

**GNFC**

Chemicals • Fertilizers • IT

**Gujarat Narmada Valley  
Fertilizers & Chemicals Limited**

**39<sup>th</sup>** Annual Report  
2014 - 2015

### 39TH ANNUAL GENERAL MEETING

Date : 26th September, 2015  
 Day : Saturday  
 Time : 3:00 P.M.  
 Place : Open Air Theatre, Sports Complex,  
 Narmadanagar Township,  
 P.O. Narmadanagar-392 015,  
 District : Bharuch.

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#### BOARD OF DIRECTORS

(As on 11th August, 2015)

Shri GR Aloria, IAS, *Chairman*

Dr. JN Singh, IAS

Dr. SK Nanda, IAS

Shri CS Mani

Prof. Arvind Sahay

Shri Piruz Khambatta

Shri Sunil Parekh

Shri HV Patel, IAS (Retd.)

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

#### Executive Directors

Shri RA Shah, CFO

Shri RT Bhargava

Shri PA Mankad

Shri KB Garvalia

#### Company Secretary

Shri RB Panchal

#### Statutory Auditors

M/s Deloitte Haskins & Sells

Chartered Accountants

Ahmedabad.

#### Cost Auditors

M/s Diwanji & Associates

Vadodara.

#### Registered Office :

P.O. Narmadanagar – 392 015,

District : Bharuch,

Gujarat, INDIA.

Website : [www.gnfc.in](http://www.gnfc.in)



Chemicals • Fertilizers • IT

Gujarat Narmada Valley Fertilizers & Chemicals Limited

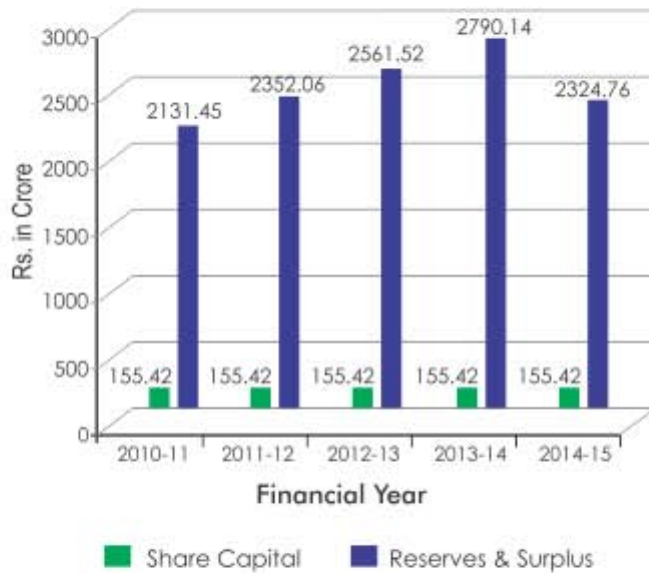


## FINANCIALS AT A GLANCE

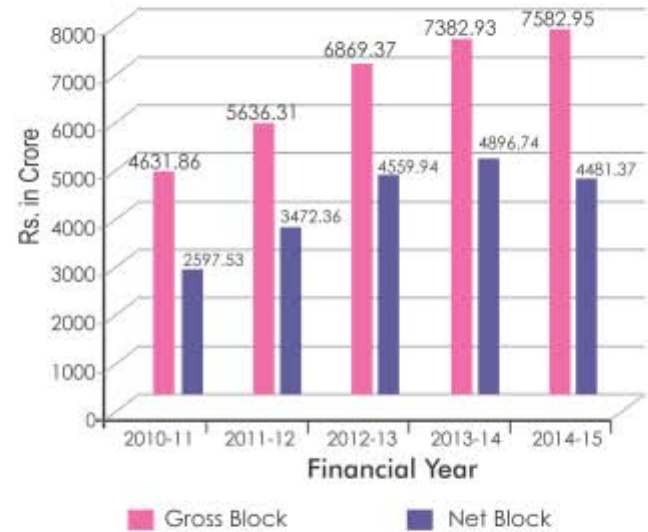
PARTICULARS	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
<b>OPERATING RESULTS</b>										
GROSS INCOME	4,988	5,196	4,527	4,062	3,129	2,799	3,128	3,713	2,992	2,367
PROFIT BEFORE FINANCE COST, DEPRECIATION, EXCEPTIONAL ITEMS AND TAX	361	662	634	582	523	360	500	698	612	571
DEPRECIATION	209	145	149	131	121	117	120	111	110	89
EXCEPTIONAL ITEMS	330	-	-	-	-	-	-	-	-	-
PROFIT/ (LOSS) BEFORE TAX	(452)	424	422	417	381	220	354	576	489	447
TAX	-	132	149	133	114	96	126	203	163	152
PROFIT/ (LOSS) AFTER TAX	(452)	292	273	284	267	124	228	373	326	295
DIVIDEND & DIVIDEND TAX	-	64	64	63	59	59	59	77	77	71
RETAINED EARNINGS	(452)	229	209	221	208	65	169	296	249	224
<b>AMOUNT PER SHARE</b>										
SALES	318	331	289	259	192	175	197	235	190	156
EARNING	(29.09)	18.81	17.57	18.26	17.15	7.97	14.64	23.99	21.01	20.12
EQUITY DIVIDEND	-	3.50	3.50	3.50	3.25	3.25	3.25	4.25	4.25	4.25
DIVIDEND %	-	35.00	35.00	35.00	32.50	32.50	32.50	42.50	42.50	42.50
BOOK VALUE	159.58	189.52	174.81	161.34	147.14	133.77	129.58	118.74	101.04	80.30
MARKET PRICE : HIGH	113.95	90.55	89.50	114.20	146.20	135.70	177.20	231.00	144.75	137.50
LOW	65.00	59.05	69.80	70.65	88.30	60.00	48.00	86.50	79.00	67.50

## FINANCIAL HIGHLIGHTS

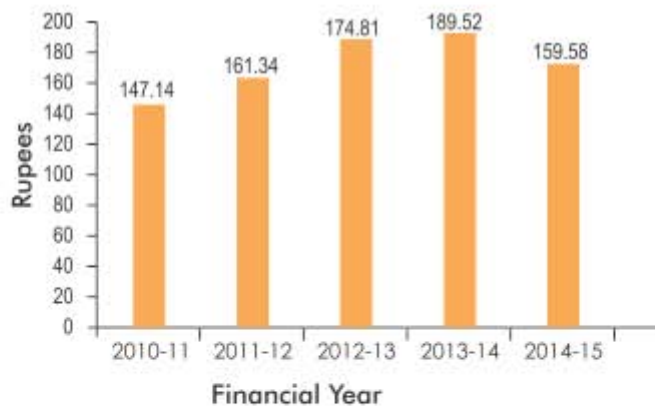
### Share Capital - Reserves & Surplus



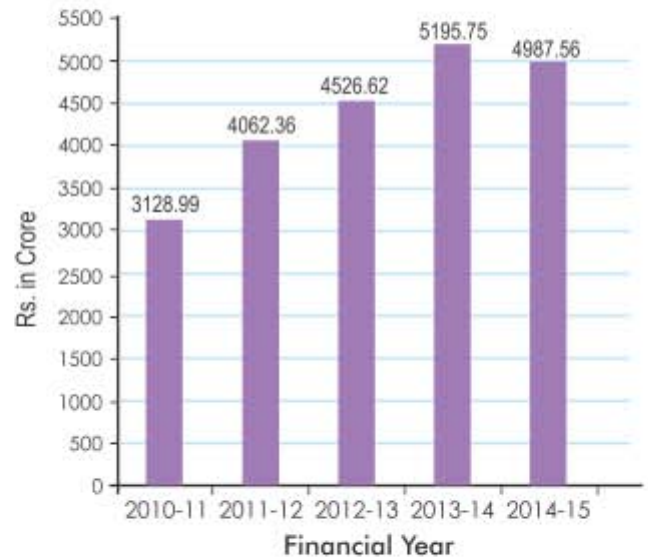
### Gross & Net Block



### Book Value Per Share



### Gross Income



**DIRECTORS' REPORT**

To

**The Members,**

Your Directors present this 39th Annual Report together with Audited Financial Statements of the Company for the Financial Year ended 31st March, 2015.

**FINANCIAL RESULTS**

Summary of financial results: (Rs. in Crore)

Particulars	2014-15	2013-14
Income from operations	<b>4,641.52</b>	4,847.19
Other Income	<b>51.75</b>	45.05
Total Income	<b>4,693.27</b>	4,892.24
Total Expenditure	<b>4,332.07</b>	4,230.73
Profit before Depreciation, Finance Cost, Tax and Exceptional Item	<b>361.20</b>	661.51
Depreciation	<b>208.77</b>	145.31
Finance Cost	<b>274.50</b>	92.37
Exceptional Item	<b>330.00</b>	–
Profit / (Loss) Before Tax	<b>(452.07)</b>	423.83
Provision for Taxes	–	131.56
<b>Net Profit / (Loss) for the year</b>	<b>(452.07)</b>	292.27
Balance brought forward from previous year	<b>323.12</b>	394.49
Amount available for Appropriation	–	686.76
<b>Appropriations :</b>		
Proposed Dividend	–	54.40
Tax on Dividend	–	9.24
Transferred to General Reserve	–	300.00
Surplus / (Deficit) carried to Balance Sheet	<b>(128.95)</b>	323.12

Summary of Loss from TDI-II Dahej Operations and Profit from other Operations for FY 2014-15:

Particulars	Bharuch Operations	TDI-II Dahej Operations	Combined Operations
Profit / (Loss) from Ordinary Activities before Tax	317.87	(439.94)	(122.07)
Exceptional Item - Impairment	–	(330.00)	(330.00)
<b>Net Profit / (Loss) for the year</b>	<b>317.87</b>	<b>(769.94)</b>	<b>(452.07)</b>

**PERFORMANCE REVIEW**

The year under review was the most difficult year and the Company has incurred loss for the first time in the history of the Company. Your Company achieved a Net Sales Turnover of Rs.4641.52 Crore for the year 2014-15 as compared to Rs.4847.19 Crore in the previous year, a decrease of 4.24% during the year. Total Revenue stood at Rs.4693.27 Crore during the year as compared to Rs.4892.24 Crore during the previous year.

The operational performance of the Company with respect to main plants at Bharuch has increased / improved compared to previous year. Most plants of the Company operated at over 100% capacity utilization during the year. The Company has achieved a record annual production in Formic Acid Plant (208.75%), Acetic Acid Plant (159.32%), Ammonium Nitro-phosphaite Plant (144.49%) and Ammonia Plant (139.61%). Total 100 Nos. of ever highest production records were established during 2014-15. In spite of improved production performance, the profitability was adversely affected due to higher utilization of funds and once in four years wage revision with employees.

Loss After Tax was Rs.452 Crore as against Profit After Tax of Rs.292 Crore achieved during the previous year. The substantial decrease in the profit as compared to the previous year is mainly on account of commercial production of TDI-II Dahej Plant declared towards the fag-end of March, 2014 and a loss of Rs.440 Crore comprising fixed cost and contribution loss incurred due to operationalization of TDI-II Dahej Plant. Impairment of TDI-II Dahej Plant amounting to Rs.330 Crore has also been accounted for.

**SALES****Industrial Products :**

The year 2014-15 was one of the most challenging year like previous year for Chemical business in the Country due to overall cost increase and moderate industrial growth coupled with increased competition due to free flow of material from International markets. The Company has to sell its products keeping parity in prices with imports.

Under this competitive scenario, the performance of your Company in Chemicals business was satisfactory. The Company achieved a total sales realization of Rs.2382.12 Crore from Industrial Products (including trading activities) as compared to Rs.2430.60 Crore of previous year. All time best annual sales records were made in Toluene Di-Isocyanate, AN Melt, Methyl Format, Ortho Toluene Diamine (OTD), Calcium Carbonate, Methanol (Imported), etc. There was all-round increase in quantity sold, price realization and contribution of these Chemical Industrial Products during 2014-15 compared to previous year. This was possible due to smart and dynamic pricing of the Company's products, keeping a close watch on cost of production and opportunity to increase price during the year.



During the year, the Company increased its trading activities in imported Acetic Acid and Methanol with total sales turnover of Rs.142 Crore as against Rs.49 Crore during previous year.

**Fertilizer Business:**

The Fertilizer business was good through-out the year. The Company achieved a highest ever sale of Urea and Ammonium Nitrophosphate (ANP) during the year. The total sale of manufactured fertilizers was 9.51 Lac MTs, which includes the sale of 1.67 Lac MTs of Fertilizer through its 63 Narmada Khedut Sahay Kendras (NKSKs). Your Company has decided to progressively expand its network of Fertilizer sale by opening new NKSKs during the current year. On account of Sardar Sarovar Dam Project, there has been considerable increase in the irrigation facility in the Home State of Gujarat, which has resulted in an increase in the consumption of Urea in the State. In view of this, your Company achieved record sales of 6.96 Lac MTs of Fertilizers in the Home State.

Your Company continued its trading activities in Single Super Phosphate (SSP), indigenously sourced Di-Ammonium Phosphate (DAP), Urea and Muriate of Potash (MOP), Cattle Feed and Pesticides.

**(n)Code Solutions – IT Division:**

(n)Code Solutions, IT Division of the Company, has once again continued its journey of growth and expansion in IT business during 2014-15, registering strong performance in the business of Digital Signature Certificate, CCTV & Data Centre Projects, e-procurement Service and e-Governance Projects. It remained a market leader in DSC business due to its quality service and support.

(n)Code is focusing on retaining its market leadership as also exploiting the new opportunities like net banking, where DSC / PKI business would see the next phase of growth in the coming years. To achieve sustained growth in IT business, (n)Code has undertaken several new initiatives in the areas of education, data analytic, smart city mining, etc., in the current year.

A detailed analysis of Company's operational and financial performance is presented under a separate section on "Management Discussion & Analysis" forming part of this report.

**DIVIDEND**

In view of the loss incurred by the Company and with a view to conserve the resources of the Company, the Board of

Directors have not recommended any dividend on the equity shares of the Company for FY 2014-15.

**APPROPRIATIONS**

Your Company has incurred a Net Loss of Rs.452.07 Crore for the year ended 31st March, 2015 after making provision of Rs.330 Crore for impairment of TDI-II Plant Dahej assets and Nil Tax provision. After deducting therefrom Rs.323.12 Crore, being the surplus balance of Statement of Profit & Loss brought forward from previous year, the deficit in the Statement of Profit & Loss was Rs.128.95 Crore as on 31st March, 2015. In view of the deficit in Statement of Profit & Loss, no amount is proposed to be transferred to General Reserve and negative balance of Rs.128.95 Crore of Profit & Loss as on 31st March, 2015 is proposed to be carried to the Balance Sheet.

**FERTILIZER POLICY**

Government of India (GoI) has made radical changes in Fertilizer Policy. Earlier as per the policy, the Fertilizer companies were allowed to manufacture Neem Coated Urea to the extent of maximum 35% of the total plant capacity of Urea production. This restriction has now been lifted by GoI and made it mandatory to coat the entire 100% production of Urea with Neem oil. GoI is also exploring the possibilities of getting Imported Urea coated with Neem oil. The use of Neem coated Urea will benefit the farmers in many ways like saving of Urea consumption by about 10% due to slow release in soil, reduction in the degradation of soil and will act as pesticides apart from increasing the yield. This would prevent the use of Urea for purposes other than Agriculture.

The subsidy rates for Phosphatic and Potassic Fertilizers notified by GoI last year under the Nutrient Based Subsidy Scheme have also been continued during the current year.

GoI has recently notified the Guidelines for pooling of gas in Fertilizer (Urea Sector). As per the Guidelines, with effect from 1st June, 2015, domestic gas allocated to all Fertilizer Units will be used only for production of Urea and gas will be supplied at a common pool price to all Fertilizer Units so as to have uniform input cost.

**TDI-II PLANT AT DAHEJ**

Although the commercial production of TDI-II was declared on 24th March, 2014, the stabilization of plant has not been achieved. The plant is facing various problems in stabilizing and bottleneck for attaining sustained plant load. For achieving stabilization and sustained plant load to its installed capacity, concerted efforts and actions are being taken by your Company under the guidance and supervision of Technology Supplier, M/s Chematur AB Sweden. The position has further

been compounded on account of International prices of TDI presently hovering around 10 years' lowest, adversely affecting the domestic prices of TDI. Your Company has incurred a loss of Rs.440 Crore from the operations of TDI-II Dahej and made a provision for impairment of Rs.330 Crore towards the assets of TDI-II Plant. This has impacted adversely the overall financial health of the Company.

With a view to effectively deal with the current situation of the plant, the Company has appointed a renowned consultant, M/s AT Kearney to carry out the business viability assessment of TDI-II Dahej Plant and advise the Company on the options available and recommend the way forward. Appropriate actions would be taken by your Company to wriggle out from the rigour created from TDI-II Dahej plant.

### NEW INITIATIVES

In terms of Company's growth strategy, the following two projects are under active consideration by the Company:

#### 1. **Brown Field Ammonia-Urea Project:**

Government of India, announced the amendment to the New Investment Policy-2012 for Urea in October, 2014. Based on the same, the Company has received revised proposals for setting-up a world scale Ammonia ~ Urea facility at Bharuch and the same are being evaluated. Environmental Clearance for the said project has been received. Your Company will decide further course of action based on the final cost and economical feasibility of the project.

#### 2. **Di-Calcium Phosphate Project :**

TDI Plant at Dahej is generating Hydrochloric Acid (HCl) as its by-product. Actions have been initiated for setting-up Di-Calcium Phosphate Project, based on the HCl in a joint venture with M/s Ecophos SA, Belgium. Detailed Project Report prepared by a renowned consultant is being reviewed and further appropriate actions will be taken to move forward for implementation of the project.

### DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, your Directors state that –

- in the preparation of the annual accounts for the year ended 31st March, 2015, the applicable accounting standards have been followed and there are no material departures;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true

and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a 'going concern' basis;
- they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

### DETAILS OF SUBSIDIARY / JOINT VENTURES / ASSOCIATE COMPANIES

The Company does not have a Subsidiary Company or a Joint Venture Company. However, the Company has an Associate Company i.e. Gujarat Green Revolution Co. Ltd. (GGRCL), the particulars of which are given in Form MGT-9 annexed to this Report.

Ministry of Corporate Affairs, Government of India has vide Notification dated 14th October, 2014 granted exemption to the companies in preparation of Consolidated Financial Statement in respect of Financial Year ended 31st March, 2015. In terms of the said exemption, your Company has not prepared the Consolidated Financial Statement in respect of its Associate Company namely GGRCL for the year ended 31st March, 2015.

### PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year, the Company made an additional investment in the equity of Bhavnagar Energy Co. Ltd., by subscribing 50 Lacs and 82.10 Lacs (on Rights basis) equity shares of Rs.10/- each for an aggregate amount of Rs.13.21 Crore.

The Company has not given any loan or guarantee or provided any security in connection with a loan to any other body corporate or person during the year.

**RELATED PARTY TRANSACTIONS**

During the year, the Company has not entered into any materially significant Related Party Transactions (RPTs) and do not attract the provisions of Section 188 of the Companies Act, 2013. Suitable disclosure as required by Accounting Standards (AS-18) relating to RPTs has been made in the Notes to the Financial Statement. The disclosure as required under Section 134(3) (h) of the Companies Act, 2013 in respect of RPTs in Form AOC-2 is not applicable.

A disclosure on RPTs has also been furnished in the 'Report on Corporate Governance' forming part of this report.

**MEETINGS OF THE BOARD & COMMITTEES THEREOF****(i) Board Meeting :**

Five (5) meetings of the Board were held during the year 2014-15.

**(ii) Committees of the Board :**

Currently, there are six Committees of the Board as under :

1. Audit Committee;
2. Stakeholders' Relationship Committee;
3. Nomination and Remuneration Committee;
4. Corporate Social Responsibility Committee;
5. Project Committee; and
6. Human Resource Development Committee.

All the recommendations made by the Audit Committee were accepted by the Board.

Details of composition of Board and its Committees, which are mandatorily required to be constituted, major terms of reference of these Committees, the meetings held during the year and attendance of the Directors at such meetings are provided in the 'Report on Corporate Governance' forming part of this report.

**NOMINATION, REMUNERATION AND EVALUATION POLICY**

The Board of Directors of the Company, based on the recommendations of Nomination & Remuneration Committee has approved the "Nomination, Remuneration & Evaluation Policy" of the Company to ensure that the Board and top management is appropriately constituted, to identify persons who are qualified to become Directors or who may be appointed in Key Managerial Personnel and/or Senior

Management. This policy lays down the criteria relating to remuneration for Executive / Non Executive Directors, Key Managerial Personnel and Senior Management Personnel. Further, the said policy also lays down the criteria for performance evaluation of Directors.

