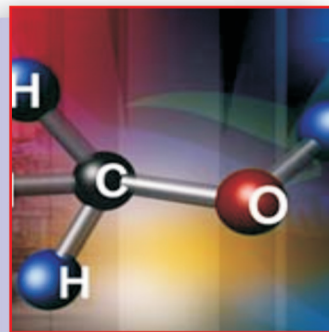


# GNFC



**33<sup>rd</sup>**  
Annual Report 2008-09



**GNFC**

Chemicals • Fertilizers • IT

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**Gujarat Narmada Valley Fertilizers  
Company Limited**



## 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 the 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, Bank Account details, Nomination, Power of Attorney, etc.

Members holding shares in dematerialised form are requested to send their instructions regarding Change of Address - Pin Code Number, Bank Account details, Nomination, Power of Attorney, 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 the Residential status on return to India for permanent settlement.
  - b) the particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank, if not furnished earlier.

#### (II) REGARDING ANNUAL REPORT/ ANNUAL GENERAL MEETING :

1. Kindly bring your copy of this Annual Report along with 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 the 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.

**Members are requested to read  
"Additional Information for Shareholders"  
in this Report.**



## GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

### 33RD ANNUAL GENERAL MEETING

Date : 24th September, 2009  
Day : Thursday  
Time : 2:30 P.M.  
Place : Near Jan Vikas Temple,  
Narmadanagar Township,  
P.O. Narmadanagar-392 015,  
District – Bharuch.

### BOARD OF DIRECTORS

Shri S Jagadeesan, IAS  
Shri PN Roychaudhari, IAS  
Shri MM Srivastava, IAS  
Shri HV Patel, IAS  
Shri Pankaj Kumar, IAS  
Dr. TT Ram Mohan  
Dr. Ashok Shah  
Shri DC Anjaria  
Shri Guruprasad Mohapatra, IAS, *Managing Director*

### Executive Directors

Shri KC Jatania  
Shri JS Kochar  
Shri AD Modashia

### Company Secretary

Shri RB Panchal

### Auditors

M/s. SR Batliboi & Company,  
Chartered Accountants,  
Mumbai.

### Registered Office :

P.O. Narmadanagar – 392 015,  
District : Bharuch,  
Gujarat, INDIA.

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## NOTICE

NOTICE IS HEREBY given that the **33rd Annual General Meeting** of the Members of Gujarat Narmada Valley Fertilizers Company Limited will be held on **Thursday, the 24th September, 2009 at 2.30 P.M.** at the Registered Office of the Company, Near Janvikas Temple, Narmadanagar Township at 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, 2009, the Audited Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To declare a Dividend on Equity Shares for the financial year ended 31st March, 2009.
3. To appoint a Director in place of Dr. Ashok Shah, who retires by rotation and is eligible for re-appointment.
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, 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s. RS Patel & Co., Chartered Accountants, Ahmedabad be and are hereby appointed Auditors of the Company, in place of the retiring Auditors, M/s. SR Batliboi & Co., Chartered Accountants, 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, 2010.”

### SPECIAL BUSINESS :

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

6. **Appointment of Shri Guruprasad Mohapatra, IAS as Managing Director of the Company :**

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

#### As an Ordinary Resolution :

“RESOLVED that subject to the provisions of Sections 198, 269, 309 and 316 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Shri Guruprasad Mohapatra, IAS, as Managing Director of the Company for a period commencing from 1st July, 2009 until his services are withdrawn from the Company by the Government of Gujarat, so however, his period of office shall not exceed five years from the date of his appointment.”

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

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

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

7. **Reduction of issued capital by cancellation of the shares not taken-up :**

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

#### As an Ordinary Resolution :

“RESOLVED that pursuant to the provisions of Section 94(1)(e) of the Companies Act, 1956 read with the provisions of the Articles of Association of the Company, the issued share capital of the Company is diminished from Rs.157,50,75,690/- divided into 15,75,07,569 Equity Shares of Rs.10/- each to Rs.155,41,87,830/- divided into 15,54,18,783 Equity Shares of Rs.10/- each by cancelling 20,88,786 Equity Shares of Rs.10/- each, which have not been taken or agreed to be taken by any person.”

### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE INSTRUMENT APPOINTING PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 4 to 7 set out above are annexed hereto. The information as are required to be furnished under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, of persons seeking appointment / re-appointment as Director under Item Nos. 3, 5 and 6 are also annexed.

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

Registered Office :  
P.O. Narmadanagar  
Dist. Bharuch : 392 015  
Dated : 12<sup>th</sup> August, 2009

**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 12<sup>TH</sup> AUGUST, 2009

**Item No. 4**

M/s. SR Batliboi & Co., Chartered Accountants, the Statutory Auditors of the Company will be completing three years tenure at the conclusion of the forthcoming AGM. They were re-appointed Statutory Auditors at the last AGM. As a measure of good Corporate Governance practice, it is proposed to rotate the Statutory Auditors. It is proposed to appoint M/s. RS Patel & Co., Chartered Accountants, Ahmedabad as the Statutory Auditors in place of retiring Auditors.

The Company has received a Notice under Section 190 of the Companies Act, 1956 from a Shareholder of the Company proposing M/s. RS Patel & Co., Chartered Accountants, Ahmedabad for appointment as Auditors at the forthcoming AGM. M/s. RS Patel & Co., are a renowned firm of Chartered Accountants and they have wide experience of the Audit of various Companies. They have consented for appointment as Auditors of the Company. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limit under Section 224(1-B) of the Companies Act, 1956 and also that they are not otherwise disqualified to be appointed, within the meaning of sub-section (3) of Section 226 of the Companies Act, 1956.

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 appointment of M/s. RS Patel & Co, Chartered Accountants, Ahmedabad, as 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 the Company's Articles of Association, Shri HV Patel, IAS, was appointed as a Director on the Board of the Company with effect from 20<sup>th</sup> May, 2008, in the casual vacancy caused by the resignation of Shri PK Taneja, IAS. Pursuant to Section 262 of the Companies Act, 1956, he retains the office of Director up to the date of forthcoming Annual General Meeting. As required by Section 257 of the Companies Act, 1956, a Notice alongwith a deposit of Rs.500/- has been received from Gujarat State Fertilizers & Chemicals Ltd., a Member of the Company, signifying its intention to propose Shri HV Patel, IAS, for the office of Director of the Company. He is a Senior IAS Officer and is presently the Managing Director, Gujarat State Fertilizers & Chemicals Ltd., Vadodara. 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 him as a Director and therefore, commends the Resolution for your approval.

Shri HV Patel is interested in the Resolution. None of the remaining Directors is, in any way, concerned or interested in the said Resolution.

**Item No. 6**

The Government of Gujarat (GoG), has in exercise of the power

vested in it under the Articles of Association of the Company, nominated Shri Guruprasad Mohapatra, IAS, as the "Government Director" on the Board of the Company effective 1<sup>st</sup> July, 2009.

The Board unanimously passed the resolution appointing Shri Guruprasad Mohapatra, IAS, Managing Director, Gujarat Alkalies & Chemicals Ltd., to hold additional charge of the post of Managing Director of the Company, effective 1<sup>st</sup> July, 2009. As Shri Guruprasad Mohapatra is drawing remuneration from Gujarat Alkalies & Chemicals Ltd., presently no remuneration is paid to him by the Company for holding the additional charge of the post of Managing Director of the Company. He will however be paid remuneration/special pay, if any, as may be granted and conveyed by the Government of Gujarat, subject to the same not exceeding the limit specified under Schedule-XIII to the Companies Act, 1956.

In pursuance of the provisions of Section 269 of the Companies Act, 1956, read with Schedule XIII of the said Act, the appointment of Shri Guruprasad Mohapatra as Managing Director of the Company and payment of remuneration / special pay, if any, is subject to the approval of the Shareholders in General Meeting. Accordingly, your Directors commend the proposed Resolution for your approval.

Shri Guruprasad Mohapatra 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**

In pursuance of the provisions of Section 94(1)(e) of the Companies Act, 1956, a Limited Company having a share capital, may, if so authorized by its Articles of Association, cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of its issued share capital by the amount of the shares so cancelled.

The Company had in the year 1992 made a Rights Issue of 15.5% Secured Redeemable Non-Convertible Debentures (NCDs) attached with detachable warrants entitling the holders of the warrants to apply for Equity Shares on the expiry of the 12<sup>th</sup> month from the date of allotment of NCDs. The equity issue on account of exercise of option for applying Equity Shares of the Company by the holders of detachable warrants, made during 1993, was undersubscribed by 20,88,786 Equity Shares. Thus there is a difference in the issued capital and the subscribed / listed capital of the Company to the extent of the Shares so undersubscribed.

The Articles of Association of the Company authorizes the cancellation of shares which have not been taken-up or agreed to be taken-up by any person and diminish the amount of share capital by the amount of the shares so cancelled. The Board therefore, recommends the Shareholders to pass the Ordinary Resolution to cancel these Shares and diminish the amount of the issued share capital of the Company to that extent.

None of the Directors of the Company, is in any way, concerned or interested in the proposed 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 : 12<sup>th</sup> August, 2009

**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 (60), is a Director of the Company since 4th January, 2006. He is M.Sc., Ph.D (Microbiology). He has developed various products with the use of seaweed plants, bacterial extracts and cow urine. He has a long industrial experience of about 20 years in senior positions.

He is the member of :

- (i) Advisory Board Microbiology and FR South Gujarat University, Surat; and
- (ii) DRCC, Mumbai Division, Western Railway.

He is a Director on the Board of Gujarat Venture Finance Company 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.).

**Shri H. V. Patel, IAS**

Shri H. V. Patel (55), is a Director of the Company since 20th May, 2008. He is B.Com. (Advanced Accountancy). He is a senior IAS Officer in the rank of Principal Secretary to the Government of Gujarat. He has held various key positions in the Public Administration. He has rich experience as the Managing Director of Gujarat State Export Corporation, Gujarat Land Development Bank, Gujarat Power Corporation Ltd., and as Vice Chairman & Managing Director of Gujarat Industrial Development Corporation.

Presently, he is Managing Director of Gujarat State Fertilizers & Chemicals Ltd.

Details of his other Directorship and Committee Membership are -

1. Gujarat Industries Power Co. Ltd. - Director and Member of Audit Committee and Chairman of Shareholders'/Investors' Grievance Committee ;
2. Gujarat State Fertilizers & Chemicals Ltd. - Managing Director and Member of Shareholders'/Investors' Grievance Committee ;
3. Bhavnagar Energy Co. Ltd. - Director and Member of Audit Committee ;
4. Fertilizer Association of India - Director ;
5. Gujarat Chemical Port Terminal Co. Ltd. - Director ;
6. Gujarat Green Revolution Co. Ltd. - Director ;
7. Indian Potash Ltd. - Director ; and
8. Tunisian Indian Fertilizers SA (TIFERT), TUNISIA - Director.

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

**Shri Guruprasad Mohapatra, IAS**

Shri Guruprasad Mohapatra, IAS (47), is Managing Director of the Company since 1st July, 2009.

He is M.A. (Political Science), M.Phil. in Diplomacy (International Relation) and MBA.

He is a senior IAS Officer. He has held distinguished positions in the Government of Gujarat. He has rich experience as the Joint Managing Director of Gujarat Industrial Development Corporation, Member (Administration) Gujarat Electricity Board and Managing Director, Gujarat State Electricity Corporation Limited etc.

Presently, he is also the Managing Director of Gujarat Alkalies and Chemicals Ltd.

Details of his other Directorship and Committee Membership are -

1. Gujarat Alkalies & Chemicals Ltd. - Managing Director and Member of Shares/Debentures Transfers and Investors' Grievance Committee ;
2. Gujarat Industries Power Co. Ltd. - Director and Member of Shares/Debentures Transfers and Investors' Grievance Committee ;
3. Gujarat Chemical Port Terminal Company Ltd. - Director and Member of Audit Committee ;
4. Dow-GACL SolVenture Ltd., - Chairman ;
5. Uttar Gujarat Vij Company Ltd. - Chairman ;
6. Paschim Gujarat Vij Company Ltd. - Director ;
7. Gujarat Guardian Ltd. - Director ;
8. Gujarat Alumina and Bauxite Ltd.- Director ; and
9. Bhavnagar Energy Company Ltd. - Director.

**DIRECTORS' REPORT**

To  
The Members,

Your Directors have pleasure in presenting this 33rd Annual Report together with Audited Statements of Accounts of the Company for the year ended 31st March, 2009.

Following are the financial highlights :

	(Rs. in Crores)	
Particulars	2008-09	2007-08
Income from Sales	2,920.06	3,433.91
Other Income	65.34	59.87
Total Income	2,985.40	3,493.78
Total Expenditure	2,485.04	2,795.46
Profit before Depreciation, Interest and Tax	500.36	698.32
Depreciation	119.73	110.52
Interest	26.92	11.59
Profit Before Taxes (PBT)	353.71	576.21
Provision for Taxes (Net)	126.19	203.33
<b>Net Profit for the year</b>	<b>227.52</b>	<b>372.88</b>
Balance brought forward from previous year	523.22	477.62
Amount available for Appropriation	750.74	850.50
<b>Appropriations</b>		
Proposed Dividend	50.51	66.05
Tax on Dividend	8.59	11.23
General Reserve	200.00	250.00
Balance carried to Balance Sheet	491.64	523.22

**DIVIDEND**

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 Dividend of Rs.3.25 per Equity Share i.e. @ 32.50%, for the financial year ended 31st March, 2009. On its approval, the Dividend pay out will be Rs.59.10 Crores, including tax on Dividend of Rs.8.59 Crores.

**TRANSFER TO RESERVES**

The Company proposes to transfer Rs.200 Crores to General Reserve out of the amount available for appropriations. An amount of Rs.491.64 Crores is proposed to be retained in the Profit & Loss Account.

**PERFORMANCE REVIEW**

The year 2008-09 witnessed the worst Global Financial and Economic crisis in last many years. This crisis impacted the Indian economy too resulting into overall business slow-down. In this environment, the Company has achieved a satisfactory performance during the year.

In spite of several constraints, the Ammonia Plant produced 4,55,217 MTs of Ammonia with capacity utilization of 102.18%, Formic Acid Plant produced 14,970 MTs of Formic Acid with capacity utilization of 149.70%, Acetic Acid Plant produced 1,33,058 MTs of Acetic Acid

with capacity utilization of 133.06% and Weak Nitric Acid Plant (WNA) produced 2,70,963 MTs of WNA registering capacity utilization of 109.48%. 33 new records were established in terms of production, marketing and despatch.

Ammonia Plant had a prolonged shutdown on account of failure in Air Compressor. Ammonia Plant being the mother plant for catering raw material to all the key plants of the Company, the production of Acetic Acid, Formic Acid, Toluene Di-Isocyanate, WNA, Ammonium Nitrophosphate (ANP), etc., was affected. High volatility in prices of Industrial Chemicals prevailed during the year. Average International Methanol Price per MT reduced below US \$ 150 and more than 50% of domestic demand for Methanol was met through imports. On account of Market constraints, Methanol-II plant of the Company could not be operated at full capacity whereas Methanol-I and MSU Plants remained under shutdown during major part of the year.

The Company achieved highest ever sale of 81,703 MTs of fertilizers through Company's own retail outlets, Narmada Khedut Sahay Kendras. Besides, the Company exported 3,000 MTs of Calcium Ammonium Nitrate (CAN) during the year and thereby earned foreign exchange of around US \$ 10,15,000.

The Board of Directors has taken cognizance of the failures / breakdowns of the various plants. A three years' Upkeep Plan in respect of anxiety areas of various plants has been chalked-out for countering failure susceptibility due to aging of plants and supporting facilities. This plan will be implemented in a phased manner with reference to the priority and ranking of the anxiety areas.

The Growth Strategy adopted by the Company is to maintain Fertilizer manufacturing and grow predominantly in Chemical business. An ambitious Growth Plan for the next five years has been drawn and an investment of around Rs. 4,000/- Crores is envisaged. The Company has already tied-up with the Banks the Term Loans of Rs. 2,001.11 Crores for its new projects of Rs.2,858.73 Crores under implementation. The Company is also contemplating establishment of some projects in joint venture with Gujarat State Fertilizers & Chemicals Ltd., and Gujarat Alkalies & Chemicals Ltd., at Dahej.

The detailed analysis of the performance of the Company as also the status of the various projects under execution and the projects on anvil are given in the Management Discussion & Analysis, forming part of the Annual Report.

**(n)CODE SOLUTIONS**

(n)Code Solutions, a division of the Company provides e-procurement services, designs and builds world class data centres, offers managed IT Services including Security Services and offers e-Governance Solutions. (n)Code Solutions is licenced by Government of India to issue Digital Certificates. It sold 92,247 Digital Certificates during the year, registering a record growth of 80% over the previous year, despite sluggish market conditions. (n)Code division won a National e-Governance Award from Ministry of Administrative Reforms, Government of India for its e-procurement project.

**FERTILIZER POLICY**

During the year under review, the Government of India –

- ❖ announced uniform freight policy for Fertilizers effective 1<sup>st</sup> April, 2008. The same is applicable to the Company's products Urea and ANP. In terms of this policy, actual freight is reimbursed for dispatches by rail. Freight as per normative freight rate is reimbursed for dispatches by road ;
- ❖ rationalized selling prices of complex Fertilizers based on their nutrient contents ;



- ❖ changed the payment of subsidy on Urea from dispatch basis to receipt basis. In case of ANP, payment of concession was changed from sale basis to receipt basis; and
- ❖ changed the basis of calculation of subsidy on complex Fertilizers, including ANP linked to International prices of DAP.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- ❖ in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and that no material departures have been made from the same;
- ❖ appropriate Accounting Policies have been selected and applied consistently and judgements and estimates have been made 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, 2009 and of the profit of the Company for the year ended on that date;
- ❖ proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- ❖ the Annual Accounts have been prepared on a going concern basis.

#### **CORPORATE GOVERNANCE**

In pursuance of Clause 49 of the Listing Agreement, Management Discussion and Analysis and a Report on Corporate Governance are included in the Annual Report.

In terms of Clause 49 of the Listing Agreement, a Certificate by the Practising Company Secretary certifying the Company's compliance with the conditions of Corporate Governance and a declaration by the Managing Director of the Company regarding compliance of the Code of Conduct are enclosed as a part of the Corporate Governance Report.

#### **FIXED DEPOSITS**

The Company has discontinued acceptance of fixed deposits w.e.f. 1<sup>st</sup> April, 2007. However, the Company had unclaimed deposits of Rs.0.67 Lacs due to 9 depositors as on 31st March, 2009. The Company has during the year transferred an amount of Rs.3,82,666/- being the amount of unclaimed deposit and interest, to the Investors' Education and Protection Fund set-up by the Government of India.

#### **DIRECTORS**

In pursuance of the Articles of Association of the Company as also the provisions of the Companies Act, 1956-

- ❖ Dr. Ashok Shah retires by rotation at the forthcoming Annual General Meeting and he is eligible for re-appointment.
- ❖ Shri HV Patel, IAS who has been appointed as a Director in the casual vacancy caused by the resignation of Shri PK Taneja, IAS, retains office upto the date of the forthcoming Annual General Meeting (AGM). The Company has received a Notice under Section 257 of the Act along with the requisite deposit proposing the candidature of Shri HV Patel for his appointment as a Director of the Company, at the forthcoming AGM.
- ❖ Shri Guruprasad Mohapatra, IAS, Managing Director of Gujarat Alkalies & Chemicals Ltd., has been nominated as "Government Director" on the Board of the Company effective 1<sup>st</sup> July, 2009

vice Smt. Sudha Anchlia, IAS, (retired). He has been appointed Managing Director of the Company effective 1<sup>st</sup> July, 2009.

Resolutions seeking approval of the Members for the appointment of-

- ❖ Dr. Ashok Shah and Shri HV Patel, IAS, as Directors; and
- ❖ Shri Guruprasad Mohapatra, IAS, as Managing Director of the Company;

- have been incorporated in the Notice of the forthcoming AGM.

#### **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 Annexures – "A" & "B" respectively forming part of this report.

#### **AUDITORS**

M/s. SR Batliboi & Co., Chartered Accountants, Mumbai, Statutory Auditors of the Company, will be completing a tenure of three years on the conclusion of forthcoming AGM. As a good Corporate Governance practice, it is proposed to rotate the Auditors. It is, therefore, proposed to appoint M/s. RS Patel & Co., Chartered Accountants, Ahmedabad, as the Statutory Auditors of the Company in place of retiring Auditors, M/s. SR Batliboi & Co. M/s. RS Patel & Co., Chartered Accountants, Ahmedabad, have under Section 224 (1-B) of the Companies Act, 1956 furnished a certificate of their eligibility for appointment as such.

#### **COST AUDITOR**

Your Directors have appointed Shri Shirish V Diwanji, Cost Accountant of M/s. Diwanji & Associates, Vadodara, as the Cost Auditor of the Company to conduct the cost audit of fertilizer products in respect of financial year 2009-10 under the Cost Accounting Records (Fertilizers) Rules, 1993.

#### **INDUSTRIAL RELATIONS**

Industrial relations during the year under review, have remained extremely cordial and harmonious leading to an atmosphere conducive for sustenance of growth. Your Directors convey their high sense of appreciation for the excellent contribution made by the employees at all levels.

