26,492	28/02/1991	Jr. Optr. Trainee – GNFC Ltd.
13	JK Mathur	60	M.Sc.(Agri.), MBA(Mktg.), Dip. in Co-op. Mgt.	35	Chief Mktg. Manager	22,88,832	20/10/1982	Dy. Manager (Agri.) – Rajasthan State Co-Op. Mktg. Federation - Jaipur
14	JP Patel	60	DME	38	Manager	24,08,246	03/03/1980	Technician – Ahmedabad Telephones
15	KD Patel	60	ATC(M), ITI(EI), Wireman Course	37	Sr. Mech. Engineer	19,98,291	06/03/1980	Instructor Electrical – Cottage Industries, Ahmedabad
16	KV Desai (Late)	47	B.Com.	25	Sr. Accts Officer	14,16,724	16/03/1988	Accts. Trainee – GNFC Ltd.
17	LH Rajpal	60	BA	34	Sr. Officer	19,33,042	15/04/1980	Receptionist/Telephone Optr. – Hotel Kaviraj, Vadodara
18	LS Gohil	60	ATC(Chem), FY B.Sc.	40	Manager	23,83,323	01/10/1979	Shift Supervisor – Alembic Chemical Works Ltd., Vadodara
19	MI Mansuri	60	B.Sc.	37	Manager	15,93,950	07/12/1979	Technician (Telephone) – Indian Posts & Telegraphs Deptt., Bharuch
20	ML Tandel	60	ITI(IM)	39	Foreman	19,51,123	06/05/1981	Instructor Tech. – IPCL, Vadodara
21	MR Patwa	58	BE(Chem.)	35	General Manager	30,30,483	01/12/1977	GET – GSFC Ltd., Vadodara
22	MR Vora	48	DChE	28	Sr. Shift Engineer	13,69,887	16/02/1985	Jr. Optr. Trainee – GNFC Ltd.
23	NM Parmar	60	SSC Fail	36	Sr. Yard Operator/ MEO	14,96,968	25/12/1982	Pointsman – Western Railway, Vadodara
24	NR Patanvadia	60	Std-IX	32	Driver	14,76,227	17/01/1984	Driver – Jay Khodiyar Travels, Ahmedabad
25	PN Desai	53	BE(Chem.)	31	Chief Manager	21,68,107	01/10/1982	GET – GNFC Ltd.
26	RR Patel	48	B.Sc.	26	Shift Engineer	6,01,139	20/05/1995	Plant in charge – Dada Chemicals (P) Ltd.
27	SC Sheth	60	B.Com., LL.B. (G), Dip. in Taxation	35	Sr. Manager	21,34,634	11/01/1982	Asstt. – Food Corp. of India, Godhra
28	SP Jadav	60	ATC, ITI	41	Sr. Officer	20,96,805	16/04/1977	Mechanical Draftsman – Alembic Chemical Works Ltd., Vadodara
29	SR Desai	60	B.Sc., M.Sc.	36	Chief Manager	21,46,949	04/02/1980	Scientific Asstt.-Heavy Water Project - Vadodara
30	TH Diwan	60	B.Sc., Cert. Cobol Prog., Comp. Aided O.R. Tech., SA&D	40	Addl. General Manager	31,48,323	07/03/1983	Programmer – ILAC Ltd., Ahmedabad

NOTES :

- The total remuneration includes salaries, allowances, special pay, leave salary, ex-gratia payment, leave travel concession, medical aids, gratuity, company's contribution to provident fund, where applicable, etc. The perquisites have been evaluated in accordance with the Income Tax Rules.
- The employees as shown in Part-B of the Statement, are either retired or 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 MACRO-ECONOMIC REVIEW:

Hopes of a strong global recovery faded in 2011 although the world economy belied fears that it would slip into a recession. According to the IMF's World Economic Outlook (April 2012), the world economy grew at 3.9% (in purchasing power parity terms) in 2011 compared with 5.3% in 2010. In 2012, the IMF expects world economic growth to slow further to 3.5% before rebounding to 4.1% in 2013. However, optimism about a recovery in 2013 is not widely shared. The continuing Eurozone crisis along with renewed signs of weakness in policy in the US, are seen by many as pointing to a bleak outlook for the world economy until at least 2014.

The problems in the world economy had their impact on the Indian economy which ended up with an estimated growth rate of 6.5% in 2011-12. This was below the growth rate of 6.8% seen in 2008-09 at the height of the sub-prime crisis. The Indian economy is more integrated with the world economy today than it was at the onset of reforms and is impacted by the world economy on both the current and capital accounts.

Exports slowed down in 2011-12 because of the weakness in the global economy and capital flows by heightened risk aversion among investors. In addition, domestic output was adversely impacted by supply constraints (notably of coal and power), by delays in approvals of projects and weak investor sentiment. These problems are expected to continue in 2012-13 and may impact the Company's operations. Commodity prices, other than crude oil, remained subdued in 2011-12. The outlook for commodity prices in 2012-13 remains uncertain. While weak global growth points to a weakening of commodity prices, the global liquidity glut and increased financialisation of commodities could cause upward pressure on prices.

2.0 INDUSTRY STRUCTURE AND DEVELOPMENTS:

The Fertilizer industry witnessed lot of turbulence during the year. The Government has decanalised the import of Phosphatic and Potassic (P&K) fertilizers, introduced Nutrient Based Subsidy (NBS) for (P&K) fertilizers, decontrolled the prices of (P&K) fertilizers, levied Excise duty on fertilizers and is ensuring the conversion of Urea units from LSHS based to gas based units. Introduction of NBS on Urea and switching over to transfer the subsidy on fertilizers directly to the retailers may take some more time.

The country continued to import fertilizers to bridge the gap between demand and supply. 6.6 million tonnes Urea, 7.5 million tonnes DAP and 6.4 million tonnes MOP were imported by our country during the year.

Government is making efforts to track fertilizer movement right upto the retailer level through an electronic monitoring system called "The mobile based Fertilizers Management System" (mFMS). The data uploaded and entered by the manufacturers, importers, dealers and retailers will be hosted on a public portal to enable the farmers and other

stake holders to get information on availability of different kinds and brands of fertilizers with the dealers and retailers in the supply chain.

Government of India is considering new investment policy for fertilizer industry. Considering manufacturing facilities at India being lower than demand and need of huge imports, the new investment policy is expected to be conducive for promotion of investment in fertilizer. GOI has announced availability of 150% of investment amount in fertilizers as deduction from income.

Due to the inflationary trend in the international prices of fertilizers and the adverse forex changes, prices of P&K fertilizers increased substantially in the domestic market. USD moved from around Rs. 44 to Rs. 51 at the end of FY 2011-12.

News of good monsoon is yet to come this year. This does not augur well for the fertilizer industry. However, Company is geared up for sales with their trained manpower to deal with this situation. The brand image of Company's fertilizers will also help to some extent. Availability of fertilizers is quite comfortable and adequate for the present Kharif season.

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 a variety of manufacturing applications including fertilizers, pharmaceuticals, textiles and plastics, agrochemicals, paints and dyes. Imports of various chemicals are on a rise, as increased/enhanced capacities are not able to cope up with the increasing demand.

The prospects for (n)Code appear bright considering the advances happening in the field of technology and the expenditures being incurred by various organizations and governments on IT. (n)Code has taken several initiatives in product development and technology upgradation.

The Company manufactures and distributes Nitrogenous and Phosphatic fertilizers like Urea, Ammonium Nitro-phosphate (ANP) and Calcium Ammonium Nitrate (CAN) and chemicals like Ammonia, Weak Nitric Acid, Concentrated Nitric Acid, Methanol, Acetic Acid, Formic Acid, Aniline, Toluene Di-isocyanate (TDI) and provides various services in the area of Information Technology. The Company continues to trade in imported Urea, imported Muriate of Potash (MOP) and Single Super Phosphate (SSP) as well as Chemicals like Acetic Acid and Formic Acid etc.

The Company's overall performance during the year in terms of the plant operations coupled with marketing and other allied performance has remained smooth and noteworthy which is reflected in its financial performance also. Total 78 new records were established out of which 43 records were in production front while 35 were marketing records. Dedicated and committed efforts of the Management for cost reduction in various areas of operations, constant improvements and focus on consolidation resulted in steadfast gains to the Company.



3.0 BUSINESS SEGMENT PERFORMANCE:

3.1 Fertilizer Business:

Fertilizers business was good throughout the year. However, due to off-season the sales were sluggish in the last two months of the financial year.

Nutrient Based Subsidy (NBS) policy introduced from 1st April, 2010 for P & K fertilizers continues during 2012-13. Company was free to decide the selling price of its product in the market. However, the Company was maintaining its prices at a lower level as compared to other manufacturers for the benefit of the farmers. With deregulation of prices of all fertilizers except Urea, the market has become very competitive.

Government of India is seriously considering introduction of NBS on Urea. This would mean decontrol of pricing of Urea. This would also have a positive financial impact on the Company as the Company will be able to improve the realization of CAN further. The Company is also converting its Ammonia production from LSHS based to NG based which will reduce the cost of Urea production.

Government of India has announced its plans for routing subsidy on fertilizers through the retailers and finally directly to the marginal farmers. As a part of this plan, the Government has launched a mobile based Fertilizer Management System (mFMS) and the Company has trained more than 3,000 dealers and retailers for the use of this system. The Company is also uploading the details of all despatches and sales in the system.

3.2 Industrial Chemicals Business:

The availability of Methanol for merchant sale had reduced due to cost economics, wherein it was more profitable to produce Ammonia vis-a-vis Methanol. The Company achieved highest ever sales of Formic Acid, TDI, WNA and AN Melt during the year. Sales of CNA, Acetic Acid & Aniline increased during the year.

Export of various Products

Need to give thrust on export has been identified. Exports of various products in the FY 2011-12 were higher than FY 2010-11.

HCL and Methyl-Formate have been exported for the first time.

3.3 Information Technology Business:

Infotower :

GNFC Infotower has been developed as a technology park where IT companies are leased space with infrastructure facilities. It provides ambience and interiors at par with international standards to various tenants who provide software, IT enabled services, BPO and Call Center services.

Digital Signature Certificates (DSCs) :

(n)Code issued 7,51,194 DSCs witnessing an unprecedented 300% annual growth. (n)Code is currently market leader in this field in the country. (n)Code has also implemented DSC based solutions for organizations of high repute like IFFCO, Airport Authority of India, GAIL, SAIL, Reliance Industries, IDBI Bank, Adani Group, Torrent, etc.

E-Procurement Services :

During the year 2011-12, 23,449 tenders were completed making (n)Code the leading e-procurement service provider in India. Till now more than 80,000 tenders have been completed. In addition to all the departments of GoG, these services are provided to Mazgaon Docks Ltd., Government of Daman and Diu, Dadra and Nagar Haveli, State of Haryana, PSPCL- Punjab, Kandla Port Trust etc.

(n)Code also manages several e-procurement initiatives at the national level for 21 States across India.

Data Centers and Technology Solutions:

(n)Code provides turnkey IT solutions including designing, commissioning and operations of data centers. This year it completed Data Center Projects at Punjab & Bihar and a project at Warangal is under progress. (n)Code also provides data centers services to about 15 Data Centers across the country.

It has undertaken several e-security projects using CCTV and surveillance technologies. The most notable project is providing complete security for Gujarat Pavitra Yatradham Vikas Board at 4 locations. (n)Code has implemented Mineral Administration solution for Gujarat and Karnataka, which has won four national level awards.

Consultancy Services:

(n)Code provides consultancy services for complex technology projects including implementation of homeland security and intelligent traffic monitoring systems. It has completed the ERP implementation at GSFC. It also completed two international projects for a customer in Nigeria and one in Togo in West Africa.

4.0 OPERATIONS:

Production performance :

The overall production performance remained very good during the year. 300 MTD WNA-II plant, 150 MTD CNA-III plant and 33 MW CPSU plant were commissioned.

ANP production increased inspite of problems of availability of rock phosphate due to political problems at Jordan. Alternate source was developed to maintain production.

CAN production was planned according to ANP production /sale of AN melt and cost economics.

Due to unfavourable cost economics, Methanol -I and Methanol-II plants could not be operated at their full capacity and Methanol Synthesis Unit (MSU) was not operated.

Production of other products viz. Acetic Acid, Formic Acid, Methyl Formate and TDI were adjusted to maximize contribution based on availability of carbon monoxide.

Concentrated efforts are put during day to day operation for higher productivity and reducing specific energy consumption. Emphasis is put for continual improvement in safety and environment.