The Company is committed to carry out the annual performance evaluation of the Board, its Committees and individual Directors by putting in place the framework in line with the criteria formulated in the policy.

**DIRECTORATE AND KEY MANAGERIAL PERSONNEL**

During the year, Shri CS Mani and Prof. Arvind Sahay were appointed as Independent Directors at the last Annual General Meeting (AGM) held on 26th September, 2014 for a term of three consecutive years up to 30th September, 2017. They are not liable to retire by rotation.

In terms of the provisions of Section 161 of the Companies Act, 2013, Shri Sunil Parekh and Shri Piruz Khambatta were appointed by the Board as Additional Director (Independent Category) with effect from 10th October, 2014 and Shri HV Patel, IAS (Retd.) was appointed as Additional Director (Independent Category) with effect from 8th April, 2015. They will hold office of Director upto the date of this AGM. The Board has recommended their appointment as Independent Directors at this AGM. Accordingly, suitable Ordinary Resolutions proposing their appointment as Independent Directors have been included in the Notice of AGM for your approval.

Dr. Manjula Subramaniam, IAS (Retd.) was appointed by the Board as Additional Director (Independent category) and Woman Director with effect from 10th October, 2014. Dr. Manjula Subramaniam, IAS (Retd.) has tendered resignation as Director from the Board of the Company effective 3rd August, 2015.

The Company has received declarations from all the Independent Directors confirming that they meet with the criteria of independence as laid down under Section 149(6) of the Act and Clause 49 of the Listing Agreement.

In pursuance of the provisions of Articles of Association and the Companies Act, 2013, Dr. Rajiv Kumar Gupta, IAS, who is liable to retire by rotation, will retire at this AGM and he is proposed to be reappointed as Director at this AGM.

Dr. SK Nanda, IAS, Chairman & Managing Director, Gujarat State Fertilizers & Chemicals Ltd., was appointed as Director in the casual vacancy caused by the resignation of Shri Atanu Chakraborty, IAS, who would have held office of Director upto



the date of this AGM, had he not resigned. Accordingly, Dr. SK Nanda, IAS will hold the office of Director upto the date of this AGM. A suitable Ordinary Resolution proposing his appointment as Rotational Director is included in the Notice of this AGM for your approval.

The information relating to change in other Directorship during the year is furnished in the 'Report on Corporate Governance' forming part of this report.

None of the Independent Directors is due for reappointment.

No Key Managerial Personnel was appointed or resigned during the year.

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

#### **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and Rules made thereunder, your Company has constituted Internal Complaints Committee / Gender Equality Committee to redress the complaint(s) received, if any, regarding sexual harassment. During the year, two complaints were received and resolved by the Company.

#### **RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM AND ITS ADEQUACY**

The Company has in place a Risk Management Policy. Under this Policy, various risks relating to operations & maintenance, financial and other organizational risks are assessed, evaluated and continuously monitored for taking effective mitigation steps. Risk Management Report, inter-alia, containing major anxiety areas and action plan for their mitigation and noteworthy risk management activities carried out by the Company is periodically reviewed by the Audit Committee and the Board of Directors.

The Company has adequate internal controls commensurate with the nature of its business and size and complexity of its operations. Details of internal control system are given in "Management Discussion & Analysis", forming part of this Report.

#### **EXTRACT OF ANNUAL RETURN**

Pursuant to Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return in Form MGT-9 is enclosed as Annexure - I to this Report.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Company has constituted Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013. The Board has on the recommendations of CSR Committee, approved the CSR Policy of the Company. The brief outline of CSR policy and CSR initiatives taken by the Company during the year are given in Annual Report on CSR activities, enclosed as Annexure - II to this Report.

Your Directors are happy to inform you that the Company has undertaken a socio-economic "Neem oil Project" as a backward integration project to manufacture Neem oil required for captive consumption for production of Neem coated Urea, which will also cater the requirement of other Urea manufacturers and consumers for varied applications in cosmetics, bio-pesticides, pharmaceuticals, etc. Neem Cake, an organic fertilizer will also be produced as a co-product. The socio-economic objective of this project is to generate income to women, poor rural population, landless labourers and farmers by way of Neem seeds collection.

#### **VIGIL MECHANISM-CUM-WHISTLE BLOWER POLICY**

The Company has established a Vigil Mechanism-cum-Whistle Blower Policy for Directors and employees of the Company to report their genuine concerns, details of which have been given in the "Report on Corporate Governance", forming part of this Report.

#### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

No significant or material orders were passed by the Regulators or Courts or Tribunals, which impact the going concern status and Company's operations in future.

#### **MANAGEMENT DISCUSSION & ANALYSIS AND REPORT ON CORPORATE GOVERNANCE**

The "Management Discussion & Analysis" on the business and operations of the Company and the Report on Corporate Governance together with the following are attached herewith and form part of this Annual Report.

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

#### **INFORMATION REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as



required under Section 134(3) (m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is enclosed as Annexure - III to this Report.

#### **PARTICULARS OF EMPLOYEES AND REMUNERATION**

The information required under Section 197(12) of Companies Act, 2013 read with Rule 5(1) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as Annexure - IV to this Report.

The information as required under Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as Annexure - V to this Report.

#### **AUDITORS AND AUDITORS' REPORT**

At the last Annual General Meeting held on 26th September, 2014, M/s Deloitte Haskins & Sells, Chartered Accountants, were re-appointed as Statutory Auditors of the Company to hold office till the conclusion of the 40th Annual General Meeting to be held in the year 2016, subject to the ratification by Members at the 39th AGM as required under Section 139 of the Act, on such remuneration as may be determined by the Board of Directors and reasonable out of pocket expenses actually incurred by them. A suitable Ordinary Resolution in this regard is included in the Notice of this AGM for your ratification. The Company has received a written consent as required under Section 139(1) of the Act and a Certificate confirming that they are not disqualified for such appointment within the meaning of Section 141 of the Act.

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

#### **COST AUDITOR**

The Board of Directors has on the recommendations of Audit Committee, re-appointed Shri Shirish V Diwanji, Cost Accountant of M/s Diwanji & Associates, Vadodara, as the Cost Auditor of the Company for financial year 2015-16.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit & Auditors) Rules, 2014, the remuneration payable to Cost Auditor is required to be ratified by the Shareholders at the AGM. A suitable ordinary resolution in this regard, is included in the Notice of this AGM for your ratification / approval.

The Company has e-filed the Cost Audit Report for the financial year 2013-14 with the Ministry of Corporate Affairs (Cost Audit Branch) on 18th September, 2014. The due date of filing the said report was 27th September, 2014.

#### **SECRETARIAL AUDITOR**

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed Shri VL Vyas, Practicing Company Secretary to conduct Secretarial Audit of the Company for the financial year ended 31st March, 2015. The Secretarial Audit Report in Form MR-3 is enclosed as Annexure – VI, which does not contain any qualification, reservation or adverse remark.

#### **FIXED DEPOSITS**

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

#### **INSURANCE**

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

#### **INDUSTRIAL RELATIONS**

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

#### **ACKNOWLEDGEMENTS**

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

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

Place : Gandhinagar  
Date : 17th August, 2015

**Shri G. R. Aloria**  
**Chairman**

**FORM NO. MGT - 9**  
**EXTRACT OF ANNUAL RETURN**  
**As on financial year ended on 31.03.2015**

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

1.	CIN	L24110GJ1976PLC002903
2.	Registration Date	10th May, 1976
3.	Name of the Company	Gujarat Narmada Valley Fertilizers & Chemicals Limited
4.	Category/Sub-category of the Company	Public Company- Limited by Shares
5.	Address of the Registered office and contact details	PO: Narmadanagar-392 015, Dist.: Bharuch, Gujarat Tele. No. 02642-247001, Fax No. (02642) 247084, email-investor@gnfc.in
6.	Whether listed company (Yes / No)	Yes
7.	Name, Address and contact details of the Registrar & Transfer Agent, if any.	The Company is carrying out entire work relating to share registration and related services in-house through its Investor Service Centre at the Registered office of the Company.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10% or more of the total turnover of the Company)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the Company
1	Urea	20121	32.51%
2	Acetic Acid	20119	10.64%
3	Ammonium Nitro Phosphate	20122	10.06%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held as at 31.03.2015	Applicable Section
1	Gujarat Green Revolution Co. Ltd.	U63020GJ1998PLC035039	Associate	47%	Section 2(6)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1. Indian</b>									
a. Individual/ HUF	-	-	-	-	-	-	-	-	-
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt(s)	-	-	-	-	-	-	-	-	-
d. Bodies Corporate	6,40,03,713	3,000*	6,40,06,713	41.18	6,40,03,713	3,000**	6,40,06,713	41.18	-
e. Banks/ FIs	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1):-</b>	<b>6,40,03,713</b>	<b>3,000*</b>	<b>6,40,06,713</b>	<b>41.18</b>	<b>6,40,03,713</b>	<b>3,000**</b>	<b>6,40,06,713</b>	<b>41.18</b>	<b>-</b>
<b>2. Foreign</b>									
a. NRIs-Individuals	-	-	-	-	-	-	-	-	-
b. Other- Individuals	-	-	-	-	-	-	-	-	-
c. Bodies Corporate	-	-	-	-	-	-	-	-	-
d. Banks/ FIs	-	-	-	-	-	-	-	-	-
e. Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2) :-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoters (A) = (A)(1)+ (A)(2)</b>	<b>6,40,03,713</b>	<b>3,000*</b>	<b>6,40,06,713</b>	<b>41.18</b>	<b>6,40,03,713</b>	<b>3,000**</b>	<b>6,40,06,713</b>	<b>41.18</b>	<b>-</b>

\*Shares held by the Directors/Ex-Directors jointly with promoters (GSIL Ltd.) as qualification shares.

\*\*Includes 1000 shares held by Directors/Ex-Directors jointly with promoters (GSIL Ltd.) as qualification shares.



Category of Shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B.</b>	<b>Public Shareholding</b>									
<b>1.</b>	<b>Institutions</b>									
a.	Mutual Funds	33,00,402	10,150	33,10,552	2.13	33,00,005	10,150	33,10,155	2.13	-
b.	Banks/ FIs	2,45,65,166	14,421	2,45,79,587	15.81	2,13,48,677	14,321	2,13,62,998	13.75	(-)-2.06
c.	Central Govt.	-	-	-	-	-	-	-	-	-
d.	State Govt.(s)	-	-	-	-	-	-	-	-	-
e.	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f.	Insurance Companies	-	-	-	-	-	-	-	-	-
g.	FIs	1,58,51,338	1,250	1,58,52,588	10.20	1,91,21,025	1,250	1,91,22,275	12.30	2.10
h.	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i.	Others (FPIs)	-	-	-	-	1,70,241	-	1,70,241	0.11	0.11
	<b>Sub-total (B)(1):-</b>	<b>4,37,16,906</b>	<b>25,821</b>	<b>4,37,42,727</b>	<b>28.14</b>	<b>4,39,39,948</b>	<b>25,721</b>	<b>4,39,65,669</b>	<b>28.29</b>	<b>0.15</b>
<b>2.</b>	<b>Non- Institutions</b>									
(a)	Bodies Corporate									
	(i) Indian	46,08,780	32,468	46,41,248	2.99	40,11,772	32,102	40,43,874	2.60	(-)-0.39
	(ii) Overseas	-	2,885	2,885	-	-	2,885	2,885	-	-
(b.)	Individuals									
	(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	2,27,57,697	1,13,17,341	3,40,75,038	21.92	2,24,68,105	1,10,07,418	3,34,75,523	21.54	(-)-0.38
	(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	77,03,428	2,17,984	79,21,412	5.10	88,06,276	2,32,984	90,39,260	5.82	0.72
(c)	Others									
	(i) Trusts	2,88,039	-	2,88,039	0.19	2,09,451	-	2,09,451	0.13	(-)-0.06
	(ii) Co-op Societies	-	3,52,614	3,52,614	0.23	-	3,52,226	3,52,226	0.23	-
	(iii) Clearing Members Pool A/c	96,934	-	96,934	0.06	63,032	-	63,032	0.04	(-)-0.02
	(iv) Unclaimed Suspense A/c	1,69,933	-	1,69,933	0.11	1,68,910	-	1,68,910	0.11	-
	<b>Sub-total (B)(2)</b>	<b>3,56,24,811</b>	<b>1,19,23,292</b>	<b>4,75,48,103</b>	<b>30.60</b>	<b>3,57,27,546</b>	<b>1,16,27,615</b>	<b>4,73,55,161</b>	<b>30.47</b>	<b>(-)-0.13</b>
	<b>Total Public shareholding (B) = (B)(1) + (B)(2)</b>	<b>7,93,41,717</b>	<b>1,19,49,113</b>	<b>9,12,90,830</b>	<b>58.74</b>	<b>7,96,67,494</b>	<b>1,16,53,336</b>	<b>9,13,20,830</b>	<b>58.76</b>	<b>0.02</b>
<b>C.</b>	<b>Shares held by Custodian for GDRs</b>	1,21,240	-	1,21,240	0.08	91,240	-	91,240	0.06	(-)-0.02
	<b>Grand Total (A+B+C)</b>	<b>14,34,66,670</b>	<b>1,19,52,113</b>	<b>15,54,18,783</b>	<b>100.00</b>	<b>14,37,62,447</b>	<b>1,16,56,336</b>	<b>15,54,18,783</b>	<b>100.00</b>	<b>-</b>

**ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total Shares	
1	Gujarat State Investments Limited	33227546	21.38	-	33227546	21.38	-	-
2	Gujarat State Fertilizers & Chemicals Ltd	30779167	19.80	-	30779167	19.80	-	-
	<b>Total</b>	<b>64006713</b>	<b>41.18</b>	<b>-</b>	<b>64006713</b>	<b>41.18</b>	<b>-</b>	<b>-</b>



## iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	At the beginning of the year	6,40,06,713	41.18	6,40,06,713	41.18
2.	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change during the year			
3.	At the end of the year	6,40,06,713	41.18	6,40,06,713	41.18

## iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs):

Sl. No	Name of the Shareholder	Shareholding at the beginning of the year		Date of Change	Reason	Increase/ Decrease in Shareholding during the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company			No. of Shares Decrease	No. of Shares Increase	No. of Shares	% of total Shares of the Company
1	Life Insurance Corporation of India	14083612	9.06	01.04.2014		-	-	14083612	9.06
				31.03.2015	At the end of the year	-	-	14083612	9.06
2	Fidelity Puritan Trust - Low Priced Stock Fund	11000000	7.08	01.04.2014		-	-	11000000	7.08
				25.04.2014	Market Purchase	-	136623	11136623	7.17
				30.04.2014	Market Purchase	-	108381	11245004	7.24
				23.05.2014	Market Purchase	-	25774	11270778	7.25
				20.06.2014	Market Purchase	-	247697	11518475	7.41
				30.06.2014	Market Purchase	-	64831	11583306	7.45
				11.07.2014	Market Purchase	-	174091	11757397	7.56
				19.09.2014	Market Purchase	-	242603	12000000	7.72
				14.11.2014	Market Purchase	-	164675	12164675	7.83
				21.11.2014	Market Purchase	-	232736	12397411	7.98
				28.11.2014	Market Purchase	-	381006	12778417	8.22
				05.12.2014	Market Purchase	-	373322	13151739	8.46
				12.12.2014	Market Purchase	-	267496	13419235	8.63
19.12.2014	Market Purchase	-	122643	13541878	8.71				
31.03.2015	At the end of the year	-	-	13541878	8.71				
3	General Insurance Corporation of India	4540053	2.92	01.04.2014		-	-	4540053	2.92
				31.03.2015	At the end of the year	-	-	4540053	2.92
4	LIC of India Market Plus 1 Growth Fund	2819127	1.81	01.04.2014		-	-	2819127	1.81
				25.04.2014	Market Sell	42503	-	2776624	1.79
				06.06.2014	Market Sell	596235	-	2180389	1.40
				13.06.2014	Market Sell	662689	-	1517700	0.98
				20.06.2014	Market Sell	11239	-	1506461	0.97
				04.07.2014	Market Sell	200000	-	1306461	0.84
				11.07.2014	Market Sell	461019	-	845442	0.54
				18.07.2014	Market Sell	30421	-	815021	0.52
				14.11.2014	Market Sell	65970	-	749051	0.48
				01.08.2014	Market Sell	23872	-	725179	0.47
				19.09.2014	Market Sell	568610	-	156569	0.10
10.10.2014	Market Sell	20557	-	136012	0.09				
31.03.2015	At the end of the year	-	-	136012	0.09				
5	The New India Assurance Company Limited	2090613	1.35	01.04.2014		-	-	2090613	1.35
				31.03.2015	At the end of the year	-	-	2090613	1.35
6	Reliance Capital Trustee Co. Ltd. A/c Reliance Mid-Small Cap Fund	2039975	1.31	01.04.2014		-	-	2039975	1.31
				31.03.2015	At the end of the year	-	-	2039975	1.31



Sl. No	Name of the Shareholder	Shareholding at the beginning of the year		Date of Change	Reason	Increase/ Decrease in Shareholding during the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company			No. of Shares Decrease	No. of Shares Increase	No. of Shares	% of total Shares of the Company
7.	Fidelity North Star Fund	1500000	0.97	01.04.2014		-	-	1500000	0.97
				30.06.2014	Market Purchase	-	168938	1668938	1.07
				04.07.2014	Market Purchase	-	298062	1967000	1.27
				11.07.2014	Market Purchase	-	33000	2000000	1.29
				31.03.2015	At the end of the year	-	-	2000000	1.29
8	ICICI Prudential Dynamic Fund	1257982	0.81	01.04.2014		-	-	1257982	0.81
				31.03.2015	At the end of the year	-	-	1257982	0.81
9	SBI Life Insurance Co. Ltd	984801	0.63	01.04.2014		-	-	984801	0.63
				30.04.2014	Market Sell	52616	-	932185	0.60
				06.06.2014	Market Sell	118992	-	813193	0.52
				18.07.2014	Market Sell	80000	-	733193	0.47
				12.09.2014	Market Sell	10000	-	723193	0.47
				28.11.2014	Market Sell	100000	-	623193	0.40
				13.12.2014	Market Sell	100000	-	523193	0.34
				10.01.2015	Market Sell	15000	-	508193	0.33
				30.01.2015	Market Sell	15986	-	492207	0.32
				31.03.2015	At the end of the year	-	-	492207	0.32
10	Dimensional Emerging Markets Value Fund	729530	0.47	01.04.2014		-	-	729530	0.47
				31.03.2015	At the end of the year	-	-	729530	0.47
11	Nordea Emerging Markets Equities Fund	662102	0.43	01.04.2014		-	-	662102	0.43
				31.03.2015	At the end of the year	-	-	662102	0.43
12	Hemendra Kothari	0	0.00	01.04.2014		-	-	0	0.00
				23.05.2014	Market Purchase	-	350000	350000	0.23
				11.07.2014	Market Purchase	-	300000	650000	0.42
				31.03.2015	At the end of the year	-	-	650000	0.42

Notes : 1. Date of change is the date of the shareholding statement i.e. the date on which the beneficiary position is downloaded.  
2. Database of top ten shareholders at the beginning of the year and at the end of the year has been considered for the above disclosure.