#### **ACKNOWLEDGEMENT**

Your Directors are happy to place on record their 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. Above all, your Directors remain thankful to the valued Investors for strengthening their bond with the Company.

**For and on behalf of the Board of Directors,**

Place : Bharuch  
Date : 7<sup>th</sup> August, 2009

**D. C. Anjaria**  
**Director**

**Guruprasad Mohapatra**  
**Managing Director**



## 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 ON 31ST MARCH, 2009.

##### (A) CONSERVATION OF ENERGY :

Company declared Energy Policy in February, 2005 in accordance with Energy Conservation Act, 2001 and the same is in force.

##### (a) Energy Conservation measures taken :

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

##### Ammonia plant:

- 121 LSHS rakes were unloaded without steam heating of LSHS in rail wagons, resulting into saving of steam.

##### Methanol-II:

- Replacement of Air Preheater with SS tubes resulted into stoppage of Air Leak to the stack which realized saving of natural gas of the order of 99.77 KSM<sup>3</sup>/Year.
- Reformer radiant section refractory insulation replaced from blanket type (kaoline/ rockwool) to energy efficient ceramic block type insulation.
- Addition of BFW coil in convection section of Reformer for better heat recovery from flue gas.
- Installation of Isothermal Reactor in Synthesis section as a replacement of Axial Radial type of quench reactor has realized into reduced steam consumption of plant.
- Energy efficient distillation system (Methanol Distillation Unit) installed during plant revamp in June-2008 in order to save steam and cooling water. This system comprises of three column distillation where the reboiler heat duty of third column is supplied through condensing vapours of second column. The energy saving potential is approx. 0.45 MT HPSH steam per MT of Methanol.

##### SGGU:

- Installation of additional new pump for process condensate recycling has resulted into saving of about 6 KW of power and saving of DM Water utilization.

##### Wind Mill Power Project of 12 MW capacity

- Company has set up Suzlon make 12 MW (8 machines x 1.5 MW) capacity Wind Turbo Generators at village Shikarpur & Manaba Taluka : Bhachau & Rapar District : Kutch, Gujarat in the months of October-November, 2008.
- Total Installed capacity of Wind Power Turbo Generators for GNFC now stands to 21 MW. Earlier already 9 MW of Wind Turbo Generators were commissioned in December, 2007.
- During the financial year 2008-2009, total units generated by Wind Turbo Generators are 2,47,91,832 kwh/Year, which is approximately 7% of total captive power generation.
- The Wind Turbo Generators would significantly reduce the emission of Green House Gases to the atmosphere and hence would contribute to the global efforts towards combating global warming. The Company has undertaken this project as Clean Development Mechanism (CDM) under the Kyoto protocol.

##### Dry Fly ash collection & disposal system

Part quantity of ash generated from the coal is separated out in the dry form and now being utilized by cement/brick manufacturers for the purpose of value addition. By this project, the Company is now handling less quantity of ash in wet form. This has resulted into saving of power. Project is completed and commissioned in December, 2008.

##### Utility

Service water & DM water make up two pumps are replaced with spare available high efficiency pumps.

##### Steam trap management:

- In Hazardous Chemical plant, 75 nos of defective steam traps were identified and replaced which resulted into steam savings of the order of 2 MT/Day of Low Pressure Steam.
- In Ammonia Plant, 41 nos. of defective steam traps were replaced based on steam trap survey carried out in May, 2008.
- In house steam trap survey were carried out in Formic Acid, Steam & Power Generation, Methanol-II and Acetic Acid plants.

##### Electrical system:

- Throughout the year power factor was maintained above 0.95 so as to get rebate on power factor adjustment from state electricity board.
- At TDI plant substation, installation of auto transformer for lighting circuit voltage reduction was carried out resulting into saving in lighting power.
- Old lighting fixtures were replaced by energy efficient fixtures at Boiler, Formic Acid, Methanol-II, Urea, NPP and ECU plant areas.

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

Following schemes are under advanced stage of implementation. This will improve productivity of plants.

##### 1. Revamp of Ammonia Loop by S-50 Converter

The existing Ammonia synthesis loop is revamped in order to reduce energy consumption.

The job is awarded to M/s. Haldor Topsoe, Denmark. Project execution work is in progress and expected to be completed by April, 2010.

##### 2. Installation of Molecular Sieve (Mol Sieve) System in Ammonia Plant

The primary purpose of the project is improvement in reliability and stability of Ammonia plant by employing improved technology for removal of water and CO<sub>2</sub> from air in Air Separation Unit.

The contracts have been entered into with M/s. Linde AG, Germany and project execution work is under progress. The project is expected to be completed by April, 2010.

##### 3. N<sub>2</sub>O Abatement Project Under Clean Development Mechanism (CDM) in Weak Nitric Acid Plant

The existing WNA plant produces unwanted by-product Nitrous Oxide which is vented into atmosphere. N<sub>2</sub>O is considered as a Green House Gas like Carbon Dioxide (CO<sub>2</sub>) and has 310 times higher Global Warming Potential than CO<sub>2</sub>.

The WNA plant has potential to reducing about 3,00,000 MT per annum of CO<sub>2</sub>.

Company has installed N<sub>2</sub>O Abatement catalyst procured from M/s. BASF, Germany in the WNA reactor in November, 2007.

Thus, GNFC has taken the lead in the reduction of Green House Gases and contributed to environmental friendly atmosphere.

GNFC has undertaken this project as Clean Development Mechanism (CDM) under the Kyoto protocol.

The project is under Validation.

##### 4. 300 MTD Weak Nitric Acid Plant and 150 MTD Concentrated Nitric Acid plant

Shortage of Weak Nitric Acid (WNA) is felt to utilize full potential of Nitro phosphate complex and meet the growing market demand. Moreover, Company is planning to set up a Concentrated Nitric Acid (CNA) plant for which Weak Nitric Acid is the main feed raw material. Hence, Company is setting up 300 MTD capacity WNA plant.

CNA plant of 150 MTD is being set up to meet the requirement of new Toluene Di-isocyanate project and to cater to the growing demand.

Agreements have been entered into with M/s. Uhde for setting up 300 MTD WNA plant on LSTK basis.

Agreements have been signed with M/s. Plinke, Germany for licence and basic engineering for 150 MTD CNA plant.

Both the projects are under advanced stage of execution and are expected to be completed by April, 2010(CNA) and by August, 2010 (WNA).

##### 5. 50,000 MTA capacity Toluene Di-isocyanate

To meet the growing demand, a 50,000 MTA capacity TDI project is being set up at Dahej.

Agreements have been entered into with M/s. Chematur Engineering AB, Sweden for the technology and basic engineering services. Agreements have also been signed with M/s. Technip and M/s. Air products for Hydrogen-Carbon Monoxide plant.

Project execution is under progress and expected to be completed by June, 2011.

##### 6. Co-generation Power & Steam Unit

Company is setting up 33 MW Gas Turbine based Power and 61TPH Steam Generation unit to meet the additional power requirement for the new projects being set up by the Company and to strengthen existing high pressure steam network. The project will also help in reducing steam and power generation costs and in reducing CO<sub>2</sub> emission to the tune of 3,00,000 MT per annum. Project qualifies for benefits under Clean Development Mechanism (CDM).

The contract is awarded to M/s. BHEL for supply of main plant units and will be completed by end of October, 2010.

**7. Wet Sulphuric Acid Plant**

Ammonia plant uses Low Sulphur Heavy Stock (LSHS) as feedstock. LSHS will not be available after March, 2010. Company will have to use Fuel oil containing higher sulphur. This will have environmental impact due to higher H<sub>2</sub>S content in the gases.

To abate pollution and produce value added product, wet sulphuric acid plant based on H<sub>2</sub>S containing waste gases is being set up. Agreements are finalized with M/s. Haldor Topsoe, Denmark, a licensor for the project.

The project is expected to be completed by end 2010.

**8. Ethyl Acetate Project**

Company is setting up 50,000 MTA capacity Ethyl Acetate plant. This project is a value addition of Acetic Acid. Ethyl Acetate has a high potential of Export.

Agreements have been signed with M/s. KBK Chem-Engineering Pvt. Ltd. Project is under execution and expected to be completed by August, 2010.

**9. TDI Plant**

In-house TDI revamp schemes are under implementation for improving productivity.

**(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 some energy saving and reliability of the plants will be maintained.

**(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:**

The Company's strategy is to fulfill the requirement of the domestic market predominantly and to resort to strategic export depending upon the market conditions. During the year 2008-09, the Company exported 320 MT of Aniline, 200 MT of Toluene Di-isocyanate (TDI) and 184 MT of Ortho Toluene Diamine (OTD). Besides, the Company has exported 3,000 MT of Calcium Ammonium Nitrate (CAN).

**(b) Total Foreign Exchange Used and Earned:**

(Rs. in Lacs)		
Particulars	2008-09	2007-08
Foreign Exchange Used	37,808.56	15,121.18
Foreign Exchange Earned	1,449.98	3,167.16

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

Sr. Particulars No.	Unit	2008-09	2007-08
<b>A) Power and Fuel Consumption:</b>			
<b>1. Electricity:</b>			
a) Power imported at factory #	MWH	45,807.995	19,762.487
Less : Power from Wind Mills	MWH	(24,791.832)	0.000
Net Power Import	MWH	21,016.163	19,762.487
Power export to GEB	MWH	43.200	150.480
Total Amount	Rs. Lacs	2,159.10	1,768.23
Rate/Unit	Rs./Kwh	10.27	8.95
b) Own generation through			
Steam Turbine :	'000 KWH	3,10,196	3,71,082
Unit power per Eq. natural gas	KWH/SM3	2.51	2.52
Variable cost/unit (excl. Power Gen. Duty)	Rs./Kwh	3.51	2.54
2. Coal for steam generation (Indian)	MT	2,87,920	3,09,196
Total Cost of Indian Coal	Rs. Lacs	7,611.79	8,031.28
Average Rate	Rs./MT	2,643.72	2,597.47
Coal for steam generation (Imported)	MT	3,27,872	3,49,329
Total Cost of Imported Coal	Rs. Lacs	13,239.24	11,751.05
Average Rate	Rs./MT	4,037.93	3,363.89

Sr. Particulars No.	Unit	2008-09	2007-08
3. LSHS (Boiler Oil) for steam generation	KL	18,679.741	13,999.049
Total Cost of LSHS fuel	Rs. Lacs	5,849.88	2,744.93
Average Rate	Rs./KL	31,316.71	19,607.97
4. Natural Gas for steam generation	'000 SM3	52,234	65,583
Total Cost of Natural Gas	Rs. Lacs	4,716.88	4,880.95
Average Rate	Rs./Ksm3	9,030.36	7,442.37
<b>Power and Fuel Consumption (Aniline/ TDI Complex)</b>			
<b>1. Electricity :</b>			
Own generation through Gas			
Turbine :	'000 KWH	34,908	49,139
Unit power per Eq. natural gas	KWH/SM3	2.64	2.80
Variable cost/unit after Steam Credit (excl. Power Gen. Duty)	Rs./Kwh	2.42	2.25
2. Natural Gas for gas turbine unit	'000 SM3	13,224	17,534
Total Cost of Natural Gas	Rs. Lacs	1,627.70	1,695.66
Average Rate	Rs./Ksm3	12,308.51	9,670.48
<b>B) Consumption per unit of Production :</b>			
<b>i) Ammonia :</b>			
Electricity	KWH/MT	335.080	331.306
LSHS (Boiler Oil)	KL/MT	0.020	0.012
Coal (at 4200 Kcal/kg)	MT/MT	0.731	0.685
Natural Gas	SM3/MT	54.706	56.663
<b>ii) Urea</b>			
Electricity	KWH/MT	68.816	66.782
LSHS (Boiler Oil)	KL/MT	0.004	0.003
Coal (at 4200 Kcal/kg)	MT/MT	0.135	0.149
Natural Gas	SM3/MT	10.111	12.292
<b>iii) Methanol (I+II+MSU)</b>			
Electricity \$\$	KWH/MT	361.814	292.349
LSHS (Boiler Oil)	KL/MT	0.002	0.002
Coal (at 4200 Kcal/kg)	MT/MT	0.091	0.090
Natural Gas	SM3/MT	6.776	7.413
<b>iv) Formic Acid</b>			
Electricity	KWH/MT	943.109	924.690
LSHS (Boiler Oil)	KL/MT	0.034	0.021
Coal (at 4200 Kcal/kg)	MT/MT	1.287	1.215
Natural Gas	SM3/MT	96.302	100.484
\$\$ Proportional power of reform gas consumed in Methanol plants is allocated.			
# Power imported at factory includes wind mill power generation.			
<b>v) Acetic Acid plant</b>			
Electricity	KWH/MT	201.520	191.734
LSHS (Boiler Oil)	KL/MT	0.003	0.002
Coal (at 4200 Kcal/kg)	MT/MT	0.111	0.139
Natural Gas	SM3/MT	8.309	11.500
<b>vi) Nitrophosphate Plants :</b>			
<b>(a) ANP :</b>			
Electricity	KWH/MT	231.641	194.657
LSHS (Boiler Oil)	KL/MT	0.001	0.000
Coal (at 4200 Kcal/kg)	MT/MT	0.047	0.021
Natural Gas	SM3/MT	3.528	1.717
<b>(b) CAN :</b>			
Electricity	KWH/MT	66.561	56.166
LSHS (Boiler Oil)	KL/MT	0.0001	0.000
Coal (at 4200 Kcal/kg)	MT/MT	0.005	0.003
Natural Gas	SM3/MT	0.378	0.253
<b>(c) WNA :</b>			
Electricity	KWH/MT	48.190	40.718
<b>(d) CNA : (I+II)</b>			
Electricity	KWH/MT	39.608	32.998
LSHS (Boiler Oil)	KL/MT	0.001	0.001
Coal (at 4200 Kcal/kg)	MT/MT	0.047	0.033
Natural Gas	SM3/MT	3.503	2.740
<b>vii) Aniline / TDI complex:</b>			
<b>(a) ANILINE :</b>			
Electricity	KWH/MT	360.803	264.784
<b>(b) TDI :</b>			
Electricity	KWH/MT	2,693.653	2,081.262
LSHS (Boiler Oil)	KL/MT	0.049	0.016
Coal (at 4200 Kcal/kg)	MT/MT	1.837	0.902
Natural Gas	SM3/MT	137.497	74.626

## FORM - "B"

## DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION:

## (A) RESEARCH &amp; DEVELOPMENT:

## 1. Specific Areas in which R&amp;D carried out by the Company:

- Recovery of ammonia from effluent stream was studied on pilot scale and data generated for further scale up to plant scale.
- Studies on hydrolysis of Methyl format to Formic acid using solid catalyst carried out.
- Special Studies for improvement of plant performance, understanding of byproducts, their disposal, and treatment of waste streams and recovery of valuable products from waste streams have been conducted in close association with various plant groups, Technical Services Dept. and Environment Control Unit.
- Effluent treatment method for COD removal has been scaled up to pilot scale on continuous basis and data being generated for plant scale project.
- Methodology for treatment of discontinuous effluent from nitrophosphate plant is established.
- Studies on purification of Acetic acid off gas for recovery of valuable components is being carried out.
- Collaborative projects for development of adsorbent and process CO enrichment in tail gas stream and biological process development for treatment of ammonia bearing effluent are in progress.

## 2. Benefits derived as a result of the above R&amp;D:

- The implementation of in-house developed SulfaZip® Dry Bed Sulphur removal process in Urea plant will help to reduce corrosion of equipments and reduce plant downtime.
- The effluent recovery schemes developed help in value addition to the respective streams and the treatment schemes help in pollution abatement.
- The new process development work for Methyl format hydrolysis helps in improved technology for the application under study.
- In-house developed CATSOL® desulphurisation chemicals worth Rs. 78.54 lakhs have been commercially supplied during the year.

## 3. Future Plan of Action:

The 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&amp;D:

		(Rs. in Lacs)	
Sr. No.	Nature of Expenditure	2008-09	2007-08
1	Capital Expenditure	41.39	12.58
2	Recurring Expenditure	72.11	32.67
3	Salaries to R&D Personnel	115.26	87.64
4	Power & Fuel	3.48	2.20
	Total	232.24	135.09
5	Total R&D Expenditure as percentage of Total turnover	0.0758%	0.0370%
6	Gross Turnover	3,06,228.02	3,65,344.17

## (B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

## 1) Efforts in brief, made towards technology absorption, adaptation and innovation:

- The Company has developed its 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 performance.

## 3) Information regarding Technology Imported during the last five years:

Technology Imported	Year of Import	Has Tech. been fully absorbed?	If Tech. not absorbed, reasons thereof
M/s. Kaltenbach Thuring SA, France for Ammonium Nitrate Melt Filling Station	2004	Yes	—
M/s. Linde AG, Germany for Hydrogen PSA Revamp	2004	Yes	—
M/s. Snamprogetti, Italy for Revamp of Urea (Energy Saving)	2006	Yes	—
M/s. Linde AG, Germany for Revamp of synthesis loop of Methanol-II plant	2006	Yes	—
M/s. Toyo Engineering India Ltd., for Revamp of Reformer Section of Methanol-II plant	2006	Yes	—
M/s. Lurgi India Ltd for Methanol Distillation Unit	2006	Yes	—
M/s. Haldor Topsoe, Denmark for Series-50 Revamp of Ammonia Synthesis Loop	2006	Under Implementation	—
M/s. Plinke, Germany for Yellow Water Concentration Unit	2006	Yes	—
M/s. BASF, Germany for Nitrous Oxide abatement catalyst for WNA plant- a CDM Project.	2007	Under Implementation	—
M/s. Linde, Germany for Molecular Sieve system in Ammonia plant	2007	Under Implementation	—
M/s. Chematur AB Sweden for 50000 TDI project	2008	Under Implementation	—
M/s. Plinke, Germany for 150 MTD CNA project	2008	Under Implementation	—
M/s. UHDE for 300 MTD WNA project	2008	Under Implementation	—
M/s. Haldor Topsoe, Denmark for Wet Sulphuric Acid plant	2008	Under Implementation	—
M/s. Technip BV, Netherlands 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	—

## 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 31<sup>st</sup> March, 2009.

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)
<b>A. Employee who was employed throughout the financial year and was in receipt of remuneration for the year which in the aggregate was not less than Rs. 24,00,000/-.</b>								
1	JS Kochar	50	B.Sc.(Chem.), B.Sc. (Tech. of Plastics), PG Dip. in Mgt.	26	Executive Director	28,40,327	01/01/2001	Software Frontiers Ltd., Gandhinagar as Managing Director
<b>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.2,00,000/- per month.</b>								
1	S K Bannatwala	60	BE(Chem.)	38	Executive Director	44,55,381	19/02/1979	Petro Carbon & Chemicals Ltd., Midnapore (WB) as Shift Engr.
2	D N Chuadhari	60	Std.-X, NCTVT (Welder)	31	Foreman	11,52,528	06/11/1979	GSFC Ltd., Vadodara as ITI (Welder) Apprentice
3	HG Hathila	60	SSC, ATC, NCTVT, ITI (Fitter)	39	Sr. Manager	18,91,076	29/05/1980	GSFC Ltd., Vadodara as Asstt. Tech.(M)
4	R N Hinglajia	53	SSC, ITI (Inst. Mech.), NCTVT	30	Sr. Tech. (I)	11,90,989	01/12/1980	GNFC Ltd. as Instrument/ Operation Trainee
5	J V Mehta	60	M.Sc.(Agri.), MBA(Agri.)	35	General Manager	33,38,914	17/10/1981	IFFCO, New Delhi as Asstt. Manager (Mktg.)





# GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

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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)
6	B D More	60	Std.-VI	27	Driver	11,43,813	01/05/1982	GNFC Ltd. as Driver on Daily wage
7	B C Mehta	60	B.Sc., LLB(G), Dip. in EDP. & Comp. Mgt.	37	Sr. Manager	22,87,953	20/05/1982	SLM Maneklal Industries, Ahmedabad as Jr. Officer
8	V C Naik	54	B.Sc., NCTVT (Attd. Optr.), Dip. In Office Mgt.	32	Shift Engr.	10,16,815	01/08/1980	GSFC Ltd., Vadodara as Attd. Optr. Apprentice
9	G N Pandya	60	M.Com.	35	Manager	15,44,740	25/01/1979	A.S. Motors, Vadodara as Asstt. Acctt.
10	G K Parikh	60	BE(Chem.)	37	Executive Director	32,14,832	16/06/1977	GSFC Ltd., Vadodara as Asstt. Chemical Engr.
11	A S Patel	60	M.Sc.	36	Sr. Manager	17,09,486	29/01/1980	Satydev Chemicals Ltd., Vadodara as Dy. Quality Control Supdt.
12	D S Patel	60	B.Sc.	36	Manager	16,83,655	08/10/1979	Gujarat Mineral Dev. Corp. Ltd., Vadodara as Plant Asstt. (Process)
13	S N Patel	60	M.Com., DTP, LLB(G)	37	Sr. Manager	23,09,134	15/02/1979	The New India Industries Ltd., as Clerk
14	K S Patel	60	B.Sc.	37	Sr. Manager	16,99,895	09/01/1982	GSFC Ltd., Vadodara as Jr. Operator
15	S B Patel	60	DME	30	Sr. Optr.	12,98,716	17/04/1982	Paramount Pollution Control Pvt. Ltd., Vadodara as Operator
16	T P Raghavan	60	B.A.	37	Manager	16,10,626	04/11/1977	Golden Tobacco Co. Ltd., Vadodara as Stenographer
17	Dr. R K Sharma	60	M.Sc., Ph.D., Dip. In Mktg. & Sales Mgt.	35	Addl. General Manager	28,80,245	25/07/1979	Poly Chem Ltd., Bombay as Jr. Process Engr.
18	P H Shah	60	BE(Elect.), Boiler Optr. Engr. Exam, Dip.in AMIBM	35	Addl. General Manager	31,87,056	10/05/1982	MP Electricity Board as Divisional Engr.
19	H P Thakar	60	B.Com.	37	Manager	16,81,288	30/06/1978	Jyoti Ltd., Vadodara as Stores Clerk
20	A N Trivedi	58	BE(Chem.), Dip. In EDP & Comp. Mgt.	37	General Manager	33,91,388	01/05/1979	GSFC Ltd., Vadodara as Shift Engr.
21	M Z Tripathi	60	DME	38	Manager	17,97,384	16/06/1981	Gujarat Mineral Dev. Corp. Ltd., Vadodara as Asstt. Mech. Foreman
22	M A Dolia	50	DME, Post Dip. in Inst. Control, PDIC	27	Sr. Inst. Engr.	1,37,174	30/04/1983	GNFC Ltd. as Jr. Tech.(I) Trainee
23	S P Solanki	51	SSC	28	Attd./Ward Boy	7,70,124	02/10/1982	GNFC Ltd. as Sweeper/ Peon on Daily Wage
24	R B Desai	60	B.Sc.(Agri.)	36	General Manager	29,84,175	02/11/1982	Coromandel Indag Products (P) Ltd. as Area Manager
25	R M Bhagat	60	B.Sc.(Agri.)	30	Mktg. Mgr.	17,15,144	23/04/1983	GSFC Ltd., Vadodara as Jr. Mktg. Representative
26	M L Gohel	60	DEE, DME, BE(Mech.)	38	Chief Manager	22,95,810	25/08/1983	GSFC Ltd., Vadodara as Procurement/Stores Asstt.
27	C C Mistry	60	B.Sc., English Stenography	38	Manager	17,80,791	19/09/1983	Operation Research Group, Vadodara as Steno-Typist
28	R C Bhatt	60	B.Com., M.Com. (Part-I), Dip. in Mktg. & Sales Mgt.	36	Dy. Mktg. Manager	12,56,226	21/12/1983	Maharashtra Road Transport Corporation as Jr. Asstt.
29	R V Shastri	55	M.Sc. (Technology)	31	Chief Manager	24,94,581	31/05/1984	Devy Power Gas India Pvt. Ltd., Bombay as Construction Engr. (Instrument).
30	V K Vaishnav	60	B.Sc., DBM	39	Chief Manager	14,55,628	18/06/1984	Gujarat Aromatics Ltd., Ankleswar as Store Officer
31	N B Bhatt	43	Dip. In Chemical, MBA	24	Manager	13,61,927	01/03/1986	GNFC Ltd. as Jr. Optr. Trainee
32	Late Shri J M Gajera	49	B.Sc.(Agri.), PGDBM, MBA	24	Dy. Mktg. Mgr.	16,39,436	01/10/1985	GNFC Ltd., as Field Repr. Trainee
33	A G Pujari	60	B.Com., Inter CA	30	Sr. Manager	17,22,065	05/08/1985	G G Automotive Gears Pvt. Ltd.,(MP) as Asstt. Mgr. (Accts.)
34	P K Patel	45	BE(Chem.), DMSM, Dip. In Mgt., MBA	22	Sr. Mktg. Manager	16,05,882	01/02/1988	GNFC Ltd., as Grad. Engr. Trainee
35	N H Dave	46	BE(Mech.), Dip. In EDP & Comp. Mgt.	23	Sr. Manager	18,09,550	16/06/1988	GNFC Ltd., as Grad. Engr. Trainee
36	P M Patel	51	Dip. in Indl. Electronics, BE(Elect.)	29	Sr. Manager	13,32,763	30/10/1986	GCEL, Vadodara as Probationary Engr.
37	Jitendra B Patel	45	B.Sc., Dip. In EDP & Comp. Mgt.	21	Sr. Analyst	8,05,391	01/12/1988	GNFC Ltd. as Jr. Lab. Tech. Trainee
38	K J Bhatt	60	BE(Elect.)	35	Chief Manager	26,81,663	23/12/1987	Electrical Research and Dev. Association as Sr. Engr.
39	N Murthy	50	BE(Electronics), PG Dip. In Mktg. & Advt.	26	Sr. Mktg. Mgr.	15,09,031	24/11/1988	NGEF Ltd., Bangalore as Sr. Engr.
40	Jayesh B Patel	39	Dip. in Chemical Engg.	18	Sr. Optr.	4,75,842	01/02/1992	GNFC Ltd. as Jr. Optr. Trainee
41	A P Karnik	43	BE(IC)	18	Manager	8,90,757	16/09/1992	GNFC Ltd. as GET
42	S S Mehta	37	Dip. in Petrochemicals Engg.	17	Sr. Optr.	5,08,917	16/06/1993	GNFC Ltd. as Jr. Optr. Trainee
43	D J Kantharia	41	BE(Chem.), Dip. in Mktg. Mgt.	16	Project Manager	12,24,863	16/04/1994	GNFC Ltd. as GET
44	Smt. L C Makwana	60	Std-II	20	Aya/ Attendant	5,23,639	11/11/1992	Modern Engr., Bharuch as Mazdoor
45	K D Patel	44	BE(EC), Dip in Mgt., Certified Network Engr.	22	Manager (on Contract)	6,26,782	22/03/2001	Bank of India, Mumbai as Data Communication Specialist Officer
46	P C Desai	54	B.Sc., ICWAI	29	Sr. Manager (Finance)	2,49,260	07/05/2001	Torent Cables Ltd., Ahmedabad as Manager (Costing)
47	D S Taunk	61	B.Com., CA	42	Special Director (on Contract)	23,49,355	01/11/2007	GNFC Ltd. as Special Director

## 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.
- Nature of employment of all the employees, except the employees at Sr. Nos. 45 and 47 in "Statement B" above is non-contractual and terminable by one month or three months' Notice or payment of one month or three months' salary and dearness allowances, as the case may be in lieu of Notice.
- None of the above employees is a relative of any Director of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1.0 INDUSTRY STRUCTURE AND DEVELOPMENTS:

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 various services in the area of Information Technology. The Company continues to trade in imported fertilizers like Urea, Muriate of Potash (MOP), DAP, Water Soluble Fertilizers and Chemicals like Acetic Acid, Methanol etc. In the total turnover, the Company's share of fertilizer and chemical divisions was 58.56% and 40.17% as against 57.05% and 42.00% respectively in the previous year.

The year under review has suffered extensively on account of overall depressed economy as well as factors internal to the Company such as extended shutdown, accident in Methanol-II plant, failure of C-101 compressor and unviable operations of Methanol-I, MSU & ANP plants. However, the continuous efforts of the Management for cost reduction in various areas of operations and focus on consolidation have resulted in positive gains to the Company.

### 2.0 BUSINESS SEGMENT:

#### 2.1 Fertilizer Business:

Fertilizers business has been good during the year. Highest ever sale of 81,703 MT fertilizers through NKSKs was achieved during 2008-09.

Gujarat being Company's home State falling in the Primary Marketing Zone, 6.29 lacs MT (46%) fertilizers out of a total sale of 13.70 lacs MT fertilizers (manufactured and traded) were sold in Gujarat.

Government of India changed the basis of calculation of subsidy on Complex fertilizers including ANP. Consequently, there was an advantage and high profitability of ANP contributing substantially to the profit of the Company.

Government of India changed the payment of subsidy on Urea from despatch basis to receipt basis and in case of ANP, payment of concession was changed from sale basis to receipt basis.

Government of India announced Uniform freight policy for fertilizers applicable from 1-4-2008. In case of GNFC, it is applicable to Urea and ANP. As per the policy, actual freight will be reimbursed for despatches by rail and freight as per normative freight rates will be reimbursed for despatches by road. Since cost of movement by rail is fully reimbursed, movement to distant States will not be a constraint.

Government of India rationalized selling prices of all fertilizers based on their nutrient contents w.e.f. 18-6-2008. Urea price was unaffected. Price of ANP manufactured by GNFC was reduced from Rs. 7,280 PMT to Rs. 5,343 PMT making it more competitive with DAP and other complex fertilizers. Total realization on ANP was unaffected since there was a corresponding increase in the subsidy on ANP.

#### 2.2 Industrial Chemicals Business:

The year 2008-09 saw very high volatility in both demand and prices of chemical products. Total turnover of Industrial Products during 2008-09 was Rs. 1,234.82 crores. The sale of Weak Nitric Acid on 100% bases was highest ever at 44,502 MT registering growth of 18% over the previous year.

The average international Methanol price per MT reduced from US \$ 348 in 2007-08 to US \$ 277 in 2008-09. The average prices have even gone down to US \$ 141 during January, 2009. In view of low realization, production of Methanol was reduced during

second half of the year. The sale of Methanol including imported material was 75,294 MT during 2008-09.

Due to poor off take of downstream products in domestic and international markets, sales of Aniline at 27,090 MT have reduced by 30% as compared to previous year. However net realization of Aniline in 2008-09 at Rs. 60,986 PMT was 8% higher as compared to 2007-08. Sales of TDI were lower by 19% at 13,118 MT mainly due to production loss in first half. Net realization of TDI during 2008-09 was Rs. 1,54,328 PMT which was 10% lower as compared to the previous year due to Global meltdown and recession.

The sales of Acetic Acid were 1,32,769 MT in 2008-09 which were 15% lower as compared to 2007-08 due to production loss in first half. However net realization of Acetic Acid could be maintained at Rs. 26,970 PMT which is 1% higher as compared to previous year. The Company has also sold 5,856 MT imported Acetic Acid during the year. In spite of Global recession, net realization of Formic Acid, Ammonium Nitrate (Melt), Concentrated Nitric Acid and Weak Nitric Acid during 2008-09 was higher by 25%, 19%, 15% and 8% respectively as compared to the previous year.

The Company is the leading manufacturer of various building block chemicals in India. The Company enjoys 25% share of the Indian Acetic Acid market. The Company is the only manufacturer of TDI in South Asia and commands 60% market share in India. In case of Aniline, Company's market share is 50% of total sales in India. The Company is the leading manufacturer of Formic Acid in India with a market share of 65%. The Company also has 40% market share in Indian Concentrated Nitric Acid market.

### 2.3 Information Technology Business:

#### 2.3.1 GNFC Infotower:

GNFC Infotower is a technology park with 1,30,000 sq. ft. area, where space is leased out to IT companies with infrastructure facilities. It provides ambience and interiors of international standards.

#### 2.3.2 PKI Based Commercial Certifying Authority:

Company's IT division (n)Code Solutions is licensed by Government of India for issuing Digital Certificates under the Indian IT Act. Digital Certificates find wide applications in e-commerce, net banking, e-Governance, etc.

(n)Code issued 92,247 digital certificates in 2008-09, a growth of 80% over previous year. Some major applications using Digital Certificates are: applying for licence at DGFT, e-filing at Income Tax and MCA-21, online ticket booking at IRCTC, e-procurement for many states and corporations.

#### 2.3.3 Services:

##### e-procurement:

(n)Code Solutions provides e-procurement services to more than 120 departments of Government of Gujarat through a portal called [www.nprocure.com](http://www.nprocure.com) and to many other customers. In the year 2008-09, 12,550 tenders were completed on this portal against 7,155 tenders last year making it the most successful state level e-procurement initiatives in the Country.

##### Data Centers and Managed Services:

(n)Code designs and builds world class data centers. During the year, it completed five major projects for a total value exceeding Rs.14 crores including the first State Data center for Gujarat under the NeGP scheme of Government of India. In the current year, a major initiative was undertaken to offer Managed IT services including Security Services to the large enterprises and organizations.





### e-Governance:

(n)Code offers e-Governance solutions to several Government departments. Presently it is working on some major projects in Government to Citizen domain.

### 3.0 OPERATIONS:

The Company achieved Profit Before Tax (PBT) of Rs. 353.71 crores on sale of Rs. 2,920.06 crores against last year's PBT of Rs. 576.21 crores on sale of Rs. 3,433.91 crores. This is despite the effects of global melt down resulting into low sales realization and in the back drop of increased cost of raw materials.

During the year under review, there was a prolonged shut down of Ammonia Plant on account of break downs in Air Compressor. Ammonia being mother plant and catering raw materials to all key plants viz. Acetic Acid, Formic Acid, Nitro Phosphate Complex, TDI etc, all the plants could not achieve budgeted production except CAN. Also, due to economic slow down & market constraints, Methanol-II plant could not be operated at full capacity. Methanol-I & MSU plant remained under shut down during part of the year due to this. For part of the year, ANP plant was also stopped as realization was poor. Despite all these constraints, plants were operated at maximum possible plant load during available time.

In Urea plant, Urea revamp/Bi-metallic Stripper installation, DCS system and Methanol-II plant revamp was completed during the year.

Due to high volatility in the market for Methanol, ANP and Aniline products, day to day plant operations were reviewed and plant load adjusted accordingly to maximize profit.

Special focus was given on energy conservation and cost reduction in all aspects.

### 3.1 Production and Capacity Utilization:

Production and capacity utilization achieved in various plants during the year 2008-09 were as follows:

Plant	Actual Production (MT)	Capacity Utilization (%)
Ammonia	4,55,217	102.18
Urea	5,92,284	93.13
Methanol-I	25,769	51.54
Methanol-II	1,15,000	68.96
Methanol Synthesis Unit	8,651	28.27
Formic Acid	14,970	149.70
Acetic Acid	1,33,058	133.06
Weak Nitric Acid	2,70,963	109.48
Concentrated Nitric Acid – I	26,684	80.86
Concentrated Nitric Acid – II	28,249	85.60
Ammonium Nitrophosphate	1,34,039	94.06
Calcium Ammonium Nitrate	1,38,510	97.20
Aniline	27,077	77.36
Toluene Di- Isocyanate	12,636	90.26

After facing setbacks in the beginning of the year, production plants performed well. During the year, total 33 numbers of new records were established. Methanol-I, Methanol-II, Formic Acid and Acetic Acid plants established new records of highest ever daily production. SGGU, Methanol-II, Methyl Formate, Formic Acid, Acetic Acid and AN Melt (Section-43) plants achieved highest ever monthly production records.

### 3.2 Environment, Occupational Health and Safety Management System:

All the effluent received from different plants were suitably treated to maintain the discharge effluent quality as per GPCB norms. Environment clearance for existing plants with increased production capacity received from Ministry of Environment & Forest (MoEF). Based on above, NOC for existing plants with increased production capacity was received from GPCB, Gandhinagar. Further, consent application to GPCB was made for increasing production capacity.

The Company has successfully implemented Environmental Management System (EMS) of international standard level ISO: 14001. The Company is maintaining and also improving upon EMS and assures that the frame work standard is met completely. Third party international level organization is carrying out surveillance as well as certification audits.

Similarly, Occupational Health and Safety Management System (OHSAS) as a part of Risk Management strategy as per international standard OHSAS: 18001 which is internationally recognized assessment certification is being implemented. Under the programme, identification of hazards, their assessment and controlling the same is being carried out. The Company also trains, imparts awareness and provides competency to all plant operation groups for achieving the standard.

The Company holds following certificates issued by M/s. TUVNORD, Germany:

- OHSAS - 18001: 1999, which is valid upto September, 2010.
- ISO - 14001: 2004, which is valid upto January, 2011.
- ISO – 9001: 2009 for Aniline-TDI complex, which is valid upto May, 2009. For re-certification, audit was conducted in March, 2009 and certificate is recommended.

Total 9 corporate environmental objectives for the year 2008-09 were prepared and 5 out of 9 were fully achieved. Saving through these objectives was Rs. 5.30 crores.

Safety Audit of plants and safety system was conducted by M/s. National Safety Council, Mumbai in September, 2008. Final safety audit report with recommendations was received in November, 2008 and is under implementation.

### Awareness and strategies on climate change and global warming:

The Company is all the time concerned about protection of environment. Green belt is developed in the area equivalent to 33% of land acquired by the Company. At present, the green belt is existing in 330 acres of factory area land. Every year, tree plantation is carried out. 3,300 trees have been planted for the protection of environment during the year.

Further, as a management policy, the Company has decided not to use Chloro Fluro Carbon (CFC) for air conditioning and refrigeration system. In Acetic Acid and Concentrated Nitric Acid (CNA) plants, the Company has gone for vapour absorption systems with a considerable cost to avoid use of CFC. In Ammonia plant also a centralized air conditioning system in control room using vapour absorption system has been installed.

The Company has considered installing in the next financial year, a Natural Gas (NG) based Co-Generation Power plant which will considerably reduce CO2 emission.

### 4.0 PROJECTS UNDER CLEAN DEVELOPMENT MECHANISM (CDM):

Following projects have been undertaken as Clean Development Mechanism (CDM) projects under the Kyoto protocol.

#### • **N2O Abatement Project in Weak Nitric Acid (WNA) Plant:**

The existing WNA plant produces unwanted by-product Nitrous Oxide which is vented into atmosphere. N2O is considered as a Green House Gas like Carbon Dioxide (CO2) and has 310 times higher Global Warming Potential than CO2.

The WNA plant has potential to reduce about 3,00,000 MT per annum of CO2.

Company has installed N2O Abatement catalyst procured from M/s. BASF, Germany in the WNA reactor during the shutdown in November, 2007 and the project is under registration with CDM Executive Board.

#### • **Wind Mill Power Project of 21 MW capacity:**

Company has installed 14 Nos. of Wind Turbo Generators having total installed capacity of 21 MW in Kutch District of Gujarat. Wind Turbo Generators of 9 MW capacity were commissioned in December, 2007 and 12 MW capacity were commissioned by November, 2008. The power is generated by renewable energy which does not emit any greenhouse gases.

These projects have potential to reduce about 38,000 MT CO2 per annum. For getting CDM benefits, the 9 MW project is under validation stage whereas for the 12 MW project, the Project Design Document is being finalised.

### 5.0 OPPORTUNITIES & THREATS:

#### 5.1 Opportunities:

- Government has declared a favourable policy for Ammonia plant feedstock conversion. The project is under Government approval and will be implemented after obtaining the approval.
- GNFC along with GSFC and GACL has identified below mentioned projects to be implemented in a joint venture.
  - Phenol Group- Poly carbonate : 80,000 MTPA
  - Poly Vinyl Chloride (PVC) : 4,50,000 MTPA
  - Elastomer Group products : 2,20,000 MTPA

Actions have been initiated for putting these projects on implementation road map.

- Chemical business is the core strength of Company and continuous efforts are being made with leading technology suppliers / international companies for expansion of capacities of existing products as well as to explore new business opportunities.
- Company has fully tied up the current gas requirements and hence will be able to operate all the plants at full potential.
- Natural Gas availability has improved considerably and it is likely to improve further with availability of gas from Krishna-Godavari basin. Projects based on Natural Gas can be taken up by the Company.
- 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.
- With an increase in the irrigation facilities due to Sardar Sarovar, there is likely to be an increase in demand of fertilizers in Gujarat. The Company and its products are well placed to exploit this opportunity.
- It is estimated that apart from indigenous manufactured fertilizers, about two lac MT of traded fertilizers, mainly Urea, will be handled during 2009-10. This will increase the turnover and profit of the Company.

#### 5.2 Risks & Concerns:

- Natural Gas prices have increased substantially and product Methanol price realization has reduced significantly and hence, Methanol capacities are not fully operational.
- Company's Ammonia plant is based on LSHS sourced from Indian Oil Corporation (IOC). IOC is setting Coker unit to convert LSHS into value added products. Hence, Company will have to make alternate arrangement for sourcing LSHS and/or Fuel Oil.
- Increased cost of raw materials like Rock Phosphate has affected profitability of Nitrophosphate group of plants.
- Prevailing global economic recessionary situation may affect the performance of the Company.
- Primary Marketing Zone, comprising Gujarat, Maharashtra, Madhya Pradesh and Rajasthan are all drought prone. In the event of a drought, the Company may be compelled to go to distant markets, increasing freight cost on CAN, thereby reducing the net realization.

#### 6.0 OUTLOOK:

The Company is having an integrated operations and a large basket of products including fertilizers and chemicals, with leadership position in many products like Methanol, Formic Acid, Acetic Acid, Aniline and TDI. Hence, the Company will be able to overcome the effect of global recessionary condition.

Business of the Company is being consolidated by implementation of various projects with an estimated investment of about Rs. 2,900 crores. The projects include WNA, CNA, TDI, Ethyl Acetate, Wet Sulphuric Acid and Co-Generation Power and Steam Unit etc.

The Company is continuously identifying new business opportunities for growth and projects will be implemented in a phased manner based on the merit.

Continuous emphasis is placed on higher productivity, energy conservation, efficiency improvement, innovation/cost reduction by its excellent human resource, environmental consciousness, safety consciousness etc. Utmost importance is given for proper up-keepment of the plants to sustain the productivity, safety and health aspects.