4.1 Production and Capacity Utilization:

Production and Capacity Utilization achieved during the year 2011-12 are as under:

Plant	Actual Production (MT)	Capacity Utilization (%)
Ammonia	5,49,502	123.35
Urea	7,01,572	110.15
Methanol-I	10,071	20.14
Methanol-II	1,82,955	97.26
Formic acid	19,656	196.56
Acetic acid	1,56,023	156.02
WNA-I	2,83,504	114.55
WNA-II	67,301	97.36
CNA-I	11,764	35.65
CNA-II	29,525	89.47
CNA-III	37,329	81.57
ANP	1,96,394	137.82
CAN	1,14,967	80.68
Aniline	39,597	113.13
TDI	17,727	126.62

Lower production quantities below 100% are mainly due to cost economies or lower demand.

4.2 Environment, Occupational Health and Safety:

GPCB consent for GNFC Unit-1 is valid up to 2014. Consent to establish (NOC) for Ethyl Acetate project has been received.

GNFC was qualified for Rebate on water cess by GPCB for the year 2010-11 on account of better environmental performance.

GNFC has got OHSAS 18001, ISO 14001 and ISO 9001 certifications.

A record of 9.08 million manhours without any reportable accident was established.

No incident occurred causing loss to person or property at Bharuch as well as Dahej sites.

ROSPA international award from UK has been received for excellence in safety at ASGP (Ammonia Synthesis Gas Project) being executed at GNFC site by M/s L&T.

5.0 PROJECTS UNDER CLEAN DEVELOPMENT MECHANISM (CDM):

The Company is contributing to the global efforts towards combating global warming. The Company has undertaken N2O Abatement Project in Weak Nitric Acid (WNA) Plant and Wind Mill Power Project as Clean Development Mechanism (CDM) Projects under the Kyoto protocol. N2O Abatement Project is registered with United Nations Framework Convention for Climate Change (UNFCCC) and it reduces about 3,30,000 MTs of CO2 per annum. The Company has set up total 21 MW capacity Wind Turbo Generators in the Kutch region of Gujarat and it reduces about 38,000 MTs of CO2 per annum.

6.0 OUTLOOK:

Fertilizer Business:

- Finalization of new investment policy of fertilizers will create an opportunity for investment. The Company is considering enhancing Urea production capacity, on announcement of the new favourable policy by Government of India.
- Company is exploring investment opportunities abroad for sourcing Rock phosphate and producing Phosphatic / Nitrogenous fertilizers.
- Brand image of Company's fertilizers continues to be in the premium segment. This will help consolidate markets in the Primary Marketing Zone in the partial decontrol scenario at present and total decontrol in the future.
- It is estimated that apart from indigenous manufactured fertilizers, about two lac MT of traded fertilizers, mainly Urea, will be handled during 2012-13. This will increase the turnover and profit of the Company.
- There will be some saving in energy in Urea production by conversion of feedstock from LSHS to Gas.

Chemical Business:

- The Company is the country's largest manufacturer of Acetic Acid, Methanol, 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.
- Over all, the Chemical market in India is expanding and growing.
- All the chemicals are sold in the domestic market wherein the realization is maximum. Currently, the dependence on export market is minimal.



However, with the commissioning of new plants viz. Ethyl-Acetate in September, 2012 and TDI by June, 2013, the quantity will be available to tap the export market and country's import dependence will reduce. Hence, certain quantities would be earmarked for exports consequent upon commissioning of these plants. Exports of TDI and other product is planned to fulfill export obligation under the EPCG scheme. To facilitate the exports, the Company is considering to have overseas offices in Middle-East, Africa and South East Asia.

- The Company being one of the largest domestic supplier, many of its products have developed niche market in prominent consuming areas in various States.
- The Company faces competition mainly from imports, as majority of its products are being imported, especially Acetic Acid, TDI, Formic Acid, Methanol and also products governed by international prices due to OGL.
- The market share of the Company is reducing each year as the production is stagnant due to limitation of capacity. The increased demand is met through imports. In order to retain the market share, strategically the Company has decided to import few chemicals like Acetic Acid and Methanol on regular basis.

Raw materials:

- On the raw material front, all the major Petroleum inputs are being procured on import parity price basis. International prices of Petroleum products have remained range bound in vicinity of their peak level. It is expected that the prices of these products shall remain range bound during the current financial year. The prices of indigenous coal were increased during January, 2012 which were subsequently rolled back. However, due to change in pricing pattern and increase in railway freight, the prices of indigenous coal have increased. Further increase in price of indigenous coal during the year 2012-13 cannot be ruled out due to increased demand from power sector. The price of imported coal may remain stable during the year. The price of Rock Phosphate may remain range bound in the year. The price of ammonia is likely to remain firm in the near future. Increase in crude/ fuel oil prices in international market may push prices of LSHS upward. Depreciating rupee will result in higher cost of Imported/ Import Parity raw materials being consumed by the Company.
- Due to shortage of basic raw materials like natural gas and rock phosphate in the country, Company is exploring investment opportunities abroad.

7.0 FINANCIAL PERFORMANCE:

The financial year 2011-12 has witnessed, year-over-year:

- Highest Ever Net Sales Turnover of Rs. 3,862.01 crore i.e. increase of 36% (Previous Period: Rs. 2,845.89 crore).
- Total Income of Rs. 3,893.40 crore (Previous Period: Rs. 2,989.45 crore).
- Earnings before Interest, Depreciation and Tax (EBIDTA) of Rs. 581.52 crore (Previous Period: Rs. 522.61 crore).
- Profit Before Tax (PBT) of Rs. 417.40 crore (Previous Period: Rs. 381.24 crore).
- Profit After Tax (PAT) of Rs. 283.84 crore (Previous Period: Rs.266.53 crore).
- Book Value per Share of Rs. 161.34 (Previous Period: Rs.147.14).
- Earnings per Share (EPS) of Rs. 18.26 (Previous Period: Rs.17.15).
- Return on Capital Employed of 12.44% (Previous Period: 12.83%).
- Return on Equity of 11.32% (Previous Period: 11.65%).

8.0 NEW PROJECTS:

8.1 Projects Completed :

Sr. No	Name of Project	Capacity	Zero Date	Completed
1	Concentrated Nitric Acid – III Plant	150 MTPD	06-06-2008	May, 2011
2	Weak Nitric Acid-II Plant	300 MTPD	31-01-2008	July, 2011
3	Co-generation Power and Steam Unit	33 MW Power & 61 MT/ Hr. Steam	09-09-2008	March, 2012

8.2 Projects under Execution:

Following Projects with an estimated investment of Rs. 3,344 Crores are under implementation:

Sr. No	Name of Project	Capacity	Zero Date	Expected Completion
1	Ethyl Acetate Project	50,000 MTPA	01-09-2008	September, 2012
2	Ammonia Plant Feed Stock Conversion Project	Synthesis gas equivalent to 1120 MT of Ammonia per Day	14-12-2009	September, 2012
3	Toluene Di-Isocyanate (TDI) Project	50,000 MTPA	01-01-2008	June, 2013

9.0 OPPORTUNITIES & THREATS:**9.1 Opportunities:**

- Projects worth Rs. 511 crore have been completed during 2011-12 and remaining projects worth Rs. 3,344 crore will be completed during the year 2012-13. This will improve profitability of the Company.
- From inception of the Company's plants, M/s Indian Oil Corporation (IOC) have met entire requirement of feed stock to full satisfaction of the Company. Earlier long term agreement was valid upto 31-12-2010. The Company has signed Minutes of Meeting (MOM) with M/s IOC for entering in to new long term agreement for supply of LSHS by IOC to GNFC for the period up to 31st December, 2020.
- 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.
- After implementation of the Projects under execution, the turnover of the Company is expected to increase by around Rs. 1,185 Crores per annum.
- Brand image of Company's fertilizers continues to be in the premium segment. This will help consolidate markets in the Primary Marketing Zone in the partial decontrol scenario at present and total decontrol in the future.
- It is estimated that apart from indigenous manufactured fertilizers, about two lac MT of traded fertilizers, mainly Urea, will be handled during 2012-13. This will increase the turnover and profit of the Company.
- Ammonia Plant of the Company is based on partial oxidation of LSHS. Normally, two gasifiers, out of three, are in operation. Ammonia plant feedstock conversion project for switching over feedstock from LSHS to natural gas is under implementation and will be completed by September, 2012. Hence, after September, 2012, existing LSHS based facilities will be operated at 40% capacity with only one gasifier. Hence, there will be substantial gasifier based spare capacity for generation of synthesis gas / Carbon Monoxide based on LSHS.
- With available spare capacity of gasifiers, Acetic Acid from 6 lacs to 15 lacs per annum can be produced. Formic Acid, Aniline and other products based on synthesis gas / Carbon Monoxide are under active consideration.
- The Company is the only producer of TDI in South-East Asia and further expanding capacity of TDI at Dahej. Looking to synergy of business, the Company is considering to set up MDI production facility. Actions have already been initiated for setting up Polyurethane System House. The system House will enable the Company to cater to different variety of

customers and to effectively increase the sale of TDI. This will make GNFC leader in India in Polyurethane sector.

- The Company will be providing the Project Management Services, jointly with a renowned engineering company, for Ammonia-Urea plant relocation from Alaska to Nigeria.
- There is abundant gas available in Nigeria. Since there will be presence of the Company in Nigeria for relocation project, Company is also exploring possibilities of a separate Ammonia-Urea Complex in Nigeria.
- There is a shortage of natural gas and rock phosphate in the country. Hence, there is a limitation for setting up of Ammonia-Urea and Phosphatic fertilizers Complex in India. In view of above, Company is exploring possibilities of setting up such projects in Africa, Middle East and CIS countries.
- The Company is also exploring possibility of implementing brownfield/ greenfield Ammonia-Urea plant.

9.2 Threats, Risks & Concerns:

- There is a substantial increase in Natural Gas and LSHS prices and Methanol sales realization has reduced significantly. Hence, Methanol capacities are not utilized fully.
- Due to high price of main input LSHS, rock phosphate, natural gas, coal etc. the viability of the final products based on such inputs is affected adversely as it is not always possible to pass-on the increase to customers.
- Actions have been initiated to convert balance LSHS based facility to gas based facility due to high LSHS price and increase in specific energy consumption for industrial products post Ammonia plant feedstock conversion project.
- The technology for expansion of some of the existing products and some of the new products is available with a few technology suppliers. Since, they control the global market and India is developed market, it is becoming difficult to source such technologies.
- With the overall market of Company's products increasing by 8 to 10% per annum, and Company's production remaining constant, the Company's share in fertilizers' and chemicals' market is gradually reducing.
- 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.
- internal transaction costs being one of the highest in India.

10.0 HUMAN RESOURCE MANAGEMENT:

The Company believes that its human resources have been pivotal force to accelerate the growth of the organization right from its inception and it has been the Company's continuous endeavour to create an environment where people excel and feel a sense of belongingness to the organization. The Company makes continuous and concerted efforts not only to groom its human resources to meet with the present and future challenges in the field of Technology and Management functions but also focuses on providing an environment conducive for growth of employees and organization 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. 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.

The Company has always remained conscious about the importance of safety, environment and health aspects and accordingly, training programmes on safety awareness, environmental aspects, health awareness, etc were organized in-house during the year.

The Company is continuously endeavouring to improve industrial relations by proactive initiatives / actions and as a result very harmonious, cordial and healthy industrial relations through-out the year led to an atmosphere conducive for the sustenance of growth and enrichment of value for the shareholders.

The total strength of the human asset of the Company as on 31st March, 2012 was 3,037.

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 Dept. followed by approval from Senior Executive or Managing Director or from the Board of Directors (depending upon the value of proposals).
- 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. The SAP masters' updations are carried out and maintained with respect 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 as well as Risk Management Consultants 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.
- As part of Materials Management practice, with a view 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. This will help to increase competition and improve delivery of goods.
- With continuous watch, for critical high value raw materials, optimum level of inventory was managed throughout the year and the required materials were made available for continuity of plant operations.

12.0 CORPORATE SOCIAL RESPONSIBILITY - INITIATIVES:

The Company has undertaken CSR initiatives relating to Health and Education through Company's NGOs, Narmadanagar Rural Development Society (NARDES) and Narmada Education and Scientific Research Society (NEST).

The Company has also made contribution towards erection of "Statue of Unity" at Kevadia Colony and contributed financially to Indian Red Cross Society (IRCS) for Thalassemia eradication programme in the district of Bharuch. The total contribution of the Company during the year for various projects which are currently under implementation or completed as part of Company's initiatives towards CSR is Rs. 5.61 Crores.