#### v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of Director and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Shri R A Shah, CFO				
	At the beginning of the year	400	-	400	-
	Date wise Increase / Decrease in share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	400	-	400	-

#### V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	2,64,007.96	1,26,385.36	0.00	3,90,393.31
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	165.02	1,214.69	0.00	1,379.71
<b>Total (i+ii+iii)</b>	<b>2,64,172.97</b>	<b>1,27,600.05</b>	<b>0.00</b>	<b>3,91,773.02</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	98,893.13	4,57,699.44	0.00	5,56,592.57
• Reduction	1,27,887.31	4,34,729.57	0.00	5,62,616.88
<b>Net Change</b>	<b>(28,994.18)</b>	<b>22,969.87</b>	<b>0.00</b>	<b>(6,024.31)</b>

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2,35,013.77	1,49,355.23	0.00	3,84,369.00
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	152.76	1,876.52	0.00	2,029.28
<b>Total (i+ii+iii)</b>	<b>2,35,166.53</b>	<b>1,51,231.75</b>	<b>0.00</b>	<b>3,86,398.28</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		<b>Dr. Rajiv Kumar Gupta, IAS-(MD)*</b>	
1	Gross salary	Nil	Nil
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	Nil	Nil
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	Nil	Nil
	(c) Profits in lieu of salary under Section 17(3) Income- Tax Act, 1961	Nil	Nil
2	Stock Option	Nil	Nil
3	Sweat Equity	Nil	Nil
4	Commission <ul style="list-style-type: none"> <li>• as % of profit</li> <li>• others, specify...</li> </ul>	Nil	Nil
5	Others, please specify	Nil	Nil
	<b>Total (A)</b>	<b>Nil</b>	<b>Nil</b>
	Ceiling as per the Act	<b>Not Applicable</b>	

\* Appointment of Managing Director is made by the Board in consultation with the Government of Gujarat and usually he/she is from IAS cadre. Managing Director is paid remuneration as per the terms and conditions prescribed and notified by the Government of Gujarat and as determined by the Board of Directors and in line with Schedule-V and other applicable provisions of the Companies Act, 2013, subject to the approval by Shareholders. Dr. Rajiv Kumar Gupta, IAS, Principal Secretary to GOG is holding the additional charge of the post of Managing Director of the Company. No remuneration was paid to Dr. Gupta for holding the additional charge of Managing Director.

### B. Remuneration to other Directors

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount in Rs.
1	<b>Independent Directors</b>	<b>Shri CS Mani</b>	<b>Prof. Arvind Sahay</b>	<b>Shri Piruz Khambatta</b>	<b>Shri Sunil Parekh</b>	<b>Dr. Manjula Subramaniam**</b>	
	Fee for attending Board/Committee meetings	95,000	15,000	-	50,000	5,000	1,65,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	<b>Total (1)</b>	<b>95000</b>	<b>15,000</b>	<b>-</b>	<b>50,000</b>	<b>5,000</b>	<b>1,65,000</b>
2	<b>Other Non-Executive Directors</b>	<b>Dr. JN Singh*</b>	<b>Dr. SK Nanda</b>	<b>Shri GC Murmu*®</b>			
	Fee for attending Board/ Committee meetings	5,000	-	15,000			20,000
	Commission	-	-	-			-
	Others, please specify	-	-	-			-
	<b>Total (2)</b>	<b>5,000</b>	<b>-</b>	<b>15,000</b>			<b>20,000</b>
	<b>Total (B)=(1+2)</b>						<b>1,85,000</b>
	<b>Total Managerial Remuneration</b>						<b>1,85,000</b>
	Overall Ceiling as per the Act						<b>Not Applicable</b>

#### Notes:

1. Remuneration to other Directors are paid by way of sitting fees only for attending the meetings of the Board of Directors and Committees thereof. The amount of sitting fees has been revised by the Board at its meeting held on 30.01.2015 from Rs.5,000/- to Rs.10,000/- per meeting attended by Directors.
2. \*Amount Deposited in Government Treasury
3. \*\*Ceased to be a Director effective 03.08.2015.  
® Ceased to be a Director effective 01.05.2015.

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	13,48,794	16,67,221	30,16,015
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	1,77,931	49,060	2,26,991
	(c) Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	• as % of profit	-	-	-
	• others, specify.	-	-	-
5	Others, please specify			
	PF Contribution	1,13,329	1,06,704	2,20,033
	Pension Contribution	1,13,329	-	1,13,329
	<b>Total</b>	<b>17,53,383</b>	<b>18,22,985</b>	<b>35,76,368</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority (RD / NCLT/ COURT)	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NIL		
Punishment					
Compounding					



## ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2014-15

[Pursuant to Section 135 of the Companies Act, 2013 read with Rule 9 of Companies (Accounts) Rules, 2014 and Companies (Corporate Social Responsibility Policy) Rules, 2014]

**1. Brief outline of Company's CSR policy including overview of the projects or programs proposed to be undertaken and a reference to the web link to CSR policy and projects or programs**

The Board of Directors, upon recommendation of CSR Committee approved the CSR policy in its meeting held on 30.01.2015.

CSR Policy provides a guideline of the methodologies and areas for choosing and implementing the Company's CSR projects. The major sectors covered under the said policy include Education, Health care, Rural Infrastructure sanitation and self-employment generation, Vocational Skills, Empowerment of women and youth, Environment Sustainability, Protection and development of National Heritage, Art Culture, Public Libraries. Projects falling under these categories are implemented through a trust established by the Company, i.e. Narmadanagar Rural Development Society (NARDES) / directly by the Company.

The CSR policy of the Company is displayed on Company's website at link - <https://www.gnfc.in/corporate-social-responsibility.html>

**2. Composition of CSR Committee:**

CSR Committee presently comprises of 3 (three) Directors:

- Prof. Arvind Sahay- Chairman (Non Executive and Independent Director)
- Shri Sunil Parekh –Member (Non Executive and Independent Director)
- Dr. Rajiv Kumar Gupta, IAS- Member/ Managing Director (Executive and Non Independent Director)

	Particulars	Amount (Rs in Lac)
3.	Average Net Profit of the Company for last three Financial Years	41996.00
4.	Prescribed CSR Expenditure (2% of the average net profit as computed above)	839.92
5.	<b>Details of CSR Spent during the financial year</b>	
	Total amount to be spent for the financial year	839.92
	(a) Total amount spent for the financial year	1041.00
	(b) Amount unspent, if any	Nil

(c) Manner in which the amount spent during the financial year is detailed below:

Sr. No	CSR Project or activity identified	Sector in which the project is covered	Project or Programs		Amount outlay (Budget) project or programs wise	Amount spent on the projects or programs		Cumulative expenditure up to the reporting period	Amount spent	
			Local Area or other	State and district where projects or programs was undertaken		Direct expenditure on Projects or programs	Overheads		Direct	Through implementing agency
(1)	(2)	(3)	(4)		(5)	(6)		(7)	(8)	
1.	Contribution to Mukhyamantri Shri Swachhata Nidhi under Swachha Bharat Abhiyan	Preventive Healthcare & Sanitation	--	Gujarat State as a whole	Rs. 10.31 Crore	Rs. 10.31 Crore	--	Rs. 10.31 Crore	--	Mukhyamantri Shri Swachhata Nidhi (Govt. of Gujarat)
2.	Social Mobilization under Statue of Unity Project	Rural Development Projects	--	Gujarat State as a whole	Rs. 10.14 Lakhs	Rs. 10.14 Lakhs	--	Rs. 10.14 Lakhs	Directly by the Company	--
3.	Renovation of traffic circle	Rural Development Projects	Local Area Bharuch	Bharuch District, Gujarat State	Rs. 0.33 Lakhs	Rs. 0.33 Lakhs	--	Rs. 0.33 Lakhs	Directly by the Company	--
	<b>TOTAL</b>				<b>Rs. 10.41 Crore</b>	<b>Rs. 10.41 Crore</b>		<b>Rs. 10.41 Crore</b>		

**Web Link :** <https://www.gnfc.in/gnfc-contributes-to-mukhyamantrishri-swachchhta-nidhi.html>

**6. In case, the Company has failed to spend the two percent of average net profits of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report.**

The Company has spent more than 2 % of Average Net Profit of last three financial years, i.e. around 2.5%

**7. Responsibility Statement of CSR Committee:**

The implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

Prof. Arvind Sahay  
(Chairman - CSR Committee)

Dr. Rajiv Kumar Gupta, IAS  
(Managing Director)

**ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

[Pursuant to Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

**(A) CONSERVATION OF ENERGY****(i) Steps taken or impact on Conservation of Energy**

The Company framed its Energy Policy in the year 2005 in accordance with Energy Conservation Act, 2001 and the same is in force.

The Company was awarded a prestigious National Energy Conservation Award – 2014 (Second prize) on 14th December, 2014 for the third consecutive year at the hands of Hon'ble Minister for Power, Coal and New & Renewable Energy, Government of India for energy conservation achievements in the Fertilizer Sector for the year 2014.

Details of various energy saving measures/ schemes implemented during the year are as given below:

**(a) Ammonia Synthesis Gas generation Plant (ASGP)**

Cooling Water Pump impellers were trimmed, resulting in to an annual power saving of 22,15,200 KWh.

**(b) Ammonia Plant**

Consequential to low load operation of Ammonia plant after commissioning of ASGP plant, one stage of Methanol circulation pump was removed because of low flow requirement in Rectisol unit, resulting into an annual power saving of 9,62,600 KWh.

**(c) Combined Power and Steam Generation Unit (CPSU)**

Impeller trimming of cooling water pump was carried out, resulting into an annual power saving of 2,10,000 KWh.

**(d) Captive power Plant :**

- One of the fans of Cooling Tower was stopped during winter season, resulting into power saving of 1,52,000 KWh.
- Two General Service Water Pumps were stopped during winter season, resulting into power saving of 1,35,100 KWh.
- Stoppage of Low pressure Pump and alternate arrangement of Ash Slurry Pump utilization resulted into an annual power saving of 2,58,600 KWh.

**(e) Utility Plant :**

- Around 6000 M<sup>3</sup>/Hr of Air lined up from Air Separation Unit of Ammonia plant for process air and plant air, leading to annual power saving of 32,01,000 KWh at Utility Compressors House.

- After refurbishing the air compressor energy efficient operation along with other compressors, resulted into an annual power saving of 6,40,000 KWh.
- Impeller trimming of Cooling Water makeup Pump, resulting into an annual power saving of 1,42,500 KWh.

**(f) Electrical System:**

Replacement of old lighting fixtures with energy efficient fixtures in various plants & switching off exhaust fans at different locations in sub-station, wherever possible, resulted into annual power saving of 1,05,000 KWh.

**(g) Steam traps management:**

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

**(ii) Steps taken by Company for utilizing alternate sources of energy :**

- Solar Photo Voltaic power generation systems having total capacity of 300 KW was installed at various locations in company's premises and total 3,89,200 KWh power was generated and used during the year.
- During the year, 3,30,51,472 Kwh power generated from Wind Mill.

**(iii) Capital investment on energy conservation equipments :**

The Company made capital investment of Rs.61 Lacs on energy conservation equipments during the year.

**(B) TECHNOLOGY ABSORPTION:**

- (i) Efforts in brief, made towards technology absorption:
- (a) The Company has successfully implemented various modifications schemes using in-house resources. The modifications have been carried out in various plants for safe and reliable operations, thereby improving the performance of machines / equipments. Energy saving was achieved by reducing utility consumption.
- (b) The Company also interact with know how suppliers / Consultants for plant problems and reliability study to sustain productivity and improving plant performance.

- (ii) Benefits derived like product improvement, cost reduction, product development or import substitution.

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

- (iii) In case of imported technology (Imported during the last three years reckoned from the beginning of the financial year).

The Company has not imported any technology during the last three financial years.

#### RESEARCH & DEVELOPMENT:

##### 1. Specific areas in which R&D carried out by the Company

A process using resin catalyst has been developed in-house in Ethyl Acetate Plant. R&D work was also carried out for separation of Propyl Acetate & Methyl Acetate generated during the process of production of Ethyl Acetate. Experiments were carried out to prepare value added coating & adhesives products using TDI and Ethyl Acetate. Process is also developed in-house for manufacturing Polyurethane Coatings & Adhesives.

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

Ease of process operations and reduction in corrosion due to replacement of catalyst upon full scale operation in Ethyl Acetate Plant. Separation of Propyl Acetate and Methyl acetate enhanced the process efficiency of Ethyl Acetate Plant. The process and technology developed in-house for Polyurethane

Coatings & Adhesives has resulted into value addition in TDI and Ethyl Acetate products.

##### 3. Future Plan of Action

As a step towards commercialization, pilot scale process for production of Coating & Adhesives is being designed & developed. For treatment of Red water & Amine water generated in Aniline TDI process, an alternative environment friendly & economic process is being developed. Regeneration of spent Aniline synthesis catalyst, generated in Aniline process will be carried out to recover, reactivate and re-use costly catalysts.

- (iv) Expenditure on Research and Development:

(Rs. in lacs)			
No.	Nature of Expenditure	2014-15	2013-14
1	Capital Expenditure	0.00	3.82
2	Recurring Expenditure	14.66	15.85
3	Salaries to R&D Personnel	160.02	129.28
4	Power and Fuel	4.95	3.74
<b>Total</b>		<b>179.63</b>	<b>152.69</b>
5	Total R&D expenditure as percentage of total turn-over	0.0364%	0.0296%
6	Gross Turn-over	4,93,581.37	5,15,070.26

##### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO

###### Total Foreign Exchange used and earned:

(Rs. in lacs)		
Particulars	2014-15	2013-14
Foreign Exchange used	36422.91	30799.72
Foreign Exchange earned	2,380.03	7,239.60

#### Annexure - IV

##### DISCLOSURE PURSUANT TO RULE 5(1) OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FOR FINANCIAL YEAR 2014-15.

Sr. No.	Requirement	Details
1	Ratio of remuneration of each Director to the median remuneration of the employees of the Company.	<p>Non-Executive Directors are paid remuneration by way of sitting fees only for attending the Meeting of the Board of Directors and Committee thereof.</p> <p>Appointment of Managing Director (Executive Director) is made by the Board in consultation with Government of Gujarat (GoG) and he/she is usually from IAS cadre. Managing Director is paid remuneration as per the terms &amp; conditions prescribed and notified by GoG and as determined by the Board, subject to the approval of shareholders and subject to the provisions of Articles of Association, Companies Act, 2013 and the Rules framed thereunder.</p> <p>Dr. Rajiv Kumar Gupta, IAS, Principal Secretary to GOG is holding the additional charge of the post of Managing Director of the Company. No remuneration is paid to him for holding the additional charge of Managing Director. Therefore, the ratio of remuneration of each Director to the median remuneration of the employees for the financial year 2014-15 is not applicable.</p>



Sr. No.	Requirement	Details			
		Sl. No.	Director / KMP	Title	% increase in remuneration
2	Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any.	1	Dr. Rajiv Kumar Gupta, IAS	MD & CEO	---
		2	Shri R A Shah	CFO	(1.10%)
		3	Shri R B Panchal	CS	27.67%
3	Percentage increase in the median remuneration of employees.	19.77% considering employees who were in employment for the whole of FY 2013-14 & FY 2014-15.			
4	Number of permanent employees on the roll of Company at the end of the year.	2856			
5	Explanation on the relationship between average increase in remuneration and Company performance.	The Company has achieved total Sales Turnover of Rs.4641.52 Crores for FY 2014-15 as compared to Rs.4847.14 Crores during FY 2013-14. Average increase in the remuneration was mainly due to long term wage revision made during the year.			
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company.	During the year, the Company incurred a loss of Rs.452.07 Crore. The average increase in the remuneration of Key Managerial Personnel was 10.81 % during the year, mainly on account of long term wage revision.			
7	Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer	The market capitalization of the Company as at 31st March, 2015 was Rs.1,058.40 crores, as against Rs.1,216.92 crores as at 31st March, 2014, a decrease of 13% during the year under review. The price earnings ratio of the Company as at 31st March, 2015 is Rs. (-) 8.68/-, as against Rs. 4.16/- as at 31st March, 2014. The last public offer of equity shares of Rs.10/- each was made in the year 1981. The market quotation of the equity shares of the Company as on 31st March, 2015 was Rs.68.10 per share, representing an increase of 581% over the period.			
8	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average percentile increase made in the salary of the employees other than Key Managerial Personnel in FY 2014-15 was 18.85% whereas increase in the Key Managerial remuneration was 10.81%.			
9	Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company	Sl. No.	Key Managerial Personnel	Title	Remuneration- FY 2014-15 % to total Sales Turnover
		1	Dr. Rajiv Kumar Gupta, IAS	MD & CEO	-
		2	Shri RA Shah	CFO	0.39%
		3	Shri RB Panchal	CS	0.38%
10	Key parameters for any variable component of remuneration availed by the Directors	Non Executive Directors are paid only sitting fees for attending the Board / Committee Meetings hence not applicable.			
11	Ratio of remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year	Not Applicable			
12	Affirmation that the remuneration is as per the remuneration policy of the Company.	The Company has various grades for the purpose of remuneration to its employees including Senior Executives. The Key Managerial Personnel and Senior Management Executives draw the remuneration of their respective grade and as per the terms of their appointment.			



## Annexure - V

## STATEMENT SHOWING THE PARTICULARS OF EMPLOYEES OF THE COMPANY PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULES 5(2) AND 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

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 were employed throughout the financial year and was in receipt of remuneration for the year which in the aggregate was not less than Rs. 60,00,000/-</b>								
1	RT Bharagava	60	BE (Chemical)	37	Executive Director	9023283	2/10/1978	GET – GSFC Ltd., Vadodara
<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. 5,00,000/- per month</b>								
1	AA Patel	60	BA	35	Sr. Office Asstt	1341065	1/9/1997	Supervisor (on daily wage) - GNFC Ltd., Bharuch
2	AB Pancholi (Dr.)	45	M.Sc., Ph.D.	24	Sr. Chemist	2109305	14/8/1992	Trade Apptt. (Lab. Asstt.) - GNFC Ltd., Bharuch
3	AD Patel	60	B.Sc.	38	Sr. Manager	4649558	1/5/1979	B.Sc. (Attendant Optr.) Apprentice - GSFC Ltd., Vadodara
4	AM Trivedi	60	B.Sc., IInd Class Boiler Comp. Exam	36	Sr. Shift Engineer	3719200	14/9/1980	Trainee – NFL, Nangal
5	AS Sharma	60	Intermediate Arts	39	Sr. M E O	3074777	9/1/1980	Pointsman – Western Railway, Vadodara
6	BC Shah	49	M.Com., ICWA	28	Sr. Manager	3553564	1/11/1988	Jr. Asstt. Trainee - GNFC Ltd., Bharuch
7	BI Gohil (Late)	51	Std - IX	33	Sr. Guest House Asstt.	1328690	1/10/1982	Bearer (on daily wage) - GNFC Ltd., Bharuch
8	BI Vaghela (Late)	57	Std-VI	35	Sr. Cook	1871864	1/7/1979	Kitchen Helper (daily wage) – GSFC Ltd., Vadodara
9	CD Bhakta	60	BE (Chemical)	37	General Manager	4427362	7/10/1979	GET – GNFC Ltd., Bharuch
10	DC Bhalodia	60	ITI (Turner), NCTVT, DME	36	Sr. Mech Engr	2262077	6/11/1979	ITI (Turner) Trainee – GNFC Ltd., Bharuch
11	DD Patel	60	B.Sc., Ist & IInd Class Boiler Prof. Exam	36	Sr. Operator	2701770	1/8/1980	B.Sc. (Attendant Optr.) Apprentice - GSFC Ltd., Vadodara
12	DH Doshi	60	B.Sc. (Agri.)	37	Sr. Mktg Manager	4931812	4/5/1982	Jr. Sales Promotional Asstt. – GSFC Ltd., Vadodara
13	DP Vasavada	60	B.Sc., LL.B.(G), PGDIRPM	38	Additional General Manager (HR)	5625426	1/3/1984	Personnel Asstt. - Gujarat Steel Tubes Ltd., Ahmedabad
14	GM Mehta	60	M.Sc. (Statistics)	37	Additional General Manager	4995850	26/12/1983	Programmer - Arvind Mills Ltd., Ahmedabad
15	GM Patel	60	BE, AMIE (Met.), Dip. in Ind. Engg. & Mgt.	37	General Manager	7299132	22/12/1979	GET - GNFC Ltd., Bharuch
16	GV Amin	60	B.Com., PGIRPM	37	Sr. Officer	3632821	19/6/1984	Clerk - Petrofils Co-operative Ltd., Vadodara
17	HC Mehta	60	SSC, English / Gujarati Typing	36	Sr. Assistant	3099449	22/9/1981	Typist - M/s. Patson Transformers Pvt. Ltd., Bharuch
18	HD Bhatt	60	B.Com., Dip. in Telex Optr., English Typing	36	Sr. Accounts Officer	3499019	27/6/1978	---
19	HH Patel	60	B.Sc., NCTVT	38	Sr. Operator	3320747	3/3/1980	B.Sc. (Attendant Optr.) Apprentice - GSFC Ltd., Vadodara
20	HM Chavda	60	ITI (Fitter), NCTVT, ATC	38	Sr. Mech Engr	2087844	1/11/1978	Trainee – GSFC Ltd., Vadodara
21	HN Patel	60	Pre Science, Dip. in Electronics & Radio Engg.	38	Sr. Manager	4607502	17/1/1979	Plant Attendant – GEB Dhuvaran Thermal Power Station, Dhuvaran
22	HS Patel	60	BA, English Steno with Typing Exam	36	Personal Secretary	2214658	3/8/1984	English Stenographer - Judicial Deptt., District Court, Bharuch
23	IA Shaikh	60	B.Com.	38	Manager	4202394	28/2/1979	Jr. Accountant – Natvarlal & Co., Bharuch
24	JG Hadwani	60	B.Sc. (Agri.)	37	State Head (Corporate Affairs)	4352632	18/12/1981	Jr. Sales Promotional Asstt. – GSFC Ltd., Vadodara
25	JH Desai	46	DChE	24	Sr. Operator	983359	16/1/1992	Jr. Optr. Trainee - GNFC Ltd., Bharuch
26	J R Shastri	60	B.Com., LL.B. (Gen. & Spl.)	39	Sr. Manager	3419658	2/3/1981	Jr. Asstt. – National Dairy Development Board, Anand
27	JS Kochar	56	B.Sc. (Chem.), B.Sc. (Tech. of Plastics), PG Dip. in Mgt.	32	Executive Director	14150136	1/1/2001	Managing Director - Software Frontiers Ltd., Gandhinagar
28	JV Dave	60	M.Sc., IPMM, PGDMSM, PGDBM, PGDMM	36	Sr. Manager	3960757	30/1/1982	Assistant – Sarabhai Chemical, Vadodara
29	KC Patel	60	B.Sc., NCTVT (AO), DIS	38	Sr. Manager	2834321	4/3/1980	B.Sc. (Attendant Optr.) Apprentice - GSFC Ltd., Vadodara
30	KG Patel	60	B.Sc. (Agri), Dip. in Mktg. & Sales Mgt., MBA (Mktg.)	38	Chief Manager	4590865	4/11/1982	Jr. Sales Promotional Asstt. – GSFC Ltd., Vadodara
31	KH Panchal	60	ITI (IMCP), Wireman Apprenticeship Course, DME	39	Sr. Manager	2483205	23/8/1982	Instrument Mechanic - Gujarat Aromatics Ltd., Ankleshwar
32	KJ Biniwale	60	B.Com., Dip. in Mat. Mgt., Dip. in EDP & Computer Mgt., DBM	39	Sr. Manager	2127464	23/7/1979	Stores Clerk – Shreno Ltd., Vadodara
33	KM Koralwala	60	B.Com.	38	Sr. Material Officer	3609170	13/11/1982	Asstt. Storekeeper - Ficom Organics Ltd., Ankleshwar
34	KM Prajapati	60	ITI (Welder), NCTVT	38	Foreman	3817834	1/11/1978	Trainee – GSFC Ltd., Vadodara
35	KT Solanki	60	NCTVT (Fitter)	38	Sr. Technician (M)	1905588	1/11/1978	Trainee – GSFC Ltd., Vadodara