With an expectation of a good monsoon, the Company should do well on the fertilizers sales front. The year looks to be promising. Sales of three major fertilizers, viz. Urea, DAP and MOP have been good throughout the Country and it looks like the Country may need to import sizable quantity of upto 60 lac MT Urea this year.

#### 7.0 FINANCIAL PERFORMANCE:

The financial year 2008-09 has witnessed, year-over-year:

- Net Sales Turnover Rs. 2,920.06 crores (Previous Period: Rs. 3,433.91 crores).
- Total Income Rs. 2,985.40 crores (Previous Period: Rs. 3,493.78 crores).
- Earnings before Interest, Depreciation and Tax (EBIDTA) Rs. 500.36 crores (Previous Period: Rs. 698.32 crores).
- Profit Before Tax (PBT) Rs. 353.71 crores (Previous Period: Rs. 576.21 crores).
- Profit After Tax (PAT) Rs. 227.52 crores (Previous Period: Rs. 372.88 crores).
- Book Value per Share Rs. 129.58 (Previous Period: Rs. 123.71).
- Earnings per Share (EPS) Rs. 14.64 (Previous Period: Rs. 23.99).
- Return on Capital Employed 14.61% (Previous Period: 24.75%).

**8.0 NEW PROJECTS:**

The Company has tied-up with Banks the term loan of Rs. 2,001 crores for various projects of Rs. 2,859 crores. The Company has also received allotment of land from GIDC at Dahej for its expansion projects.

Despite the present economic scenario, the Company has decided to go ahead with the expansion projects which would increase both turnover and profits in future years.

**8.1 Status of Projects completed during 2008-09:**

Sr. No.	Name of Projects	Capacity	Mech. Completion
1	Wind Mill Power Project	12 MW	November, 2008
2	Dry Fly Ash	40 MT/Hr	December, 2008
3	Urea Revamp	Energy Savings	July, 2008
4	SGGU and Methanol- II Revamp	175 MTPD	July, 2008

**8.2 Projects under execution:**

Sr. No.	Name of Projects	Capacity	Zero Date	Expected Mech. Completion
1	Toluene Di-Isocyanate (TDI) Plant	50,000 MTPA	1-1-08	June, 2011
2	Co-generation Power and Steam Unit	33 MW Power & 61 MT/Hr Steam	9-9-08	October, 2010
3	Weak Nitric Acid – II Plant	300 MTPD	31-1-08	August, 2010
4	Concentrated Nitric Acid – III Plant	150 MTPD	26-5-08	April, 2010
5	Wet Sulphuric Acid Plant based on H <sub>2</sub> S containing gas stream from Ammonia Plant	Environment Protection & ~ 200 MTPD Sulphuric Acid	15-10-08	November, 2010
6	Ethyl Acetate Plant	50,000 MTPA	1-9-08	August, 2010
7	Revamp of Ammonia Synthesis Loop by S-50 Converter	Energy Saving & Higher Ammonia Production	12-12-06	May, 2010 (Next annual Shut down)
8	Molecular Sieve in Ammonia Plant	Reliability of Operation	14-11-07	May, 2010 (Next annual Shut down)
9	TDI Revamp	1,000 MTPA	22-1-07	April, 2010
10	N <sub>2</sub> O Abatement Project	Environment Protection CDM Project	17-10-06	Expected UNFCC Registration in August, 2009
11	Acetic Acid Reactor Replacement	–	17-1-07	May, 2010 (Next annual Shut down)

After implementation of all projects in 2011-12, the turnover of the Company is expected to increase by around Rs. 1,450 crores p.a.

**8.3 Projects under active consideration:****8.3.1 Ammonia plant feedstock conversion from LSHS to Natural Gas:**

Government of India has announced policy guidelines for conversion of fuel oil based Ammonia plants into NG/LNG based plants in order to reduce the subsidy amount and to encourage usage of cheaper and more efficient feedstock/fuel. Hence, Company has taken all the actions for conversion of feedstock of Ammonia plant from LSHS to NG/LNG.

The project is capital intensive in nature and hence, Government has formulated guidelines to provide additional incentives to make the conversion project a viable proposition.

Based on the policy guidelines, an application is submitted to the Government of India for approval of the project. Project implementation will commence after approval by the Government of India.

**8.3.2 Formic Acid Expansion:**

It is planned to revamp the existing Formic Acid plant to increase the capacity by about 30 MT per day.

**9.0 HUMAN RESOURCE MANAGEMENT:**

Human Potentials have been perceived as powerful resource right from inception stage of GNFC and Company makes continuous and concerted efforts to groom its HR to meet with the present and future challenges in the field of Technology and Management functions and also focuses on providing an environment conducive for grooming employees to enable them contribute on a continuous basis for the growth of the organisation as also to meet with the rapidly changing Industrial scenario. The employees have also been groomed thro' need based training and development programmes organised regularly by inviting expert faculties from outside at GNFC and also with the help of internal faculties.

The Company has always considered importance of safety and health aspects and accordingly during the year, the training programmes on safety awareness, health awareness etc. were organised in-house.

The Company is very much concerned about its Human Resource (HR) which is a prime asset for improvement and enhancement of productivity and profitability. Very harmonious, cordial and healthy Industrial Relations (IR) throughout the year led to an atmosphere conducive for sustenance of growth and enrichment of value for shareholders. During the year, the Company has signed Long Term Settlement (LTS) effective from 01-07-2006 for a tenure of 4 years ending 30-06-2010 amicably with the internal Union in quite a healthy atmosphere.

With a view to have transparency, the Company has updated its HR Policies' Manual and made it available online on its intranet which facilitates employees to view / refer to any rule, provision / guidelines in respect of any of the policies / facilities available to them. This also enables the Company in smooth implementations of all rules / policies of the Company.

The total strength of human asset of the Company as on 31st March, 2009 was 2,827.

**10.0 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). Delegation of Authority (DoA)/ Delegation of Powers (DoP) have been suitably amended in 2008-09.

- 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 analysed 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, materials, finance, marketing, etc. of the Company. All the Regional and Area Offices have been connected with SAP to make the organisation a virtual work place.
- The Company constantly monitors and undertakes measures for re-organisation of certain functional areas as per requirement, in line with the global economic scenario prevalent from time to time.
- As a part of continuous improvement in the internal processes, the materials management processes are redesigned aiming to move towards the best bench marks. The redesigned processes will bring improvement in phased manner in the form of process simplification by automation, time and cost reduction and better service level. Continuous and dedicated efforts are put for cost reduction by developing new sources of surplus and effective negotiations. Company has already adopted e-tendering process successfully since last 3 years for high value items. This process is most transparent and with high level of security and has reduced processing time and operational cost.
- 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.

#### 11.0 CORPORATE SOCIAL RESPONSIBILITY - INITIATIVES:

The Company has always been conscious of its corporate social responsibility. The Company, as a part of its Corporate Social Responsibility (CSR) as also with a view to supplement the efforts of Government of Gujarat for the Socio-Economic Development of the State as a whole and of the Bharuch District in particular, have in consultation with District Development Officer, Bharuch, Collector, Bharuch, Secretary, Tribal Development Department, Government of Gujarat, identified and undertaken certain projects in the areas of Health & Family Welfare, Education, Agricultural & Tribal/Rural Development, etc. The basic approach adopted for selecting the Scheme/ Project under CSR is to identify the gaps/ limitations in various schemes of Central/State Governments or services and to fill up those gaps/limitations by providing financial support/services, so that Schemes/Services can be effectively implemented/ provided. In addition to this, the Company, being an agro-based Company has on its own also undertaken the various projects for the benefit of farmers of Bharuch District in particular and Gujarat in general as also other CSR initiatives relating to health and education through NGOs.

The Company has undertaken the various projects by providing financial assistance/ services, which are to be implemented through District Panchayat Administration, Bharuch include (i) Health Project; (ii) Provision of potable Drinking Water in the villages of Bharuch District; (iii) Upgradation of e-Gram Programme; and (iv) Happy Healthy Child Project. The Company has also undertaken the other Projects relating to Agricultural and Tribal Development as also relating to Health and Education, which include (i) Efficient use of Fertilizers; (ii) Onion, its Cultivation and Export Promotion; (iii) Thalassemia Prevention Programme in Bharuch District through Indian Red Cross Society; (iv) Construction of Hostel Building for Tribal Children and Agricultural Development activities through Shramik Vikas Sansthan; (v) Expansion and Revitalization of Vivekanand Gramin Tekniki Kendra by SEWA Rural, Jhagadia.

The total cost of various projects which are currently under implementation as a part of Company's initiatives towards CSR is around Rs.11.08 Crores.

#### 11.1 Extension Services & Community Development:

Proper guidance is provided by the Company to ensure crop and soil nutrition needs in the area of operation. To cater to the responsibility of the Company towards its farmer shareholders who are large in number, the Company undertakes various programmes for betterment of the farming community apart from selling fertilizers through 56 Narmada Khedut Sahay Kendras spread all over Gujarat manned by trained and experienced agricultural graduates.

Different Agro-projects like Fruit Crop, Field Crop, Agro Forestry, Nursery Management, Micro Irrigation System, Green House/ Net House and Vermi Compost have been developed at the Demonstration Farm (20 hectors). The Company has initiated a project for development of Tissue Culture Plants particularly of Banana at Bharuch.

To encourage balanced use of fertilizers, Company's Soil Testing Laboratory analyzed 38,966 soil samples and 1,971 water samples during the year.

To impart knowledge about modern agricultural practices, 656 young farmers from Gujarat and Rajasthan have been imparted training under 27 training programs organized so far.

#### 11.2 Narmadanagar Rural Development Society (NARDES):

Through NARDES, an NGO promoted by the employees and their family members, several rural development activities are undertaken to fulfill the Corporate Social Responsibilities in the field of health & hygiene, education, employment, rehabilitation of physically challenged people etc., and the benefit of these community services are being delivered with the sincere intent to improve the quality of life in the regions marked with rural & tribal presence. Company always gives back-up to NARDES to extend the helping & supportive hands during Natural Calamities to reduce the burden on the Government Infrastructure.

#### 11.3 Narmada Education and Scientific Research Society (NEST):

Narmada Education and Scientific Research Society (NEST), a trust promoted by the Company, runs the Narmada College campus. Institutions at the campus impart graduate & post graduate level of education in Science, Commerce, Management & Computer Application stream and also part time courses for the employed professionals.

#### 12.0 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

Your Company continues to lay emphasis to the good corporate governance practices. Good governance is an ongoing process and is linked to long term shareholders' value. The Company has been consistently improving the transparency and accountability to all its stakeholders. As a responsible corporate citizen, the Company is committed to meeting societal expectations. The Company has adopted the practices mandated in the new Clause 49 and has also incorporated some of the non-mandatory requirements mentioned therein.

### BOARD OF DIRECTORS

#### Composition of the Board :

The Board of Directors of the Company presently comprises 9 Directors, of which 8 Directors are the non-executive Directors, constituting more than 50% of the total strength of the Board. The Managing Director of the Company is the only Executive Director on the Board of the Company and is the non-independent Director. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The composition and category of the Directors on the Board of the Company are as follows:

Sr. No.	Name of Director	Category
1.	Shri Guruprasad Mohapatra, IAS Managing Director	Promoter, Executive Director, Non-Independent
2.	Shri S. Jagadeesan, IAS	Promoter, Non-Executive Director, Independent
3.	Shri Pankaj Kumar, IAS	Non-Executive Director, Independent
4.	Shri HV Patel, IAS	Non-Executive Director, Independent
5.	Shri PN Roychaudhari, IAS	Non-Executive Director, Independent
6.	Shri M M Srivastava, IAS	Non-Executive Director, Independent
7.	Dr. TT Ram Mohan	Non-Executive Director, Independent
8.	Shri DC Anjaria	Non-Executive Director, Independent
9.	Dr. Ashok Shah	Non-Executive Director, Independent

The changes occurred in the Board of Directors since 1st April, 2008 are as under :

Sr. No.	Name of Director	Particulars
1.	Shri PK Taneja, IAS	Resigned as Director w.e.f. 8th April, 2008.
2.	Dr. Manjula Subramaniam	Nomination as Government Director was withdrawn w.e.f. 10th April, 2008.
3.	Smt. Sudha Anchlia	Nominated as Government Director w.e.f. 10th April, 2008 and was appointed as Chairperson and Managing Director (CMD) of the Company w.e.f. 11th April, 2008. Relinquished the charge of CMD w.e.f. 30th June, 2009
4.	Shri Balwant Singh, IAS	Resigned as Director w.e.f. 11th April, 2008. Ceased to be the Managing Director from the said date. Appointed as Addl. Director w.e.f. 26th June, 2008 and was appointed Managing Director from 27th June, 2008 to 18th August, 2008.

Sr. No.	Name of Director	Particulars
5.	Smt. VL Joshi, IAS	Resigned as Director w.e.f. 15th April, 2008.
6.	Dr. Avinash Kumar	Resigned as Director w.e.f. 17th April, 2008.
7.	Shri HV Patel, IAS	Appointed as Director in the casual vacancy w.e.f. 20th May, 2008.
8.	Shri D Rajagopalan, IAS	Appointed as Director w.e.f. 17th June, 2008. Resigned as Director w.e.f. 21st January, 2009.
9.	Shri MM Srivastava, IAS	Appointed as Director w.e.f. 17th June, 2008. Resigned as Director w.e.f. 4th December, 2008. Again appointed as Director in the casual vacancy w.e.f. 22nd April, 2009.
10.	Shri PN Roychaudhari, IAS	Appointed as Director w.e.f. 17th June, 2008.
11.	Shri PN Vijay	Resigned as Director w.e.f. 25th July, 2008.
12.	Shri T Natarajan, IAS	Re-appointed Joint Managing Director w.e.f. 7th June, 2008. Relinquished the charge of Joint Managing Director w.e.f. 28th August, 2008.
13.	Shri S Jagadeesan, IAS	Nominated as Government Director w.e.f. 16th December, 2008.
14.	Shri Guruprasad Mohapatra, IAS	Nominated as Government Director w.e.f. 1st July, 2009 and appointed as Managing Director from the said date.

#### Number of Board Meetings :

During the year 2008-09, Six 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 : 20th May, 2008; 30th July, 2008; 23rd August, 2008, 25th September, 2008; 22nd October, 2008 and 30th January, 2009.

#### Directors' attendance Record :

Attendance of Directors at the Board Meetings during the year and at the last Annual General Meeting held on 25th September, 2008 are as under :

Name of Director	No. of Board Meetings held during the tenure of Directorship	Attendance at Meetings during 2008-09	
		No. of Board Meetings Attended	Attendance at Last AGM
Shri Guruprasad Mohapatra <sup>(1)</sup>	—	—	—
Shri S Jagadeesan <sup>(2)</sup>	1	1	—
Shri Pankaj Kumar	6	6	Attended
Shri HV Patel <sup>(3)</sup>	6	5	Not Attended
Shri PN Roychaudhari <sup>(4)</sup>	5	2	Attended
Shri MM Srivastava <sup>(5)</sup>	4	3	Not Attended
Dr. TT Ram Mohan	6	6	Attended
Shri DC Anjaria	6	5	Attended
Dr. Ashok Shah	6	6	Attended
Shri PK Taneja <sup>(6)</sup>	—	—	—
Dr. Manjula Subramaniam <sup>(7)</sup>	—	—	—
Shri Balwant Singh <sup>(8)</sup>	1	1	—
Smt. VL Joshi <sup>(9)</sup>	—	—	—
Dr. Avinash Kumar <sup>(10)</sup>	—	—	—
Shri T Natarajan <sup>(11)</sup>	3	3	—
Shri PN Vijay <sup>(12)</sup>	1	1	—
Shri D Rajagopalan <sup>(13)</sup>	4	1	Not Attended
Smt. Sudha Anchlia <sup>(14)</sup>	6	5	Attended



(1) Nominated w.e.f. 1.7.2009;	(2) Nominated w.e.f. 16.12.2008;
(3) Appointed w.e.f. 20.5.2008;	(4) Appointed w.e.f. 17.6.2008;
(5) Appointed w.e.f. 17.6.2008 & ceased to be Director w.e.f. 4.12.2008;	(6) Ceased to be Director w.e.f. 8.4.2008;
(7) Nomination withdrawn w.e.f. 10.4.2008;	(8) Ceased to be Director effective 11.4.2008, Again appointed w.e.f. 26.6.2008 and ceased to be Director w.e.f. 18.8.2008;
(9) Ceased to be Director w.e.f. 15.4.2008;	(10) Ceased to be Director w.e.f. 17.4.2008;
(11) Relinquished the charge of Joint MD w.e.f. 28.8.2008;	(12) Ceased to be Director w.e.f. 25.7.2008;
(13) Appointed w.e.f. 17.6.2008 & ceased to be Director w.e.f. 21.1.2009;	(14) Nominated w.e.f. 10.4.2008 & ceased to be Director w.e.f. 30.6.2009

**No. of Directorships/Committee position held in other companies :**

The number of Directorship(s) and Committee position held by the Directors are as under :

Name of Director	No of other Directorship(s)*	No. of Committee position held in other Companies**	
		As Chairman	As Member
Shri Guruprasad Mohapatra	9	None	3
Shri S Jagadeesan	14	3	1
Shri Pankaj Kumar	1	None	None
Shri HV Patel	6	1	3
Shri PN Roychaudhari	5	None	2
Shri MM Srivastava	6	None	2
Dr. TT Ram Mohan	2	None	1
Shri DC Anjaria	4	4	1
Dr. Ashok Shah	1	None	1

\* Other Directorships do not include Directorships of Private Limited companies, companies incorporated outside India and companies under Section 25 of the Companies Act, 1956.

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

**Notes:**

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

**Information supplied to the Board :**

Requisite information as enumerated in the Listing Agreement is 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 Meeting is put-up at the subsequent Board Meeting for consideration.

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. The meetings of the Committees are held whenever the need arises. Minutes of all Committee Meetings are put-up before the Board for taking note thereof. Besides, Action Taken Reports in respect of the decisions taken at the Committee Meetings are also put-up to the Board for information.

The Board periodically reviews compliance reports of all 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/she is a Director. The disclosure as required regarding Committee positions have been made by the Directors.

**Disclosure regarding appointment of new Director(s)/ re-appointment of Director(s) :**

The 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 designated Senior Management Personnel of the Company. The Code of Conduct sets ethical standards for the Directors and Senior Management Personnel of the Company. The Code of Conduct is available on Company's website viz. [www.gnfc.in](http://www.gnfc.in). All Board Members and designated Senior Management Personnel have affirmed their compliance with the said Code. A declaration to this effect signed by the Managing Director of the Company is annexed to this Report.

**AUDIT COMMITTEE****Constitution :**

The Audit Committee seeks to ensure better Corporate Governance and provide assistance to the Board of Directors in fulfilling the Board's overall responsibilities. The 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 :**

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

**Terms of Reference :**

The terms of reference of the Audit Committee are as follows:

- ❖ 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, the replacement or removal of Statutory Auditors and fixation of audit fees.
- ❖ Approval of payment for any other services rendered by Statutory Auditors.
- ❖ Reviewing with the Management, the annual financial statements before submission to the Board for approval, focussing primarily on;
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Report of the Board of Directors.
  - Any changes in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements concerning financial statements.
  - Disclosure of related party transactions.
  - Qualifications in draft audit report.
- ❖ Reviewing with the Management, the quarterly financial statements before submission to the Board for approval.
- ❖ 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.
- ❖ Carrying out any other function as is mentioned in the terms of reference of the Audit committee.
- ❖ 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 the Chief internal auditor.

The Audit Committee has the following powers:

- 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 2008-09, Six 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 : 8th May, 2008; 29th July, 2008; 20th September, 2008; 21st October, 2008, 7th January, 2009 and 30th January, 2009.

## Attendance at the Meetings :

The Audit Committee meetings are usually attended by the Executive Director - Head of Finance functions of the Company, Executives of Finance Department, representatives of the Statutory Auditors as also representatives of the Internal Auditors. The Operation Heads are invited to the meeting, when required. The Cost Auditor appointed under Section 233B of the Companies Act, 1956 also attend the Audit Committee meeting where Cost Audit Report is discussed.

Attendance of each Member at the Audit Committee Meetings held during the year 2008-09 :

Name of the Member	No. of Meetings held during the tenure of Membership	No. of Meetings Attended
Shri DC Anjaria	6	6
Dr. TT Ram Mohan	6	6
Dr. Ashok Shah	6	6
Shri T Natarajan*	2	2
Smt. Sudha Anchlia**	6	4
* Ceased to be a Member of the Committee w.e.f. 28-08-2008.		
** Inducted as Member w.e.f. 07-05-2008 and ceased to be a Member w.e.f. 30-06-2009		

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

## Remuneration of Directors :

No Remuneration Committee has been constituted by the Board. The remuneration of the 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 the approvals, if any, from the Shareholders, where necessary.

The appointment of the Managing Director is made by the Board in consultation with the Government of Gujarat, and usually he/she is from IAS Cadre. He/She is being paid remuneration as per the terms and conditions prescribed by the Government of Gujarat. Remuneration of the Managing

Director and other 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. Non-Executive Directors of the Company are paid Sitting Fees @ Rs.5,000/- per meeting attended by them.

The details of the remuneration paid to the Directors during the financial year 2008-09 are as follows :

(Amount in Rs.)