12.1 Extension Services and Community Development:

As a part of responsibility of the Company towards the farming community, the Company has established various facilities like the Demonstration farm, Soil Testing

Laboratory, Tissue Culture Laboratory and undertook Farmers' Education programmes.

Through its 56 Narmada Khedut Sahay Kendra (NKSK) in Gujarat, the Company carried out various programmes for the benefit of farming community. The Company's Soil Testing Laboratory analyzed 11,590 soil samples and 1,906 water samples during the year.

The Tissue Culture Laboratory has produced 9 lacs Tissue Culture Plants of G-9 variety of Banana and sold to the farmers.

The Company undertook various activities like crop seminars and field demonstrations for efficient use of fertilizers.

Under the plant visit programme, 487 farmers and students of Agriculture Universities were educated about the benefits of soil test based nutrient management, advantages of use of Tissue culture plants in place of traditional plants and the procedure for manufacturing Vermi Compost at their own farm yard.

Agri Marts

GNFC has decided to establish three tier agriculture service outlets named "Narmada Agri Mart", which will provide a one stop solution to farmers for their all requirements. It will offer best quality Agri inputs at competitive prices with add-on services like linking to Soil Testing, Govt. Schemes, Bank Credits, Farmers' Training and technological development and Agri Consultation at village level only.

It will also guard them from unjustified losses due to low quality/duplicate inputs or retailer's monopoly and help farmers in advance planning of seasonal cultivation.

Currently, three Narmada Agrimarts have been started at Hansot, Jhagadiya and Vyara Talukas of South Gujarat and 12 cluster level outlets are established. Around 20 Village level Farmers' Meetings have been conducted and 50,000 farmers have been contacted so far as a part of the field level activities.

Education

The Company is lending support to high quality pre-primary, primary and higher secondary level education. The Company has been running an English medium school for 3,000 students and one of the best post graduate colleges in the region. It is also running a creche at Dahej for the wards of labourers working at the Dahej TDI Plant.

Health

The Company has played a role in the construction and renovation of 38 PHCs & 7 CHCs. 20 PHCs have already been renovated and 4 are being newly constructed.

Thalassemia Project-The Company has contributed to Indian Red Cross Society (IRCS) for doing blood tests for Thalassemia and Sick Cell amongst the 15,000 school and college going students of Bharuch District.

12.2 Narmadanagar Rural Development Society (NARDES):

NARDES is an NGO promoted by GNFC.

Education

NARDES is planning to consolidate its activities and establish 8-9 quality model schools in Bharuch. For the current academic year, NARDES has established 2 model schools in Bharuch, in association with Anand Niketan & Calorx (DPS), as management partners, at NARDES Building and NEST campus respectively. These educational institutions are intended to set high benchmarks for education available to the children of all the communities.

Health

Mobile dispensary: A total of 9,000 patients had been treated through mobile dispensaries.

Nutrition: NARDES, with the support of DDO Bharuch, has proposed starting up of "Nutrition Project-Vaatsalya" for expectant and lactating mothers. The pilot project is planned in Jhagadia Taluka which will be divided into 4 blocks for implementation. The identified mothers would be given hot cooked meal in some block while milk, bananas & groundnuts in other blocks. They will also be provided with supplementary tablets and a medical kit. The distribution and identification of mothers will be done by the Anganwadi centres. The baseline survey for the same is currently under progress.

Vocational Training Centre

NARDES plans to establish Vocational Training Centre(VTC) at Dahej-2 with 2 extension centres at Bharuch and Ahmedabad. For the purpose, NARDES has made tie-ups with GIZ, a Technical Educational Institute, Government of Germany to provide technical support like training of trainers, Developing Quality Module linking with employments and Developing Systems. GIZ, one of the world's premier agencies dealing with vocational training will be partnering with NARDES for the next 4 Years. These centres have a proven record of accomplishment and networking with international partners. The required capital expenditure for the Project would be borne out of the CSR budget of GNFC.

Land Loser's Survey at Dahej

NARDES has started an extensive survey of landlosers in Dahej to understand their socio-economic status which can be used for planning of their livelihood. NARDES has engaged State's well reputed organization known as Taleem Research Foundation, for providing support on the same.

13.0 CAUTIONARY STATEMENT:

Statements in the Management Discussion & Analysis describing the Company's objectives, expectations or projections, may be forward looking and it is not unlikely that the actual outcome may differ materially from that expressed, influenced by wide variety of factors affecting the business environment and the Company's operations.

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

Corporate Governance is an important tool for maximizing the shareholders' long term value, protecting interest of all the stakeholders and meeting societal expectations. The philosophy of corporate governance in the Company envisages attainment of the highest level of accountability, transparency and equity in all spheres of its operations. 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.	Shri AK Joti, IAS, Chairman	Promoter, Non-Executive Director, Independent
2.	Shri DJ Pandian, IAS	Promoter, Non-Executive Director, Independent
3.	Shri RK Tripathy, 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.	Shri AM Tiwari, IAS, Managing Director	Promoter, Executive Director, Non-independent

Changes occurred in the Board of Directors since 1st April, 2011.

Sr. No.	Name of Director	Particulars
1.	Shri HV Patel, IAS	Tendered resignation as Director/ Managing Director effective 13th July, 2011.
2.	Shri AM Tiwari, IAS	Nominated as Government Director and appointed as Managing Director effective 14th July, 2011.
3.	Shri Atanu Chakraborty, IAS	Held additional charge of Managing Director during the absence of Shri AM Tiwari, IAS Managing Director of the Company on Election Duty, from 11th January, 2012 to 9th March, 2012.
4.	Shri M M Srivastava, IAS	Tendered resignation as Director effective 31 st July, 2012.

Number of Board Meetings

During the year 2011-12, Seven 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 : 17th May, 2011, 27th May, 2011, 28th July, 2011, 17th September, 2011, 20th October, 2011, 27th December, 2011 and 9th February, 2012. Requisite quorum was present for all the meetings.

Directors' Attendance Record

Attendance of Directors at the Board Meetings during 2011-12 and at the last Annual General Meeting held on 17th September, 2011.

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

⁽¹⁾ Ceased to be a Director w.e.f. 13-07-2011

⁽²⁾ Appointed w.e.f. 14-07-2011

⁽³⁾ Appointed w.e.f. 28-07-2011

⁽⁴⁾ Ceased to be a Director w.e.f. 31-07-2012

Other Directorship / Committee position of Directors

Number of Directorship and Committee position held by the Directors as on 31st March, 2012.

Name of Director	No. of other Directorship(s)*	No. of Committee position held in other Companies**	
		As Chairman	As Member
Shri AK Joti	5	None	None
Shri DJ Pandian	14	2	1
Shri MM Srivastava***	9	None	5
Shri RK Tripathy	4	None	1
Shri GC Murmu	9	None	3
Shri Atanu Chakraborty	9	2	4
Shri DC Anjaria	3	3	1
Dr. TT Ram Mohan	2	None	1
Dr. Ashok Shah	1	None	1
Shri AM Tiwari	1	None	None

- * Other directorship 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.
- *** Ceased to be a Director w.e.f. 31-07-2012.

Notes:

- (i) None of the Directors on the Board is related to any other Director.
- (ii) None of the Directors has any material pecuniary relationship or transaction with the Company.
- (iii) 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 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, 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, 2012 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 Shri AM Tiwari. Except Shri AM Tiwari, 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 2011-12, 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 : 25th May, 2011, 27th July, 2011, 16th September, 2011, 19th October, 2011 and 8th February, 2012. 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 2011-12.

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	3
Dr. Ashok Shah	5	5
Shri AM Tiwari *	4	4
Shri HV Patel**	1	1

* Inducted as a Member w.e.f. 14-07-2011

** Ceased to be a Director and Member w.e.f. 13-07-2011

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. He is paid remuneration as per the terms and conditions prescribed by the Government of Gujarat. Remuneration of Managing Director of the Company is decided by the Board, subject to the approval by shareholders.

Details of remuneration paid to the Directors

Executive Director :

Shri HV Patel, IAS was appointed to hold the additional charge of Managing Director of the Company effective 15th July, 2010. He ceased to be a Director and Managing Director of the Company vide his resignation effective 13th July, 2011. Government of Gujarat has granted / sanctioned special pay to Shri HV Patel for holding the additional charge, which worked out to Rs.67,541/-. As approved by the Shareholders at the 34th Annual General Meeting held on 24th September, 2010, he has been paid an amount of Rs.67,541/- as special pay for holding the additional charge of Managing Director as aforesaid.

Shri AM Tiwari, IAS has been appointed as Managing Director of the Company effective 14th July, 2011. He is paid remuneration / perquisite as per the terms and conditions as prescribed and notified by the Government of Gujarat and as approved by the Shareholders at their last Annual General Meeting held on 17th September, 2011.

Shri AM Tiwari proceeded on election duty for the general election of Legislative Assembly of Uttarakhand w.e.f. 11th January, 2012. Shri Atanu Chakraborty, IAS, Director of the Company held additional charge of the post of Managing Director of the Company during the absence of Shri AM Tiwari from 11th January, 2012 to 9th March, 2012. He has not been paid any remuneration for holding the additional charge as MD so far. Shri Chakraborty will be required to be paid special pay, if directed by Government of Gujarat. An enabling resolution for the purpose has been proposed in the Notice of this AGM.

Details of remuneration paid to Managing Director during 2011- 12 :

(Amount in Rs.)

Sr No.	Name of Managing Director	Salary	Perquisites and allowances	Total
1.	Shri HV Patel, IAS	67,541 (As special pay)	—	67,541
2.	Shri AM Tiwari, IAS	10,03,464	—	10,03,464

Non-Executive Directors :

Remuneration of the Non-Executive Directors of the Company is decided by the Board. Non-Executive Directors of the Company 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 2011-12 :

(Amount in Rs.)

Sr. No.	Name of Director	Sitting Fees paid
1.	Shri AK Joti	25,000*
2.	Shri DJ Pandian	30,000*
3.	Shri MM Srivastava	25,000*
4.	Shri RK Tripathy	10,000*
5.	Shri GC Murmu	15,000*
6.	Shri Atanu Chakraborty	25,000*
7.	Shri DC Anjaria	1,45,000
8.	Dr. TT Ram Mohan	55,000
9.	Dr. Ashok Shah	1,55,000

*Amount Deposited in Government Treasury

Details of equity shares held in the Company by the Non-Executive Directors as on 31st March, 2012

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

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 Shri AM Tiwari. Shri AM Tiwari, Managing Director is the Executive Director. Shri DC Anjaria and Dr. Ashok Shah are the Non-Executive Directors. One of the Non-Executive Directors is elected as Chairman at every meeting.

Terms of Reference

Shares-cum-Debentures Transfer/ Investors' Grievance Committee amongst others specifically looks into the issues of 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, non-receipt of 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 2011-12, Ten meetings of the Committee were held. Dates on which the said meetings were held are : 20th April, 2011, 25th May, 2011, 22nd June, 2011, 27th July, 2011, 24th August, 2011, 20th October, 2011, 17th November, 2011, 3rd January, 2012, 8th February, 2012 and 27th March, 2012. Requisite quorum was present for all the meetings.

Attendance

Details of meetings attended by the Members during the year 2011-12.

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	7	7
Shri HV Patel **	ED & NID	3	2

* Inducted as Member w.e.f. 14-07-11

** Ceased to be a Director and Member w.e.f. 13-07-11

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 1,385. As on 31st March, 2012, 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
2010-11	September 17, 2011	At 11:00 AM at the Registered Office of the Company at - Open Air Theatre, Sports Complex, Narmadanagar Township, P.O. Narmadanagar - 392 015 Dist. Bharuch.	Appointment of Statutory Auditors
2009-10	September 24, 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
2008-09	September 24, 2009	At 2:30 PM at the Regd. Office of the Company Near Jan Vikas Temple, P.O. Narmadanagar-392 015, Dist. Bharuch.	Appointment 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 2011-12.

Postal Ballot

No postal ballot was conducted during the year 2011-12. 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 to accounts, 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 its financial statements.

Details of Non-compliance

The Company has complied with all 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 Reports 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 Ltd., & NSE Ltd., 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 same has been amended in line with the amended SEBI Regulations. 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 Chief General Manager & 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 newspapers and are displayed on the Company's Website.
- ❖ The quarterly Shareholding Pattern and the 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.
- ❖ Disclosures made to BSE and NSE are filed through Corporate Filing and Dissemination System (CFDS). Investors can view these information by visiting the website www.corpfiling.co.in. The Company also files the Shareholding Pattern, Quarterly Corporate Governance Report, etc. on NSE Electronic Application Processing System (NEAPS).