Sr. No. (1)	Name (S/Shri) (2)	Age (Yrs.) (3)	Qualification (4)	Total Exp.(Yrs.) (5)	Designation (6)	Remuneration Received (Rs.) (7)	Date of Joining (8)	Last Employment held (9)
36	MB Patel	60	B.Sc., NCTVT	38	Manager	2760207	1/5/1979	B.Sc. (Attendant Optr.) Apprentice - GSFC Ltd., Vadodara
37	M Balakrishnan	60	B.Com., PGDIPMM	42	Chief Manager	3379709	15/11/1977	Stenographer - Office of the D.E. Phones, Vadodara Telecom Division
38	MC Raj	60	SSC	30	Attendant	1371113	7/11/1986	Nurseryman (on Daily Wage) - M/s. SM Patel - Contractor
39	MD Patel	60	B.Sc., NCTVT (AO)	38	Sr. Manager	2616187	1/5/1979	Apprentice – GSFC Ltd. Vadodara
40	MH Khant	60	Std - X	33	Plumber	1658760	2/10/1982	Plumber (on Daily Wages) - GNFC Ltd., Bharuch
41	MP Mahida	60	NCTVT (Fitter)	38	Sr. Technician (M)	2289803	1/11/1978	Trainee - GSFC Ltd., Vadodara
42	MP Patel	60	B.Com., English / Gujarati Typing	37	Sr. Operator	2724348	12/4/1982	Typist – The Central Pulp Mills Ltd., Songadh
43	MS Talukdar	60	B.Com.	40	Sr. Manager	2963634	21/4/1977	Temp. Clerk – GSFC Ltd., Vadodara
44	M Varughese	60	MA, Dip. in IRPM	41	Chief Manager	2869975	23/5/1977	Jr. Stenographer – Sarabhai Chemicals Ltd., Vadodara
45	NB Shah	60	B.Sc., Dip. in Chem. Plant Optr. Course	40	Sr. Shift Engineer	3688596	15/12/1984	Operator - Polymers Corp. of Guj. Ltd., Vadodara
46	NB Solanki	60	B.Sc., PGDIRPM	36	Manager	3278765	5/4/1984	Estt. Clerk - IIM, Ahmedabad
47	ND Desai	60	B.Sc., Autocoder/Ecobol Prog.	37	Chief Manager	4410308	21/11/1983	Data Processing Optr. - Atul Products Ltd., Bulsar
48	NF Kevat	60	BA	38	Sr. Material Officer	2033475	22/6/1978	Typist Instructor – Mahadevnagar Commercial Institution, Bilimora
49	NJ Patel	60	SSC	33	Sr. Operator	2009820	16/10/1981	Diesel Pump Optr. Trainee - GNFC Ltd., Bharuch
50	PA Shah	60	BE (Chemical), Dip. in Industrial Mgt.	36	General Manager	3691450	19/9/1980	Jr. Environment Engineer – GPCB, Gandhinagar
51	PK Patel	60	ITI (Fitter), NCTVT	36	Foreman	1665382	6/11/1979	ITI (Fitter) Trainee – GNFC Ltd., Bharuch
52	PS Vayeda	57	DBA (PM), MA, PM&IR	33	General Manager	4792831	23/8/1993	Personnel Manager - Crompton Greaves Ltd., Vadodara
53	RB Swami	60	B.Com., LL.B. (Spl.)	42	Sr. Manager	3628362	16/8/1982	Accountant – Malhotra Steel Industries Guj. Pvt. Ltd., Ahmedabad
54	RB Vaghela	60	ITI (Fitter)	36	Sr. Technician (M)	1978190	6/11/1979	ITI (Fitter) Trainee – GNFC Ltd., Bharuch
55	RI Mansuri	60	NCTVT, ATC	38	Sr. Mech Engr	2535904	1/11/1978	Trainee - GSFC Ltd., Vadodara
56	RI Patel	60	B.Sc. (Agri.)	38	Sr. Manager	2717521	5/8/1982	Agri. Supervisor – Agri. Deptt., Dadra Nagar Haveli, Silvassa
57	RK Khamkar	60	BE (Chemical), Dip. in EDP & Computer Mgt.	37	Additional General Manager	5339075	11/8/1979	GET – GNFC Ltd., Bharuch
58	RM Barot	60	Pre Arts	38	Sr. Fire Optr	2020432	31/12/1979	Fireman - IPCL, Vadodara
59	RM Vyas	60	SSC, Cert. Course in Auto Engg.	37	Sr. Mech Engr	3888018	23/5/1981	Diesel Mech. (Daily Wage) - GNFC Ltd., Bharuch
60	RN Gandhi	60	BE(Mechanical), Dip. in Mktg. & Sales Mgt.	35	General Manager	6469171	1/6/1984	Asstt. Mech. Engr. - GSFC Ltd., Vadodara
61	RN Solanki (Late)	51	Std - IV	31	Attendant	825896	18/11/1987	Sweeper/Messenger - JGC, Bharuch
62	RS Patel	60	B.Sc. (Agri.)	37	Chief Mktg Mgr	2604620	15/4/1983	Jr. Mktg. Repr. - GSFC Ltd., Vadodara
63	SC Baria	60	Std - IV	39	Sr. MEO	2558084	24/3/1980	Rigger/Khalasi - Mahavir Engg., Vadodara
64	SD Soni	37	DME	18	Sr. Technician(M)	601567	15/4/1998	Assembly Supervisor - ABC Ltd., Bharuch
65	SJ Adhlahkiawala	60	B.Com.	41	Sr. Material Officer	2601741	25/9/1981	Cashier – The Bharuch Nagari Sahakari Bank Ltd., Bharuch
66	SK Mehta	60	BE (Chemical)	37	Executive Director	8196867	2/10/1978	GET – GSFC Ltd., Vadodara
67	SK Mukherji	60	B.Com.	38	Manager	2846890	28/2/1983	Supervisor (Grade-I) - Geep Industrial Syndicate Ltd., Allahabad
68	SP Singh	60	ITI (Welder)	40	Foreman	2243341	26/6/1981	TIG/Stick Welder – Stewarts and Lloyds of India Ltd., Bombay
69	SS Bharadia	60	ITI (Turner), NCTVT	38	Sr. Technician(M)	1808983	1/11/1978	Trainee – GSFC Ltd., Vadodara
70	ST Maksud (Late)	46	DChE	23	Asstt Mktg Manager	2499942	16/11/1992	Jr. Asstt. Trainee - GNFC Ltd., Bharuch
71	SV Trivedi	60	B.Sc., NCTVT (AO)	38	Sr. Shift Engineer	3271898	1/5/1979	B.Sc. (Attendant Optr.) Apprentice - GSFC Ltd., Vadodara
72	TN Desai	60	M.Sc., DIS	38	Sr. Manager	4091195	15/12/1980	Plantman – Dhrangandhra Chem. Works, Dhrangandhra
73	VA Patel	60	B.Sc. (Agri.), PGDMSM	37	Sr. Mktg Manager	2565775	2/5/1983	Jr. Mktg. Repr. - GSFC Ltd., Vadodara
74	VB Patel	60	B.Sc. (Agri.)	37	State Head (Corp. Affairs)	2721081	5/11/1982	Jr. Sales Promotional Asstt. – GSFC Ltd., Vadodara
75	VK Kashyap (Late)	53	B.Sc. (Agri.)	32	Dy Mktg Manager	3328857	1/7/1983	FR Trainee - GNFC Ltd., Bharuch
76	VN Patel	60	Dip. in Petro. Chem., DIS	38	Sr. Manager	2881137	12/9/1979	Jr. Supervisor – Kankariya Chemical Industries Pvt. Ltd., Ahmedabad
77	VS Prajapati	60	B.Sc., NCTVT	38	Manager	2299033	6/5/1980	Trainee – GSFC Ltd., Vadodara
78	VS Sirohi	56	B.Sc. (Agri.), MBA	33	Executive Director	8148544	20/4/1982	Plant Supervisor – The Rampur Industries Ltd., Mentha
79	VV Bhosale	60	B.Sc. (Agri.), Dip. in Mktg. Mgt., PGDHRM	37	Mktg Mgr	2556621	28/9/1983	Sales Repr. - MAIDC Ltd., Bombay
80	YH Bhatt	60	M.Com.	39	Manager	3969115	26/12/1977	Office Asstt./ Correspondent Clerk – Rockwell Dye-Chem Industries, Vadodara

**NOTES :**

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

To,  
The Members,  
**GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED**  
P.O. NARMADANAGAR, DIST. BHARUCH PIN: 392015

My attached report of even date is to be read along with this letter -

1. Maintenance of Secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy of effectiveness with which the management has conducted the affairs of the company.

Date : 25th July, 2015  
Place : VADODARA

**CS VIJAY L VYAS**  
**COMPANY SECRETARY IN PRACTICE**  
FCS NO.: 1602; C.P. No.: 13175

**FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015**  
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED**  
P.O. NARMADANAGAR, DIST. BHARUCH PIN: 392015

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of Gujarat Narmada Valley Fertilizers & Chemicals Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended March 31, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter: -

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015 according to the provisions of:

1. The Companies Act, 2013 ('the Act') and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;  
- *Not applicable as the Company did not issue any security during the financial year under report;*



- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; - *Not applicable as the Company has not granted any Options to its employees during the financial year under review;*
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;  
- *Not applicable as the Company did not issue any debt securities during the financial year under report;*
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with shareholders; -  
*The Company is registered with the Securities & Exchange Board of India (SEBI) as an in-house Share Transfer Agent- Category II.*
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;  
- *Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under report; and*
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;  
- *Not applicable as the Company has not bought back any of its securities during the financial year under report.*
6. I further report that, based on the compliance mechanism established by the Company, the information provided by the officers of the Company and the Compliance Certificate(s) issued by the Company Secretary of the Company and taken on record by the Board of Directors at their meeting(s) and examination of the documents and the records provided to me, the Company has complied with the following laws applicable specifically to the Company
- i. The Environment (Protection) Act, 1986 and other environmental laws;
  - ii. Ammonium Nitrate Rules, 2012
  - iii. Petroleum Act, 1934
  - iv. Explosives Act, 1884
  - v. The Fertilizers (Control) Order, 1985 under the Essential Commodities Act, 1955
  - vi. The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
  - vii. The Legal Metrology Act, 2009 and Rules thereunder;

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.  
*Not notified during the year under report; hence not applicable.*
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards etc. mentioned above.

**I further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act and Listing Agreement.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period, there were no instances of:

- (i) Public / Rights / Preferential issue of shares / Debentures / Sweat Equity;
- (ii) Redemption / Buyback of Securities;
- (iii) Merger / Amalgamation / Reconstruction etc.;
- (iv) Foreign technical collaborations.

**I further report that** during the audit period the Company has, at the Annual General Meeting held on 26th September 2014, passed (i) a Special Resolution under Section 180(1)(c) of the Companies Act, 2013 approving a borrowing limit of Rs.8000 crores; and (ii) a Special Resolution under Section 180(1)(a) of the Companies Act, 2013 authorising creation of mortgage, hypothecation or charge to secure borrowings upto Rs.8000 crores.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1.0 OVERVIEW OF COMPANY:

Gujarat Narmada Valley Fertilizers and Chemicals Limited ('the Company' or 'GNFC') operates businesses mainly in the Industrial Chemicals, Fertilizers and Information Technology ('IT') Products space. Serving a diverse set of customers, the Company is now an established leader in most of its chosen lines of business.

GNFC today is one of the leaders in fertilizer industry. The Company is engaged in manufacturing and selling fertilizers such as Urea and Ammonium Nitrophosphate under the brand name of "NARMADA".

The Company has set up core chemical and petrochemical plants such as Methanol, Formic Acid, Nitric Acid, Acetic Acid, Toluene Di - Isocyanate, Aniline, Ammonium Nitrate, Ethyl Acetate, Methyl Formate etc. The Company is one of the largest producers of Formic Acid and Acetic Acid in the country. The Company has India's largest single stream plant of Aniline. The company is the only manufacturer of Toluene Di-Isocyanate in South East Asia and Indian Sub Continent. The Company's chemicals enjoy high brand value in niche market.

The Company provides several cutting-edge IT services and solutions covering Digital Signatures Certificate (DSC), E-procurement, E-Governance projects, Data centres and CCTV surveillance systems etc. under Brand name of (n)code solutions. It remains the market leader in Digital Certificate business maintaining about 40% market share.

### 2.0 INDUSTRY STRUCTURE AND DEVELOPMENT:

#### 2.1 Industry Structure:

Due to importance of fertilizer for sustained agricultural growth and in attaining self sufficiency in foodgrain for the country, Fertilizer Industry is one of the priority and regulated sector. Fertilizer Industry is characterized by high dependence on Government policies with respect to subsidy and control. Historically, fertilizer sector has not been able to attract new investment due to regulated return on Investment through subsidy and price control. Further, the industry's other woes are mounting subsidy bills and lack of clarity in policies particularly with respect to allocation of feedstock.

The Chemical Industry is one of the most diversified and growing industrial sector of the country covering thousands of commercial products. Imports of various chemicals are on a rise, as increased/enhanced capacities are not able to cope up with the increasing demand. This Industry occupies a pivotal position in meeting basic needs and improving quality of life. The Indian chemical sector accounts for 9-10% of total exports and 8-9 % of total imports of India. Currently, per capita consumption of products of the Indian chemical industry is one-tenth of the world average, which reflects the huge potential for growth.

Information Technology (IT) industry is characterized by constant innovation in product and service offerings required to meet rapidly changing customer needs coupled with challenges in talent acquisition and retention.

### 2.2 Recent Developments :

1. The Union Cabinet gave its approval to a comprehensive New Urea Policy 2015 for the next four financial years. The Policy has multiple objectives of maximizing indigenous urea production, promoting energy efficiency in urea units, to ensure availability of urea to farmers with lesser subsidy burden on the Government.
2. As per Government of India (GOI) notification, it has been made mandatory to coat 100% of urea production in the country with neem oil. The use of Neem Coated Urea helps in improving the efficiency of the nutrients, in curtailing diversion of urea for industrial uses and acts as a pesticide.
3. Government has approved Natural Gas pooling policy under which all urea units would get gas at a uniform price. This is to ensure level playing fields to all urea units.
4. Government has set up Integrated Petroleum, Chemicals and Petrochemicals Investment Regions to promote manufacturing of Chemicals and Petrochemicals in the country.

### 3.0 OVERVIEW OF PERFORMANCE:

#### 3.1 Production/ Operational Performance:

##### Chemicals & Fertilizers:

- The Company was able to do reasonably well in the depressed market conditions, through its operational excellence, higher efficiency and well executed strategies around input sourcing and marketing. The operation strategy of the Company was driven by continuous adjustment of manufacturing/ trading pattern based on relative economics.
- Continuing its emphasis on product innovation, the Company has added Water Soluble Fertilizer and Technical Grade urea in its product portfolio during the year.
- The ability to operate at high utilisation levels and switch product slate to suit market conditions enabled the Company to capture margin optimisation opportunities in the market. The ability to operate at high utilisation levels is core strength of the Company. Most plants of the Company were operated at over 100% capacity utilization:

Plant	Production (MT)	Capacity Utilization (%)
Ammonia	6,21,953	139.61
Urea (including Technical Grade)	7,10,482	111.55
Ammonium Nitrophosphate (ANP)	2,05,902	144.49
Acetic Acid	1,59,319	159.32
Formic Acid	20,875	208.75
Aniline	34,474	98.50
Toluene Di-Isocyanate (TDI-I)	17,421	124.44
Toluene Di-Isocyanate (TDI-II)	6,316	12.63
Ethyl Acetate	45,416	90.83
Weak Nitric Acid (WNA) - I	2,97,362	120.15
Weak Nitric Acid (WNA) - II	1,27,811	127.81
Concentrated Nitric Acid (CNA) - I/II/III	1,15,595	99.65



- 50,000 MTPA TDI plant at Dahej, which is in operation since March 2014, is facing operational stabilization problems due to complex technology. Further, due to frequent interruptions, cost of production is high. This has been further aggravated by prevalent TDI prices which are lowest in the decade. During the year, the plant produced 6316 MT of TDI with capacity utilization of 12.63%. To address the anxiety, business plan is being worked out to stabilize the economical operation of plant.
- Due to lower sales realization and non availability Natural Gas at economical rate, production capacities of Methanol were operated only when market conditions were favourable.
- The Company constantly focuses on technology, product innovation, cost improvements and safe practices. During the year, various modifications & energy saving schemes were implemented resulting into considerable monetary and energy savings. Further, various initiatives in operation and maintenance of plants like use of alternate materials, diversions of excess gases / steams to other potential uses, changes in catalyst design, changes in fuel or raw material mix, change in timings of shutdown have resulted into recurring benefits with added advantage of flexibility in operations and reduced dependencies.
- During the year, the Company has been awarded National Energy Conservation Award 2014, in Fertilizer sector from Ministry of Power, Government of India for 3rd consecutive year.

**IT Operations:**

- The Company has maintained its leadership position in DSCs Business with Digital Signature based solutions for secured transactions and Aadhar based biometric authentication.
- The Company has maintained its turn-key projects business in area of Data Centre, CCTV surveillance systems business, E-governance projects amid tough competition.

**3.2 Financial Performance:**

The Financial Highlights for year 2014-15 are as under:

	(Rs. in Crores)	
<b>Particulars</b>	<b>2014-15</b>	2013-14
Net Sales Turnover	<b>4,641.52</b>	4,847.19
Total Income	<b>4,693.27</b>	4,892.24
Earnings before Interest, Depreciation, Exceptional items and Tax	<b>361.20</b>	661.51
Exceptional item	<b>(330.00)</b>	0.00
Profit/ Loss before Tax	<b>(452.07)</b>	423.83
Profit/ Loss After Tax	<b>(452.07)</b>	292.27
Book Value per Share (Rs.)	<b>159.58</b>	189.52
Earnings per Share (EPS) (Rs.)	<b>(29.09)</b>	18.81
Return on Capital Employed (ROCE) (%)	<b>(4.12)</b>	10.16
Return on Equity (ROE) (%)	<b>(18.23)</b>	9.92

From other than TDI Dahej operations of the Company, there was a profit of Rs.318 Crore. However, the Company reported loss of Rs. 452 Crore for the year mainly on account of:

- Loss of Rs.440 Crore relating to operations of 50,000 MTPA TDI Dahej plant.
- Exceptional item representing Impairment loss of Rs. 330 Crore relating to assets of 50,000 MTPA TDI Dahej plant.