Sr No.	Name of Director	Salary	Perquisites and allowances	Sitting Fees	Total
1.	Shri Pankaj Kumar	—	—	85,000 *	85,000
2.	Shri PN Roychaudhari	—	—	10,000 *	10,000
3.	Shri HV Patel	—	—	25,000*	25,000
4.	Shri S Jagadeesan	—	—	5,000 *	5,000
5.	Shri D Rajagopalan	—	—	5,000 *	5,000
6.	Shri MM Srivastava	—	—	15,000*	15,000
7.	Dr. TT Ram Mohan	—	—	75,000	75,000
8.	Dr. Ashok Shah	—	—	1,15,000	1,15,000
9.	Shri DC Anjaria	—	—	1,00,000	1,00,000
10.	Shri PN Vijay	—	—	5,000	5,000
11.	Shri T Natarajan, Joint Managing Director	2,79,002	17,999	—	2,97,001
12.	Smt. Sudha Anchlia, Chairperson & Managing Director	6,89,570	9,384	—	6,98,954

\* Amount Deposited in Government Treasury

Shri Balwant Singh held additional charge of post of the Managing Director of the Company from 14th September, 2005 to 11th April, 2008. No remuneration was paid to him for holding the additional charge of the post of Managing Director of the Company during the said period. Government of Gujarat vide its order dated 6th May, 2008 granted/sanctioned special pay to Shri Balwant Singh for holding additional charge, which worked out to Rs.52,377/-. The shareholders have at their AGM held on 25th September, 2008, approved payment of special pay to Shri Balwant Singh. Accordingly, payment of special pay of Rs.52,377/- has been made to Shri Balwant Singh.

Shri Balwant Singh also held additional charge of post of Managing Director of the Company during the period Smt. Sudha Anchlia, Chairperson & Managing Director of the Company was on leave i.e. from 27th June, 2008 to 18th August, 2008. As approved by the Shareholders at their AGM held on 25th September, 2008, he has been paid an amount of Rs.2,912/- as Special Pay for holding the said additional charge of the post of Managing Director of the Company.

## Details of Equity shares held in the Company by the Non-Executive Directors are as under :

Sr. No.	Name of Director	No. of Equity Shares held
1.	Shri Pankaj Kumar	500
2.	Dr. TT Ram Mohan	500
3.	Dr. Ashok Shah	575
4.	Shri DC Anjaria	500
5.	Shri HV Patel	500
6.	Shri S Jagadeesan	Nil
7.	Shri MM Srivastava	500
8.	Shri PN Roychaudhari	500

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

## SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

### Composition :

Shareholders'/Investors' Grievance Committee presently comprises three members viz. Shri Pankaj Kumar, Dr. Ashok Shah and Shri DC Anjaria. All the members are the Non-Executive Directors and one of them is elected as Chairman at every meeting.

### Terms of Reference :

Shares-cum-Debentures Transfer / Investors' Grievance Committee specifically looks into various issues of the 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, issuance 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 2008-09, Nine meetings of the Committee were held. The dates on which the said meetings were held are : 8th May, 2008, 18th June, 2008, 29th July, 2008, 25th September, 2008, 21st October, 2008, 6th December, 2008, 7th January, 2009, 3rd March, 2009 and 31st March, 2009.

#### Attendance :

The details of meetings attended by the Members during the year 2008-09 are as under :

Name of Member	Category of Director	No. of meetings held during the tenure of membership	No. of meetings attended
Shri Pankaj Kumar	NED & ID	9	8
Dr. Ashok Shah	NED & ID	9	8
Shri DC Anjaria*	NED & ID	6	5
Shri T Natarajan**	Jt.MD & NID	3	3
* Inducted as Member w.e.f. 25-9-2008			
** Ceased to be a Director and Member of the Committee w.e.f. 28-08-2008			
NED = Non-Executive Director    NID = Non-Independent Director			
ID = Independent Director    Jt.MD = Joint Managing 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 :

The total number of complaints received and replied to the Shareholders during the year under review was 591. As on 31st March, 2009, 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 :

Location and time of last three Annual General Meetings were as under :

Year	Date	Venue	Time
2007-08	Sept. 25, 2008	At the Regd. Office of the Company,	2:30 PM
2006-07	Sept.22, 2007	Near Jan Vikas Temple,	2:00 PM
2005-06	Sept. 23, 2006	Narmadanagar-392 015, Dist. Bharuch.	2:00 PM

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

Special Resolutions passed at the previous three Annual General Meetings were as under :

Sr No.	Date of AGM	Particulars of Resolution
1.	25th September, 2008	Reappointment of Auditors
2	22nd September, 2007	Reappointment of Auditors
3.	23rd September, 2006	Appointment of Auditors

During the year under review, two Special Resolutions with respect to alteration of the Other Objects clause of Memorandum of Association of the Company and the commencement of the new business referred to in the Other Objects clause, moved through Postal Ballot were not carried through/passed by the Shareholders with requisite majority. No resolution is proposed to be passed through Postal Ballot at the ensuing Annual General Meeting.

As directed by the Hon'ble High Court of Gujarat, a meeting of the Shareholders of the Company, was convened on 29th June, 2006 to approve the Scheme of Amalgamation of Narmada Chematur Petrochemicals Ltd (NCPL) with the Company. Resolution moved at the said meeting was passed by the majority in number of Members representing Three-Fourths in value of the Members.

#### 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. The details of all significant transactions with related parties are periodically placed before the Audit Committee.

##### Disclosure of 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 related to the capital market during the last three years.

##### Disclosure on Risk Management :

The Consultant appointed for implementation of Enterprise-wide Risk Management (ERM) have submitted their report and the same has been reviewed by the Audit Committee. As directed by the Audit Committee the same is being updated. The Company has already initiated the actions for mitigating the risks associated with the Company. Appropriate procedures will be devised for periodical reporting on risks inherent to the Company's business and steps for its mitigation in due course.

##### Code of prevention of Insider Trading Practices :

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

##### CEO/CFO Certification :

The Chairperson & Managing Director (CEO) and the Executive Director – Head of Finance Functions (CFO) have in respect of the financial year ended 31st March, 2009 certified to the Board regarding compliance of covenants contained in Clause 49 (V) of the Listing Agreement.

##### SUBSIDIARY COMPANIES :

The Company has no subsidiary.

#### MANAGEMENT

##### Management Discussion & Analysis :

Management Discussion & Analysis 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 Quarterly, Half-yearly and Annual Financial Results are regularly submitted to the Stock Exchanges, published in the news-papers and are displayed on the Company's Website [www.gnfc.in](http://www.gnfc.in). As per the requirement of Clause 51 of the Listing Agreement with the Stock Exchanges, the data relating to Financial Results, Shareholding Pattern, etc. are e-filed on Electronic Data Information Filing & Retrieval System (EDIFAR) within the time frame prescribed therefore. These are available on SEBI website viz. [www.sebidifar.nic.in](http://www.sebidifar.nic.in).

The quarterly Financial Results are published in English and in Gujarati Daily News-papers. The official news releases on significant developments about the Company are also displayed on the Company's Website.





## 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 Director. The Financial Statements of the Company are free from any qualification by the Auditors.

## GENERAL SHAREHOLDER INFORMATION

### Annual General Meeting :

Day : Thursday  
Date : 24th September, 2009  
Time : 2.30 P.M.  
Venue : At the Registered Office of the the Company at  
P.O. Narmadanagar-392 015, Dist. Bharuch.

### Financial Calender :

Financial Year : 1st April, to 31st March.

Results for the Quarter ending on will be announced by  
- 30th June, 2009 - July, 2009  
- 30th September, 2009 - October, 2009  
- 31st December, 2009 - January, 2010  
- 31st March, 2010 - May/June, 2010

### Book Closure

Closure of Register of Members : Friday, the 21st August, 2009 to  
and Share Transfer Books Friday, the 28th August, 2009.  
(both days inclusive) for the  
payment of Dividend.

**Dividend Payment :** Dividend of Rs.3.25 per Equity Share  
will be paid from 5th October, 2009  
onwards, subject to the approval by  
the Shareholders at the Annual  
General Meeting.

### Listing :

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

- 1) National Stock Exchange of India Limited (NSE), Mumbai ; and
- 2) Bombay Stock Exchange Limited (BSE), Mumbai

The Company has already made payment of Annual Listing Fees to BSE and NSE for the year 2009-2010.

### Other details:

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

The GDRs issued by the Company in the International Market are listed on the Luxumburg Stock Exchange.

### Stock Market Price Data

Monthly High & Low quotation on Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd (NSE)

(Amount in Rupees )

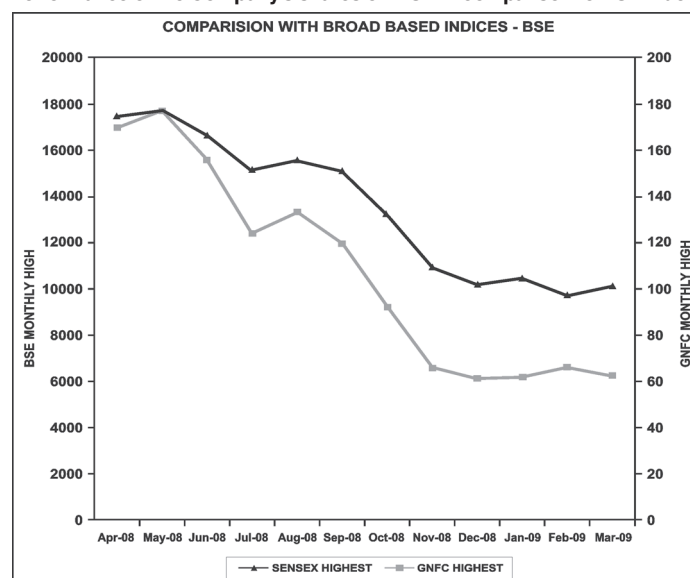
MONTH	BSE		NSE	
	HIGH	LOW	HIGH	LOW
April, 2008	169.90	130.00	169.85	130.00
May, 2008	177.20	145.00	177.50	144.90
June, 2008	155.80	113.30	155.90	113.35
July, 2008	124.00	100.50	123.90	97.75
August, 2008	133.30	110.10	133.45	110.10
September, 2008	119.75	78.00	119.90	80.00
October, 2008	92.25	48.00	92.25	48.00
November, 2008	66.00	50.50	65.50	50.50
December, 2008	61.45	49.30	61.40	49.20
January, 2009	61.90	52.00	61.95	52.00
February, 2009	66.50	53.00	66.40	53.10
March, 2009	62.50	52.40	62.45	52.05

## Stock Performance : 2008-09

### STOCK PERFORMANCE VS BSE INDEX

MONTH	SENSEX HIGHEST	GNFC HIGHEST
April, 2008	17480.74	169.90
May, 2008	17735.70	177.20
June, 2008	16632.72	155.80
July, 2008	15130.09	124.00
August, 2008	15579.78	133.30
September, 2008	15107.01	119.75
October, 2008	13203.86	92.25
November, 2008	10945.41	66.00
December, 2008	10188.54	61.45
January, 2009	10469.72	61.90
February, 2009	9724.87	66.50
March, 2009	10127.09	62.50

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



### Investors' Services:

The Company is registered with the Securities & Exchange Board of India (SEBI) as an in-house Share Transfer Agent - Category - II. The 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-Debentures Transfer/ Investors' Grievance Committee. The Company obtains from the Company Secretary in Practice a certificate of compliance with the share transfer formalities as required under Clause 47 (C) of the Listing Agreement on half-yearly basis and files a copy of the certificate with the Stock Exchanges. Pursuant to SEBI (Depositories & Participants) Regulations, 1996, certificates have been received from a Company Secretary-in-Practice for timely dematerialisation of shares of the Company as also for conducting a Secretarial Audit on a Quarterly basis for reconciliation of share capital of the Company.

**Distribution of Shareholding as on 31st March, 2009 :**

Category of Equity Shares	No. of Share holders	% to total Share holders	No. of Shares	% to Total Equity Capital
1 to 250	263828	91.612	1,84,83,460	11.893
251 to 500	14138	4.909	52,97,047	3.408
501 to 1000	5695	1.977	44,61,652	2.871
1001 to 2000	2366	0.822	36,02,411	2.318
2001 to 3000	691	0.240	17,59,570	1.132
3001 to 4000	305	0.106	11,05,648	0.711
4001 to 5000	247	0.086	11,79,151	0.759
5001 to 10000	386	0.134	27,93,586	1.797
10001 and above	328	0.114	11,67,36,258	75.111
<b>Total</b>	<b>287984</b>	<b>100.000</b>	<b>15,54,18,783</b>	<b>100.000</b>

**Shareholding Pattern of the Company as on 31st March, 2009 :**

Sr. No	Holders	Total no. of Shares	% of Total Equity Capital
1	Promoters	6,40,06,713	41.183
2	Mutual Funds & UTI	1,53,99,228	9.908
3	Banks, Financial Institutions & Insurance Companies.	2,18,88,910	14.084
4	Foreign Institutional Investors (FII)	55,86,898	3.595
5	NRI's / OCBs	32,14,934	2.068
6	Bodies Corporate	57,96,750	3.730
7	Co-operative Societies	3,59,905	0.232
8	Indian Public	3,88,37,398	24.989
9	Shares in Pool A/c (As reported by Depositories)	328047	0.211
	<b>Total</b>	<b>15,54,18,783</b>	<b>100.000</b>

**Dematerialisation of Shares & Liquidity:**

As on 31st March, 2009, 69.55% of the shares were held in dematerialised form and the remaining shares in physical 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, 2009, 81,248 GDRs were outstanding, which represent 4,06,240 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 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.  
FAX : 02642 : 247084  
EMAIL : investor@gnfc.in

**Exclusive E-mail ID for redressal of Investors' Complaints :**

The Company has designated following E-mail ID exclusively for the purpose of registering complaints by investors :

"investor@gnfc.in".

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

I hereby confirm that the Company has adopted two separate code of conduct for its Board Members and for the Senior Management Personnel of the Company. Both these "Code of Conduct" are available on the Company's website www.gnfc.in. The Company has obtained affirmation as to compliance of code of conduct from all the Board Members and Senior Management Personnel of the Company in respect of Financial Year 2008-09. This is a declaration as required under Clause 49 I (D) (II) of the Listing Agreement entered into with the Stock Exchanges.

Place : Narmadanagar  
Date : 7<sup>th</sup> August, 2009

**GURUPRASAD MOHAPATRA**  
**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 31<sup>st</sup> March, 2009 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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.

Further, we have to state that as at 31<sup>st</sup> March, 2009, no investor grievance was pending for a period of one month against the Company as per the records maintained by the 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.

Place : Ahmedabad  
Date : 7<sup>th</sup> August, 2009

**For KANHA ASSOCIATES**  
*Practising Company Secretaries*  
**Arvind D. Gaudana**  
*Partner*  
**C.P. No. 2183**





## 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 March 31, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date 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 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 (as amended) issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 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 above, we report that :
  - i. 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 ;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;
  - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
  - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956 ;
  - v. On the basis of the written representations received from the Directors, as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2009 from being appointed as a Director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956 ;
  - vi. 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 ;
    - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009 ;
    - b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
    - c) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For S.R. BATLIBOI & CO.**  
*Chartered Accountants*

**per Vijay Maniar**  
Partner

Place : Mumbai  
Date : 23.05.2009

Membership No.: 36738

## Annexure referred to in paragraph [3] of our report of even date

**Re: Gujarat Narmada Valley Fertilizers Company Limited**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a programme of physical verification of all its fixed assets over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets have been verified by the management during the year and according to the information and explanations given to us, assets so verified have been substantially reconciled with the book records and no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, provisions of paragraphs 4(iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, provisions of paragraphs 4(iii) (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) According to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records 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.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Wealth tax, Service tax, Sales tax, Customs Duty, Excise Duty, Cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of Service tax, Excise Duty and Cess on account of any dispute, are as follows:

Nature of Statute	Nature of the Dues	Amount (Rs. in Lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise & Customs Act, 1944	Excise Duty	2.10	FY 2002-03	Department in Appeals, Supreme Court
	Excise Duty	707.31	FY 2004-05	Department in Appeals, Supreme Court
	Excise Duty	15.67	FY 2005-06	Department in Appeals, Supreme Court
	Excise Duty	38.71	FY 2005-06	CEGAT
	Service Tax	1.31	FY 2005-06	Asst. Commissioner of Central Excise & Customs - Bharuch

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank. The Company has no outstanding dues to debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced 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.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised money through public issues during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For S.R. BATLIBOI & CO.**  
Chartered Accountants

**per Vijay Maniar**  
Partner

Place : Mumbai  
Date : 23.05.2009

Membership No.: 36738



## BALANCE SHEET AS AT 31ST MARCH, 2009

			(Rs. in Lacs)	
	SCHEDULE		31-03-2009	31-03-2008
<b>SOURCES OF FUNDS:</b>				
<b>Shareholders' Funds:</b>				
Share Capital	1	15,543.74		15,543.74
Reserves & Surplus	2	1,85,867.88		1,69,026.13
			2,01,411.62	1,84,569.87
<b>Loan Funds:</b>				
Secured Loans	3	10,284.95		31,046.38
Unsecured Loans	4	25,305.00		305.00
			35,589.95	31,351.38
<b>Deferred Tax:</b>				
Deferred Tax Liabilities	5	26,305.75		23,598.65
Less: Deferred Tax Assets		2,850.22		2,002.18
			23,455.53	21,596.47
<b>TOTAL</b>			<b>2,60,457.10</b>	<b>2,37,517.72</b>
<b>APPLICATION OF FUNDS:</b>				
<b>Fixed Assets:</b>				
Gross Block	6	3,02,799.58		2,75,053.07
Less: Accumulated Depreciation/ Impairment		1,79,851.06		1,68,030.19
Net Block		1,22,948.52		1,07,022.88
Capital Work-in-Progress including Capital Advances		41,967.41		25,921.16
			1,64,915.93	1,32,944.04
<b>Investments</b>	7		8,839.06	14,657.39
<b>Current Assets, Loans and Advances:</b>				
Interest Accrued on Investments		0.00		142.26
Inventories	8	43,075.71		38,599.79
Sundry Debtors	9	28,871.65		38,968.35
Govt. of India Fertilizer Bonds		24,424.34		18,386.30
Cash and Bank Balances	10	5,541.39		15,141.34
Loans and Advances	11	21,725.62		27,545.44
(A)		1,23,638.71		1,38,783.48
<b>Less: Current Liabilities &amp; Provisions</b>	12			
Current Liabilities		23,759.99		35,272.20
Provisions		13,176.61		13,594.99
(B)		36,936.60		48,867.19
<b>Net Current Assets (A-B)</b>			<b>86,702.11</b>	<b>89,916.29</b>
<b>TOTAL</b>			<b>2,60,457.10</b>	<b>2,37,517.72</b>

## Notes to Accounts

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The Schedules referred to above and Notes to Accounts form an integral part of the Balance Sheet

<b>K. C. Jatania</b> Executive Director (Finance)		<b>R.B. Panchal</b> Company Secretary		<b>Sudha Anchlia</b> Chairperson & Managing Director	
<b>S. Jagadeesan</b> Director	<b>Pankaj Kumar</b> Director	<b>Dr. T.T. Ram Mohan</b> Director	<b>D.C. Anjaria</b> Director	<b>H.V. Patel</b> Director	<b>Dr. Ashok Shah</b> Director

Place : Ahmedabad  
Date : 23.5.2009AS PER OUR REPORT OF EVEN DATE  
For **S.R. BATLIBOI & CO.**  
Chartered AccountantsPlace : Mumbai  
Date : 23.5.2009per **Vijay Maniar**  
Partner  
Membership No. : 36738

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

		(Rs. in Lacs)	
	SCHEDULE	2008-09	2007-08
<b>INCOME:</b>			
Sales & Services		3,06,228.02	3,65,344.17
Less: Excise Duty		14,222.41	21,952.96
Sales (Net)		2,92,005.61	3,43,391.21
Other Income	13	6,534.06	5,987.22
		2,98,539.67	3,49,378.43
<b>EXPENDITURE:</b>			
Purchases of Goods for Sale		30,641.17	65,054.77
Manufacturing Expenses	14	1,81,360.00	1,77,802.22
(Increase)/ Decrease in Stock of Finished Goods and Stock in Process	15	(363.18)	1,375.01
Marketing, Administration and Other Expenses	16	14,544.48	16,262.87
Personnel Expenses	17	22,131.15	18,929.03
Interest	18	2,692.18	1,158.85
Depreciation/ Amortisation		11,972.57	11,051.70
Research & Development Expenses	19	190.85	122.51
		2,63,169.22	2,91,756.96
<b>Profit Before Tax</b>		35,370.45	57,621.47
Less : Provision for Current Tax (Including Wealth Tax)		10,527.66	20,797.27
Less : Provision for Deferred Tax		1,859.06	(681.93)
Less : Provision for Fringe Benefit Tax		232.00	222.10
Add : Excess Provision for Taxation of Earlier Year written back		0.00	4.27
<b>Profit After Tax</b>		22,751.73	37,288.30
Add : Balance brought forward from previous year		52,322.23	47,761.80
Amount available for Appropriations		75,073.96	85,050.10
<b>APPROPRIATIONS:</b>			
Transferred to:			
General Reserve		20,000.00	25,000.00
Proposed Dividend		5,051.11	6,605.30
Tax on Dividend		858.44	1,122.57
Balance Carried to Balance Sheet		49,164.41	52,322.23
		75,073.96	85,050.10

**Notes to Accounts**

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Earnings per share - Basic &amp; Diluted (Rs.)