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 : 22nd September, 2012
Time : 11.00 AM
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, 2012	: 14th August, 2012
- 30th September, 2012	: 14th November, 2012
- 31st December, 2012	: 14th February, 2013
- 31st March, 2013	: 30th May, 2013

Book Closure

Closure of Register of Members and Share Transfer Books : Saturday, the 25th August, 2012 to Friday, the 31st August, 2012 (both days inclusive) for the payment of Dividend.

Dividend Payment : Dividend of Rs.3.50 per equity share will be paid on or after 1st October, 2012, 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 (BSE), 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 to NSE and BSE for the year 2012-13.

Custodial Fees to Depositories

The Company has paid custodial fees for the year 2012-13 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 2011	114.20	95.70	113.95	95.10
May 2011	108.65	92.30	109.70	96.05
June 2011	104.40	93.15	104.35	92.00
July 2011	107.70	96.15	108.00	95.10
August 2011	102.45	89.75	102.70	90.00
September 2011	97.30	88.10	99.00	87.95
October 2011	95.70	87.20	94.90	87.05
November 2011	93.20	80.85	93.00	80.60
December 2011	89.00	70.65	86.50	70.45
January 2012	87.95	73.65	87.85	68.80
February 2012	92.40	81.15	92.45	83.15
March 2012	90.00	79.75	89.65	80.15

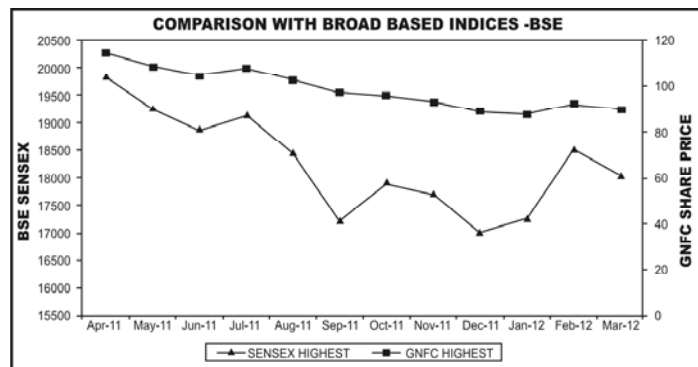
Stock Performance : 2011-12

STOCK PERFORMANCE VS BSE INDEX

MONTH	SENSEX HIGHEST	GNFC HIGHEST
April 2011	19811.14	114.20
May 2011	19253.87	108.65
June 2011	18873.39	104.40
July 2011	19131.70	107.70
August 2011	18440.07	102.45
September 2011	17211.80	97.30
October 2011	17908.13	95.70
November 2011	17702.26	93.20
December 2011	17003.71	89.00
January 2012	17258.97	87.95
February 2012	18523.78	92.40
March 2012	18040.69	90.00



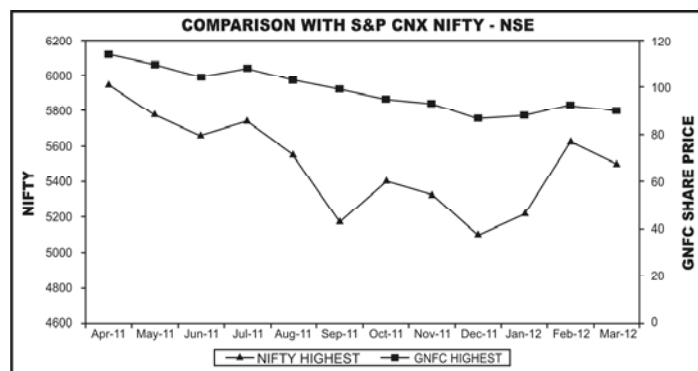
Performance of the Company's shares on BSE in comparison to BSE SENSEX.



STOCK PERFORMANCE VS S&P CNX NIFTY

MONTH	NIFTY HIGHEST	GNFC HIGHEST
April 2011	5944.45	113.95
May 2011	5775.25	109.70
June 2011	5657.90	104.35
July 2011	5740.40	108.00
August 2011	5551.90	102.70
September 2011	5169.25	99.00
October 2011	5399.70	94.90
November 2011	5326.45	93.00
December 2011	5099.25	86.50
January 2012	5217.00	87.85
February 2012	5629.95	92.45
March 2012	5499.40	89.65

Performance of the Company's shares on NSE in comparison to NSE 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 for transfer with the Company are normally processed within 15 days from the date of lodgement, if the documents furnished are found valid in all respects. All requests for dematerialisation of shares are processed and confirmation is given to the respective depositories, generally within 15 days. The complaints received from investors and other miscellaneous correspondence on change of address, particulars of bank

account, dividend payment mandate etc., are processed 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 the Practicing Company Secretary, 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, 2012

Category of Equity shares	No. of share holders	% to total share holders	No. of shares	% to Total Equity Capital
1 to 250	241501	91.300	17088072	10.996
251 to 500	13242	5.006	4963939	3.194
501 to 1000	5299	2.003	4164159	2.679
1001 to 2000	2424	0.916	3680392	2.368
2001 to 3000	731	0.276	1865279	1.200
3001 to 4000	297	0.112	1070027	0.688
4001 to 5000	247	0.093	1177815	0.758
5001 to 10000	400	0.151	2907018	1.870
10001 and above	377	0.143	118502082	76.247
Total	264518	100.00	155418783	100.00

Shareholding Pattern of the Company as on 31st March, 2012

Sr. No	Holders	Total no. of shares	% to Total Equity Capital
1	Promoter(s) & Promoter Group	64,006,713	41.183
2	Mutual Funds & UTI	6,842,842	4.403
3	Banks/ Financial Institutions & Insurance Companies	24,888,244	16.014
4	Foreign Institutional Investors (FIIs)	13,316,080	8.568
5	NRIs / OCBs	3,221,401	2.073
6	Bodies Corporate	4,337,982	2.791
7	Co-operative Societies	352,614	0.227
8	Indian Public	38,293,767	24.639
9	Shares in Pool A/c (As reported by Depositories)	37,900	0.024
10	Shares held by Custodians and against which Depository Receipts have been issued	121,240	0.078
	Total	155,418,783	100.000

Dematerialisation of Shares & Liquidity:

As on 31st March, 2012, 91.83% of the shares were held in dematerialised form and the remaining shares in physical form. The Promoters hold their entire 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.

Outstanding GDRs:

As on 31st March, 2012, 21,248 GDRs were outstanding, which represent 121,240 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 MTA TDI 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 Co. Ltd.
'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 Company Limited

Sub : Compliance with Code of Conduct - Financial Year 2011-12

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 : 08-08-2012

AM TIWARI
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 COMPANY LIMITED

We have examined the compliance of conditions of Corporate Governance by **GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED** for the year ended on 31st March, 2012 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, 2012, 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 & CO.**
(Company Secretaries)

Arvind D. Gaudana
Proprietor
C.P. No. 2183

Date : 08-08-2012
Place : Ahmedabad



AUDITORS' REPORT

TO THE MEMBERS OF

GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

1. We have audited the attached Balance Sheet of **GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED** ("the Company") as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (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 dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

Gaurav J. Shah
Partner

(Membership No. 35701)

Place : Ahmedabad
Date : 30-05-2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business / activities / results, clause (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 fixed assets were physically verified over a period of three years by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such physical verification.
 - (c) The fixed assets disposed of 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 such 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) The internal audit functions were carried out during the year by a firm of Chartered Accountants appointed by the management. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (ix) We have broadly reviewed the books of account relating to materials, labour and other items of cost 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 accounts and 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:
- 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.
 - There were no undisputed amounts payable in respect of Income-Tax, Wealth Tax, Customs Duty and Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.
 - Details of dues of Income-Tax, Sales Tax / VAT, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2012 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	1999 to 2003	12.62
		CESTAT	1997 to 2002	118.99
		CESTAT	2004-05	0.18
		CESTAT	2004-05	10.44
		CESTAT	2003 to 2007	2.62
		Supreme Court	2003-04	560.63
	Service Tax	Supreme Court	2002-03	26.27
		CESTAT	2004 to 2007	38.22
		CESTAT	2002 to 2005	1.30

Name of Statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount (Rs. In Lacs)
Central Sales Tax Act, 1956	Central Sales Tax	Joint Commissioner of Commercial Tax	2007-08	1,156.08
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2008-09	674.51

- (xi) The Company does not have accumulated losses as at 31st March, 2012. The Company has not incurred cash losses during the financial year ended 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
(Registration No. 117365W)

Gaurav J. Shah
Partner

Place : Ahmedabad
Date : 30-05-2012

(Membership No. 35701)

**BALANCE SHEET AS AT 31ST MARCH, 2012**

			(Rs. in Lacs)
	NOTE NO.	31-03-2012	31-03-2011
EQUITY AND LIABILITIES:			
Shareholders' Funds:			
Share Capital	1	15,541.88	15,541.88
Reserves and Surplus	2	2,35,206.34	2,13,145.37
		2,50,748.22	2,28,687.25
Non-current Liabilities:			
Long-Term Borrowings	3	79,413.85	52,863.35
Deferred Tax Liabilities (Net)	4	22,115.72	21,081.36
Long-Term Provisions	5	8,126.09	8,869.92
		1,09,655.66	82,814.63
Current Liabilities:			
Short-Term Borrowings	6	45,662.60	38,703.38
Trade Payables	7	48,119.47	27,597.88
Other Current Liabilities	8	1,04,332.35	40,542.97
Short-Term Provisions	9	10,419.76	7,812.65
		2,08,534.18	1,14,656.88
TOTAL		5,68,938.06	4,26,158.76
ASSETS:			
Non-current Assets:			
Fixed Assets:			
	10		
Tangible Assets		1,59,177.92	1,19,795.47
Intangible Assets		1,337.54	1,498.48
Capital Work-in-Progress		1,86,720.08	1,38,459.21
		3,47,235.54	2,59,753.16
Non-Current Investments	11	9,756.26	8,662.78
Long-Term Loans and Advances	12	27,816.64	32,243.93
Other Non-current Assets	13	1.51	1.06
		3,84,809.95	3,00,660.93
Current Assets:			
Inventories	14	59,920.48	46,353.24
Trade Receivables	15	77,864.22	43,748.24
Cash and Bank Balances	16	29,989.57	18,368.11
Short-Term Loans and Advances	17	16,353.84	17,028.24
		1,84,128.11	1,25,497.83
TOTAL		5,68,938.06	4,26,158.76
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
Chief General Manager & CFOR.B. Panchal
Company SecretaryA. M. Tiwari
Managing DirectorA. K. Joti
ChairmanD.C. Anjaria
DirectorDr. Ashok Shah
DirectorG.C. Murmu
DirectorPlace : Gandhinagar
Date : 30-05-2012AS PER OUR REPORT OF EVEN DATE
For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 117365W)Place : Ahmedabad
Date : 30-05-2012**Gaurav J. Shah**
Partner
Membership No. : 35701

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs. in Lacs)

	NOTE NO.	2011-12	2010-11
INCOME:			
Revenue from Operations:			
Sale of Products		3,98,881.75	2,95,673.94
Sale of Services		4,345.33	2,868.96
		<u>4,03,227.08</u>	<u>2,98,542.90</u>
Less: Excise Duty		<u>17,026.41</u>	<u>13,953.60</u>
		3,86,200.67	2,84,589.30
Other Income	18	3,009.39	14,356.43
Total Revenue		3,89,210.06	2,98,945.73
EXPENDITURE:			
Cost of Materials Consumed	19	2,13,506.95	1,52,277.89
Purchases of Stock-in Trade		14,938.75	4,549.58
Change in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade	20	(6,794.00)	(3,957.29)
Employee Benefits Expense	21	28,391.77	23,562.63
Finance Costs	22	3,358.55	2,026.28
Depreciation and Amortization Expense	10	13,052.53	12,111.23
Other Expenses	23	<u>81,015.65</u>	<u>70,250.96</u>
Total Expenses		3,47,470.20	2,60,821.28
Profit Before Tax		41,739.86	38,124.45
Tax Expense:			
Current Tax		12,322.00	13,437.00
Deferred Tax		<u>1,034.36</u>	<u>(1,965.87)</u>
		13,356.36	11,471.13
Profit for the year		28,383.50	26,653.32
Earnings per Equity Share of face value of Rs. 10/- each			
Basic & Diluted (in Rs.)	24	18.26	17.15
Significant Accounting Policies			
Notes on Financial Statements			
The accompanying Notes are an integral part of the financial statements			