**3.3 Marketing Performance:**

The Company has done reasonably well in the depressed market conditions through its marketing excellence. The marketing strategy was driven by continuous adjustment of manufacturing and trading pattern based on relative economics. Depending upon market dynamics, the Company has explored trading opportunities in both chemicals and Fertilizers business to meet the growing needs of its valued customers. The major marketing initiatives during the year include:

- In fertilizer business, the Company has adopted strategy of more sales of its fertilizers in its primary marketing zone consisting of Gujarat and adjoining States. Further, the emphasis is laid on more sales of Fertilizers to the farmers directly by increasing progressively its network of retail outlet known as Narmada khedut Sahay Kendras (NKSKS).
- In chemical business, more thrust on export has been given to ensure availability of new markets. During the year, total 16,000 MTs of Chemicals were exported.
- In IT Business, the Company has identified untapped markets for IT Business which mainly includes Education, Data Analytics, Smart city and Mining and has prepared action plan to foray into them.

**4.0 OUTLOOK:**

In the short run, growth will receive a boost from lower oil prices, from likely monetary policy easing. Further, the policy reforms of the new government, on reviving investment and business, are creating historic opportunity for economic growth of the country.

**Fertilizers:**

Government's intent of incentivizing fertilizer sector is evident from major initiatives taken in the fertilizer policy by the government in 2014-15. Further, strong brand image and an excellent marketing network of fertilizer products will help Company maintaining its fertilizer business despite forecast of deficit monsoon. Accordingly, outlook for Company's fertilizer business is positive for 2015-16.

**Chemicals:**

The current low per capita consumption in India and strong growth outlook for the key end usage are the key growth drivers for this industry. Key concern areas in Chemical business of the Company are operation of 50,000 MTPA TDI plant at Dahej and tough competition in the sector. Based on growth history of the sector, outlook for Company's chemical business is positive for 2015-16. However, operation of 50,000 MTPA TDI plant at Dahej is the key anxiety.

**Information Technology (IT):**

Recognizing the need for greater penetration of IT services domestically, Digital India has been envisioned by Government as an ambitious umbrella programme to prepare India for knowledge-based transformation. Further, an increasing acceptance that digital technologies will impact business models, processes, new products and services offerings, access to new markets, new customer base etc. has resulted into increased spending on technology. This offers huge growth opportunities for Company's IT Business. Accordingly, outlook for Company's IT business is positive for 2015-16.

**5.0 OPPORTUNITIES AND STRENGTHS:**

1. Brand image of Company's fertilizers continues to be in the premium segment. This will further help in consolidating markets in the Primary Marketing Zone in the decontrol scenario.
2. Huge gap of demand and supply of various chemicals and fertilizers offers a business opportunity of trading by the Company.
3. Increased capacity in Chemical segment particularly TDI and Ethyl Acetate offer a good opportunity for export.
4. The Company is planning to market TDI-MDI blend. This will open a new avenue for business. Production of TM80 (TDI/MDI blend) on regular basis is envisaged for supply in automobile, insulation sectors.
5. The ability to operate at high utilisation levels by innovative modifications, production enhancement scheme as well as effective upkeep and maintenance offer benefits of higher business volumes.
6. Oil and other petroleum products are significant inputs in production of fertilizers & chemicals and lower prices may improve profit margins.

7. The Company has also entered into long-term/ annual contracts for supplies of most of the critical raw materials like oil, Natural Gas, Rock phosphate, Benzene, Coal, Toluene, packing material etc. to ensure continuous production.
8. Increased emphasis on E-governance and Internal Security by Government offer a lot of business opportunities for the Company in E-governance, Data Centre and CCTV surveillance system projects.
9. Strategic alliance with new partner for managing IT Business offers benefit of innovation and new ideas.
10. Following its policy of growth based diversification, the Company has developed a diversified basket of products that helps the Company to sail through cyclical changes in business.

**6.0 THREATS, RISKS & CONCERNS:**

1. Fertilizer being highly controlled and subsidized sector, Company's fertilizer business is largely dependent on Government's policies with respect to subsidies, availability and pricing of feedstock, marketing of fertilizers etc. Changes in such policies may impact fertilizer business.
2. Chemical business is largely dependent upon domestic market which is highly competitive.
3. The prices of TDI are the lowest in the decade due to increased new capacities worldwide.
4. Frequent interruptions in operation of 50,000 MTPA TDI plant at Dahej on account of complex technology resulting into higher cost of production is the key anxiety. This woe of the Company is further aggravated by prevalent TDI prices which are lowest in decade due to increased new capacities worldwide. This also entails risk of further impairment loss.
5. Availability and pricing of key raw materials like Natural Gas, Rock Phosphate and other petroleum based products is limiting factor and have potential to impact profitability and operations.
6. Key raw materials are purchased at import parity prices. Further, Company is largely dependent on foreign vendors for critical machineries, spares and technical services. Therefore, currency fluctuations may impact operations or results of the Company.





7. Certain long term contracts entered into by the Company contain clauses, which if triggered, have potential of resulting into adverse financial implications to the Company.
8. The Company has certain litigations, representations and applications etc. pending before Courts, Tribunals, Government Departments and Agencies, Regulators etc. which, if adversely decided, could impact business and operating results.
9. Company's IT Business to a certain extent depend upon ability to compete for firm priced and/or cost plus contracts with tight execution deadlines.
10. Recruitment and retention of talented human resource particularly at senior level is a matter of concern.
11. Changes in the policies of Government, Regulations and Laws which have potential of impacting business in India generally could also impact business of the Company.

#### **7.0 NEW PROJECTS:**

1. In terms of Government's new Investment policy to facilitate fresh investment in urea, the Company is evaluating proposal for setting up a large scale Ammonia-Urea manufacturing facility at Bharuch.
2. The Company has adopted a very unique multifaceted and people-centric approach in Neem Project. The Company has embarked upon the Neem Project as a backward integration project to manufacture its own requirement of Neem oil, selling excess Neem oil and also to make organic Neem cake fertilizer but with the main objective of women empowerment and uplifting of poor rural masses by providing additional income.
3. The Company has also initiated necessary steps for setting up Di-Calcium Phosphate project, in a joint venture with M/s. Ecophos SA, Belgium based on Hydrochloric Acid generated as by-product from 50,000 MTPA TDI plant at Dahej.
4. The company is exploring opportunities of projects in countries where there is availability of raw materials like Natural Gas, rock phosphate and other petroleum products at economic prices.

#### **8.0 HUMAN RESOURCE MANAGEMENT:**

One of the strengths of your Company lies in its skilled and professional manpower. This could be achieved by adopting good HR policies and undertaking training and development of all employees. The Company makes

continuous and concerted efforts to groom its human resources to meet with the present and future challenges in the field of Technology and Management functions in the rapidly changing Industrial scenario. Remaining conscious & focused about the importance of safety, environment and health aspects, the Company conducted in-house training programmes on safety awareness, environmental aspects, health awareness etc. during the year. The Company's proactive actions have resulted into good, harmonious, cordial and healthy industrial relations throughout the year which has helped in sustained production levels and economical operations. The total strength of human asset of the Company as on 31st March, 2015 was 3052.

#### **9.0 INTERNAL CONTROLS SYSTEM, INTERNAL AUDIT AND ITS ADEQUACY:**

The Company has adequate internal controls for its operational processes across the business segments to ensure efficient operations, compliance with internal policies, applicable laws and regulations, protection of resources and assets and accurate reporting of financial transactions.

The Company has internal audit system which is conducted by a reputed firm of Chartered Accountants so as to cover various operations on continuous basis. The internal audit plans and reports are reviewed by the Management and Audit committee and necessary actions plans are decided, wherever needed.

The Company has exhaustive operational as well as procurement budget system in place. Throughout the year, actual expenses are monitored against budgeted. Variances are analysed and timely corrective actions are taken, when needed.

The Company has sound Management Information system in place to ensure availability of qualitative and quantitative information on operations of the Company. This helps to keep operations on its targets.

#### **10.0 CAUTIONARY STATEMENT:**

The statements in Management Discussion and 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. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

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

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

**BOARD OF DIRECTORS****Composition of the Board**

Your Company is managed by a professional Board comprising Nine (9) Directors, of which eight (8) Directors are the Non-executive Directors, constituting more than half of the total strength of the Board. Managing Director of the Company is the only Executive Director on the Board of Company. Composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

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

Sr. No.	Name of Director	DIN	Category
1.	Shri G R Aloria, IAS Chairman	02913711	Promoter, Non-Executive Director, Non- Independent
2.	Dr. J N Singh, IAS	00955107	Non-Executive Director, Non- Independent
3.	Dr. S K Nanda, IAS	00315376	Non-Executive Director, Non- Independent
4.	Shri C S Mani	00031968	Non-Executive Director, Independent
5.	Prof. Arvind Sahay	03218334	Non-Executive Director, Independent
6.	Shri Piruz Khambatta	00502565	Non-Executive Director, Independent
7.	Shri Sunil Parekh	06992456	Non-Executive Director, Independent
8.	Shri H V Patel, IAS (Retd.)	02174765	Non-Executive Director, Independent
9.	Dr. Rajiv Kumar Gupta, IAS Managing Director	03575316	Promoter, Executive Director, Non-Independent

Changes occurred in the Board of Directors since 1st April, 2014.

Sr. No.	Name of Director	Particulars
1.	Dr. Ashok Shah	Tendered resignation as Director w.e.f 10.6.2014.
2.	Shri DJ Pandian, IAS (Retd.)	Tendered resignation as Director w.e.f 30.8.2014. Nominated as Govt. Nominee Director effective 8.4.2015 and appointed as Chairman of the Company effective from the said date. Tendered resignation as Director and Chairman of the Company effective 5.6.2015.
3.	Shri C S Mani	Appointed as an Independent Director at the last AGM held on 26.9.2014.
4.	Prof. Arvind Sahay	Appointed as an Independent Director at the last AGM held on 26.9.2014.
5.	Dr. TT Ram Mohan	Retired by rotation at the last AGM held on 26.9.2014.
6.	Shri Piruz Khambatta	Appointed as Additional Director (Independent Category) w.e.f. 10.10.2014.

Sr. No.	Name of Director	Particulars
7.	Shri Sunil Parekh	Appointed as Additional Director (Independent Category) w.e.f. 10.10.2014.
8.	Dr. Manjula Subramaniam, IAS (Retd.)	Appointed as Additional Director (Independent Category and Woman Director) w.e.f. 10.10.2014. Tendered resignation as Director w.e.f. 3.08.2015.
9.	Shri Atanu Chakraborty, IAS	Tendered resignation as Director w.e.f. 4.11.2014.
10.	Dr. Hasmukh Adhia, IAS	Tendered resignation as Director w.e.f. 11.11.2014.
11.	Dr. Varesh Sinha, IAS (Retd.)	Tendered resignation as Director and Chairman w.e.f. 14.11.2014.
12.	Dr. J N Singh, IAS	Appointed as Director in Casual vacancy w.e.f 30.1.2015.
13.	Dr. S K Nanda, IAS	Appointed as Director in Casual vacancy w.e.f 30.1.2015.
14.	Shri H V Patel, IAS (Retd.)	Appointed as Additional Director (Independent Category) w.e.f. 8.4.2015.
15.	Shri G C Murmu, IAS	Tendered resignation as Director w.e.f. 1.5.2015.
16.	Shri G R Aloria, IAS	Nominated as Govt. Nominee Director effective 28.07.2015 and appointed as Chairman of the Company effective from the said date.

**Number of Board Meetings**

During the year 2014-15, Five meetings of the Board of Directors were held with a time-gap of not more than 120 days between any two meetings. The dates on which the said meetings were held are : 15.5.2014, 28.7.2014, 26.9.2014, 21.10.2014 and 30.1.2015. Requisite quorum was present for all the meetings.

**Directors' Attendance Record**

Attendance of Directors at the Board Meetings during 2014-15 and at the last Annual General Meeting held on 26th September, 2014.

Name of Director	No. of Board Meetings held during the tenure of Directorship	No. of Board Meetings Attended	Attendance at Last AGM
Dr. Rajiv Kumar Gupta, IAS	5	5	Attended
Dr. Ashok Shah <sup>1</sup>	1	1	-
Shri DJ Pandian, IAS (Retd.) <sup>2</sup>	2	2	-
Dr. TT Ram Mohan <sup>3</sup>	2	1	Not Attended
Shri Atanu Chakraborty, IAS <sup>4</sup>	4	2	Not Attended
Dr. Hasmukh Adhia, IAS <sup>5</sup>	4	1	Not Attended
Dr. Varesh Sinha, IAS (Retd.) <sup>6</sup>	4	4	Attended
Shri GC Murmu, IAS <sup>7</sup>	5	1	Not Attended
Prof. Arvind Sahay <sup>8</sup>	3	1	Not Attended
Shri C S Mani <sup>9</sup>	3	3	Attended
Shri Piruz Khambatta <sup>9</sup>	2	1	-
Dr. Manjula Subramaniam, IAS (Retd.) <sup>9 &amp; 11</sup>	2	2	-
Shri Sunil Parekh <sup>9</sup>	2	2	-
Dr. S K Nanda, IAS <sup>10</sup>	1	0	-
Dr. J N Singh, IAS <sup>10</sup>	1	1	-

1 Ceased to be a Director w.e.f. 10.06.2014  
2 Ceased to be a Director w.e.f. 05.06.2015  
3 Ceased to be a Director w.e.f. 26.09.2014  
4 Ceased to be a Director w.e.f. 04.11.2014  
5 Ceased to be a Director w.e.f. 11.11.2014  
6 Ceased to be a Director w.e.f. 14.11.2014

7 Ceased to be a Director w.e.f. 01.05.2015  
8 Appointed as Director w.e.f. 04.08.2014  
9 Appointed as Director w.e.f. 10.10.2014  
10 Appointed as Director w.e.f. 30.01.2015  
11 Ceased to be a Director w.e.f. 03.08.2015



**Other Directorship / Committee position of Directors**

Number of Directorship and Committee position held by the Directors as on 31st March, 2015.

Name of Director	No. of other Directorships*	No. of Committee position held in other Companies**	
		As Chairman	As Member
Dr. J N Singh, IAS	9	None	5
Dr. S K Nanda, IAS	8	None	1
Prof. Arvind Sahay	1	None	1
Shri C S Mani	2	None	2
Dr. Manjula Subramaniam, IAS (Retd.)***	3	None	None
Shri Sunil Parekh	--	--	--
Shri Piruz Khambatta	--	--	--
Dr. Rajiv Kumar Gupta, IAS	3	None	None
Shri GC Murmu, IAS****	9	None	2

\* Other directorship do not include directorship of private limited companies, Foreign Companies and companies under Section 8 of the Companies Act, 2013.

\*\* In accordance with Clause 49 of the Listing Agreement, Chairmanship/ Membership of Board Committees include only Audit Committee and Stakeholders Relationship Committee.

\*\*\* Ceased to be a Director w.e.f 03.08.2015.

\*\*\*\* Ceased to be a Director w.e.f 01.05.2015.

**Notes:**

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

**Information supplied to the Board**

Requisite information as enumerated in the Listing Agreement are made available to the Board of Directors, whenever applicable, for discussions and consideration at the Board Meeting. Agenda Papers are circulated to the Directors 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 the Board / Committee Meetings are placed at the succeeding Meetings of the Board / Committee for noting.

As required under the Companies Act and Listing Agreement, the Board has constituted mandatory committees viz. Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee. The Board has also constituted non-mandatory committees viz. Project Committee and Human Resource Development Committee. These Committees have been delegated powers and duties by the Board for specific purposes.

Meetings of the Committees are held, whenever need arises. Minutes of all Committee Meetings are placed before the Board for taking note thereof.

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

**Membership of the Committees of the Board**

None of the Directors holds membership in more than 10 Committees or act as Chairman of more than 5 Committees across all Companies in which he/she is a Director. Necessary disclosures regarding Committee positions in other public limited companies as on 31st March, 2015 have been made by the Directors.

**Disclosure regarding appointment/ reappointment of Director(s)**

Information as required under Clause 49 (VIII) (E) 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 inter alia, incorporating the duties of Independent Directors as laid down in the Companies Act, 2013. The Board has also laid down the Code of Conduct for Senior Management Personnel of the Company. Code of Conduct sets ethical standards for the Directors and Senior Management Personnel of the Company. Code of Conduct is available on Company's website and can be accessed at link <http://www.gnfc.in/aboutus/boardofdircodeofconpage1.html>. All Board Members and Senior Management Personnel have affirmed their compliance with the Code of Conduct. A declaration to this effect signed by the Managing Director of the Company for financial year 2014-15 is annexed to this Report.

**AUDIT COMMITTEE**

**Constitution & Composition**

Audit Committee seeks to ensure better Corporate Governance and provides assistance to the Board of Directors in fulfilling the Board's overall responsibilities. Audit Committee of the Board of Directors is constituted in accordance with the provisions of Clause 49 of the Listing Agreement read with Section 177 of the Companies Act, 2013.

Audit Committee presently comprises Four (4) Directors viz. Shri C S Mani, Dr. JN Singh, IAS, Shri Piruz Khambatta and Shri Sunil Parekh. Shri C S Mani is the Chairman of the Committee, who is an Independent Director. Dr Rajiv Kumar Gupta, IAS, Managing Director, who is an Executive Director is a permanent invitee to the Audit Committee. All the members of the Committee possess good knowledge of finance and accounts. The Company Secretary acts as Secretary to the Audit Committee.

**Terms of Reference**

The terms of reference of the Audit committee is as per the Listing Agreement read with Section 177 of the Companies Act. The terms of reference inter alia includes:

- (i) Review of Quarterly and Annual Financial Statements with the Management before submission to the Board for approval.
- (ii) Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company.

- (iii) Review the adequacy of Internal Control Systems and procedures.
- (iv) Evaluation of internal financial controls and Risk Management Systems.
- (v) Review of reports furnished by the Internal Auditors.

#### Number of Meetings

During the financial year 2014-15, Four 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 : 15.5.2014, 24.7.2014, 20.10.2014, 30.1.2015. Requisite quorum was present for all the meetings.

#### Attendance at the Meetings

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

Attendance of each Member at the Audit Committee Meetings held during the year 2014-15.

Name of Member	No. of Meetings held during the tenure of Membership	No. of Meetings Attended
Dr. Rajiv Kumar Gupta, IAS <sup>1</sup>	4	3
Shri C S Mani <sup>2</sup>	2	2
Shri Piruz Khambatta <sup>2</sup>	2	1
Shri Sunil Parekh <sup>2</sup>	2	2
Dr. Ashok Shah <sup>3</sup>	1	1
Dr. TT Ram Mohan <sup>4</sup>	2	2
Shri GC Murmu, IAS <sup>5</sup>	3	1

1. Ceased to be a Member and Inducted as a permanent invitee w.e.f. 21-05-2015  
2. Inducted as Member w.e.f. 10-10-2014.  
3. Ceased to be Member w.e.f. 10-06-2014  
4. Ceased to be Member w.e.f. 26-09-2014.  
5. Ceased to be Member w.e.f. 01-05-2015.

One of the Members of the Audit Committee was present at the last AGM to answer any query of Shareholders.

#### NOMINATION AND REMUNERATION COMMITTEE

##### Constitution & Composition

The Board has constituted the "Nomination and Remuneration Committee" in compliance with Section 178 of the Companies Act, 2013 and Clause 49 of Listing Agreement. The Nomination and Remuneration Committee presently comprises Three (3) Directors viz. Shri Piruz Khambatta, Prof. Arvind Sahay and Shri CS Mani. All Members of the Committee are Non-Executive and Independent Directors. Shri Piruz Khambatta is the Chairman of the Committee.

##### Terms of Reference

The terms of reference of the Committee inter-alia includes (i) Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal and (ii) Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees.

#### Number of Meetings and Attendance

During the year 2014-15, Three (3) meetings of the Committee were held. Dates on which the said meetings were held are : 28.07.2014, 30.09.2014 and 30.01.2015. Requisite quorum was present for all the meetings.