14.64

23.99

Nominal Value of Shares Rs. 10 (Previous year Rs.10)

The Schedules referred to above and Notes to Accounts form an integral part of the Profit and Loss Account

<b>K. C. Jatania</b> Executive Director (Finance)		<b>R.B. Panchal</b> Company Secretary		<b>Sudha Anchlia</b> Chairperson & Managing Director	
<b>S. Jagadeesan</b> Director	<b>Pankaj Kumar</b> Director	<b>Dr. T.T. Ram Mohan</b> Director	<b>D.C. Anjaria</b> Director	<b>H.V. Patel</b> Director	<b>Dr. Ashok Shah</b> Director

Place : Ahmedabad

Date : 23.5.2009

AS PER OUR REPORT OF EVEN DATE  
For **S.R. BATLIBOI & CO.**  
Chartered Accountants

Place : Mumbai

Date : 23.5.2009

per **Vijay Maniar**  
Partner  
Membership No. : 36738



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

		(Rs. in Lacs)	
Particulars	2008-2009	2007-2008	
<b>A. Cash Flow from Operating Activities:</b>			
Net Profit before Taxation & extraordinary items	35,370.45	57,621.47	
Adjustments for:			
- Depreciation/ Amortisation	11,972.57	11,051.70	
- Foreign exchange loss	26.20	75.73	
- Interest income	(877.63)	(1,515.64)	
- Dividend income	(162.77)	(168.52)	
- Interest expense	2,692.18	1,158.85	
- (Profit)/Loss on sale of Fixed Assets (Net)	10.58	4.38	
- Provision for Diminution in Value of Investments	304.20	0.00	
- (Profit)/Loss on sale of Investments (Net)	0.00	89.89	
	<b>13,965.33</b>	<b>10,696.39</b>	
Operating Profit before Working Capital Changes	49,335.78	68,317.86	
Adjustment for:			
- Trade and other Receivables	7,805.02	4,752.77	
- Inventories	(4,475.92)	246.73	
- Trade Payables	(10,394.94)	(8,110.28)	
	<b>(7,065.84)</b>	<b>(3,110.78)</b>	
Cash Generated from Operations	42,269.94	65,207.08	
- Income Tax paid (Net of Refund)	(8,686.20)	(21,674.81)	
<b>Net Cash Flow from Operating Activities</b>	<b>33,583.74</b>	<b>43,532.27</b>	
<b>B. Cash Flow from Investing Activities:</b>			
- Purchase of Fixed Assets	(43,997.62)	(30,661.22)	
- Sale of Fixed Assets	42.58	168.82	
- Interest received	1,019.89	1,514.86	
- Dividends received	162.77	168.52	
- Purchase of Investments	(858.51)	(56.20)	
- Sale of Investments	6,372.64	159.19	
<b>Net Cash Flow from Investing Activities</b>	<b>(37,258.25)</b>	<b>(28,706.03)</b>	
<b>C. Cash Flow from Financing Activities:</b>			
- Proceeds from Short Term Borrowings	25,000.00	0.00	
- Repayment of Short Term Borrowings	(20,597.79)	(2,525.28)	
- Repayment of long term borrowings	(163.64)	(1,281.82)	
- Interest paid	(2,435.71)	(1,197.26)	
- Dividend paid (Including Dividend Tax)	(7,728.30)	(7,728.30)	
- Foreign exchange loss	0.00	(0.15)	
<b>Net Cash used in Financing Activities</b>	<b>(5,925.44)</b>	<b>(12,732.81)</b>	
<b>Net increase/ (decrease) in Cash and cash equivalents</b>	<b>(9,599.95)</b>	<b>2,093.43</b>	
<b>Cash and cash equivalents at the beginning of period</b>	<b>15,141.34</b>	<b>13,047.91</b>	
<b>Cash and cash equivalents at the end of period</b>	<b>5,541.39</b>	<b>15,141.34</b>	

## Notes :

- Cash and cash equivalents include Deposits pledged with government authorities and banks **Rs. 339.63 lacs** (previous year Rs. 7,603.74 lacs).
- For components of Cash and cash equivalents, refer Schedule 10 to the Balance Sheet.

**K. C. Jatania**  
Executive Director (Finance)

**R.B. Panchal**  
Company Secretary

**Sudha Anchlila**  
Chairperson & Managing Director

**S. Jagadeesan**  
Director

**Pankaj Kumar**  
Director

**Dr. T.T. Ram Mohan**  
Director

**D.C. Anjaria**  
Director

**H.V. Patel**  
Director

**Dr. Ashok Shah**  
Director

Place : Ahmedabad  
Date : 23.5.2009

AS PER OUR REPORT OF EVEN DATE  
For **S.R. BATLIBOI & CO.**  
Chartered Accountants

Place : Mumbai  
Date : 23.5.2009

per **Vijay Maniar**  
Partner  
Membership No. : 36738



	(Rs. in Lacs)	
<b>SCHEDULE - 1</b>	<b>31-03-2009</b>	<b>31-03-2008</b>
<b>SHARE CAPITAL:</b>		
<b>Authorised:</b>		
25,00,00,000 Equity Shares of Rs.10/- each	<u>25,000.00</u>	<u>25,000.00</u>
<b>Issued:</b>		
15,75,07,569 Equity Shares of Rs.10/- each fully paid	<u>15,750.76</u>	<u>15,750.76</u>
<b>Subscribed and Paid up:</b>		
15,54,18,783 Equity Shares of Rs.10/- each fully paid up	<u>15,541.88</u>	<u>15,541.88</u>
(Out of above, 89,42,569 shares issued pursuant to the scheme of amalgamation for consideration other than cash)		
Add : Forfeited Shares - (Amounts originally paid up @ Rs. 5/- on 37,300 Equity Shares of the Amalgamating Company Viz. NCPL)	<u>1.86</u>	<u>1.86</u>
<b>TOTAL</b>	<u><u>15,543.74</u></u>	<u><u>15,543.74</u></u>

**SCHEDULE - 2****RESERVES AND SURPLUS:****Capital Reserve:**

(Amount received under Central/ State Subsidy Scheme and amount received/ transferred on Shares/ Debentures Forfeited)

As per last Balance Sheet **61.97** 61.97

**Securities Premium Account:**

As per last Balance Sheet **31,330.67** 31,330.67

**General Reserve:**

As per last Balance Sheet **85,311.26** 62,364.16

Add : Transferred from Profit & Loss Account **20,000.00** 25,000.00

Less : Rounding Difference of Dividend **0.43** 0.43

Less : AS-15 Provisions (Net of Deferred Tax) **0.00** 2,052.47

**1,05,310.83** 85,311.26

**Balance in Profit and Loss Account** **49,164.41** 52,322.23

**TOTAL** **1,85,867.88** 1,69,026.13

	(Rs. in Lacs)	
<b>SCHEDULE - 3</b>	<b>31-03-2009</b>	<b>31-03-2008</b>
<b>SECURED LOANS:</b>		
<b>1. Loans and Advances from Banks:</b>		
Cash Credit, Overdraft & Packing Credit Accounts	<b>10,284.95</b>	30,882.74
<b>2. Term Loans:</b>		
Rupee Loan	<b>0.00</b>	163.64
<b>TOTAL</b>	<u><u>10,284.95</u></u>	<u><u>31,046.38</u></u>

**Notes:**

- (a) Loans and Advances from banks as Cash Credit Accounts are secured by first charge by way of hypothecation of stocks and book debts and all other movables, both present and future.
- (b) Rupee Loan of **Rs. 163.64 lacs** is secured by hypothecation of GNFC Infotower Building, 3rd Floor to 8th Floor.
- Out of Secured Loans at 2 above, **Rs. Nil lacs** (previous year Rs. 163.64 lacs) is payable within one year.

**SCHEDULE - 4****UNSECURED LOANS:****Short Term Loans and Advances:**

From Banks **5,000.00** 0.00

From Others **20,000.00** 0.00

**Other Loans and Advances** **305.00** 305.00

**TOTAL** **25,305.00** 305.00

**Note :**

Out of the above, Loans and advances of **Rs. 25,000.00 lacs** (previous year Rs.Nil lacs) are payable within one year.

**SCHEDULE - 5****DEFERRED TAX:****Liabilities:****Arising on account of timing differences in:**

Depreciation **26,305.75** 23,598.65

**Less: Assets:****Arising on account of timing differences in:**

Provision for Doubtful Debts/Advances/Loans **79.50** 161.38

Provision for Leave Encashment & Bonus **1,941.96** 1,483.46

Provision for Diminution in Value of Fertilizer Bonds **828.76** 357.34

**TOTAL** **2,850.22** 2,002.18

**TOTAL** **23,455.53** 21,596.47



## SCHEDULE - 6

## FIXED ASSETS :

(Rs. in Lacs)

Sr No	Assets	COST			DEPRECIATION		IMPAIRMENT	NET BLOCK		
		As on 01-04-2008	Additions/ Adjustments	Deductions/ Adjustments	As on 31-03-2009	For the year	Upto 31-03-2009	Upto 31-03-2009	As on 31-03-2009	As on 31-03-2008
1	Intangible Assets - Goodwill	1,688.99	0.00	0.00	1,688.99	337.80	1,013.39	0.00	675.60	1,013.40
2	Free Hold Land	338.80	0.00	0.03	338.77	0.00	0.00	0.00	338.77	338.80
3	Roads, Culverts & Compound Wall	1,427.63	18.66	0.00	1,446.29	23.61	369.02	0.00	1,077.27	1,082.22
4	Buildings	11,424.91	520.26	0.00	11,945.17	303.51	3,944.23	0.00	8,000.94	7,784.20
5	Plant & Machinery	2,51,716.52	27,566.89	772.94	2,78,510.47	10,848.29	1,68,311.08	477.96	1,09,721.43	93,682.87
6	Intangible Assets - Softwares & Licence	2,673.03	47.01	0.00	2,720.04	233.90	1,309.96	0.00	1,410.08	1,596.96
7	Railway Sidings	376.99	0.00	0.00	376.99	1.45	354.88	0.00	22.11	23.56
8	Water Supply & Drainage System	1,942.90	14.95	0.00	1,957.85	40.31	1,457.09	0.00	500.76	526.12
9	Furniture, Fixture & Equipment	2,275.05	359.75	55.94	2,578.86	161.36	1,613.86	0.00	965.00	782.53
10	Vehicles	243.68	104.08	50.98	296.78	22.34	107.19	0.00	189.59	140.05
		2,74,108.50	28,631.60	879.89	3,01,860.21	11,972.57	1,78,480.70	477.96	1,22,901.55	1,06,970.71
11	Assets given on Lease:									
	Plant & Machinery	939.37	0.00	0.00	939.37	0.00	892.40	0.00	46.97	46.97
	Lease Assets Adjustment Account	5.20	0.00	5.20	0.00	—	—	—	0.00	5.20
	TOTAL	2,75,053.07	28,631.60	885.09	3,02,799.58	11,972.57	1,79,373.10	477.96	1,22,948.52	1,07,022.88
	As on 31-03-2008	2,67,728.77	7,615.10	290.80	2,75,053.07	11,051.70	1,67,552.23	477.96	1,07,022.88	

## Notes :

- (1) Buildings include value of shares of **Rs. 600/-** issued by the association under the Bye-laws in the names of the Company's nominees.
- (2) Additions include **Rs. Nil lacs** (Previous year Rs. 7.84 lacs) of foreign exchange variance. This is in respect of Exchange Differences on liability relating to fixed assets acquired within India arising out of transactions entered on or before March 31, 2004.
- (3) Additions to fixed assets during the year include **Rs. 41.39 lacs** (previous year Rs. 12.58 lacs) used for Research and Development.

SCHEDULE - 6 (Continued)	(Rs. in Lacs)		2. Other Investments: (In fully paid up Equity Shares-Quoted) Trade Investments:	(Rs. in Lacs)	
	31-03-2009	31-03-2008		31-03-2009	31-03-2008
<b>CAPITAL WORK-IN-PROGRESS:</b> (Including Capital Advances)					
TDI at Dahej	14,805.38	1,320.73	15,00,000 Gujarat State Fertilizers & Chemicals Ltd. of Rs.10/- each	1,503.75	1,503.75
33 MW Co-generation Power & Steam Unit	3,900.61	39.60	2,92,800 Gujarat Alkalies & Chemicals Ltd. of Rs.10/- each	224.52	224.52
Reactor Replacement in Acetic Acid Plant	2,187.02	665.55	<b>Non-Trade Investments:</b>		
Methanol Revamp	639.48	6,712.59	1,80,000 Videocon Industries Ltd. of Rs.10/- each	1,080.00	1,080.00
Ammonia Plant Feedstock Conversion	288.11	232.38	2,85,440 Industrial Development Bank of India of Rs.10/- each	231.92	231.92
Yellow Water Concentration Unit	0.00	506.23	2,00,000 Indian Oil Corporation Ltd. of Rs.10/- each	467.92	467.92
Ammonia Revamp	4,134.15	2,696.03	71,900 Dena Bank of Rs.10/- each	21.57	21.57
WNA	5,887.43	2,588.93	80,00,000 Gujarat State Petronet Ltd. of Rs. 10 each	1,000.00	1,000.00
Other Capital Schemes	10,125.23	11,159.12	<b>Other Than Trade Investments:</b> (In fully paid up Equity Shares-Unquoted)		
<b>TOTAL</b>	<b>41,967.41</b>	<b>25,921.16</b>	10,00,000 Gujarat State Petroleum Corporation Ltd. of Rs.10/- each	100.00	100.00
			42,000 Bharuch Enviro Infrastructure Ltd. of Rs.10/- each	4.20	4.20
			<b>C/F</b>	<b>4,633.88</b>	<b>4,633.88</b>

## SCHEDULE - 7

## INVESTMENTS: (at cost unless otherwise stated)

## Long Term Investments:

## 1. In Shares of Subsidiary Companies:

## Non-Trade Investments:

## (In fully paid up Equity Shares-Unquoted)

51,55,207 Gujarat Narmada Auto Ltd. (Under liquidation) of Rs. 10/- each	0.00	473.44
Less: Write Off for Diminution in Value of Investment	0.00	473.44
	0.00	0.00

(Rs. in Lacs)			(Rs. in Lacs)		
SCHEDULE - 7 (Continued)	31-03-2009	31-03-2008	SCHEDULE - 9	31-03-2009	31-03-2008
<b>B/F</b>	<b>4,633.88</b>	4,633.88	<b>SUNDRY DEBTORS:</b>		
20,000 Gujarat Venture Finance Ltd.			<b>(Unsecured)</b>		
of Rs.10/- each	<b>2.00</b>	2.00	<b>Debts outstanding for period exceeding six months:</b>		
12,50,000 Gujarat Green Revolution Co. Ltd.			Considered Good	<b>4,047.38</b>	6,620.06
of Rs. 10/- each	<b>125.00</b>	125.00	Considered Doubtful	<b>70.14</b>	311.05
50,000 GSPC Gas Co. Ltd. of Rs. 10/- each	<b>5.00</b>	5.00		<b>4,117.52</b>	6,931.11
3,44,60,000 Gujarat Chemical Port Terminal Co. Ltd.			<b>Other Debts - Considered Good</b>	<b>24,824.27</b>	32,348.29
of Rs. 10/- each	<b>3,446.00</b>	3,446.00		<b>28,941.79</b>	39,279.40
10,00,000 Bhavnagar Energy Co. Ltd. of Rs. 10/- each (Previous year 62,000 shares)	<b>100.00</b>	6.20	Less: Provision for Doubtful Debts	<b>70.14</b>	311.05
<b>(In partly paid up Equity Shares-Unquoted)</b>			<b>TOTAL</b>	<b>28,871.65</b>	38,968.35
<b>Non-Trade Investments:</b>			<b>Note:</b>		
1,00,00,000 Bharuch Dahej Railway Co. Ltd.			The above debtors include subsidy and other claims receivables	<b>15,458.55</b>	17,660.02
of Rs. 10/- each, Rs. 7.6471 paid-up (Previous year : Nil)	<b>764.71 @</b>	0.00			
	<b>9,076.59</b>	8,218.08	<b>SCHEDULE - 10</b>		
<b>3. In Unit Trust of India:</b>			<b>CASH AND BANK BALANCES:</b>		
<b>(In fully paid up Units/ Bonds - Quoted)</b>			<b>Cash and Cheques on hand</b>	<b>12.45</b>	11.82
4,84,500 Master Gain-92 Scheme of Rs.10/-each	<b>73.61</b>	73.61	<b>Bank Balances with Scheduled Banks :</b>		
0 UTI 6.75% US-64 Bonds of Rs. 100/- each (Previous year 63,22,640 Bonds)	<b>0.00</b>	6,322.64	Current Accounts (*)	<b>5,189.31</b>	7,525.78
	<b>73.61</b>	6,396.25	Bank Deposit (**) <b>339.63</b>		7,603.74
<b>4. Contribution to Gujarat Venture Capital</b>				<b>5,528.94</b>	15,129.52
<b>Fund Scheme - 1995:</b>	<b>0.00</b>	50.00	<b>TOTAL</b>	<b>5,541.39</b>	15,141.34
	<b>9,150.20</b>	14,664.33	(*) Includes in respect of Unpaid Dividends	<b>640.95</b>	601.98
Less: Provision for Diminution in Value of Investments	<b>311.14</b>	6.94	(**) Includes Deposits pledged with Government Authorities and Banks	<b>339.63</b>	7,603.74
<b>TOTAL</b>	<b>8,839.06</b>	14,657.39	<b>SCHEDULE - 11</b>		
Aggregate Book Value of Unquoted Investments	<b>4,546.91</b>	3,738.40	<b>LOANS AND ADVANCES:</b>		
Aggregate Book Value of Quoted Investments	<b>4,292.15</b>	10,918.99	<b>A. Unsecured- Considered Good:</b>		
Aggregate Market Value of Quoted Investments	<b>5,762.99</b>	15,719.39	Loans to Other Companies	<b>40.00</b>	40.00
@ Investment by way of 1st & 2nd call for which Share Certificate is yet to be received.			Loans to Others	<b>99.00</b>	199.00
			Advances recoverable in cash or in kind or for value to be received	<b>20,370.74</b>	24,220.43
<b>SCHEDULE - 8</b>			Balance with Central Excise, Customs and Other Government Departments etc.	<b>408.30</b>	204.97
<b>INVENTORIES:</b>			Advance Tax and Tax Deducted at Source	<b>1,00,850.23</b>	92,164.03
<b>(At lower of Cost and Net Realisable Value)</b>			Less : Provision for Taxation/ Fringe Benefit Tax	<b>1,00,042.65</b>	89,282.99
Stores and Spares (including coal)	<b>23,447.60</b>	19,966.31		<b>807.58</b>	2,881.04
(Includes in transit Rs. 1,764.56 lacs Previous year Rs. 2,082.30 lacs)			<b>B. Unsecured- Considered Doubtful:</b>		
<b>Stock-in-Trade:</b>			Advances recoverable in cash or in kind or for value to be received	<b>163.74</b>	163.74
Raw Materials	<b>6,406.32</b>	5,774.87	Less: Provision for Doubtful of Recovery	<b>163.74</b>	163.74
(Includes in transit Rs. 1,241.38 lacs Previous year Rs. 801.28 lacs)				<b>0.00</b>	0.00
Finished Goods	<b>11,252.97</b>	9,411.58	<b>TOTAL</b>	<b>21,725.62</b>	27,545.44
Stock-in-Process	<b>1,968.82</b>	3,447.03			
	<b>19,628.11</b>	18,633.48			
<b>TOTAL</b>	<b>43,075.71</b>	38,599.79			