R. A. Shah
Chief General Manager & CFO

R.B. Panchal
Company Secretary

A. M. Tiwari
Managing Director

A. K. Joti
Chairman

D.C. Anjaria
Director

Dr. Ashok Shah
Director

G.C. Murmu
Director

Place : Gandhinagar
Date : 30-05-2012

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

Place : Ahmedabad
Date : 30-05-2012

Gaurav J. Shah
Partner
Membership No. : 35701

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

(Rs. in Lacs)

Particulars	2011-12	2010-11
A. Cash flow from operating activities:		
Net Profit before Taxation & extraordinary items	41,739.86	38,124.45
Adjustments for:		
- Depreciation / Amortisation	13,052.53	12,111.23
- Foreign exchange loss / (gain)	629.47	358.78
- Forward Contract Net loss / (gain)	72.19	39.11
- Interest income	(742.88)	(710.74)
- Dividend income	(286.58)	(263.56)
- Finance costs	3,358.55	2,026.28
- (Profit) / Loss on sale of Fixed Assets (Net)	(5.44)	(233.02)
- (Profit) / Loss on sale of Investments (Net)	3.67	(252.44)
- Provision for Diminution in Value of Investments	0.00	51.26
- Provision for Doubtful Advances	157.27	0.00
	16,238.78	13,126.90
Operating Profit before Working Capital Changes	57,978.64	51,251.35
Adjustment for:		
- Trade and other Receivables	(31,914.06)	(43,087.33)
- Inventories	(13,567.24)	(5,849.86)
- Trade and other Payables	20,036.31	16,039.52
- Provisions	576.58	1,966.55
	(24,868.41)	(30,931.12)
Cash Generated from Operations	33,110.23	20,320.23
- Income Tax paid (Net of Refund)	(11,504.16)	(12,413.50)
Net Cash flow from Operating Activities:	21,606.07	7,906.73
B. Cash Flow from Investing Activities:		
- Purchase of Fixed Assets	(73,817.91)	(69,687.48)
- Sale of Fixed Assets	27.53	317.82
- Interest received	742.88	710.74
- Dividends received	286.58	263.56
- Purchase of Investments	(1,128.00)	0.00
- Sale of Investments	30.85	489.86
- Investment in bank deposits (having original maturity of more than three months)	(98.20)	(4,000.00)
- Maturity of bank deposits (having original maturity of more than three months)	4,091.51	0.00
Net Cash used in Investing Activities	(69,864.76)	(71,905.50)
C. Cash Flow from Financing Activities:		
- Proceeds from Short Term Borrowings	24,354.15	50,055.85
- Repayment of Short Term Borrowings	(18,129.66)	(40,264.97)
- Proceeds from Long Term Borrowings	1,31,294.66	50,300.00
- Repayment of Long Term Borrowings	(53,950.00)	(1,600.00)
- Finance Costs paid	(13,752.10)	(6,532.39)
- Dividend paid (Including Dividend Tax)	(5,870.95)	(5,890.46)
- Forward Contract Net gain / (loss)	(72.19)	(39.11)
Net Cash flow from Financing Activities	63,873.91	46,028.92
Net increase / (decrease) in cash and cash equivalents	15,615.22	(17,969.85)
Cash and cash equivalents at the beginning of period	14,276.60	32,246.45
Cash and cash equivalents at the end of period	29,891.82	14,276.60
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
Chief General Manager & CFOR.B. Panchal
Company SecretaryA. M. Tiwari
Managing DirectorA. K. Joti
ChairmanD.C. Anjaria
DirectorDr. Ashok Shah
DirectorG.C. Murmu
DirectorPlace : Gandhinagar
Date : 30-05-2012AS PER OUR REPORT OF EVEN DATE
For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 117365W)Place : Ahmedabad
Date : 30-05-2012**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.

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. Licence 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 & 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 realizable 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. 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 profit and loss statement 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 Licence 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 are defined contribution schemes 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 contributions 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 the 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, all 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, 2012

NOTE - 1

(Rs. in Lacs)

	31-03-2012	31-03-2011
SHARE CAPITAL:		
Authorised:		
25,00,00,000 Equity Shares of Rs.10/- each (31-03-2011: 25,00,00,000 Equity Shares)	25,000.00	25,000.00
Issued:		
15,54,18,783 Equity Shares of Rs.10/- each fully paid (31-03-2011: 15,54,18,783 Equity Shares)	15,541.88	15,541.88
Subscribed and Paid up:		
15,54,18,783 Equity Shares of Rs.10/- each fully paid up (31-03-2011: 15,54,18,783 Equity Shares)	15,541.88	15,541.88
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 31-03-2012		As at 31-03-2011	
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	1,38,37,258	8.90

(III) Reconciliation of the number of shares outstanding:

	As at 31-03-2012	As at 31-03-2011
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)

	31-03-2012	31-03-2011
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)

	31-03-2012	31-03-2011
Securities Premium Account:		
As per the last Balance Sheet	31,330.67	31,330.67
General Reserve:		
As per the last Balance Sheet	1,25,309.97	1,15,310.39
Add : Transferred from Surplus in the Statement of Profit and Loss	30,000.00	10,000.00
Less: Rounding Difference of Dividend	0.42	0.42
	1,55,309.55	1,25,309.97
Surplus in the Statement of Profit and Loss:		
As per the last Balance Sheet	56,440.90	45,658.11
Add : Profit for the year	28,383.50	26,653.32
Less: Appropriations:		
Transfer to General Reserve	30,000.00	10,000.00
Proposed Equity Dividend (per share Rs.3.50 (previous year: Rs.3.25))	5,439.66	5,051.11
Tax on Proposed Equity Dividend	882.45	819.42
	48,502.29	56,440.90
TOTAL	2,35,206.34	2,13,145.37

NOTE - 3

LONG-TERM BORROWINGS:

Rupee Term Loans From Banks (Secured)	49,382.05	48,863.35
Foreign Currency Term Loan From Bank (Secured)	17,631.80	0.00
Rupee Term Loan From Bank (Unsecured)	2,400.00	4,000.00
Rupee Term Loan From other (Unsecured)	10,000.00	0.00
TOTAL	79,413.85	52,863.35

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.

(iii) The above charges are ranking *pari-passu* among the lenders.

b. Repayment details:

- Rupee term loans from banks of Rs. 57,400 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. 9,300 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 30.9.2014.
- (v) Unsecured rupee term loan from other of Rs. 55,000 lacs carries interest @ 9.25 % p.a. (floating) payable on quarterly basis. The loan is repayable in quarterly installments starting from 24.2.2012 and ending on 24.11.2012.
- (vi) 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 31.12.2013 and ending on 30.09.2015.

NOTE - 4

(Rs. in Lacs)

	31-03-2012	31-03-2011
DEFERRED TAX:		
Liabilities:		
Arising on account of timing differences in:		
Depreciation	26,537.61	24,124.92
Less: Assets:		
Arising on account of timing differences in:		
Provision for Doubtful Debts / Advances / Loans	480.21	75.53
Provision for Leave Encashment & Bonus	3,245.82	2,750.55
Foreign Exchange Variance	265.64	217.48
Provision for Gratuity	430.22	0.00
TOTAL	4,421.89	3,043.56
	22,115.72	21,081.36

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

Provision for Leave Encashment on Retirement	7,541.77	8,331.39
Provision for Post Retirement Medical Benefits	584.32	538.53
TOTAL	8,126.09	8,869.92

NOTE - 6**SHORT-TERM BORROWINGS:****Loans Payable on Demand:**

From Banks - Cash Credit and Overdraft Accounts	38,032.37	22,439.34
From Other	305.00	305.00
	38,337.37	22,744.34

Deposits:

Short-Term Deposit from Other	0.00	5,000.00
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Other Loans and Advances:

Short-Term Loans and Advances from Banks	0.00	7,000.00
Buyers' Credit in Foreign Currency from Banks	7,325.23	3,959.04
	7,325.23	10,959.04

TOTAL **45,662.60** **38,703.38**

NOTE - 6 (Continued)

(Rs. in Lacs)

	31-03-2012	31-03-2011
Out of the above:		
Secured Borrowings	38,032.37	22,439.34
Un-secured Borrowings	7,630.23	16,264.04

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.

NOTE - 7**TRADE PAYABLES:**

Trade Payables (Refer Note 32)	48,119.47	27,597.88
TOTAL	48,119.47	27,597.88

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

Rupee Term Loans From Banks (Secured)	17,317.95	20,786.65
Rupee Term Loan From Bank (Unsecured)	1,600.00	1,600.00
Rupee Term Loan From other (Unsecured)	55,000.00	0.00

(Refer Note 3a. (i) and 3a. (ii) for details of Security)

73,917.95 **22,386.65**

Interest Accrued but not Due on Borrowings	1,542.92	889.68
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Investor Education and Protection Fund:

Unclaimed Dividends	706.92	678.53
Unclaimed Matured Deposits	0.00	0.70
Unclaimed Interest on Matured Deposits	0.00	1.26

706.92 **680.49**

Other Payables:

Statutory Dues	412.05	1,047.56
Non-Trade Payables	27,752.51	15,538.59

28,164.56 **16,586.15**

TOTAL **1,04,332.35** **40,542.97**

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

Provision for Leave Encashment on Retirement	2,472.24	1,154.54
Provision for Post Retirement Medical Benefits	16.50	13.79
	2,488.74	1,168.33

Other Provisions:

Provision for Taxation / Fringe Benefit Tax	1,34,794.65	1,22,455.37
Less: Advance Tax and Tax Deducted at Source	1,33,185.74	1,21,681.58

1,608.91 **773.79**

Provision for Proposed Equity Dividend	5,439.66	5,051.11
Provision for Tax on Proposed Equity Dividend	882.45	819.42

6,322.11 **5,870.53**

TOTAL **10,419.76** **7,812.65**

FIXED ASSETS :

		COST			DEPRECIATION				IMPAIRMENT	NET BLOCK		
Sr. No.	Fixed Assets	As on 01-04-2011	Additions / Adjustments	Deductions / Adjustments	As on 31-03-2012	Upto 01-04-2011	For the year	Deductions / Adjustments	Upto 31-03-2012	Upto 31-03-2012	As on 31-03-2012	As on 31-03-2011
I	Tangible Assets:											
(a)	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
(b)	Buildings	14,271.01	11.31	0.00	14,282.32	4,554.64	335.93	0.00	4,890.57	0.00	9,391.75	9,716.37
(c)	Plant and Equipment	2,95,502.96	52,065.34	42.70	3,47,525.60	1,90,085.14	12,340.83	40.54	2,02,385.43	477.96	1,44,662.21	1,04,939.86
(d)	Furniture and Fixtures	1,497.18	88.45	24.85	1,560.78	1,160.38	50.66	24.52	1,186.52	0.00	374.26	336.80
(e)	Vehicles	326.93	49.68	23.39	353.22	143.24	26.32	8.27	161.29	0.00	191.93	183.69
(f)	Office Equipment	937.47	46.17	21.40	962.24	463.34	38.38	16.92	484.80	0.00	477.44	474.13
(g)	Roads, Culverts & Compound Wall	1,357.33	0.00	0.00	1,357.33	376.12	22.12	0.00	398.24	0.00	959.09	981.21
(h)	Railway Sidings	376.99	0.00	0.00	376.99	357.66	0.24	0.00	357.90	0.00	19.09	19.33
(i)	Water Supply & Drainage System	1,957.85	0.00	0.00	1,957.85	1,536.64	38.26	0.00	1,574.90	0.00	382.95	421.21
		3,18,717.93	52,260.95	112.34	3,70,866.54	1,98,677.16	12,852.74	90.25	2,11,439.65	477.96	1,58,948.93	1,19,562.81
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	1,758.97	35.18	0.00	1,794.15	1,195.42	122.38	0.00	1,317.80	0.00	476.35	563.55
(c)	Licences	1,396.53	0.00	0.00	1,396.53	461.60	73.74	0.00	535.34	0.00	861.19	934.93
		4,844.49	35.18	0.00	4,879.67	3,346.01	196.12	0.00	3,542.13	0.00	1,337.54	1,498.48
III	Tangible Assets given on Lease:											
(a)	Buildings	225.34	0.00	0.00	225.34	39.65	3.67	0.00	43.32	0.00	182.02	185.69
(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	0.00	0.00	1,164.71	932.05	3.67	0.00	935.72	0.00	228.99	232.66
	TOTAL	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	1,21,293.95
	As on 31-03-2011	3,08,424.97	16,641.81	339.65	3,24,727.13	1,91,011.89	12,111.23	167.90	2,02,955.22	477.96	1,21,293.95	

Notes:

- 1 Additions to fixed assets during the year include **Rs. Nil lacs** (previous year Rs. Nil lacs) used for research and development.
- 2 Additions / Adjustments to Plant and Equipment during the year include other adjustments of Borrowing cost capitalized **Rs. 1,597.47 lacs** (previous year Rs. Nil lacs) which has been transferred from Capital Work-in-Progress on completion of the projects.
- 3 Borrowing cost of **Rs. 11,045.53 lacs** for the year (previous year Rs. 4,571.19 lacs) pertaining to the borrowings for qualifying assets has been treated as Capital Work-in-Progress.