Details of meetings attended by the Members during the year 2014-15.

Name of Member	Category of Director	No. of meetings held during the tenure of membership	No. of meetings attended
Shri C S Mani <sup>1</sup>	NED & ID	2	2
Prof. Arvind Sahay <sup>2</sup>	NED & ID	1	0
Shri Piruz Khambatta <sup>2</sup>	NED & ID	1	1
Shri DJ Pandian, IAS (Retd.) <sup>3</sup>	NED & NID	1	1
Dr. TT Ram Mohan <sup>4</sup>	NED & ID	1	0
Dr. Has Mukh Adhia, IAS <sup>5</sup>	NED & NID	2	2
Shri G C Murmu, IAS <sup>6</sup>	NED & NID	2	1

1 Inducted as Member w.e.f. 26.09.2014  
2 Inducted as Member w.e.f. 21.10.2014  
3 Ceased to be Member w.e.f. 30.08.2014  
4 Ceased to be Member w.e.f. 26.09.2014  
5 Ceased to be Member w.e.f. 11.11.2014  
6 Ceased to be Member w.e.f. 01.05.2015

NED = Non-Executive Director  
ID = Independent Director  
NID = Non-Independent Director

#### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

##### Constitution & Composition

The Board has constituted the "Corporate Social Responsibility Committee" in compliance with Section 135 and Schedule VII of the Companies Act, 2013. The Corporate Social Responsibility Committee presently comprises Three (3) Directors viz. Dr. Rajiv Kumar Gupta, IAS, Prof. Arvind Sahay and Shri Sunil Parekh. Dr. Rajiv Kumar Gupta, IAS, Managing Director is the Executive and Non-Independent Director and all other Members of the Committee are Non-Executive and Independent Directors. Prof. Arvind Sahay is the Chairman of the Committee.

##### Terms of Reference

The terms of reference of the Committee inter alia includes (i) Formulation and recommendation to the Board a CSR Policy indicating CSR projects/ programs/ activities to be undertaken falling within the purview of Schedule VII of the Act; (ii) Developing the process of monitoring the CSR projects/ programs/ activities stated in CSR policy from time to time; (iii) Ensuring that the Company spends on CSR Activities, in every financial year, at least 2% of the average Net Profits made during the three immediately preceding financial years in pursuance of its CSR policy.

#### Number of Meetings and Attendance

During the year 2014-15, One (1) meeting of the Committee was held on 26.09.2014. Requisite quorum was present for the meeting.



Details of meeting attended by the Members during the year 2014-15.

Name of Member	Category of Director	Meetings held during the tenure of membership	Meetings attended
Dr. Rajiv Kumar Gupta, IAS	ED & NID	1	1
Prof. Arvind Sahay <sup>1</sup>	NED & ID	-	-
Shri Sunil Parekh <sup>1</sup>	NED & ID	-	-
Dr. TT Ram Mohan <sup>2</sup>	NED & ID	1	0
Dr. Varesh Sinha, IAS (Retd.) <sup>3</sup>	NED & NID	1	1
1 Inducted as Member w.e.f. 21.10.2014		NED = Non-Executive Director	
2 Ceased to be Member w.e.f. 26.09.2014		ED = Executive Director	
3 Ceased to be Member w.e.f. 14.11.2014		ID = Independent Director	
		NID = Non-Independent Director	

**STAKEHOLDERS RELATIONSHIP COMMITTEE**

**Constitution & Composition**

The Shareholders/Investors Grievance Committee was redesignated as "Stakeholders Relationship Committee" effective 15.05.2014, in compliance with Section 178 and Clause 49 of the Listing Agreement. This Committee presently comprises three (3) Directors viz. Shri CS Mani, Dr. Rajiv Kumar Gupta, IAS and Shri HV Patel, IAS (Retd.). Dr. Rajiv Kumar Gupta, IAS is Executive and Non-Independent Director and all other Members are Non-Executive and Independent Directors. Shri CS Mani is the Chairman of the Committee.

**Terms of Reference**

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

**Number of Meetings and Attendance**

During the year 2014-15, Nine (9) meetings of the Committee were held. Dates on which the said meetings were held are : 29.4.2014, 5.6.2014, 9.7.2014, 28.8.2014, 21.10.2014, 25.11.2014, 6.1.2015, 18.2.2015, 27.3.2015. Requisite quorum was present for all the meetings.

Details of meetings attended by the Members during the year 2014-15.

Name of Member	Category of Director	No. of meetings held during the tenure of membership	No. of meetings attended
Dr. Rajiv Kumar Gupta, IAS	ED & NID	9	9
Shri C S Mani <sup>1</sup>	NED & ID	5	5
Dr. Ashok Shah <sup>2</sup>	NED & ID	2	2
Shri D J Pandian, IAS (Retd.) <sup>3</sup>	NED & NID	4	4
1 Inducted as Member w.e.f. 21.10.2014		NED = Non-Executive Director	
2 Ceased to be Member w.e.f. 10.6.2014		ED = Executive Director	
3 Ceased to be Member w.e.f. 30.8.2014		ID = Independent Director	
		NID = Non-Independent Director	

**COMPLIANCE OFFICER**

Shri RB Panchal, Company Secretary is the Compliance Officer of the Company for complying with the requirements of Listing Agreement entered into with the Stock Exchanges as also of SEBI (Prohibition of Insider Trading) Regulations, 2015.

**INVESTORS' GRIEVANCE REDRESSAL**

Total number of complaints received and replied to the shareholders during the year under review were 834. As on 31st March, 2015, no complaint was pending redressal, no share transfer was pending registration and no request for dematerialization of shares was pending for confirmation.

**SEPARATE MEETING OF INDEPENDENT DIRECTORS**

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and Members of Management was held on 26.03.2015 as required under Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement.

**FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS**

A system is in place to familiarize the Independent Directors for familiarizing them about the Company by way of providing a Director's pact covering the details about the Company, their role, rights & responsibilities and liabilities, the nature of industry in which the Company operates, business model of the Company etc. As a part of familiarization programme, a comprehensive presentation about the Company covering the entire gamut of company's operations including plants visit at Bharuch & Dahej as also a presentation by an expert on "The Role rights & Responsibilities and liabilities of Independent Directors" were made during their two days' visit at the Registered Office of the Company.

The familiarization programme for Independent Directors is disclosed on Company's website and can be accessed at <http://www.gnfc.in/PDFandWORD/Familiarisation-of-IDs.pdf>

**REMUNERATION OF DIRECTORS/KEY MANAGERIAL PERSONNEL/SENIOR MANAGEMENT PERSONNEL AND PERFORMANCE EVALUTION OF DIRECTORS**

Based on the recommendation of Nomination & Remuneration Committee, the Board has approved the "Nomination, Remuneration & Evaluation" Policy of the Company. The said policy inter-alia, deals with composition and functioning of Nomination & Remuneration Committee, procedure for selection and appointment of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP), Remuneration to Directos, KMP and SMP, performance evaluation of Directors, Board Diversity and criteria for performance evaluation of Directors.

Remuneration of Directors is decided by the Board of Directors, keeping in view the provisions of Articles of Association of the Company and the Companies Act, 2013, subject to approval, if any, from the Shareholders, where necessary.

Appointment of Managing Director is made by the Board in consultation with the Government of Gujarat (GOG) and usually he/she is from IAS Cadre. Managing Director is paid remuneration as per the terms and conditions prescribed and notified by the Government of Gujarat and as determined by the

Board of Directors in conformity with Schedule-V to the Companies Act, 2013, subject to the approval by shareholders.

The Company has various grades for the purpose of remuneration to its employees including Senior Executives. The Key Managerial Personnel and Senior Management Executives draw the remuneration of their respective grade and as per the terms of their appointment.

#### Details of remuneration paid to the Directors

##### Executive Director :

Dr. Rajiv Kumar Gupta, IAS, Principal Secretary to GOG, Urban Development & Urban Housing Department is holding the additional charge of the post of Managing Director of the Company w.e.f. 02.05.2013. No remuneration was paid to Dr. Gupta for holding the additional charge of Managing Director. However, Dr. Gupta may be required to be paid remuneration / special pay, if any, as may be granted / conveyed by GOG. An enabling resolution for the purpose has been passed in the 37th Annual General Meeting held on 21.09.2013.

##### Non-Executive Directors

Remuneration of Non-Executive Directors is decided by the Board. Non-Executive Directors are paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and Committees thereof. The amount of sitting fees has been revised by the Board at its meeting held on 30.01.2015 from Rs.5,000/- to Rs.10,000/- per meeting attended by Directors.

#### Details of Sitting Fees paid to the Non-Executive Directors during 2014-15

(Amount in Rs.)

Sr. No.	Name of Director	Sitting Fees paid
1.	Dr. Varesh Sinha, IAS (Retd.)	25,000*
2.	Shri DJ Pandian, IAS (Retd.)	40,000*
3.	Dr. J N Singh, IAS	5,000*
4.	Shri GC Murmu, IAS	15,000*
5.	Shri Atanu Chakraborty, IAS	10,000*
6.	Dr. Has Mukh Adhia, IAS	15,000*
7.	Dr. Manjula Subramaniam, IAS (Retd.)	5,000
8.	Dr. TT Ram Mohan	15,000
9.	Dr. Ashok Shah	20,000
10.	Shri C S Mani	95,000
11.	Prof. Arvind Sahay	15,000
12.	Shri Sunil Parekh	50,000

\* Amount Deposited in Government Treasury

#### Details of equity shares held in the Company by Non-Executive Directors as on 31st March, 2015

None of the Non-Executive Directors were holding equity shares of the Company as on 31st March, 2015 except Shri GC Murmu, IAS, who held 500 Equity Shares as qualification shares jointly with Gujarat State Investments Ltd.

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

## General Body Meetings

### (a) Annual General Meeting

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

Year	Date	Time & Venue	Special Resolution passed
2013-14	26.09.2014	At 2:30 PM at the Regd. Office of the Company at Open Air Theatre, Sports Complex, Narmadanagar Township, P.O. Narmadanagar - 392 015, Dist. Bharuch.	(i) Increase in the Borrowing Limits of the Company (ii) Authorization for creation of mortgage(s)/ hypothecation / charge(s)
2012-13	21.09.2013	At 4:00 PM at the Regd. Office of the Company at Open Air Theatre, Sports Complex, Narmadanagar Township, P.O. Narmadanagar - 392 015, Dist. Bharuch.	Reappointment of Statutory Auditors
2011-12	22.09.2012	At 11:00 AM at the Regd. Office of the Company at Open Air Theatre, Sports Complex, Narmadanagar Township, P.O. Narmadanagar - 392 015, Dist. Bharuch.	(i) Reappointment of Statutory Auditors (ii) Change of Name of the Company.

All resolutions moved at the last Annual General Meeting were passed by with requisite majority through e-voting.

### (b) Extra-ordinary General Meeting

No extra-ordinary General Meeting of the Members was held during the year 2014-15.

### Postal Ballot

No postal ballot was conducted during the year 2014-15. No resolution is proposed to be passed through postal ballot at the forthcoming Annual General Meeting.

## DISCLOSURES

### Related Party Transactions

During the year 2014-15, the Company has entered into with related party transactions, which were in the ordinary course of business as set out in the Notes on Financial Statements and are not likely to have conflict with the interest of the Company at large. During the year, no material transactions were entered into with related parties. In terms of Omnibus approval granted by the Audit Committee, all related party transactions, which are routine and repetitive in nature and are in the ordinary course of business are periodically placed before the Audit Committee for review and approval.

The Board has, on recommendation of Audit Committee, approved the policy for related party transactions, which has been uploaded on the Company's website and can be accessed at link <http://www.gnfc.in/PDFandWORD/Related-Party-Transactions-Policy.pdf>.



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

**Risk Management**

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

**Reconciliation of Share Capital Audit**

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

**Code of prevention of Insider Trading Practices**

The Company has adopted a Code of Conduct for Prevention of Insider Trading under SEBI (Prohibition of Insider Trading) Regulations, 2015. With a view to regulate trading in securities by the designated persons of the Company, the Code lays down the guidelines, which advises the designated 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 Company has also adopted the Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information, as required under the said Regulations.

**Vigil Mechanism Cum Whistle Blower Policy**

The Company has adopted vigil mechanism-cum-whistle blower policy to provide a formal mechanism to the Directors and employees to report their concerns about the unethical behaviour, actual or suspected fraud etc. The Policy provides for adequate safeguards against victimization of employees, who use such mechanism. During the year, no employee was denied access to the Audit Committee. The policy is displayed on the Company's website and can be accessed at link [http://www.gnfc.in/PDFandWORD/Vigill-Mechanism-Cum-Whistle%20Blower-Policy\\_21102014.pdf](http://www.gnfc.in/PDFandWORD/Vigill-Mechanism-Cum-Whistle%20Blower-Policy_21102014.pdf)

**CEO / CFO Certification**

The Managing Director (CEO) and the Executive Director & Chief Financial Officer (CFO) have given Annual Certification on financial reporting and internal controls to the Board in terms of Clause 49(IX) of the Listing Agreement. CEO and CFO have

also given quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement.

**Subsidiary Companies**

The Company does not have a subsidiary company.

**Management Discussion & Analysis**

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

**Means of Communication**

- The Company's website [www.gnfc.in](http://www.gnfc.in) provides information about the Company. A section on "Shareholders" contained therein gives useful information and allows the investors to access information at their convenience. The Annual Report of the Company is also available on the website in downloadable format.
- Quarterly, Half-yearly and Annual Financial Results are regularly submitted to the Stock Exchanges, published in prominent English and Gujarati daily news papers and are displayed on the Company's Website. The quarterly Shareholding Pattern and the Corporate Governance Report are also displayed on the Company's Website.
- Official news releases on significant developments about the Company are also displayed on the Company's website.
- All disclosures like shareholding Pattern, Corporate Governance Report, Financial Results etc. are filed with BSE and NSE at their designated email IDs and are also filed electronically with the stock exchanges.

**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**

- Financial Statements of the Company are free from any qualification by the Auditors.

**GENERAL SHAREHOLDER INFORMATION**

**Annual General Meeting**

Day : Saturday

Date : 26th September, 2015

Time : 3.00 p.m.

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

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

**Financial Calendar** : (Tentative)

<u>Results for the Quarter ending on</u>	<u>will be announced by</u>
- 30th June, 2015	: 14th August, 2015
- 30th September, 2015	: 14th November, 2015
- 31st December, 2015	: 14th February, 2016
- 31st March, 2016	: 30th May, 2016



**Book Closure**

Closure of Register of Members and Share Transfer Books : Saturday, the 22<sup>nd</sup> August, 2015 to Wednesday, the 26<sup>th</sup> August, 2015. (both days inclusive)

**Dividend Payment Date** : Not Applicable

**Corporate Identity No. (CIN)** : L24110GJ1976PLC002903

**Listing :**

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

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

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

**Listing Fees to Stock Exchanges**

The Company has already made payment of Annual Listing Fees for the year 2015-16 to NSE and BSE.

**Custodial Fees to Depositories**

The Company has paid custodial fees for the year 2015-16 to National Securities Depository Ltd. and Central Depository Services (India) Ltd.

**OTHER DETAILS****Details of Security**

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

**Stock Market Price Data**

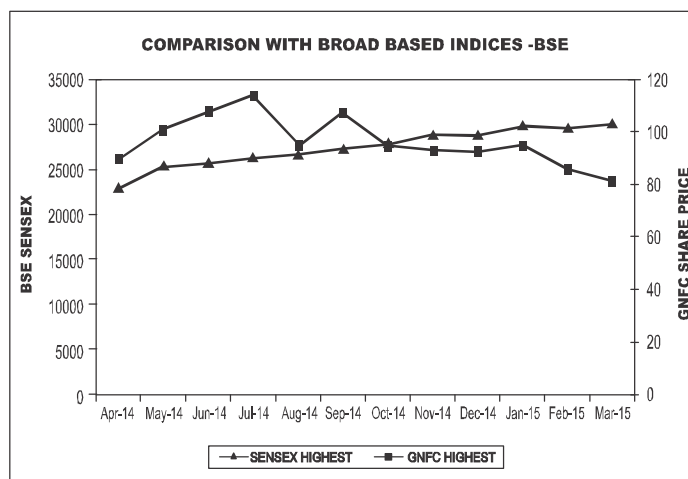
Monthly High & Low quotation on BSE Ltd. and National Stock Exchange of India Ltd.

(Amount in Rs.)

MONTH	BSE		NSE	
	HIGH	LOW	HIGH	LOW
April, 2014	89.55	75.05	89.70	75.50
May, 2014	100.85	79.15	100.50	80.00
June, 2014	107.90	94.00	107.95	93.60
July, 2014	114.00	91.10	113.95	91.20
August, 2014	94.75	83.10	94.95	85.00
September, 2014	107.55	85.25	107.70	84.80
October, 2014	94.40	83.40	94.90	82.65
November, 2014	92.85	85.20	92.95	85.35
December, 2014	92.50	80.50	92.45	80.10
January, 2015	94.90	81.10	95.00	81.15
February, 2015	85.40	77.90	85.25	77.65
March, 2015	81.00	66.00	81.40	65.00

**Stock Performance : 2014-15****STOCK PERFORMANCE VS BSE SENSEX**

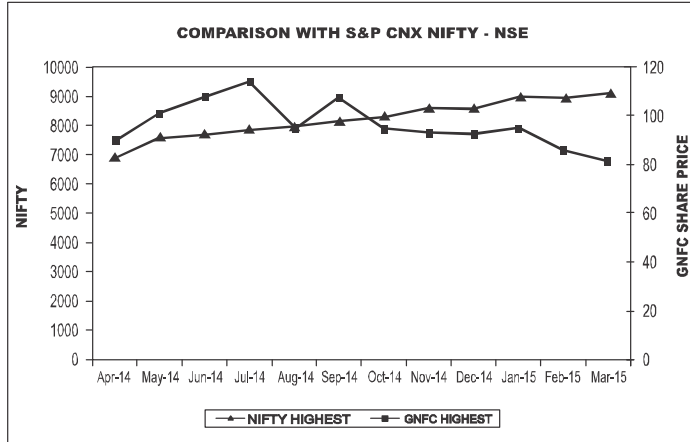
MONTH	SENSEX HIGHEST	GNFC HIGHEST
April, 2014	22939.31	89.55
May, 2014	25375.63	100.85
June, 2014	25725.12	107.90
July, 2014	26300.17	114.00
August, 2014	26674.38	94.75
September, 2014	27354.99	107.55
October, 2014	27894.32	94.40
November, 2014	28822.37	92.85
December, 2014	28809.64	92.50
January, 2015	29844.16	94.90
February, 2015	29560.32	85.40
March, 2015	30024.74	81.00

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

MONTH	NIFTY HIGHEST	GNFC HIGHEST
April, 2014	6869.85	89.70
May, 2014	7563.50	100.50
June, 2014	7700.05	107.95
July, 2014	7840.95	113.95
August, 2014	7968.25	94.95
September, 2014	8180.20	107.70
October, 2014	8330.75	94.90
November, 2014	8617.00	92.95
December, 2014	8626.95	92.45
January, 2015	8996.60	95.00
February, 2015	8941.10	85.25
March, 2015	9119.20	81.40



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



**Investors' Services**

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

**Share Transfer System**

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

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

**Distribution of Shareholding as on 31st March, 2015**

Category of Equity Shares	No. of Share holders	% to total Share holders	No. of Shares	% to Total Equity Capital
1 - 250	2,23,027	91.17	1,56,80,091	10.09
251 - 500	12,077	4.94	45,47,341	2.93
501 - 1000	5,151	2.11	40,56,178	2.61
1001- 2000	2,255	0.92	34,26,783	2.21
2001 - 3000	744	0.30	19,02,978	1.22
3001 - 4000	315	0.13	11,33,557	0.73
4001 - 5000	263	0.11	12,47,752	0.80
5001 - 10000	411	0.17	29,84,349	1.92
10001 and above	390	0.16	12,04,39,754	77.49
<b>Total</b>	<b>2,44,633</b>	<b>100.00</b>	<b>15,54,18,783</b>	<b>100.00</b>

**Shareholding Pattern of the Company as on 31st March, 2015**

Sr. No.	Holders	Total no. of Shares	% of Total Equity Capital
1	Promoters & Promoters Group	6,40,06,713	41.18
2	Mutual Funds & UTI	33,10,155	2.13
3	Banks/ Financial Institutions & Insurance Companies	2,13,62,998	13.75
4	Foreign Institutional Investors (FIIs)	1,92,92,516	12.41
5	NRIs / OCBs	29,46,897	1.90
6	Bodies Corporate	44,22,235	2.85
7	Co-operative Societies	3,52,226	0.23
8	Indian Public	3,95,70,771	25.45
9	Shares in Pool A/c (As reported by Depositories)	63,032	0.04
10	Shares held by Custodians and against which Depository Receipts have been issued	91,240	0.06
	<b>Total</b>	<b>15,54,18,783</b>	<b>100.00</b>

**Dematerialisation of Shares & Liquidity**

As on 31st March, 2015, 92.50% of the shares were held in dematerialised form and remaining shares in physical form. The equity shares of the Company are permitted to be traded only in dematerialised form, as notified by SEBI.