		(Rs. in Lacs)				(Rs. in Lacs)	
<b>SCHEDULE - 11 (Continued)</b>		<b>31-03-2009</b>	<b>31-03-2008</b>	<b>SCHEDULE - 14</b>		<b>2008-09</b>	<b>2007-08</b>
Loans and Advances include amount due from:				<b>MANUFACTURING EXPENSES:</b>			
1. Employees who have mortgaged/ hypothecated their Buildings and Vehicles to the Company		<b>9,275.96</b>	8,237.53	Raw Materials Consumed		<b>1,23,605.50</b>	1,23,118.41
2. An officer of the Company		<b>2.81</b>	3.42	Power, Fuel and Other Utilities @		<b>37,631.73</b>	34,159.50
- Maximum amount due during the year		<b>3.42</b>	3.48	Stores, Chemicals and Catalysts		<b>4,091.43</b>	3,945.83
				Packing Expenses		<b>4,792.93</b>	6,310.97
				Insurance		<b>1,467.66</b>	1,458.30
				Repairs and Maintenance to:			
				Buildings	<b>460.14</b>		531.21
				Plant and Machinery	<b>8,694.65</b>		7,514.91
				Others	<b>393.89</b>		349.58
						<b>9,548.68</b>	8,395.70
				Materials Handling Expenses at Factory	<b>283.49</b>		245.96
				Laboratory Expenses	<b>86.59</b>		77.83
				(Increase)/ Decrease of Excise Duty on Inventory	<b>(172.39)</b>		66.17
				Other Operating Expenses	<b>24.38</b>		23.55
		<b>648.46</b>	619.97	<b>TOTAL</b>		<b>1,81,360.00</b>	1,77,802.22
		<b>23,759.99</b>	35,272.20	@ Net of <b>Rs.3.48 lacs</b> (Previous year Rs. 2.20 lacs) pertaining to Research and Development			
<b>SCHEDULE - 12</b>				<b>SCHEDULE - 15</b>			
<b>CURRENT LIABILITIES AND PROVISIONS:</b>				<b>(INCREASE)/ DECREASE IN STOCK OF FINISHED GOODS AND STOCK-IN-PROCESS:</b>			
<b>A. Current Liabilities:</b>				<b>Opening Stock:</b>			
Sundry Creditors (Refer Note 8 of Schedule 20 B)		<b>17,111.63</b>	30,174.94	Finished Goods	<b>9,411.58</b>		13,653.44
Other Liabilities		<b>4,965.90</b>	3,707.59	Stock-in-process	<b>3,447.03</b>		580.18
Interest accrued but not due		<b>1,034.00</b>	769.70			<b>12,858.61</b>	14,233.62
Investor Education and Protection Fund:				<b>Less : Closing Stock:</b>			
Unclaimed Dividend	<b>640.95</b>		601.97	Finished Goods	<b>11,252.97</b>		9,411.58
Unclaimed Matured Deposits	<b>2.15</b>		4.81	Stock-in-process	<b>1,968.82</b>		3,447.03
Unclaimed Interest on Matured Deposits/ Debentures	<b>5.36</b>		13.19			<b>13,221.79</b>	12,858.61
		<b>648.46</b>	619.97	<b>TOTAL</b>		<b>(363.18)</b>	1,375.01
		<b>23,759.99</b>	35,272.20	<b>SCHEDULE - 16</b>			
<b>B. Provisions:</b>				<b>MARKETING, ADMINISTRATION AND OTHER EXPENSES:</b>			
Proposed Dividend	<b>5,051.11</b>		6,605.30	Outward Freight and Other Charges	<b>6,438.89</b>		8,572.37
Tax on Proposed Dividend	<b>858.44</b>		1,122.57	Selling Expenses	<b>231.69</b>		373.33
Provision for Leave Encashment on Retirement	<b>6,875.76</b>		5,594.75	Selling Commission to Other Selling Agents	<b>51.29</b>		97.94
Provision for Post Retirement Medical Benefit	<b>391.30</b>		272.37	Turnover, Consignment and Service Tax	<b>67.62</b>		241.83
		<b>13,176.61</b>	13,594.99	Rates and Taxes	<b>199.91</b>		169.46
<b>TOTAL</b>		<b>36,936.60</b>	48,867.19	Rent	<b>472.89</b>		530.12
				Printing, Stationery, Postage, Telegrams, Telephones & Advertisement	<b>454.85</b>		549.05
<b>SCHEDULE - 13</b>		<b>2008-09</b>	<b>2007-08</b>	Bank Charges & Commission	<b>153.41</b>		256.06
<b>OTHER INCOME:</b>				Traveling and Conveyance Expenses	<b>471.87</b>		543.46
Rent		<b>499.65</b>	547.14	Vehicle Running and Maintenance Expenses	<b>228.74</b>		257.91
[Tax Deducted at Source <b>Rs. 40.94 lacs</b> (Previous year Rs. 49.90 lacs)]				Fire fighting, Safety and Security Expenses	<b>289.67</b>		299.51
Income from Investments:				Conference, Seminar, Subscription & Membership Fees	<b>112.34</b>		152.55
Dividend @	<b>162.77</b>		168.52	<b>C/F</b>		<b>9,173.17</b>	12,043.59
Interest on Tax-free Bonds	<b>71.12</b>		427.55				
		<b>233.89</b>	596.07				
Excess Provision of Doubtful Debts Written Back	<b>122.44</b>		144.69				
Excess Provision of Expenses Written Back	<b>91.07</b>		294.79				
Insurance Claims	<b>1,433.59</b>		1,874.45				
Interest on Income-Tax Refund	<b>237.04</b>		6.27				
Interest Income	<b>1,796.65</b>		1,393.48				
[Tax Deducted at Source <b>Rs. 99.29 lacs</b> (Previous year Rs. 166.28 lacs)]							
Miscellaneous Income	<b>2,119.73</b>		1,130.33				
[Tax Deducted at Source <b>Rs. 23.47 lacs</b> (Previous year Rs. 0.02 lacs)]							
<b>TOTAL</b>		<b>6,534.06</b>	5,987.22				
@ Dividend for the year includes dividend on non trade investments of <b>Rs. 95.27 Lacs</b> (Previous year Rs. 98.10 Lacs)							



	(Rs. in Lacs)	
<b>SCHEDULE - 16 (Continued)</b>	<b>2008-09</b>	<b>2007-08</b>
<b>B/F</b>	<b>9,173.17</b>	<b>12,043.59</b>
Professional and Consultation Charges	271.27	776.41
Purchase of Services	520.15	298.61
Miscellaneous Expenses	1,326.90	1,479.94
Loss on Sale of Gol Fertilizer Bonds	109.39	0.00
Provision for Diminution in Value of Gol Fertilizers Bonds	2,438.26	1,051.30
Loss on Sale of Fixed Assets (Net)	10.58	4.38
Loss on Sale of Investments (Net)	0.00	89.89
Directors' Sitting Fees	4.40	5.30
Auditors' Fees (including Service tax)	51.98	53.09
Donations	334.18	400.00
Premium on Foreign Exchange Contracts	0.00	0.15
Bad Debts Written Off	0.00	25.16
Advances Given to GNAL (in Liquidation) written off	0.00	7,836.46
Less: Provision made for amount doubtful of recovery	0.00	7,836.46
	0.00	0.00
Expenses incurred on behalf of GNAL (In Liquidation) Written Off	0.00	0.01
Expenses on Abandoned Projects	0.00	35.04
Provision for Diminution in Value of Investments	304.20	0.00
<b>TOTAL</b>	<b>14,544.48</b>	<b>16,262.87</b>

**SCHEDULE - 17****PERSONNEL EXPENSES:**

Salaries, Wages and Bonus	15,110.43	13,183.42
Contribution to Provident Fund and Pension Funds	2,632.49	2,210.18
Contribution to Gratuity Fund	707.84	808.85
Welfare Expenses	3,798.91	2,816.46
	22,249.67	19,018.91

**Less:**

Amount Received on Deputation of Employees	3.26	2.24
Personnel Expenses relating to R & D Activities	115.26	87.64
<b>TOTAL</b>	<b>22,131.15</b>	<b>18,929.03</b>

**SCHEDULE - 18****INTEREST:**

On Fixed Loans	1,840.94	98.43
Others	851.24	1,060.42
<b>TOTAL</b>	<b>2,692.18</b>	<b>1,158.85</b>

**SCHEDULE - 19****RESEARCH & DEVELOPMENT EXPENSES:**

Personnel Expenses	115.26	87.64
Consumables and Spares	72.11	32.67
Power and Fuel	3.48	2.20
<b>TOTAL</b>	<b>190.85</b>	<b>122.51</b>

**SCHEDULE - 20****NOTES TO ACCOUNTS :****A. SIGNIFICANT ACCOUNTING POLICIES:****1. Accounting Convention:**

The financial statements have been prepared to comply in all material respects with the notified Accounting Standards 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 in case of assets for which provision for impairment is made. 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 end. 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 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 assets acquired upto 31st March, 1993, the specified period has been recomputed by applying to the original cost, the revised rates as per Schedule XIV as per Government Notification dated 16-12-93, and depreciation charge calculated by allocating the unamortized value as per books of account over the remaining part, if any, of the recomputed period.

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

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

#### 6. Leases:

##### Finance Lease:

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

##### Operating Lease:

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

#### 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 recognise 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:

##### 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.

##### 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.

##### Exchange Differences:

The net gain or loss on account of exchange rate differences arising on settlement of foreign currency transactions are recognized as income or expenses of the period in which they arise except on liability relating to fixed assets acquired within India arising out of transactions entered on or before March 31, 2004 are added to the cost of such assets in line with old AS-11.

##### 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 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 forward exchange contract is recognized as income or as expense for the year.

#### 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 and discounts, comprise of sale of goods and services, Excise Duty and claims preferred on the Government of India for retention price reimbursement on dispatches of 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.

##### 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 on actual receipt basis.

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.

#### 11. Retirement Benefits:

- Retirement benefits in the form of Provident Fund and Pension Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contribution to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

- b) Gratuity liability and Post employment Medical Benefit liability are defined benefit obligations and are provided for on the basis of as actuarial valuation made at the end of each financial year on projected unit credit method.
- c) Short term compensated absences are provided for on basis on estimates. Long term compensated absence are provided for based on actuarial valuation.
- d) Actuarial gains / losses are immediately taken to Profit and Loss Account and are not deferred.

**12. Taxation:**

Tax expense comprises of current tax, wealth tax, deferred tax and fringe benefit tax. Current income tax and fringe benefit 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 carry 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.

**13. 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.

**14. 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.

**15. Cash and Cash Equivalents:**

Cash and cash equivalents in Balance Sheet comprise cash at bank and in hand and fixed deposits with banks.

**16. 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.

**B. NOTES TO ACCOUNTS:**

	(Rs. in Lacs)	
	2008-09	2007-08
1. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	41,999.48	5,666.89
2. Contingent Liabilities not provided for:		
(i) Claims against the Company not acknowledged as debts (mainly on account of water charges and compensation for land acquisition)	1,146.02	677.76
(ii) Guarantees/ Letters of Credit given by Banks on behalf of the Company	38,443.42	9,060.31
(iii) Claims in respect of employees'/ contract labour matters	Amount not ascertainable	
(iv) Income tax assessment orders contested	2,808.87	2,140.28
3. Uncalled amount on partly paid shares	235.29	0.00
4. The Company has received demands in respect of Central Excise Duty, Service Tax and miscellaneous issues of Central Excise in fertilizers and chemical division's activities. The contingent liability in respect of above as estimated by the Company	858.22	1,053.34
5. Profit and Loss Account 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	68,628.18	61,817.21
(ii) Reimbursement of expenses in respect of Imported Fertilizers	3,750.15	7,550.74
(b) Remuneration to Joint Managing Director, Managing Director and Chairperson and Managing Director of the Company.	10.51	4.59
(i) Salary	10.24	4.16
(ii) Leave salary and Pension Fund Contribution	0.18	0.43
(iii) Perquisites	0.09	0.00
(c) Payments to Auditors : As auditor	51.98	53.09
(i) Statutory Audit Fees	25.53	24.41
(ii) Tax Audit Fees	5.12	4.09
(iii) Other services for Certification work etc.	20.31	22.60
(iv) Reimbursement of Expenses	1.02	1.99
(d) Payment to Cost Auditor:		
(i) Cost Audit Fees	1.33	1.07
(ii) Reimbursement of Expenses	0.08	0.03
(e) Foreign Exchange Rate Differences-Loss/ (Gain)	26.20	75.58
(f) Sale of Services	2,386.15	1,692.92



6. The Company has strategic investment in the equity capital of Gujarat Chemical Port Terminal Company Ltd. (GCPTCL), aggregating to Rs.3,446.00 lacs as on 31st March, 2009. As per the latest audited accounts of GCPTCL, there has been substantial erosion in its net worth. GCPTCL has undertaken restructuring programme which has improved its operations with the resultant improvement in its Cash flows. The aforesaid shares are held in capacity of promoters. The Company believes that there is no permanent diminution in the value of the investment and no provision in respect thereof is considered necessary as going forward GCPTCL is likely to witness huge upswing in volume of its operations from proposed massive investments.

7. Loans and Advances include:

(a) Interest free advance of Rs. 99.00 lacs to Narmada Education & Scientific Research Society, a Trust which has been created for running the college and other educational activities. The Managing Director of the Company is one of the Trustees in the said Trust.

(b) Amount of Rs. 80.00 lacs paid to Gujarat Industrial Development Corporation Ltd. (GIDC) towards allotment of 80 hectares of land at Dahej, Dist. Bharuch. Necessary adjustments will be made after discussions with the authorities for the refund.

8. 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.434.28 Lacs** (Previous year Rs. 629.88 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 Sundry Creditors.

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

9. Earnings per share:

	Unit	2008-09	2007-08
Net profit after tax	Rs. in Lacs	<b>22,751.73</b>	37,288.30
Weighted average number of equity shares of nominal value of Rs. 10 each in calculating basic EPS	Nos.	<b>15,54,18,783</b>	15,54,18,783
Basic earning per share in rupees	Rs.	<b>14.64</b>	23.99
Weighted average number of equity shares of nominal value of Rs. 10 each in calculating diluted EPS	Nos.	<b>15,54,25,000</b>	15,54,25,000
Diluted earning per share in rupees	Rs.	<b>14.64</b>	23.99

10. Related Party Disclosures:

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

Key Management Personnel:

Name of the Person	Designation	Remuneration (Rs. In Lacs)	
		2008-09	2007-08
Smt. Sudha Anchlia	Chairperson and Managing Director*	6.99	NA
Shri Balwant Singh	Managing Director*	0.55	0.00
Shri T Natarajan	Joint Managing Director*	2.97	4.59

\*For part of the year

11. Following amounts are included in the Schedule-11 Loans and Advances which are in the nature of Loans to Subsidiaries and Associates:

(Rs. in Lacs)

Name of the Entity	Balance as on 31.03.2009	Maximum amount outstanding during the year
Narmada Education and Scientific Research Society	<b>99.00</b> (199.00)	<b>199.00</b> (299.00)
Gujarat Green Revolution Company Ltd.	- (-)	- (50.00)

Figures in brackets are in respect of previous year

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

(Rs. in Lacs)

2008-09 2007-08

A) The Amounts recognized in respect of unfunded obligations:

Amount recognized in the Balance Sheet in respect of leave liability **6,875.76** 5,594.75

Amount recognized in Salary, Wages and Employee Benefits in the Profit and Loss Account in respect of leave liability **1,281.01** 894.97

Principal Actuarial Assumptions at the Balance Sheet date:

Discount rate	<b>7%</b>	8%
Estimated Rate of Return on plan assets	<b>8%</b>	8%
Future Salary escalation	<b>4%</b>	4% to 5%
Mortality Rate LIC (1994-96)	<b>5%</b>	5%

B) Defined Contribution Plan:

Amount recognized as an expense and included in Schedule – Contribution to Provident and Pension Fund **2,632.49** 2,210.18

The Company has adopted Accounting Standard 15 (Revised 2005) which is mandatory from accounting periods starting from April 1, 2007 and accordingly the transitional provisions as per the revised Accounting Standard have been made during the year 2007-08 in respect of leave encashment, post retirement medical benefits and certain Gratuity benefit.

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

The group 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 Total		Medical	
		2008-09	2007-08	2008-09	2007-08
1	Expense recognized in the Statement of Profit & Loss account for the year				
1	Current Service Cost	<b>449.51</b>	438.68	<b>13.51</b>	13.00
2	Interest Cost	<b>750.10</b>	603.68	<b>21.79</b>	19.00
3	Expected return on plan assets	<b>(756.40)</b>	(682.01)	<b>0.00</b>	0.00
4	Actuarial (Gain)/ Losses	<b>178.15</b>	453.44	<b>84.21</b>	2.38
5	Total expenses	<b>621.08</b>	808.85	<b>119.51</b>	34.37



(Rs. in Lacs)

Sr. No.	Particulars	Gratuity Total		Medical	
		2008-09	2007-08	2008-09	2007-08
<b>II</b>	<b>Net Assets (Liability) recognized in the Balance Sheet</b>				
1	Present value of Defined Benefit Obligation as at Balance Sheet Date	<b>10,090.49</b>	9,185.26	<b>391.30</b>	272.37
2	Fair value of plan assets as at Balance Sheet Date	<b>9,997.41</b>	9,085.20	<b>0.00</b>	0.00
3	Funded status [Surplus/(Deficit)]	<b>(93.08)</b>	(100.06)	<b>(391.30)</b>	(272.37)
4	Net assets/(Liability) as at Balance Sheet Date	<b>(93.08)</b>	(100.06)	<b>(391.30)</b>	(272.37)
<b>III</b>	<b>Change in Obligation during the year</b>				
1	Present value of Defined Benefit Obligation at the beginning of the year	<b>9,185.26</b>	8,028.52	<b>272.37</b>	262.00
2	Current Service Cost	<b>449.51</b>	438.68	<b>13.51</b>	13.00
3	Interest Cost	<b>750.10</b>	603.68	<b>21.79</b>	19.00
4	Actuarial (Gains) / Losses	<b>222.77</b>	395.58	<b>84.21</b>	(17.82)
5	Benefit Payments	<b>(517.15)</b>	(281.20)	<b>(0.58)</b>	(3.81)
6	Present value of Defined Benefit Obligation at the end of the year	<b>10,090.49</b>	9,185.26	<b>391.30</b>	272.37
<b>IV</b>	<b>Change in fair value of plan Assets during the year</b>				
1	Plan assets at the beginning of the year	<b>9,085.20</b>	7,856.12	<b>0.00</b>	0.00
2	Expected return on plan assets	<b>756.40</b>	682.01	<b>0.00</b>	0.00
3	Contribution by employer	<b>628.34</b>	809.64	<b>0.58</b>	3.81
4	Actual benefit paid	<b>(517.15)</b>	(281.20)	<b>(0.58)</b>	(3.81)
5	Actual Gains / (Losses)	<b>44.62</b>	18.61	<b>0.00</b>	0.00
6	Plan assets at the end of the year	<b>9,997.41</b>	9,085.20	<b>0.00</b>	0.00
7	Actual return on plan assets	<b>801.02</b>	700.62	<b>0.00</b>	0.00
<b>V</b>	<b>Actuarial Assumptions</b>				
1	Discount Rate	<b>7%</b>	8%	<b>7%</b>	8%
2	Expected rate of return on plan assets	<b>8%</b>	8%	<b>0%</b>	8%
3	Mortality pre-retirement	<b>LIC (1994-96) Table</b>	LIC (1994-96) Table	<b>Not Applicable</b>	Not Applicable
4	Medical Inflation rate	<b>-</b>	-	<b>4%</b>	4%
5	Salary Escalation	<b>4%</b>	4%	<b>-</b>	-
6	Attrition Rate	<b>2%</b>	2%	<b>-</b>	-

(Rs. in Lacs)

	Post Employment Medical Benefit		Gratuity	
	2008-09	2007-08	2008-09	2007-08
Defined Benefit Obligation	<b>119.51</b>	34.37	<b>621.08</b>	808.85
Experience adjustment on plan liabilities	<b>45.57</b>	1.93	<b>505.59</b>	175.65

The Company expects to contribute Rs. 621.08 lacs towards gratuity benefit and Rs. 119.51 lacs towards medical benefit in the year 2009-10.

### 13. Finance Lease:

The Company has given CNG Buses on finance lease. The lease term is for three years after which the legal title is passed to the lessee. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements.

(Rs. in Lacs)

	2008-09	2007-08
Total gross investment in the lease	<b>150.00</b>	150.00
Less : Unearned finance income	<b>0.00</b>	0.00
Less : Unguaranteed residual value	<b>0.00</b>	0.00
Present value of minimum lease payments	<b>50.00</b>	80.00
Gross investment in the lease for the period :		
Not later than one year [Present value of minimum lease payments receivable Rs. 30 Lacs as on 31.03.2009]	<b>30.00</b>	30.00
Later than one year but not later than five years [Present value of minimum lease payments Rs. 20 Lacs as on 31.03.2009]	<b>20.00</b>	50.00

### 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)

	2008-09	2007-08
Future minimum lease payments:		
Not later than one year	<b>78.18</b>	107.90
Later than one year and not later than five years	<b>126.28</b>	478.81
Later than five years	<b>Nil</b>	Nil
<b>TOTAL</b>	<b>204.46</b>	586.71

14. Previous year's figures have been regrouped wherever necessary to conform to the figures of the current year.



**15. Segment Information:**

Based on the guiding principles given in Accounting Standard on 'Segment Reporting' (AS-17) as notified by Companies Accounting Standards Rules, 2008, the Company's primary business segments are Fertilizers, Chemicals and Others (which includes mainly IT Divisions' activities) which have got their own respective risk and return profiles.