(Rs. in lacs)

(Rs. in Lacs)

		31-03-2012	31-03-2011			31-03-2012	31-03-2011
NON-CURRENT INVESTMENTS: (at cost unless otherwise stated)				50,000	GSPC Gas Co. Ltd. of Rs. 10/- each	5.00	5.00
(a) Investments in Equity Instruments:				18,39,60,000	Gujarat Chemical Port Terminal Co. Ltd. of Re. 1/- each \$	4,941.00	4,941.00
Non-Trade Investments:				1,47,50,000	Bhavnagar Energy Co. Ltd. of Rs. 10/- each # @ (31-03-2011: 70,00,000 shares)	1,475.00	700.00
(In fully paid up Equity Shares-Quoted)				1,35,30,000	Bharuch Dahej Railway Co. Ltd. of Rs. 10/- each @ (31-03-2011: 1,00,00,000 shares)	1,353.00	1,000.00
15,00,000	Gujarat State Fertilizers & Chemicals Ltd. of Rs.10/- each	1,503.75	1,503.75			9,255.19	8,127.19
2,92,800	Gujarat Alkalies & Chemicals Ltd. of Rs.10/- each	224.52	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 (31-03-2011: 1,44,000 shares)	756.00	864.00	(b) Investments in Mutual Funds:			
1,99,808	IDBI Bank Ltd. of Rs.10/- each	162.34	162.34	Non-Trade Investments:			
3,60,000	Indian Oil Corporation Ltd. of Rs.10/- each	421.13	421.13	2,69,180	UTI-Equity Fund of Rs.10/-each	40.90	40.90
50,330	Dena Bank of Rs.10/- each	15.10	15.10			13,378.93	12,358.93
		4,082.84	4,190.84	Less: Provision for Diminution in Value of Investments		3,622.67	3,696.15
				TOTAL		9,756.26	8,662.78
(In fully paid up Equity Shares-Unquoted)					Aggregate Book Value of Unquoted Investments (net of provision)	6,153.79	5,025.79
2,15,43,200	Gujarat State Petroleum Corporation Ltd. of Re.1/- each	1,349.99	1,349.99		Aggregate Book Value of Quoted Investments (net of provision)	3,602.47	3,636.99
42,000	Bharuch Enviro Infrastructure Ltd. of Rs.10/- each	4.20	4.20		Aggregate Market Value of Quoted Investments	14,337.77	15,376.98
20,000	Gujarat Venture Finance Ltd. of Rs.10/- each	2.00	2.00		\$ Refer Note 29 regarding restrictions on disposal.		
12,50,000	Gujarat Green Revolution Co. Ltd. of Rs. 10/- each	125.00	125.00		# Share Certificates for 77,50,000 shares of Bhavnagar Energy Co. Ltd. are yet to be received.		
					@ Refer Note 30 regarding restrictions on disposal.		

**NOTE - 12**

(Rs. in Lacs)

31-03-2012 31-03-2011

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

Capital Advances	19,466.19	22,208.69
Advances recoverable in cash or in kind or for value to be received	33.96	1,361.98
Other Loans and Advances:		
Loans to Employees	8,102.76	8,459.53
Loans to Other Companies (Refer Note-31)	200.00	200.00
Balance with Central Excise, Customs and Other Government Departments etc.	13.73	13.73
	27,816.64	32,243.93

Unsecured- Considered Doubtful:

Advances recoverable in cash or in kind or for value to be received	321.01	163.74
Less: Provision for Doubtful of Recovery	321.01	163.74
	0.00	0.00

TOTAL

27,816.64 32,243.93

Loans to Employees include amounts due from:

(i) Employees who have mortgaged / hypothecated their Buildings and Vehicles to the Company	7,523.60	7,858.47
(ii) An officer of the Company	0.60	1.04

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	69.04
Less: Provision for Receivables- Considered Doubtful	53.55	69.04
	0.00	0.00

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

1.51 1.06

TOTAL

1.51 1.06

(*) pledged with Government Authorities.

1.51 1.06

NOTE - 14**INVENTORIES:**

(Valued at lower of Cost and Net Realisable Value)

Raw Materials	14,281.38	9,387.08
(Includes in transit Rs. 4,018.15 lacs 31-03-2011: Rs. 1,969.12 lacs)		
Work-in-Progress	6,703.55	2,735.57
Finished Goods	6,556.96	4,303.85
(Includes in transit Rs. 332.18 lacs 31-03-2011: Rs. Nil lacs)		
Stock-in-Trade	992.82	419.91
Stores and Spares (including coal)	31,385.77	29,506.83
(Includes in transit Rs. 5,134.32 lacs 31-03-2011: Rs. 2,168.26 lacs)		
	59,920.48	46,353.24

TOTAL

59,920.48 46,353.24

NOTE - 15

(Rs. in Lacs)

31-03-2012 31-03-2011

TRADE RECEIVABLES:**(Unsecured)**

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

Receivables- Considered Good	200.62	3,923.47
Subsidy and other Claims Receivables- Considered Good	1,674.41	1,691.99
	1,875.03	5,615.46

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

Receivables- Considered Good	18,622.33	12,578.15
Subsidy and other Claims Receivables- Considered Good	57,366.86	25,554.63

75,989.19 38,132.78

TOTAL

77,864.22 43,748.24

NOTE - 16**CASH AND BANK BALANCES:****Cash and Cash Equivalents**

Balances with Banks:

Current Accounts	1,052.54	501.47
Cash Credit Accounts (Debit Balance)	0.00	73.50
Bank Deposits with less than 3 months original maturity	28,000.00	13,000.00
On Unpaid Dividend Accounts	706.92	678.53
Cheques, Drafts on hand	116.86	0.00
Cash on hand	15.50	23.10

29,891.82 14,276.60

Other Bank Balances

Bank Deposits (*):

With more than 3 months but less than 12 months original maturity	96.69	4,000.00
With more than 12 months original maturity	1.06	91.51

97.75 4,091.51

TOTAL

29,989.57 18,368.11

(*) Includes Deposits as cash margin with Bank / pledged with Government Authorities

97.75 91.51

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

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

11,461.95 12,633.26

Other Loans and Advances:

Loans to Employees	1,352.16	1,571.80
Balance with Central Excise, Customs and Other Government Departments etc.	3,539.73	2,823.18
	4,891.89	4,394.98

TOTAL

16,353.84 17,028.24

Loans to Employees include amount due from:

(i) Employees who have mortgaged / hypothecated their Buildings and Vehicles to the Company	966.13	1,006.01
(ii) An officer of the Company	0.48	0.56

NOTE - 18

	(Rs. in Lacs)	
	2011-12	2010-11
OTHER INCOME:		
Interest Income:		
On Bank Deposits	283.01	291.23
On Employee Loans	302.28	356.90
Others	157.59	62.61
	<u>742.88</u>	<u>710.74</u>
Income from Long Term Investments:		
Dividend	286.58	263.56
Share of Profit	23.00	33.00
	<u>309.58</u>	<u>296.56</u>
Net Gain on Sale of Investments	0.00	252.44
Rent	543.01	525.27
Gain on cancellation of Forward Contracts	4.34	96.49
Profit on Sale of Assets (Net)	5.44	235.37
Excess Provision of Doubtful Debts Written Back	11.64	2.54
Excess Provision of Expenses Written Back	345.10	12.76
Insurance Claims	7.53	10,884.17
Miscellaneous Income	1,039.87	1,340.09
TOTAL	<u><u>3,009.39</u></u>	<u><u>14,356.43</u></u>

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

Raw Materials Consumed	2,13,506.95	1,52,277.89
TOTAL	<u><u>2,13,506.95</u></u>	<u><u>1,52,277.89</u></u>

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

Finished Goods	4,303.85	3,250.04
Stock-in-process	2,735.57	252.00
Stock-in-trade	419.91	0.00
	<u>7,459.33</u>	<u>3,502.04</u>

Less : Closing 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
	<u>14,253.33</u>	<u>7,459.33</u>
TOTAL	<u><u>(6,794.00)</u></u>	<u><u>(3,957.29)</u></u>

NOTE - 21**EMPLOYEE BENEFITS EXPENSE:**

Salaries, Wages and Bonus	22,571.64	18,497.76
Contribution to Provident Fund and Pension Fund	2,090.77	1,867.80
Contribution and Provision towards Gratuity	1,013.79	483.54
Welfare Expenses	2,874.76	2,841.09
	<u>28,550.96</u>	<u>23,690.19</u>

Less:

Salary Recoveries from outside Agencies	2.28	0.44
Employee Benefits Expense relating to R & D Activities	156.91	127.12
	<u>159.19</u>	<u>127.56</u>
TOTAL	<u><u>28,391.77</u></u>	<u><u>23,562.63</u></u>

NOTE - 22

	(Rs. in Lacs)	
	2011-12	2010-11
FINANCE COSTS:		
Interest Expenses	3,111.76	1,839.10
Bank Charges & Commission	233.86	180.26
Other Borrowing Costs	12.93	6.92
TOTAL	<u><u>3,358.55</u></u>	<u><u>2,026.28</u></u>

NOTE - 23**OTHER EXPENSES:**

Power, Fuel and Other Utilities	44,087.61	37,330.29
Stores, Chemicals and Catalysts	5,466.26	3,820.55
Packing Expenses	4,623.08	4,019.15
Insurance	2,565.93	2,343.75
Repairs and Maintenance to:		
Buildings	612.39	567.87
Plant and Machinery	7,018.25	7,616.11
Others	375.77	333.16
	<u>8,006.41</u>	<u>8,517.14</u>
Materials Handling Expenses at Factory	527.78	395.86
Laboratory Expenses	66.86	69.50
Research & Development Expenses:		
Personnel Expenses	156.91	127.12
Consumables and Spares	23.24	42.23
Power and Fuel	4.02	3.61
	<u>184.17</u>	<u>172.96</u>
(Increase) / Decrease of Excise Duty on Inventory	116.91	147.71
Lease Rent	1.54	2.14
Other Operating Expenses	354.99	365.59
Outward Freight and Other Charges	8,421.61	6,374.60
Selling Expenses	154.48	126.29
Selling Commission to Other Selling Agents	42.56	41.88
Consignment and Entry Tax	836.95	445.35
Rates and Taxes	155.61	116.93
Rent	286.10	253.42
Printing, Stationery, Postage, Telegrams, Telephones & Advertisement	397.70	477.48
Traveling and Conveyance Expenses	388.76	328.24
Vehicle Running and Maintenance Expenses	103.70	90.71
Fire fighting, Safety and Security Expenses	346.89	324.01
Conference, Seminar, Subscription & Membership Fees	109.15	95.80
Professional and Consultation Charges	156.42	247.73
Purchase of Services	369.48	389.41
Miscellaneous Expenses	2,387.09	1,801.46
Loss on Sale of Investments (Net)	3.67	0.00
Assets Written Off	0.00	2.35
Directors' Sitting Fees	4.85	3.75
Auditors' Fees (including service tax)	54.48	23.89
Donations & Contributions towards CSR	560.73	1,736.16
Premium on Forward Contracts	76.53	135.60
Bad Debts / Advances Written Off	0.08	0.00
Provision for Doubtful Debts / Advances	157.27	0.00
Provision for Diminution in Value of Investments	0.00	51.26
TOTAL	<u><u>81,015.65</u></u>	<u><u>70,250.96</u></u>



24. Earnings Per Share:

	Unit	2011-12	2010-11
Net profit after tax	Rs. in Lacs	28,383.50	26,653.32
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.	18.26	17.15
		(Rs. in Lacs)	
		2011-12	2010-11

25. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	86,639.43	1,08,254.57
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26. Other Commitments:

The Company is committed to invest a further sum of **Rs. 1,025 lacs** (31-03-2011: Rs. 1,800 lacs) in the equity share capital of Bhavnagar Energy Co. Ltd. as per the terms of the Shareholders' Agreement.