**Unclaimed Shares held in Unclaimed Suspense Account**

In compliance of Clause 5All of the Listing Agreement, the details of shares held in Unclaimed Suspense Account as on 31st March, 2015 are mentioned below :

Sr. No.	Particulars	No. of Shareholders	No. of Shares
(i)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year.	4,149	1,69,933
(ii)	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year.	27	1,023
(iii)	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year.	27	1,023
(iv)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year.	4,122	1,68,910

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

**Outstanding GDRs**

As on 31st March, 2015, 18,248 GDRs were outstanding, which represent 91,240 equity shares. There are no other outstanding instruments convertible into equity shares in future.

**Plant Locations**

All the manufacturing Plants of the Company are located at the Registered Office situated at P.O. Narmadanagar - 392 015, Dist. Bharuch. The Company has set up a 50,000 MTPA TDI-II Project at P.O. Dahej - 392130, Taluka - Vagra, Dist. Bharuch.

Activities in the area of Information Technology (IT) are being carried out at the Registered Office as also at the Infotower at Ahmedabad at GNFC INFOTOWER, 3rd Floor, Bodakdev, Gandhinagar-Sarkhej Highway, Ahmedabad-380 054 and at GIFT City at 14th Floor, GIFT One Road, 5-C Zone-5, Gandhinagar - 382355.

**Address for Correspondence**

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

Investor Service Centre  
Secretarial & Legal Department  
Gujarat Narmada Valley Fertilizers & Chemicals Limited  
'Narmada House', Corporate Office,  
P.O. Narmadanagar - 392 015, Dist. Bharuch.  
Tele Nos. : (02642) 662227/662208/662282  
Fax : (02642) 247084, E-mail : investor@gnfc.in

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

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

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

To the Shareholders of Gujarat Narmada Valley Fertilizers & Chemicals Ltd.

Sub : Compliance with Code of Conduct - Financial Year 2014-15

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

Place : Gandhinagar  
Date : 29th June, 2015

**DR. RAJIV KUMAR GUPTA, IAS**  
**MANAGING DIRECTOR**

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

**TO THE MEMBERS OF GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED**

We have examined the compliance of conditions of Corporate Governance by **GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED** for the year ended on 31st March, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

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

We state that as at 31st March, 2015, no investor grievance was pending for a period of one month against the Company as per the records maintained by the Company and presented to Stakeholders Relationship Committee.

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

**For Arvind Gaudana & Company,**  
*(Company Secretaries)*

Date : 25/07/2015  
Place: Ahmedabad

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



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED**  
**Report on the Financial Statements**

We have audited the accompanying financial statements of **GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT  
(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

1. In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its loss and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 30 to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Firm Registration No. 117365W)

**Gaurav J. Shah**  
(Partner)

AHMEDABAD, 28<sup>th</sup> May, 2015

(Membership No. 35701)

- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us no material discrepancies were noticed on such verification.

2. In respect of its inventories:
- As explained to us, the inventories were physically verified during the year by the management and firm of Chartered Accountants at reasonable intervals.
  - In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventory and no discrepancies were noticed on such physical verification.
3. The Company has not granted any loans, secured or unsecured, to Companies, firms or other parties covered in the Register maintained under section 189 of the Companies Act, 2013.
4. 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 with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in such internal control system.
5. According to the information and explanations given to us, the Company has not accepted any deposits during the year from public within the meaning of provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013.
6. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (cost records and audit)(Cost Accounting Records) Rules, 2015 prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 and are of the opinion that *prima facie* the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
7. According to the information and explanations given to us in respect of statutory dues :
- The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales Tax, Wealth Tax, Value Added Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears, as at 31st March, 2015 for a period of more than six months from the date they became payable.
  - Details of dues of Income-tax, Sales Tax/VAT, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2015 on account of disputes are given below:

Name of Statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount (Rs. In Lacs)
Income Tax Act, 1961	Income Tax	Commissioner of Income tax Appeals	A.Y. 2008-2009	18.03
Central Excise Act, 1944	Excise Duty	CESTAT	1997 to 2002	118.99
		CESTAT	2002 to 2005	1.01
		CESTAT	2004-2005	0.18
		CESTAT	2003 to 2007	3.64
		Supreme Court	2003-2004	558.98
		Supreme Court	2004-05	10.44

Name of Statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount (Rs. In Lacs)
Cutsoms Act, 1962	Customs Duty	CESTAT	2002-2003	197.71
		Commissioner - Custom Appeals	2005-2008	4,065.70
		CESTAT	2011-2012	87.33
		CESTAT	2012-2013	257.12
Finance Act, 1994	Service Tax	CESTAT	2011-2012	256.06
		CESTAT	2013	982.19
Gujarat Value Added Tax, Act, 2003/ Central Sales Tax Act, 1994	Value Added Tax / Central Sales Tax	Gujarat Value Added Tax Tribunal	2006-2007	1,011.36
		Gujarat Value Added Tax Tribunal	2007-2008	1,387.29
		Joint Commissioner of Commercial Tax	2008-2009	1,275.99
		Joint Commissioner of Commercial Tax	2009-2010	10.62
		Joint Commissioner of Commercial Tax	2010-2011	342.06

- The Company has been generally regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.
- The accumulated losses of the Company at the end of financial year are less than fifty percent of its net worth and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
  - In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.
  - According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
  - In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
  - To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

**Gaurav J. Shah**  
(Partner)

AHMEDABAD, 28<sup>th</sup> May, 2015

(Membership No. 35701)



## BALANCE SHEET AS AT 31ST MARCH, 2015

(Rs. in Lacs)

	NOTE NO.	As at 31-03-2015	As at 31-03-2014
<b>EQUITY AND LIABILITIES:</b>			
<b>Shareholders' Funds:</b>			
Share Capital	1	15,541.88	15,541.88
Reserves and Surplus	2	<u>2,32,475.59</u>	<u>2,79,014.41</u>
		<b>2,48,017.47</b>	<b>2,94,556.29</b>
<b>Deferred Income:</b>			
Grant from Government of India	3	<b>1,12,598.48</b>	1,18,373.24
<b>Non-current Liabilities:</b>			
Long-Term Borrowings	4	1,52,684.61	1,67,186.92
Deferred Tax Liabilities (Net)	5	32,955.19	33,640.72
Long-Term Provisions	6	<u>10,316.16</u>	<u>8,760.38</u>
		<b>1,95,955.96</b>	<b>2,09,588.02</b>
<b>Current Liabilities:</b>			
Short-Term Borrowings	7	1,64,756.88	1,67,817.61
Trade Payables	8	37,144.14	29,403.17
Other Current Liabilities	9	85,729.43	96,125.48
Short-Term Provisions	10	<u>4,600.85</u>	<u>11,111.00</u>
		<b>2,92,231.30</b>	<b>3,04,457.26</b>
	<b>TOTAL</b>	<b><u>8,48,803.21</u></b>	<b><u>9,26,974.81</u></b>
<b>ASSETS:</b>			
<b>Non-current Assets:</b>			
<b>Fixed Assets:</b>			
Tangible Assets	11	4,44,258.19	4,85,286.17
Intangible Assets	11	2,552.79	2,063.02
Capital Work-in-Progress		<u>1,325.95</u>	<u>2,325.19</u>
		<b>4,48,136.93</b>	<b>4,89,674.38</b>
Non-Current Investments	12	14,535.90	13,214.90
Long-Term Loans and Advances	13	19,738.18	26,967.74
Other Non-current Assets	14	<u>60,789.58</u>	<u>85,102.88</u>
		<b>5,43,200.59</b>	<b>6,14,959.90</b>
<b>Current Assets:</b>			
Inventories	15	74,976.87	82,458.64
Trade Receivables	16	1,35,523.69	1,45,472.38
Cash and Bank Balances	17	1,594.31	17,342.48
Short-Term Loans and Advances	18	20,318.43	25,500.75
Other Current Assets	19	<u>73,189.32</u>	<u>41,240.66</u>
		<b>3,05,602.62</b>	<b>3,12,014.91</b>
	<b>TOTAL</b>	<b><u>8,48,803.21</u></b>	<b><u>9,26,974.81</u></b>

Significant Accounting Policies

See accompanying Notes forming part of the Financial Statements 1 to 54

For and on behalf of the Board of Directors,

R.A. Shah  
Executive Director & CFOR.B. Panchal  
Company SecretaryDr. Rajiv Kumar Gupta  
Managing DirectorD.J. Pandian  
ChairmanPlace : Gandhinagar  
Date : 28-05-2015AS PER OUR REPORT OF EVEN DATE  
For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm Registration No. 117365W)Place : Ahmedabad  
Date : 28-05-2015**Gaurav J. Shah**  
Partner  
Membership No. : 35701

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015**

(Rs. in Lacs)

	NOTE NO.	Year ended 31-03-2015	Year ended 31-03-2014
<b>INCOME:</b>			
Revenue from Operations:			
Sale of Products		4,83,275.19	5,08,961.03
Sale of Services		10,306.18	6,109.23
	44 - 45	4,93,581.37	5,15,070.26
Less: Excise Duty		29,429.71	30,351.45
		4,64,151.66	4,84,718.81
Other Income	20	5,175.15	4,505.32
<b>Total Revenue</b>		<b>4,69,326.81</b>	<b>4,89,224.13</b>
<b>EXPENSES:</b>			
Cost of Materials Consumed	21	2,49,840.82	2,98,658.86
Purchases of Stock-in-Trade	45	18,686.04	8,885.42
Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade	22	9,911.41	(3,872.58)
Employee Benefits Expense	23	37,728.20	25,348.67
Finance Costs	24	27,449.96	9,237.12
Depreciation and Amortization Expense	25	20,876.98	14,531.46
Other Expenses	26	1,17,040.21	94,051.95
<b>Total Expenses</b>		<b>4,81,533.62</b>	<b>4,46,840.90</b>
<b>Profit / (Loss) Before Exceptional items and Tax</b>		<b>(12,206.81)</b>	<b>42,383.23</b>
Exceptional Items	41	33,000.00	0.00
<b>Profit / (Loss) Before Tax</b>		<b>(45,206.81)</b>	<b>42,383.23</b>
<b>Tax Expense:</b>			
Current Tax		0.00	8,793.00
MAT Credit Entitlement		0.00	(5,695.00)
Deferred Tax		0.00	10,058.00
		0.00	13,156.00
<b>Profit / (Loss) for the year</b>		<b>(45,206.81)</b>	<b>29,227.23</b>
<b>Earnings per Equity Share of face value of Rs. 10 each</b>			
Basic and Diluted (in Rs.)	27	(29.09)	18.81
Significant Accounting Policies			
See accompanying Notes forming part of the Financial Statements 1 to 54			

For and on behalf of the Board of Directors,

R.A. Shah  
Executive Director & CFOR.B. Panchal  
Company SecretaryDr. Rajiv Kumar Gupta  
Managing DirectorD.J. Pandian  
ChairmanPlace : Gandhinagar  
Date : 28-05-2015AS PER OUR REPORT OF EVEN DATE  
For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm Registration No. 117365W)Place : Ahmedabad  
Date : 28-05-2015**Gaurav J. Shah**  
Partner  
Membership No. : 35701





## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

(Rs. in Lacs)

Particulars	Year ended 31-03-2015	Year ended 31-03-2014
<b>A. Cash Flow from Operating Activities:</b>		
Net Profit / (Loss) before Tax	(45,206.81)	42,383.23
Adjustments for:		
- Depreciation and Amortisation Expense	26,651.74	17,732.22
- Foreign exchange loss/(gain)	(785.01)	690.96
- Premium on Forward Contracts	333.93	182.00
- Interest income	(639.64)	(579.09)
- Dividend income	(454.91)	(432.26)
- Finance costs	27,449.96	9,237.12
- Loss / (Profit) on sale of Fixed Assets (Net)	3.07	(4.83)
- Gain on sale of Investments (Net)	0.00	(455.54)
- Provision for Impairment of Fixed Assets	33,000.00	0.00
	<b>85,559.14</b>	<b>26,370.58</b>
Operating Profit before Working Capital Changes	<b>40,352.33</b>	<b>68,753.81</b>
Adjustment for:		
- Trade and other receivables	6,421.71	(1,62,668.73)
- Inventories	7,481.77	(18,759.31)
- Trade and other payables	853.71	1,25,086.83
- Provisions	2,106.57	(2,741.15)
	<b>16,863.76</b>	<b>(59,082.36)</b>
Cash Generated from Operations	<b>57,216.09</b>	<b>9,671.45</b>
- Income Tax paid (Net of Refund)	(707.65)	(8,562.51)
<b>Net Cash Flow from Operating Activities</b>	<b>56,508.44</b>	<b>1,108.94</b>
<b>B. Cash Flow from Investing Activities:</b>		
- Capital expenditure on Fixed Assets, including Capital Advances	(35,834.80)	(40,591.01)
- Proceeds from sale of Fixed Assets	61.70	26.40
- Interest received	639.64	579.09
- Dividends received	454.91	432.26
- Purchase of Long Term Investments	(1,321.00)	(1,105.00)
- Proceeds from sale of Long Term Investments	0.00	1,329.66
- Increase in Unclaimed Dividend Accounts	(33.50)	(13.12)
- Investment in bank deposits (having original maturity of more than three months)	(1.50)	(150.00)
- Maturity of bank deposits (having original maturity of more than three months)	151.50	108.02
<b>Net Cash Flow Used in Investing Activities</b>	<b>(35,883.05)</b>	<b>(39,383.70)</b>
<b>C. Cash Flow from Financing Activities:</b>		
- Proceeds from Short Term Borrowings	3,14,046.87	2,70,173.08
- Repayment of Short Term Borrowings	(3,17,743.60)	(2,03,823.19)
- Proceeds from Long Term Borrowings	56,300.00	37,350.00
- Repayment of Long Term Borrowings	(55,393.22)	(36,564.47)
- Finance Costs paid	(26,800.39)	(27,160.38)
- Dividend paid (Including Dividend Tax)	(6,331.30)	(6,351.71)
- Premium on Forward Contracts	(333.93)	(182.00)
<b>Net Cash Flow from / (Used in) Financing Activities</b>	<b>(36,255.57)</b>	<b>33,441.33</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(15,630.18)</b>	<b>(4,833.43)</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>16,446.81</b>	<b>21,280.24</b>
<b>Cash and cash equivalents at the end of period</b>	<b>816.63</b>	<b>16,446.81</b>

Notes : 1 The Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard -3 "Cash Flow Statement".  
2 For Components of cash and cash equivalents, refer Note-17.

For and on behalf of the Board of Directors,

R.A. Shah  
Executive Director & CFO

R.B. Panchal  
Company Secretary

Dr. Rajiv Kumar Gupta  
Managing Director

D.J. Pandian  
Chairman

Place : Gandhinagar  
Date : 28-05-2015

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

Place : Ahmedabad  
Date : 28-05-2015

**Gaurav J. Shah**  
Partner  
Membership No. : 35701

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

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared under the historical cost convention on an accrual basis except otherwise stated. In the preparation of the financial statements, the accounting policies have been consistently applied with those in the previous year.

**Use of estimates:**

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

**2. Fixed Assets and Capital Work-in-Progress:**

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

Capital work-in-Progress comprises the cost of fixed assets that are not yet ready for their intended use at balance sheet date.

Intangible assets are stated at the consideration paid for acquisition less accumulated amortization and impairment losses, if any.

In the absence of availability of specific original cost in respect of a part of assets acquired under turnkey contracts, cost of such asset is taken based on estimation arrived on the basis of price schedule forming part of such turnkey contracts and technical advice.

**3. Depreciation and Amortization:**

Depreciation on tangible fixed assets (other than leasehold land) is provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 or shorter useful life assessed based on technical advice and after taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, etc.

Leasehold land is amortized at flat rates equally spread over the duration of the lease.

Acquired 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 at flat rates equally spread over useful life of the related plant and machinery.

**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 rate of risk adjusted 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. Research and Development Expense:**

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

**6. Leases:****Finance Lease:**

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

**Operating Lease:**

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

**7. Investments:**

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

**8. Inventories:**

Inventories are valued as follows:

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

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

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

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

**b. Conversion:**

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



- c. Exchange Differences:**  
The net gain or loss on account of exchange rate differences arising on settlement or restatement of foreign currency transactions for foreign currency monetary items are recognized as income or expenses of the period in which they arise except exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset which are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the Company treats a foreign currency monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.
- d. Forward Exchange Contracts not intended for trading or speculation purposes:**  
The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is recognized as income or as expense for the year. Any gain/ loss arising on forward contracts which are long-term foreign currency monetary items are recognized in accordance with c. above.
- 10. Revenue Recognition:**  
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- a. Sale of goods:**  
Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales, net of sales tax/ VAT and discounts, comprise of sale of goods and services, excise duty and claims preferred on the Government of India for retention price reimbursement on fertilizers and admissible claims for change in retention price on account of variation in the costs. The excise duty collected on sales is shown by way of further deduction from sales.
- Urea and ANP Product Subsidy:**  
Urea Subsidy under the New Pricing Scheme-III (extension) and ANP Subsidy under Nutrient Based Subsidy (NBS) Scheme w.e.f. 01-04-2010 is allowed by the Government of India (GoI) for the quantity received at the destination, as per the rate prescribed by GoI, at the time of dispatch in case of Urea and at the time of receipt in case of ANP. Urea Subsidy is further adjusted for input price escalation/ de-escalation as estimated by the Management based on the prescribed norms. The Company accounts for the same on sales quantity basis.
- Urea and ANP Freight Subsidy:**  
Freight Subsidy is recognized for the quantity received at the destination based on the rates approved by the Government of India in case of Urea and on the normative rates approved by the Government of India or the actual freight whichever is lower in case of ANP.
- b. Sale of Services:**  
Income from services rendered is recognized as and when the services are rendered based on the agreement/ arrangement with the concerned parties.
- c. Other Income:**  
**Interest:**  
Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.  
**Dividends:**  
Revenue is recognized when the right to receive the dividend is established.  
**Other Income:**  
The amounts receivable from various agencies are accounted on accrual basis to the extent it is possible to ascertain the income with reasonable accuracy.  
**Insurance claims:**  
Revenue is recognized on actual receipt basis.
- 11. Government Grants:**  
Government Grant is recognized when there is reasonable assurance that the conditions attached to them will be complied with. Government Grant received/ receivable related to depreciable assets are treated as deferred income which is recognized in the Statement of Profit and Loss on a systematic and rational basis over the useful life of the related asset. Such allocation to income is made over the period and in proportion in which depreciation on related asset is charged.
- 12. Borrowing Costs:**  
Interest and other costs in connection with the borrowing of the funds to the extent related/ attributed to the acquisition/ construction of qualifying assets are accumulated and capitalized upto the date when such assets are ready for their intended use. Other borrowing costs are charged to Statement of Profit and Loss.
- 13. Export Benefits:**  
Export benefits under Duty Exemption Advance License Scheme, Duty Exemption Pass Book Scheme and Duty Drawback Scheme are accounted for in the year of export of goods.
- 14. Retirement Benefits:**  
a. Retirement benefits in the form of Provident Fund and Pension Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.  
b. Gratuity liability and Post employment Medical Benefit liability are defined benefit obligations and are provided for on the basis of actuarial valuation made at the end of each financial year on project unit credit method.  
c. Short term compensated absences are provided for on basis on estimates. Long term compensated absences are provided for based on actuarial valuation on project unit credit method.  
d. Actuarial gains / losses are immediately taken to Statement of Profit and Loss and are not deferred.
- 15. Taxation:**  
Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has carried forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period i.e., the period for which MAT Credit is allowed to be carried forward. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.
- 16. Provisions and Contingent Liabilities:**  
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. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may,

but probably will not, require outflow of resources. Where there is a possible or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**17. Earnings per Share:**