**Financial information about the primary business segments for the year ended 31st March, 2009:**

(Rs. in Lacs)

	Fertilizers		Chemicals		Others		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
<b>A REVENUE:</b>								
External Sales Revenue	1,79,323.94	2,08,433.03	1,23,014.84	1,53,430.74	3,889.24	3,480.40	3,06,228.02	3,65,344.17
Intersegment Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	1,79,323.94	2,08,433.03	1,23,014.84	1,53,430.74	3,889.24	3,480.40	3,06,228.02	3,65,344.17
Less Excise Duty	51.26	197.70	14,162.43	21,730.65	8.72	24.61	14,222.41	21,952.96
<b>Net Revenue</b>	<b>1,79,272.68</b>	<b>2,08,235.33</b>	<b>1,08,852.41</b>	<b>1,31,700.09</b>	<b>3,880.52</b>	<b>3,455.79</b>	<b>2,92,005.61</b>	<b>3,43,391.21</b>
<b>B RESULT:</b>								
Segment result - profit/ (loss)	4,580.84	5,941.49	30,621.85	51,941.74	1,128.85	320.91	36,331.54	58,204.14
Other Income							3,400.50	2,375.48
Unallocable Expenses							(1,669.41)	(1,799.30)
Operating profit							38,062.63	58,780.32
Interest expense (net of interest income)							(2,692.18)	(1,158.85)
Profit before tax							35,370.45	57,621.47
Provision for income tax (including deferred tax)							(12,618.72)	(20,333.17)
<b>Net profit</b>							<b>22,751.73</b>	<b>37,288.30</b>
<b>C OTHER INFORMATION:</b>								
<b>Capital Employed:</b>								
Segment assets	1,07,564.50	1,01,743.17	1,18,607.77	1,04,290.36	4,417.60	4,536.98	2,30,589.87	2,10,570.51
Segment liabilities	(15,168.87)	(12,266.36)	(10,662.59)	(6,888.23)	(695.81)	(382.30)	(26,527.27)	(19,536.89)
Other unallocable corporate assets & liabilities							(2,650.98)	(6,463.75)
<b>Total capital employed</b>	<b>92,395.63</b>	<b>89,476.81</b>	<b>1,07,945.18</b>	<b>97,402.13</b>	<b>3,721.79</b>	<b>4,154.68</b>	<b>2,01,411.62</b>	<b>1,84,569.87</b>
<b>Capital assets/expenditure incurred during the year:</b>								
Capital assets including capital work in progress	3,411.13	9,074.57	28,955.93	10,867.09	99.93	319.78	32,466.99	20,261.44
Other unallocable capital expenditures							12,210.86	10,399.79
<b>TOTAL</b>	<b>3,411.13</b>	<b>9,074.57</b>	<b>28,955.93</b>	<b>10,867.09</b>	<b>99.93</b>	<b>319.78</b>	<b>44,677.85</b>	<b>30,661.23</b>
<b>D Segment depreciation</b>	<b>3,094.62</b>	<b>2,955.46</b>	<b>7,734.99</b>	<b>7,546.43</b>	<b>1,142.96</b>	<b>549.81</b>	<b>11,972.57</b>	<b>11,051.70</b>
<b>E Non cash expenses other than depreciation</b>							<b>2,742.46</b>	<b>1,051.30</b>

**C. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3 & 4 (C) OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956.**

**(A) Capacity and Production 2008-09:**

Products	Licensed Capacity (MT)	Installed Capacity (MT)	Production (MT)
	(Per Annum)		
Ammonia	6,36,000 (4,45,500)	4,45,500 (4,45,500)	4,55,217 (5,35,478)
Urea	7,20,000 (5,94,000)	6,36,000 (6,36,000)	5,92,284 (6,70,290)
Ammonium Nitro Phosphate	2,88,000 (1,42,500)	1,42,500 (1,42,500)	1,34,039 (1,93,224)
Calcium Ammonium Nitrate	2,70,000 (1,42,500)	1,42,500 (1,42,500)	1,38,510 (1,34,639)
Methanol	3,61,800 (1,46,900)	2,68,700 (1,80,600)	1,49,420 (2,24,627)
Formic Acid	36,000 (10,000)	10,000 (10,000)	14,970 (17,290)
Acetic Acid	1,50,000 (1,50,000)	1,00,000 (1,00,000)	1,33,058 (1,52,966)
Concentrated Nitric Acid	90,000 (66,000)	66,000 (66,000)	54,933 (66,661)
Aniline	35,000 (35,000)	35,000 (20,000)	27,077 (38,771)
Toluene Di-Isocyanate	14,000 (14,000)	14,000 (10,000)	12,636 (16,546)

**NOTES :** 1. Figures in Brackets ( ) are of previous year.

2. Being intermediate product, the production includes quantity intended for captive consumption of 4,60,145 MT of Ammonia (previous year 5,17,906 MT), 73,751 MT of Methanol (previous year 84,525 MT) and 33,704 MT of Concentrated Nitric Acid (previous year 43,908 MT).

3. The Licensed Capacities (includes capacity approved by Secretariat for Industrial Approval) and Installed Capacities are as certified by the management.

**(B) (1) Sales and Closing Stock 2008-09:**

Products	Sales		Closing Stock as on 31-03-2009	
	Qty (MT)	Rs. in lacs	Qty (MT)	Rs. in lacs
Ammonia	1,449 (6,556)	361.84 (1,367.26)	0 (0)	0.00 (0.00)
Urea	5,84,286 (6,44,474)	27,131.98 (29,894.23)	38,056 (26,512)	5,935.36 (3,502.87)
Ammonium Nitro Phosphate	1,31,966 (1,94,158)	37,035.70 (25,546.42)	3,289 (1,232)	427.90 (136.35)
Calcium Ammonium Nitrate	1,22,330 (1,35,134)	12,803.76 (11,819.97)	17,243 (1,076)	1,582.97 (85.26)
Methanol	72,894 (1,41,217)	14,400.57 (27,093.10)	7,132 (4,357)	890.88 (546.54)
Formic Acid	15,070 (17,405)	6,391.34 (6,143.38)	623 (723)	123.88 (128.12)
Acetic Acid	1,32,769 (1,55,515)	40,592.85 (47,154.16)	3,871 (2,745)	644.89 (455.36)
Concentrated Nitric Acid	21,628 (22,356)	3,434.81 (3,154.33)	247 (646)	25.73 (66.93)
Aniline	27,090 (38,451)	18,649.94 (26,011.64)	756 (769)	443.27 (481.54)
TDI	13,118 (16,145)	22,780.66 (32,183.75)	213 (695)	239.37 (829.49)
V-SAT & Gateway		0.00 (0.04)		
By-products and Others		16,925.17 (13,221.85)		
Subsidy on Fertilizers and Freight		68,628.18 (61,817.21)		
<b>TOTAL</b>		<b>2,69,136.80</b> <b>(2,85,407.34)</b>		

**NOTES :** 1. Figures in Brackets ( ) are of previous year.  
2. Closing stock of Fertilizers considered for packed Finished Goods only.  
3. The above quantities do not include excess/shortages and captive consumption.

**(B) (2) Goods Traded 2008-09:**

Products	Opening Stock as on 01-04-2008		Purchases		Sales		Closing Stock as on 31-03-2009	
	Qty (MT)	Rs. in Lacs	Qty (MT)	Rs. in Lacs	Qty (MT)	Rs. in Lacs	MT	Rs. in Lacs
Imported Urea	46,339 (4)	2,190.11 (0.15)	4,76,373 (10,48,246)	25,105.82 (54,612.12)	5,13,874 (9,98,114)	24,710.91 (48,297.30)	5,041 (46,339)	314.34 (2,190.11)
Single Super Phosphate	0 (0)	0.00 (0.00)	0 (5,123)	0.00 (150.67)	0 (5,123)	0.00 (159.40)	0 (0)	0.00 (0.00)
DAP (Including Imported)	544 (49,329)	5.11 (7,530.70)	0 (0)	0.00 (0.00)	0 (48,736)	1.96 (10,095.70)	495 (544)	6.22 (5.11)
Imported Muriate of Potash	4,325 (22,455)	458.58 (2,433.93)	18,000 (83,313)	2,059.53 (8,691.89)	21,671 (1,00,903)	4,698.19 (11,840.76)	114 (4,325)	1.23 (458.58)
Imported Acetic Acid	0 (0)	0.00 (0.00)	5,856 (0)	1,653.57 (0.00)	5,856 (0)	1,870.30 (0.00)	0 (0)	0.00 (0.00)
Imported Methanol	0 (0)	0.00 (0.00)	2,400 (2,500)	522.27 (280.61)	2,400 (2,500)	519.26 (426.92)	0 (0)	0.00 (0.00)
PKI & Data Centre				1,135.46 (1,271.77)		1,357.00 (1,563.66)		
Others				146.32 (1.09)		183.45 (2.35)		
Reimbursement of Exp. for Imported Fertilizers						3,750.15 (7,550.74)		
<b>TOTAL</b>						<b>37,091.22</b> <b>(79,936.83)</b>		

**NOTES :** 1. Figures in Brackets ( ) are of previous year.  
2. Closing Stock is net of handling loss.  
3. The above quantities do not include excess/shortages.

**(C) Raw Materials Consumed 2008-09:**

	Unit	Quantity	Rs. in Lacs
Fuel Oil/ LSHS (Feed Stock)	MT	3,72,849	85,956.04
		(4,48,459)	(80,995.65)
Natural Gas	000SM3	1,39,863	11,088.36
		(1,96,272)	(13,759.49)
Rock Phosphate	MT	91,282	9,584.16
		(1,25,230)	(5,765.34)
Liquid Ammonia	MT	16,736	3,068.18
		(17,728)	(2,597.55)
Naphtha	MT	669	310.94
		(307)	(110.18)
Raw Materials for Catsol	—	—	2.60
		(—)	(159.29)
Benzene	MT	23,032	9,768.13
		(33,093)	(14,758.16)
Toluene	MT	8,072	3,278.26
		(10,682)	(4,050.07)
Chlorine	MT	12,041	468.78
		(15,801)	(827.74)
Raw Materials for others	—	—	80.05
		(—)	(94.94)
<b>TOTAL</b>			<b>1,23,605.50</b>
			(1,23,118.41)

NOTES : 1. Figure in Brackets ( ) are of previous year.

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

3. It is not practicable to furnish quantitative information for all the items in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

**(D) Value of Imported and Indigenous Raw Materials, Components and Spares Consumed and percentage thereof to the total consumption:**

	2008-09		2007-08	
	Rs. in Lacs	%	Rs. in Lacs	%
<b>Raw Materials:</b>				
Imported	8,462.36	6.85	5,002.96	4.06
Indigenous	1,15,143.14	93.15	1,18,115.45	95.94
<b>TOTAL</b>	<b>1,23,605.50</b>	<b>100.00</b>	<b>1,23,118.41</b>	<b>100.00</b>
<b>Components &amp; Spares:</b>				
Imported	1,536.63	17.67	2,161.09	28.76
Indigenous	7,158.02	82.33	5,353.82	71.24
<b>TOTAL</b>	<b>8,694.65</b>	<b>100.00</b>	<b>7,514.91</b>	<b>100.00</b>

(Rs. in Lacs)

2008-09 2007-08

**(E) C.I.F. Value of Imports:**

(i) Raw Materials and Fuel	20,825.28	9,400.16
(ii) Spares	2,177.99	2,590.42
(iii) Capital goods	4,622.49	1,901.68
(iv) Finished goods	2,236.38	0.00

**(F) Expenditure in Foreign Currency (Accrual Basis):**

(i) Engineering, Licence and Know-how fees - Capital Nature	7,643.05	895.64
(ii) Engineering, Licence and Know-how fees - Revenue Nature	149.72	69.36
(iii) Travelling, Journal, Membership fees etc.	134.10	74.42

**(G) Amount remitted during the year in Foreign Currencies on account of Dividend:**

(i) Number of Shareholders	534	552
(ii) No of Shares held by them on which Dividend was due	4,60,048	5,19,468
(iii) Year to which Dividend relates	2007-08	2006-07
(iv) Amount remitted (Net of Tax) (Rs in Lacs)	19.55	22.08

**(H) Earnings in Foreign Exchange (Accrual Basis):**

(i) Export of goods on FOB basis	1,011.46	2,936.83
(ii) Technical consultancy & other fees	438.52	230.33

**(I) The foreign currency payables and receivables unhedged at the year end are as follows:**

(i) Amounts Payable in Foreign Currency :				
Particulars	As on 31-03-2009		As on 31-03-2008	
	Rs. in Lacs	Amt in FC	Rs. in Lacs	Amt in FC
Sundry Creditors for Import	573.00	Euro 8,68,853	11.84	Euro 18,621
Sundry Creditors for Import	109.87	USD 2,15,329	1,082.66	USD 27,00,577
Sundry Creditors for Import	15.44	JPY 35,90,091	-	-

**(ii) Amounts Receivable in Foreign Currency :**

Particulars	As on 31-03-2009		As on 31-03-2008	
	Rs. in Lacs	Amt in FC	Rs. in Lacs	Amt in FC
Sundry Debtors	40.28	Euro 60,846	81.52	Euro 1,30,780

**(J) The foreign currency receivables hedged at the year end are as follows:**

Particulars	As on 31-03-2009		As on 31-03-2008	
	Rs. in Lacs	Amt in FC	Rs. in Lacs	Amt in FC
Sundry Debtors	-	-	294.84	USD 7,45,969

**Signatures to Schedules 1 to 20**

**K. C. Jatania**  
Executive Director (Finance)

**R.B. Panchal**  
Company Secretary

**Sudha Anchlia**  
Chairperson & Managing Director

**S. Jagadeesan**  
Director

**Pankaj Kumar**  
Director

**Dr. T.T. Ram Mohan**  
Director

**D.C. Anjaria**  
Director

**H.V. Patel**  
Director

**Dr. Ashok Shah**  
Director

Place : Ahmedabad  
Date : 23.5.2009

AS PER OUR REPORT OF EVEN DATE  
For **S.R. BATLIBOI & CO.**  
Chartered Accountants

Place : Mumbai  
Date : 23.5.2009

per **Vijay Maniar**  
Partner  
Membership No. : 36738



**D. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :****I Registration Details:**

Registration No.  State Code

Balance sheet Date

**II Capital raised during the year (Amount in Rupees Thousand):**

Public Issue  Right Issue

Bonus Issue  Private Placement

**III Position of Mobilization and Deployment of Funds (Amount in Rupees Thousand):**

Total Liabilities  Total Assets

**Sources of Funds:**

Paid-up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Deferred Tax

**Application of Funds:**

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

Accumulated Losses

**IV Performance of Company (Amount in Rupees Thousand):**

Turnover & Other Income

Profit before tax

Earning per Share in Rs.

Total Expenditure

Profit after tax

Dividend Rate %

**V Generic Names of Three Principal Products/Services of Company:**

Item Code No. (ITC Code)  Product Description

**K. C. Jatania**  
Executive Director (Finance)

**R.B. Panchal**  
Company Secretary

**Sudha Anclia**  
Chairperson & Managing Director

**S. Jagadeesan**  
Director

**Pankaj Kumar**  
Director

**Dr. T.T. Ram Mohan**  
Director

**D.C. Anjaria**  
Director

**H.V. Patel**  
Director

**Dr. Ashok Shah**  
Director

**ADDITIONAL INFORMATION FOR SHAREHOLDERS****Recommendation and payment of Dividend**

The Board of Directors of the Company has recommended a Dividend of Rs.3.25 (32.5%) per equity share of the Company for the financial year ended on 31<sup>st</sup> March, 2009, subject to the approval by the shareholders at the Annual General Meeting (AGM). The Dividend, if approved, will be paid on and from 5<sup>th</sup> October, 2009.

**Closure of Share Transfer Books & Register of Members for Dividend**

The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 21<sup>st</sup> August, 2009 to Friday, the 28<sup>th</sup> August, 2009 (both days inclusive) for determining the entitlement for payment of Dividend.

**Dividend Remittance**

Dividend on Equity Shares as recommended by the Directors for the year ended 31<sup>st</sup> March, 2009, when declared at the AGM will be paid -

- 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 20<sup>th</sup> August, 2009 ; and
- 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 20<sup>th</sup> August, 2009.

**Unclaimed Dividend****Transfer to General Revenue Account of Central Government.**

In pursuance of Section 205A of the Companies Act, 1956, unclaimed dividends upto and including for the financial year 1993-1994 have been transferred to the General Revenue Account of the Central Government. Since 1994-1995, the dividends of subsequent years which remain unclaimed for more than 7 years have been transferred to the Investor Education and Protection Fund (IEPF). The Shareholders who have not encashed their Dividend warrants relating to financial year(s) upto 1993-1994 are requested to claim the amounts from the office of Registrar of Companies, Gujarat, ROC Bhavan, Opp. Rupal Park, Near Ankur Bus-Stop, Naranpura, Ahmedabad-380 013 in the prescribed form, which will be furnished by the Company on request.

**Transfer to Investor Education & Protection Fund (IEPF)**

The Dividends for the year 1994-1995 to 2000-2001, remaining unclaimed for 7 years from the respective date of declaration have been transferred to the IEPF established by the Government of India, pursuant to Section 205C 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.****Dividend to be transferred to Investor Education & Protection Fund (IEPF)**

The Dividend for the following Financial Years (F.Y.) remaining unclaimed for 7 years from the date of declaration 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 *
19 <sup>th</sup> unpaid Dividend for the F.Y. 2001 - 2002	26-09-2002	14-10-2009
20 <sup>th</sup> unpaid Dividend for the F.Y. 2002 - 2003	25-09-2003	10-10-2010
21 <sup>st</sup> unpaid Dividend for the F.Y. 2003 - 2004	16-09-2004	04-10-2011
22 <sup>nd</sup> unpaid Dividend for the F.Y. 2004 - 2005	22-09-2005	04-10-2012
23 <sup>rd</sup> unpaid Dividend for the F.Y. 2005 - 2006	23-09-2006	04-10-2013
24 <sup>th</sup> unpaid Dividend for the F.Y. 2006 - 2007	22-09-2007	14-10-2014
25 <sup>th</sup> unpaid Dividend for the F.Y. 2007 - 2008	25-09-2008	05-10-2015

\* Actual dates of transfer to IEPF may vary.

The Company during the year 2008-09 has individually intimated the concerned Members of 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 Company. Such Members may write to the Company Secretary at the Registered Office of the Company, for payment of unclaimed Dividend amount.**

**Electronic Clearing Services (ECS) for payment of Dividend**

Members desirous of receiving Dividend by direct electronic deposit to their Bank Accounts may authorise the Company with their ECS Bank Mandate.

**Bank details for physical Shareholding**

In order to provide protection against fraudulent encashment of Dividend Warrants, Members are requested to provide, if not provided earlier, their Bank Account No., type of Bank Account, Name & Address of the Bank Branch, quoting their Registered Folio No., to the Company Secretary at the Registered Office of the Company, for incorporating the same on their Dividend Warrants. This is a mandatory requirement in terms of Securities & Exchange Board of India (SEBI) Circular dated 13<sup>th</sup> November, 2001.

**Bank details for electronic Shareholding**

Members may have given their Bank Account details to their Depository Participants (DPs), which will be used by the Company for printing on Dividend Warrants for remittance of Dividend. SEBI has vide its Circular dated 15<sup>th</sup> October, 2001 advised that all companies should mandatorily use Electronic Clearing Service (ECS) facility, wherever available.

Further, SEBI has also vide its Circular dated 13<sup>th</sup> November, 2001 advised the companies to mandatorily print the Bank Account details furnished by the depositories, on the Dividend Warrants. Members are therefore, requested to furnish complete details of their Bank Account, including MICR CODE of their Bank to their Depository Participant.

**Nominaiton 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 having to go through the time consuming and cumbersome process of obtaining succession certificate / probate of the Will. Some of the shareholders have already availed of nomination facilities. It would be in the interest of the 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 the Secretarial & Legal Department of the Company. In respect of shares held in electronic form, nomination may be directly registered with the respective Depository Participants.

**For Shareholders of erstwhile Narmada Chematur Petrochemicals Ltd. (NCPL)**

For the informaiton of the Shareholders of the erstwhile NCPL, it is hereby notified that the Dividend declared by the erstwhile NCPL in respect of the following Financial Years (F.Y.) will be due for transfer to the 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 *
1 <sup>st</sup> unpaid Dividend for the F.Y. 2002 - 2003	11-09-2003	30-09-2010
2 <sup>nd</sup> unpaid Dividend for the F.Y. 2003 - 2004	09-09-2004	01-10-2011
3 <sup>rd</sup> unpaid Dividend for the F.Y. 2004 - 2005	15-09-2005	01-10-2012
4 <sup>th</sup> unpaid Dividend for the F.Y. 2005 - 2006	16-09-2006	25-09-2013

\* Actual dates of transfer to IEPF may vary.

The Members 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.



## 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 **33rd Annual General Meeting** of the Company held near Janvikas Temple, Narmadanagar Township, P.O. Narmadanagar : 392 015, Dist. Bharuch on **Thursday, the 24th September, 2009 at 2:30 P.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 33rd Annual General Meeting of the Company, to be held on **Thursday, the 24th September, 2009 at 2:30 P.M.** and at any adjournment thereof.

\*\* I wish my above Proxy to vote in the manner as indicated in the box below :

Sr. No.	Resolutions	For	Against
1.	Adoption of Audited Accounts & Reports		
2.	Declaration of Dividend		
3.	Re-appointment of Dr. Ashok Shah as Rotational Director		
4.	Appointment of Auditors		
5.	Appointment of Shri HV Patel, IAS as Rotational Director		
6.	Appointment of Shri Guruprasad Mohapatra, IAS as Managing Director		
7.	Reduction of Issued Capital by cancellation of shares not taken up		

Signed this ..... day of ..... 2009

\*Applicable for investors holding shares in electronic form

Affix  
15 Paise  
Revenue  
Stamp here

Signature

#### 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.
- \*\* This is only optional. Please put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.



**Gujarat Narmada Valley Fertilizers Company Limited**  
(An ISO 14001 & OHSAS 18001 Company)

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

**Ph** (02642) 247001 to 247 015 **Fax** (02642) 247057 **Website** [www.gnfc.in](http://www.gnfc.in)