27. Contingent Liabilities not provided for:

(i) Claims against the Company not acknowledged as debts (mainly on account of water charges)	3,227.59	2,369.66
(ii) Claims in respect of employees' / contract labour matters	Amount not ascertainable	
(iii) Income tax assessment orders contested	3,609.28	2,149.67
(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	3,027.62	1,724.21
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.	1,44,150.81	92,858.79
(ii) Reimbursement of expenses in respect of Imported Fertilizers	441.70	252.17
(b) Payments to Auditors: As auditor	54.48	23.89
(i) Statutory Audit Fees	16.85	10.92
(ii) Tax Audit Fees	2.78	1.86
(iii) Other services for Certification work etc.	17.94	9.30
(iv) Reimbursement of Expenses	1.62	1.81
(v) Income Tax Assessment work & Retainership	15.29	0.00
(c) Payments to Cost Auditor:	3.62	2.30
(i) Cost Audit Fees	3.42	2.14
(ii) Reimbursement of Expenses	0.20	0.16
(d) Foreign Exchange Rate Differences - loss / (gain)	629.47	358.78

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** (31-3-2011: 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. 863.74 lacs** (Previous year Rs. 1,311.27 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	2011-12	2010-11
Shri A.M. Tiwari	Managing Director *	10.03	0.00
Shri H.V. Patel	Managing Director *	0.68	0.03
Shri Guruprasad Mohapatra	Managing Director *	0.00	0.50

* For part of the current year / previous year

Company under Significant Influence:

(Rs. in Lacs)

Name of the Company	Nature of Transactions	2011-12	2010-11
Gujarat Green Revolution Co. Ltd.	Sale of Goods & Services	11.67	46.68
	Receipts towards Outstanding	11.20	89.80
	Closing Balance	0.47	0.00

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

(Rs. in Lacs)

	2011-12	2010-11
A) The Amounts recognized in respect of unfunded obligations:		
Amount recognized in the Balance Sheet in respect of leave liability	10,014.01	9,485.93
Amount recognized in Salary, Wages and Employee Benefits in the Statement of Profit and Loss in respect of leave liability	429.19	1,840.93
Principal Actuarial Assumptions at the Balance Sheet date:		
Discount rate	8.25%	8.25%
Future Salary escalation	5.00%	5.00%
Mortality Table	LIC 1994-96 (Ultimate)	LIC 1994-96 (Ultimate)

B) Defined Contribution Plan:

Amount recognized as an expense as Contribution to Provident Fund and Pension Fund	2,090.77	1,867.80
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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	
		2011-12	2010-11	2011-12	2010-11
I	Expense recognized in the Statement of Profit & Loss for the year				
1	Current Service Cost	312.36	318.64	39.25	17.94
2	Interest Cost	969.97	905.99	48.24	43.16
3	Expected return on plan assets	(947.80)	(902.62)	-	-
4	Actuarial (gains) / losses	760.64	194.98	(25.20)	(10.13)
5	Total expenses (Includes Gratuity expenses Capitalized)	1095.17	516.99	62.29	50.97
		81.38	33.45	-	-
II	Net Assets / (Liabilities) recognized in the Balance Sheet				
1	Present value of Defined Benefit Obligation as at Balance Sheet Date	13,169.15	11,757.23	600.82	552.32
2	Fair value of plan assets as at Balance Sheet Date	13,170.01	11,847.49	-	-
3	Funded status [surplus / (deficit)]	0.86	90.26	(600.82)	(552.32)
4	Net assets / (liabilities) as at Balance Sheet Date	0.86	90.26	(600.82)	(552.32)
III	Change in Obligation during the year				
1	Present value of Defined Benefit Obligation at the beginning of the year	11,757.23	10,987.45	552.32	509.10
2	Current Service Cost	312.36	318.64	39.25	17.94
3	Interest Cost	969.97	905.99	48.24	43.16
4	Actuarial (gains) / losses	896.29	194.03	(25.20)	(10.13)
5	Benefit Payments	(766.70)	(648.88)	(13.80)	(7.75)
6	Present value of Defined Benefit Obligation at the end of the year	13,169.15	11,757.23	600.82	552.32
IV	Change in fair value of plan Assets during the year				
1	Plan assets at the beginning of the year	11,847.49	10,790.54	-	-
2	Expected return on plan assets	947.80	902.62	-	-
3	Contribution by employer	1,005.77	804.16	-	-
4	Actual benefit paid	(766.70)	(648.88)	-	-
5	Actual gains / (losses)	135.65	(0.95)	-	-
6	Plan assets at the end of the year	13,170.01	11,847.49	-	-
7	Actual return on plan assets	1,083.45	901.67	-	-
V	Actuarial Assumptions:				
1	Discount Rate	8.25%	8.25%	8.25%	8.25%
2	Expected rate of return on plan assets	8.60%	8.00%	-	-
3	Mortality / pre-retirement	LIC (1994-96) Table	LIC (1994-96) Table	-	-
4	Medical Inflation rate	-	-	4.00%	4.00%
5	Salary Escalation	4.00%	3.00%	-	-
6	Attrition Rate	2.00%	2.00%	-	-

(Rs. In Lacs)

Sr. No.	Particulars	Gratuity		Post Employment Medical Benefit	
		2011-12	2010-11	2011-12	2010-11
1	Defined Benefit Obligation	13,169.15	11,757.23	600.82	552.32
2	Plan Assets	13,170.01	11,847.49	-	-
3	Surplus / (deficit)	0.86	90.26	(600.82)	(552.32)
4	Experience adjustment on plan liabilities (gain) / loss	148.15	194.03	(12.46)	(10.13)
5	Experience adjustment on plan assets (loss) / gain	135.65	(0.95)	-	-

The Company expects to contribute Rs. 401.43 lacs towards Gratuity Benefit in the year 2012-13 (Previous year: Rs. 869.66 lacs).

35. a. Finance Lease:

The Company had given CNG Buses to Gujarat State Road Transport Corporation (GSRTC) on finance lease for the period of three years which has been completed in the Financial Year 2010-11. As per the terms of Memorandum of Understanding (MoU), after the completion of total lease payments, the leased assets will be on the name of and under the ownership of GSRTC by paying Residual Value upto 1% of the total cost of the leased assets by GSRTC to the Company.

Necessary adjustment will be made in the Books of Accounts on completion of necessary formalities and receipt of the Residual Value of the leased assets from GSRTC by the Company.

b. 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)

	2011-12	2010-11
Future minimum lease payments:		
Not later than one year	64.90	0.47
Later than one year and not later than five years	49.63	0.00
Later than five years	0.00	0.00
TOTAL	114.53	0.47

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, amounting to **Rs. 737.14 lacs** (Previous year: Rs. Nil 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 partially hedge the foreign currency loan, amounting to **Rs. 172.01 lacs** (previous year: Rs. Nil lacs) to the cost of CWIP.

37. In view of confirmation of long term availability of LSHS, it was decided to initiate closure of the Wet gas Sulphuric Acid Project which was under implementation and a provision of Rs. 3,000.00 lacs had been made in the Statement of Profit and Loss for the year



2009-10 towards the impact of the closure. Now upon finalization of the impact of the project closure at Rs. 2,773.35 lacs, the same has been adjusted against the provision of Rs. 3,000.00 lacs made in 2009-10 and excess provision of Rs. 226.65 lacs has been written back in the current year 2011-12 as 'Other Income'.

38. Board of Directors at its meeting held on July 31, 2010 had, inter alia, approved-

- The Transfer of V-SAT / ISP Gateway Business of GNFC to ING Satcom Ltd., an unlisted Company, through Scheme of Arrangement and De-merger against cash consideration of Rs. 6 crores.
- Draft Scheme of Arrangement and De-merger in respect of proposed Transfer of V-SAT / ISP Gateway Business of GNFC to ING Satcom Ltd., an unlisted Company.

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

The draft 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 crores, has been 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.

On approval to the Scheme as aforesaid, a Company Petition has been filed before Hon'ble High Court of Gujarat for its sanction to the said Scheme which is now posted for final hearing.

Necessary adjustments will be made in the Books of Accounts on completion of all formalities in this regard and on obtaining & filing with the concerned Registrar of Companies the Order of Hon'ble High Court of Gujarat sanctioning the scheme of Arrangement and Demerger.

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, 2012: (Rs. in Lacs)

	Fertilizers		Chemicals		Others		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
A REVENUE:								
External Sales Revenue	2,27,388.74	1,49,490.45	1,68,925.52	1,44,191.60	6,912.82	4,860.85	4,03,227.08	2,98,542.90
Intersegment Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	2,27,388.74	1,49,490.45	1,68,925.52	1,44,191.60	6,912.82	4,860.85	4,03,227.08	2,98,542.90
Less Excise Duty	754.13	55.50	16,262.41	13,890.27	9.87	7.83	17,026.41	13,953.60
Net Revenue	2,26,634.61	1,49,434.95	1,52,663.11	1,30,301.33	6,902.95	4,853.02	3,86,200.67	2,84,589.30
B RESULT:								
Segment result - profit / (loss)	12,250.00	3,909.45	29,992.57	34,777.97	1,593.22	844.98	43,835.79	39,532.40
Other Income							3,131.67	3,486.78
Unallocable Expenses							(1,869.05)	(2,868.45)
Operating profit							45,098.41	40,150.73
Finance Costs							(3,358.55)	(2,026.28)
Profit before tax							41,739.86	38,124.45
Provision for income tax (including deferred tax)							(13,356.36)	(11,471.13)
Net profit							28,383.50	26,653.32
C OTHER INFORMATION:								
Capital Employed:								
Segment assets	1,95,750.22	1,06,740.69	2,46,681.86	2,24,107.97	4,542.44	4,035.33	4,46,974.52	3,34,883.99
Segment liabilities	(29,561.92)	(13,860.13)	(16,632.38)	(10,544.55)	(1,421.31)	(1,036.30)	(47,615.61)	(25,440.98)
Other unallocable corporate assets & liabilities							(1,48,610.69)	(80,755.76)
Total capital employed	1,66,188.30	92,880.56	2,30,049.48	2,13,563.42	3,121.13	2,999.03	2,50,748.22	2,28,687.25
Capital assets / expenditure incurred during the year:								
Capital assets including capital work in progress	44,255.92	11,850.29	36,719.66	60,762.73	296.67	28.02	81,272.25	72,641.04
Other unallocable capital expenditures							19,284.75	1,617.63
TOTAL	44,255.92	11,850.29	36,719.66	60,762.73	296.67	28.02	1,00,557.00	74,258.67
D Segment depreciation	2,714.20	2,889.56	8,580.20	7,714.50	1,758.13	1,507.17	13,052.53	12,111.23
E Non cash expenses other than depreciation							157.27	51.26

42. Sales and Closing Stock :

(Rs. In Lacs)

Products (Manufactured) and Services	Sales		Closing Stock as on	
	2011-12	2010-11	31-03-2012	31-03-2011
Urea	35,221.86	32,446.57	1,944.67	1,347.80
Ammonium Nitro Phosphate	21,277.64	9,696.01	771.09	317.83
Calcium Ammonium Nitrate	14,175.95	11,534.76	654.17	250.19
Methanol	23,326.84	20,762.78	331.33	548.96
Formic Acid	7,411.06	7,516.74	236.34	82.37
Acetic Acid	47,855.42	38,241.82	1,029.66	542.00
Concentrated Nitric Acid	4,877.61	4,121.91	110.47	48.22
Aniline	32,926.11	29,515.12	455.38	634.25
Toluene Di-Isocyanate	24,388.42	24,586.94	486.96	329.56
Liquid Ammonia	-	-	1,563.45	1,812.82
Loose Urea in Silo	-	-	4,844.22	713.12
By-products and Others	27,944.34	19,199.77	832.77	412.30
Fertilizers and Freight Subsidy	1,44,150.81	92,858.79	-	-
IT related Services	4,345.33	2,868.96	-	-
TOTAL	3,87,901.39	2,93,350.17	13,260.51	7,039.42

43. Goods Traded:

(Rs. In Lacs)

Products (Traded)	Purchases		Sales		Closing Stock as on	
	2011-12	2010-11	2011-12	2010-11	31-03-2012	31-03-2011
Imported Urea	2,559.07	1,562.10	2,004.86	1,509.78	352.32	0.00
Single Super Phosphate	1,264.81	1,017.83	1,301.07	1,047.67	0.00	0.00
DAP (Including Imported)	0.00	0.00	0.00	4.47	0.00	0.00
Imported Muriate of Potash	8,941.57	0.00	8,771.77	0.00	485.34	0.00
Imported Acetic Acid	458.38	380.98	458.85	394.18	34.77	0.00
Imported Formic Acid	0.00	99.71	0.00	123.73	0.00	0.00
PKI & Data Centre	1,712.81	1,392.32	2,347.44	1,740.09	120.39	419.91
Others	2.11	96.64	0.00	120.64	-	-
Reimbursement of Expenses for Imported Fertilizers	-	-	441.70	252.17	-	-
TOTAL	14,938.75	4,549.58	15,325.69	5,192.73	992.82	419.91

44. Raw Materials Consumed:

Rs. in Lacs

(Rs. in Lacs)

	2011-12	2010-11		2011-12	2010-11
Fuel Oil / LSHS (Feed Stock)	1,36,239.03	91,319.39	46. C.I.F. Value of Imports:		
Natural Gas	30,300.63	23,882.86			
Rock Phosphate	12,791.52	8,319.63			
Liquid Ammonia	5,264.79	5,913.85	(i) Raw Materials and Fuel	23,041.07	16,238.96
Naphtha	16.64	90.92	(ii) Spares	3,668.84	2,746.57
Benzene	20,090.89	16,436.32	(iii) Capital goods	7,558.80	11,806.63
Toluene	6,793.82	4,868.47	47. Expenditure in Foreign Currency (Accrual Basis):		
Chlorine	504.75	1,097.27			
Raw Materials for others	1,504.88	349.18			
TOTAL	2,13,506.95	1,52,277.89	(i) Engineering, Licence and Know-how fees		
			- Capital Nature	270.40	573.84
			(ii) Engineering, Licence and Know-how fees		
			- Revenue Nature	30.64	292.54
			(iii) Travelling, Journal, Membership fees, Interest etc.	238.79	150.56

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:

	2011-12		2010-11	
	Rs. in Lacs	%	Rs. in Lacs	%
Raw Materials:				
Imported	12,900.79	6.04	8,018.65	5.27
Indigenous	2,00,606.16	93.96	1,44,259.24	94.73
TOTAL	2,13,506.95	100.00	1,52,277.89	100.00
Components & Spares:				
Imported	2,837.74	40.43	2,463.52	32.35
Indigenous	4,180.51	59.57	5,152.59	67.65
TOTAL	7,018.25	100.00	7,616.11	100.00

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

(i) Raw Materials and Fuel	23,041.07	16,238.96
(ii) Spares	3,668.84	2,746.57
(iii) Capital goods	7,558.80	11,806.63

47. Expenditure in Foreign Currency (Accrual Basis):

(i) Engineering, Licence and Know-how fees		
- Capital Nature	270.40	573.84
(ii) Engineering, Licence and Know-how fees		
- Revenue Nature	30.64	292.54
(iii) Travelling, Journal, Membership fees, Interest etc.	238.79	150.56

48. Amount remitted during the year in Foreign

Currencies on account of Dividend :

(i) Number of Shareholders	518	521
(ii) Number of Shares held by them on which Dividend was due	5,08,627	4,41,109
(iii) Year to which Dividend relates	2010-11	2009-10
(iv) Amount remitted (Net of Tax) (Rs. in Lacs)	16.53	14.34

49. Earnings in Foreign Currency (Accrual Basis):

(i) Export of goods on FOB basis	866.46	859.78
(ii) Technical consultancy & other fees	9.80	0.00



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

I) Amounts Payable in Foreign Currency :

Particulars	As on 31-03-2012		As on 31-03-2011	
	Rs. in Lacs	Amount in FC	Rs. in Lacs	Amount in FC
Payables for Import	3,736.76	Euro 59,47,834	2,838.73	Euro 44,45,934
Payables for Import	7,716.68	USD 1,51,12,359	11.24	USD 25,000
Payables for Import	4.59	GBP 6,332	3.21	GBP 4,421
Payables for Import	0.08	CHF 165	9.84	CHF 20,000
Commission payable on Export	1.82	USD 3,500	—	—
ECB	13,702.23	Euro 2,00,50,000	—	—
Buyers Credit	7,325.23	USD 1,43,19,250	3,959.04	USD 88,80,746
Interest accrued but not due	43.02	Euro 62,951	—	—
Interest accrued but not due	60.60	USD 1,18,455	11.33	USD 25,410

II) Amounts Receivable in Foreign Currency :

Particulars	As on 31-03-2012		As on 31-03-2011	
	Rs. in Lacs	Amount in FC	Rs. in Lacs	Amount in FC
Receivables for Export	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 31-03-2012		As on 31-03-2011	
	Rs. in Lacs	Amount in FC	Rs. in Lacs	Amount in FC
ECB	3,929.57	Euro 57,50,000	—	—
Payables for Import	1,463.08	USD 28,60,000	—	—

II) Interest rate swaps :

Particulars	As on 31-03-2012		As on 31-03-2011	
	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 @ 9.52% p.a. and receive a variable interest @ 6 month EURIBOR plus 1.98% on notional amount	3,757.56	Euro 57,50,000	—	—

52. The Company prepares and presents its financial statements as per Schedule VI to the Companies Act, 1956, as applicable to it from time to time. In view of revision to the Schedule VI as per the notifications issued by the Ministry of Corporate Affairs (MCA), Government of India, the financial statements of the Company for the financial year ended 31st March, 2012 have been prepared as per the requirements of the Revised Schedule VI to the Companies Act, 1956. The previous year's figures have been accordingly regrouped / reclassified wherever necessary to conform to the figures of the current year presentation. Figures are rounded off to the nearest lacs.

For and on behalf of the Board of Directors,

R. A. Shah
Chief General Manager & CFO

R.B. Panchal
Company Secretary

A. M. Tiwari
Managing Director

A. K. Joti
Chairman

D.C. Anjaria
Director

Dr. Ashok Shah
Director

G.C. Murmu
Director

Place : Gandhinagar
Date : 30-05-2012

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

Place : Ahmedabad
Date : 30-05-2012

Gaurav J. Shah
Partner
Membership No. : 35701



GUJARAT NARMADA VALLEY FERTILIZERS COMPANY 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.
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**

Ministry of Corporate Affairs (MCA) has taken a 'Green Initiative in the Corporate Governance' by allowing paperless compliances by the companies under the provisions of the Companies Act, 1956. One of the important initiatives is allowing service of document, Balance Sheet and Auditors' Report, etc., by the Company through e-mail. With a view to lending support to this environment friendly initiative of Government of India, the Company sent Annual Reports for the financial year 2010-11 in electronic form to the shareholders whose e-mail addresses were 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.

We request you to kindly update your e-mail address with your Depository Participant (in case shares are held in demat form) or to the Company (in case shares are held in physical form).

Annual Report of the Company for the financial year 2011-12 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.

Unclaimed / Undelivered Shares – Suspense Account

In accordance with the requirement of Clause 5A of the Listing Agreement entered into with BSE Ltd., and NSE Ltd., 1,71,851 unclaimed shares in respect of 4,194 shareholders lying with the Company, have been transferred and dematerialized in "GNFC Ltd. - Unclaimed Suspense Account". This account is being held by the Company purely on behalf of the shareholders entitled for these shares. No shares have

been transferred from the Suspense Account to the Shareholders' Account so far. The voting rights on these shares shall remain frozen until the rightful owner has claimed the shares.

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, 2012, subject to the approval by shareholders at the Annual General Meeting (AGM). The dividend, if approved, will be paid on or after 1st October, 2012.

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

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 25th August, 2012 to Friday, the 31st August, 2012 (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, 2012, 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 24th August, 2012; 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 24th August, 2012.

(4) Unclaimed Dividend

The dividend for the year 1995-96 to 2003-04, 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.

(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 *
22 nd unpaid dividend 2004-05	22-09-2005	04-10-2012
23 rd unpaid dividend 2005-06	23-09-2006	04-10-2013
24 th unpaid dividend 2006-07	22-09-2007	14-10-2014
25 th unpaid dividend 2007-08	25-09-2008	05-10-2015
26 th unpaid dividend 2008-09	24-09-2009	05-10-2016
27 th unpaid dividend 2009-10	24-09-2010	01-10-2017
28 th unpaid dividend 2010-11	17-09-2011	23-09-2018

* 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 years will be due for transfer to IEPF

and 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 *
3 rd unpaid dividend 2004-05	15-09-2005	01-10-2012
4 th unpaid dividend 2005-06	16-09-2006	25-09-2013

* Actual dates of transfer to IEPF may vary.

The shareholders of erstwhile NCPL, 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.

(6) Uploading of unclaimed / unpaid Dividend details on Company's Website

The details regarding unclaimed and unpaid dividend for the years 2004-05 to 2009-10 have been uploaded on the Company's Website: www.gnfc.in

(7) 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 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



NOTES

FINANCIALS AT A GLANCE

PARTICULARS	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
OPERATING RESULTS										(Rs. in Crores)
GROSS INCOME	4,062	3,129	2,799	3,128	3,713	2,992	2,367	1,978	1,602	1,487
PROFIT BEFORE INTEREST, DEPRECIATION AND TAX (PBIDT)	582	523	360	500	698	612	571	436	305	276
DEPRECIATION	131	121	117	120	111	110	89	87	87	83
PROFIT BEFORE TAX	417	381	220	354	576	489	447	330	185	136
TAX	133	114	96	126	203	163	152	106	68	51
PROFIT AFTER TAX	284	267	124	228	373	326	295	224	117	85
DIVIDEND & DIVIDEND TAX	63	59	59	59	77	77	71	63	50	41
RETAINED EARNINGS	221	208	65	169	296	249	224	161	67	44
AMOUNT PER SHARE										(Rs.)
SALES	259	192	175	197	235	190	156	132	106	100
EARNING	18.26	17.15	7.97	14.64	23.99	21.00	20.12	15.29	7.98	5.78
EQUITY DIVIDEND	3.50	3.25	3.25	3.25	4.25	4.25	4.25	3.75	3.00	2.50
DIVIDEND %	35.00%	32.50%	32.50%	32.50%	42.50%	42.50%	42.50%	37.50%	30.00%	25.00%
BOOK VALUE	161.34	147.14	133.77	129.58	118.74	101.04	80.30	64.93	54.15	49.35
MARKET PRICE : HIGH	114.20	146.20	135.70	177.20	231.00	144.75	137.50	82.00	82.00	40.50
LOW	70.65	88.30	60.00	48.00	86.50	79.00	67.50	41.10	27.10	24.00

INDUSTRIAL PRODUCTS PROFILE

Sr. No.	PRODUCT	APPLICATION(S)
1	Methanol	Acetic Acid, Formaldehyde, Chloromethane, Pesticides, Methyl Amines, Paints, Insecticides
2	Acetic Acid (Glacial)	Acetic Anhydride, Vinyl Acetate Monomer(VMA), Purifier Terephthalic Acid(PTA), Monochloro Acetic Acid, Acetates, Dyes & Dye Intermediates
3	TDI (Toluene Di- Isocyanate)	Flexible Polyurethane Foam, Furniture Cushion, Industrial Gaskets, Protective pads for Sports & Medical Use, Automobiles: Seats, Furniture, Lining, Sun visors
4	Aniline	Acetanilide, Antioxidants, Herbicides, Pigments, Rubber Chemicals: Vulcanizing Agents, Photographic Chemicals: Hydroquinone, Pharmaceutical, Isocyanates: MDI
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	CNA (Concentrated Nitric Acid)	Nitrobenzene, Aniline, TDI, Dyestuff & Dye Intermediates, Explosives
8	WNA (Weak Nitric Acid)	Nitrobenzene, CNA, Aniline, TDI, Dyestuff & Dye Intermediates, Explosives
9	Ammonium Nitrate (Melt)	Explosives, Fertilizers like CAN & ANP, Pharmaceuticals, Pyrotechnics, Herbicides & Insecticides
10	Methyl Formate	Di Methyl Formamide(DMF), Formic Acid, Pharmaceuticals, Metal Foundries, Fumigant & Larvicide for Tobacco, Formulations of Synthetic Flavors

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

GUJARAT NARMADA VALLEY FERTILIZERS COMPANY 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 **36th 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 22nd September, 2012 at 11:00 A.M.**

Member's /Proxy's Signature :

* Applicable for investors holding shares in Electronic Form.



TEAR HERE



PROXY FORM

GUJARAT NARMADA VALLEY FERTILIZERS COMPANY 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 36th
Annual General Meeting of the Company to be held on **Saturday, the 22nd September, 2012 at 11:00 A.M.** and at any adjournment
thereof.

Signed this day of 2012

*Applicable for investors holding shares in Electronic Form

NOTES :

- 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.
- A Proxy need not be a Member of the Company.

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Signature

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(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