Basic earnings per share are calculated by dividing the net profit or loss after tax 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 after tax for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**18. Cash and Cash Equivalents:**

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

**19. Segment Reporting Policies:****Identification of segments:**

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

**Allocation of Common Costs:**

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

**Unallocated items:**

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

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015****NOTE - 1**

(Rs. in Lacs)

	As at 31-03-2015	As at 31-03-2014
<b>SHARE CAPITAL:</b>		
<b>Authorised:</b>		
25,00,00,000 Equity Shares of Rs.10/- each (31-03-2014: 25,00,00,000 Equity Shares)	25,000.00	25,000.00
<b>Issued:</b>		
15,54,18,783 Equity Shares of Rs.10/- each fully paid (31-03-2014: 15,54,18,783 Equity Shares)	15,541.88	15,541.88
<b>Subscribed and Paid up:</b>		
15,54,18,783 Equity Shares of Rs.10/- each fully paid up (31-03-2014: 15,54,18,783 Equity Shares)	15,541.88	15,541.88
<b>TOTAL</b>	<b>15,541.88</b>	<b>15,541.88</b>

**(I) Terms / Rights attached to Equity shares:**

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

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

Name of the Shareholder	As at 31-03-2015		As at 31-03-2014	
	No. of Shares	% of total Equity Capital	No. of Shares	% of total Equity Capital
Gujarat State Investments Ltd.	3,32,24,046	21.38	3,32,24,046	21.38
Gujarat State Fertilizers & Chemicals Ltd.	3,07,79,167	19.80	3,07,79,167	19.80
Life Insurance Corporation of India	1,40,83,612	9.06	1,40,83,612	9.06
Fidelity Puritan Trust-Fidelity Low Priced Stock Fund	1,35,41,878	8.71	1,10,00,000	7.08

**(III) Reconciliation of the number of shares outstanding:**

	As at 31-03-2015 No. of Shares	As at 31-03-2014 No. of Shares
Equity Shares at the beginning of the year	15,54,18,783	15,54,18,783
Add: Equity Shares issued during the year	0	0
Less: Equity Shares cancelled during the year	0	0
Equity Shares at the end of the year	15,54,18,783	15,54,18,783

**NOTE - 2**

(Rs. in Lacs)

	As at 31-03-2015	As at 31-03-2014
--	---------------------	---------------------

**RESERVES AND SURPLUS:****Capital Reserve:**

(Amount received under Central / State Subsidy Scheme and amount received / transferred on Shares / Debentures Forfeited)  
As per the last Balance Sheet

63.83 63.83

**NOTE - 2 (Continued)**

(Rs. in Lacs)

	As at 31-03-2015	As at 31-03-2014
<b>Securities Premium Account:</b>		
As per the last Balance Sheet	31,330.67	31,330.67
<b>General Reserve:</b>		
As per the last Balance Sheet	2,15,308.14	1,85,308.84
Add : Transferred from Surplus in the Statement of Profit and Loss	0.00	30,000.00
Less: Transitional Depreciation (*)	1,331.33	0.00
Less: Rounding Difference of Dividend	0.68	0.70
	<b>2,13,976.13</b>	<b>2,15,308.14</b>
<b>Surplus in the Statement of Profit and Loss:</b>		
As per the last Balance Sheet	32,311.77	39,448.67
Add : Profit / (Loss) for the year	(45,206.81)	29,227.23
Less: Appropriations:		
Transfer to General Reserve	0.00	30,000.00
Proposed Equity Dividend (per share Rs. Nil (previous year: Rs.3.50))	0.00	5,439.66
Tax on Proposed Equity Dividend	0.00	924.47
	<b>(12,895.04)</b>	<b>32,311.77</b>
<b>TOTAL</b>	<b>2,32,475.59</b>	<b>2,79,014.41</b>

(\*) Transitional Depreciation on tangible fixed assets with Nil remaining useful life pursuant to Schedule II of the Companies Act, 2013 (Net of deferred tax of Rs. 685.53 lacs) (Refer Note - 25)

**NOTE - 3****DEFERRED INCOME:****Grant from Government of India**

	As at 31-03-2015	As at 31-03-2014
As per the last Balance Sheet	1,18,373.24	0.00
Add: Addition during the year	0.00	1,21,574.00
Less: Depreciation transferred to Statement of Profit and Loss	5,774.76	3,200.76
	<b>1,12,598.48</b>	<b>1,18,373.24</b>
<b>TOTAL</b>	<b>1,12,598.48</b>	<b>1,18,373.24</b>

The capital grant from Govt. of India, Ministry of Chemicals & Fertilizers, Department of Fertilizers for feed stock conversion project from 'LSHS/FO' to 'Gas' vide sanction letter no. 14023/22/2007-FP dated 14.12.2009 has accrued since the conditions attached to the grant have been fulfilled by the Company. The grant has been accordingly accounted for as contemplated under para 6.1 of Accounting Standard -12 on 'Accounting for Government Grants'. The Government would reimburse the above grant over a period of 5 Years. The project cost that would be disbursed shall be admitted after scrutiny by a team constituted by the Government. The variations, if any, in the amount involved in the grant to be disbursed shall be accounted for by the Company in the year scrutiny of project cost is completed by the Government appointed team.



**NOTE - 4**

(Rs. in Lacs)

	As at 31-03-2015	As at 31-03-2014
<b>LONG-TERM BORROWINGS:</b>		
Rupee Term Loans From Banks (Secured)	1,10,525.60	1,17,640.64
Foreign Currency Term Loan From Bank (Secured)	12,159.01	19,546.28
Rupee Term Loan From other (Unsecured)	30,000.00	30,000.00
<b>TOTAL</b>	<b>1,52,684.61</b>	<b>1,67,186.92</b>

**a. Security details:**

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

**b. Repayment details:**

- (i) Rupee term loans from banks of Rs. 1,15,453 lacs carries interest @ 11.50% p.a. (floating) payable on monthly basis. The loan is repayable in quarterly installments starting from 30.09.2012 and ending on 30.06.2017.
- (ii) Rupee term loans from banks of Rs. 1,03,600 lacs carries interest @ 10.25%-11.00% p.a. (floating) payable on monthly basis. The loan is repayable in quarterly installments starting from 31.12.2013 and ending on 30.09.2021.
- (iii) Foreign currency term loan from bank carries interest @ 6 month Euribor plus 1.98% payable on half yearly basis. The loan is repayable in half yearly installments starting from 01.10.2014 and ending on 01.04.2020.
- (iv) Unsecured rupee term loan from other of Rs. 10,000 lacs carries interest @ 10% p.a. (floating) payable on quarterly basis. The loan is repayable in quarterly installments starting from 06.12.2013 and ending on 07.03.2016.
- (v) Unsecured rupee term loan from other of Rs. 30,000 lacs carries interest @ 10% p.a. (floating) payable on quarterly basis. The loan is repayable in quarterly installments starting from 20.12.2013 and ending on 21.09.2015.
- (vi) Unsecured rupee term loan from other of Rs. 20,000 lacs carries interest @ 10% p.a. (floating) payable on quarterly basis. The loan is repayable in quarterly installments starting from 23.09.2014 and ending on 23.12.2016.
- (vii) Unsecured rupee term loan from other of Rs. 30,000 lacs carries interest @ 10% p.a. (floating) payable on quarterly basis. The loan is repayable in quarterly installments starting from 10.12.2015 and ending on 09.03.2018.

**NOTE - 5**

**DEFERRED TAX:**

**Liabilities:**

**Arising on account of timing differences:**

Between book balance and tax balance of Fixed Assets 37,317.35 37,583.23

**Less: Assets:**

**Arising on account of timing differences:**

On Provision for Doubtful Debts/  
Advances/Loans 306.27 598.18  
On Provision for Leave Encashment  
& Bonus 4,055.89 3,344.33

**TOTAL** **32,955.19** **33,640.72**

Due to carried forward business losses and unabsorbed depreciation during the year, the deferred tax assets have been recognised to the extent of the corresponding deferred tax liability during the year. However, in absence of virtual certainty, no deferred tax assets have been recognised on carried forward losses and unabsorbed depreciation during the year.

**NOTE - 6**

**LONG-TERM PROVISIONS:**

**Provision for Employee Benefits:**

Provision for Compensated Absences	9,331.03	7,992.81
Provision for Post Retirement Medical Benefits	985.13	767.57
<b>TOTAL</b>	<b>10,316.16</b>	<b>8,760.38</b>
<b>TOTAL</b>	<b>10,316.16</b>	<b>8,760.38</b>

**NOTE - 7**

(Rs. in Lacs)

	As at 31-03-2015	As at 31-03-2014
<b>SHORT-TERM BORROWINGS:</b>		
Loans Payable on Demand:		
From Bank-Cash Credit and Overdraft Accounts	57,401.65	52,385.47
From Other	305.00	305.00
<b>TOTAL</b>	<b>57,706.65</b>	<b>52,690.47</b>
Deposits:		
Short-Term Deposit from Other	30,000.00	20,000.00
Other Loans and Advances:		
Short-Term Loans and Advances from Banks	60,000.00	89,846.50
Commercial Papers	10,000.00	0.00
Buyers' Credit in Foreign Currency from Banks	7,050.23	5,280.64
<b>TOTAL</b>	<b>77,050.23</b>	<b>95,127.14</b>
<b>TOTAL</b>	<b>1,64,756.88</b>	<b>1,67,817.61</b>

**Out of the above:**

- |                       |             |           |
|-----------------------|-------------|-----------|
| Secured Borrowings    | 57,401.65   | 94,231.97 |
| Un-secured Borrowings | 1,07,355.23 | 73,585.64 |
- (i) Short term borrowings from banks as Cash Credit and Overdraft accounts of Rs. 57,401.65 lacs (31-03-2014: Rs. 52,385.47 lacs) and Short-Term Loans and Advances from Banks of Rs. Nil (31-03-2014: Rs. 6,245 lacs) are secured by first charge by way of hypothecation of stocks and book debts and all other movables, both present and future and further secured by second charge by way of mortgage on all immovable properties. These charges are ranking pari-passu among the working capital lenders.
  - (ii) Short term borrowings from banks as Short-Term Loans and Advances of Rs. Nil (31-03-2014: Rs. 35,601.50 lacs) were secured by hypothecation of assets, for which charge was to be created. The said charge on the hypothecated assets was to rank as first pari passu charge inter se the member banks of SBI consortium.

**NOTE - 8**

**TRADE PAYABLES:**

Trade Payables (Refer Note-35)	37,144.14	29,403.17
<b>TOTAL</b>	<b>37,144.14</b>	<b>29,403.17</b>

**NOTE - 9**

**OTHER CURRENT LIABILITIES:**

**Current Maturities of Long-Term Borrowings:**

Rupee Term Loans From Banks (Secured)	33,410.60	30,830.60
Foreign Currency Term Loan From Bank (Secured)	3,516.91	1,758.46
Rupee Term Loan From Bank (Unsecured)	0.00	799.72
Rupee Term Loan From other (Unsecured)	30,000.00	22,000.00
<b>TOTAL</b>	<b>66,927.51</b>	<b>55,388.78</b>

(Refer Note - 4 a. (i) and 4 a. (ii) for details of Security)

Interest Accrued but not Due on Borrowings	2,029.28	1,379.71
Investor Education and Protection Fund: (*)		
Unclaimed Dividends	777.68	744.17
Other Payables:		
Statutory Remittances	354.48	346.41
Advances from Customers	3,514.51	2,196.56
Payables on purchase of Fixed Assets	8,459.09	32,402.97
Others	3,666.88	3,666.88
<b>TOTAL</b>	<b>15,994.96</b>	<b>38,612.82</b>
<b>TOTAL</b>	<b>85,729.43</b>	<b>96,125.48</b>

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

**NOTE - 10**

(Rs. in Lacs)

	As at 31-03-2015	As at 31-03-2014
<b>SHORT-TERM PROVISIONS:</b>		
<b>Provision for Employee Benefits:</b>		
Provision for Compensated Absences	3,667.58	3,125.45
Provision for Post Retirement Medical Benefits	42.17	33.51
	<b>3,709.75</b>	<b>3,158.96</b>

**NOTE - 10 (Continued)**

(Rs. in Lacs)

	As at 31-03-2015	As at 31-03-2014
<b>Other Provisions:</b>		
Provision for Taxation/ Fringe Benefit Tax	1,57,076.27	1,57,065.43
Less: Advance Tax and Tax Deducted at Source	1,56,185.17	1,55,477.52
	<b>891.10</b>	<b>1,587.91</b>
Provision for Proposed Equity Dividend	0.00	5,439.66
Provision for Tax on Proposed Equity Dividend	0.00	924.47
	<b>0.00</b>	<b>6,364.13</b>
<b>TOTAL</b>	<b>4,600.85</b>	<b>11,111.00</b>

**NOTE - 11****FIXED ASSETS :**

(Rs. in Lacs)

Sr. No.	Fixed Assets	COST				DEPRECIATION / AMORTIZATION				IMPAIRMENT			NET BLOCK		
		As on 01-04-2014	Additions / Adjustments	Deductions / Adjustments	As on 31-03-2015	Upto 01-04-2014	For the year	Transitional Adjustment (Refer Note-25)	Deductions / Adjustments	Upto 31-03-2015	Upto 01-04-2014	For the Year	Upto 31-03-2015	As on 31-03-2015	As on 31-03-2014
<b>I</b>	<b>Tangible Assets:</b>														
(a)	Lease Hold Land	22,241.62	0.00	0.00	22,241.62	467.07	231.65	0.00	0.00	698.72	0.00	1,052.94	1052.94	20,489.96	21,774.55
(b)	Free Hold Land	2,490.21	8,612.96	0.00	11,103.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,103.17	2,490.21
(c)	Buildings	42,479.22	1,009.44	0.00	43,488.66	5,546.89	1,136.58	0.00	0.00	6,683.47	0.00	3,571.05	3,571.05	33,234.14	36,932.33
(d)	Plant and Equipment	6,39,347.55	9,376.95	9.47	6,48,715.03	2,32,556.78	23,260.20	1,067.73	3.91	2,56,880.80	477.96	25,920.17	26,398.13	3,65,436.10	4,06,312.81
(e)	Furniture and Fixtures	2,314.89	679.03	53.05	2,940.87	1,344.55	154.94	9.44	50.21	1,458.72	0.00	79.60	79.60	1,402.55	970.34
(f)	Vehicles	530.73	162.46	127.75	565.44	206.78	66.95	0.87	71.63	202.97	0.00	8.35	8.35	354.12	323.95
(g)	Office Equipment	1,036.62	43.78	3.21	1,077.19	518.50	108.58	241.15	2.96	865.27	0.00	0.00	0.00	211.92	518.12
(h)	Roads, Culverts & Compound Wall	5,722.28	281.54	0.00	6,003.82	502.14	530.80	510.10	0.00	1,543.04	0.00	603.75	603.75	3,857.03	5,220.14
(i)	Railway Sidings	376.99	0.00	0.00	376.99	358.14	0.00	0.00	0.00	358.14	0.00	0.00	0.00	18.85	18.85
(j)	Water Supply & Drainage System	12,073.62	51.88	0.00	12,125.50	1,699.13	899.85	187.57	0.00	2,786.55	0.00	1,532.76	1,532.76	7,806.19	10,374.49
		7,28,613.73	20,218.04	193.48	7,48,638.29	2,43,199.98	26,389.55	2,016.86	128.71	2,71,477.68	477.96	32,768.62	33,246.58	4,43,914.03	4,84,935.79
<b>II</b>	<b>Intangible Assets:</b> (Other than internally generated)														
(a)	Goodwill	1,688.99	0.00	0.00	1,688.99	1,688.99	0.00	0.00	0.00	1,688.99	0.00	0.00	0.00	0.00	0.00
(b)	Softwares	1,882.39	1.94	0.00	1,884.33	1,572.62	100.95	0.00	0.00	1,673.57	0.00	0.00	0.00	210.76	309.77
(c)	Licences	2,451.58	975.18	0.00	3,426.76	698.33	155.02	0.00	0.00	853.35	0.00	231.38	231.38	2,342.03	1,753.25
		6,022.96	977.12	0.00	7,000.08	3,959.94	255.97	0.00	0.00	4,215.91	0.00	231.38	231.38	2,552.79	2,063.02
<b>III</b>	<b>Tangible Assets given on Lease:</b>														
(a)	Buildings	391.42	0.00	0.00	391.42	88.01	6.22	0.00	0.00	94.23	0.00	0.00	0.00	297.19	303.41
(b)	Plant and Equipment	939.37	0.00	0.00	939.37	892.40	0.00	0.00	0.00	892.40	0.00	0.00	0.00	46.97	46.97
		1,330.79	0.00	0.00	1,330.79	980.41	6.22	0.00	0.00	986.63	0.00	0.00	0.00	344.16	350.38
	<b>TOTAL</b>	7,35,967.48	21,195.16	193.48	7,56,969.16	2,48,140.33	26,651.74	2,016.86	128.71	2,76,680.22	477.96	33,000.00	33,477.96	4,46,810.98	4,87,349.19
	As on 31-03-2014	4,11,692.12	3,24,500.69	225.33	7,35,967.48	2,30,465.92	17,732.22	0.00	57.81	2,48,140.33	477.96	0.00	477.96	4,87,349.19	

**Notes:**

- Additions to Fixed Assets during the year include **Rs. Nil** (previous year: Rs. 3.82 lacs) used for research and development.
- Additions during the year include borrowing cost of **Rs. Nil** (previous year: Rs. 47,862.94 lacs) pertaining to the borrowings related to qualifying assets as defined under AS 16 "Borrowing Costs".
- Borrowing cost of **Rs. Nil** for the year (previous year Rs. 17,469.76 lacs) pertaining to the borrowings related to qualifying assets as defined under AS 16 "Borrowing Costs" has been treated as capital expenditure.
- Leasehold Land pertains to the costs incurred for Leasehold Land in possession of the Company as a Licensee, pending completion of formalities for execution of the lease agreement for a term of 99 years.
- Feed Stock Conversion Projects from 'LSHS /FO ' to 'Gas' acquired under Government's policy for reimbursement of project cost to the Company over a period of five years from the date of commercial production, have been capitalized on 01.10.2013. Accordingly, Fixed Assets include assets amounting to Rs. 1,26,833.68 Lacs represented by capital grant of Rs.1,21,574.00 Lacs as contemplated in Note- 3 earlier.



**NOTE - 12**

(Rs. in Lacs)

As at 31-03-2015 As at 31-03-2014

**NON-CURRENT INVESTMENTS:**

(at cost unless otherwise stated)

**(a) Investments in Equity Instruments:**

**Non-Trade Investments:**

(In fully paid up Equity Shares-Quoted)

75,00,000	Gujarat State Fertilizers & Chemicals Ltd. of Rs.2/- each (31-03-2014: 75,00,000 shares)	<b>1,503.75</b>	1,503.75
17,59,996	Gujarat Alkalies & Chemicals Ltd. of Rs.10/- each (31-03-2014: 17,59,996 shares)	<b>2,427.28</b>	2,427.28
80,00,000	Gujarat State Petronet Ltd. of Rs.10/- each (31-03-2014: 80,00,000 shares)	<b>1,000.00</b>	1,000.00
		<b>4,931.03</b>	4,931.03

(In fully paid up Equity Shares-Unquoted)

2,15,43,200	Gujarat State Petroleum Corporation Ltd. of Re.1/- each (31-03-2014: 2,15,43,200 shares)	<b>1,349.99</b>	1,349.99
42,000	Bharuch Enviro Infrastructure Ltd. of Rs.10/- each (31-03-2014: 42,000 shares)	<b>4.20</b>	4.20
20,000	Gujarat Venture Finance Ltd. of Rs.10/- each (31-03-2014: 20,000 shares)	<b>2.00</b>	2.00
12,50,000	Gujarat Green Revolution Co. Ltd. of Rs. 10/- each # (31-03-2014: 12,50,000 shares)	<b>125.00</b>	125.00
50,000	GSPC Gas Co. Ltd. of Rs. 10/- each (31-03-2014: 50,000 shares)	<b>5.00</b>	5.00
18,39,60,000	Gujarat Chemical Port Terminal Co. Ltd. of Re. 1/- each \$ (31-03-2014: 18,39,60,000 shares)	<b>4,941.00</b>	4,941.00
4,92,60,000	Bhavnagar Energy Co. Ltd. of Rs. 10/- each @ (31-03-2014: 3,60,50,000 shares)	<b>4,926.00</b>	3,605.00
1,35,30,000	Bharuch Dahej Railway Co. Ltd. of Rs. 10/- each @ (31-03-2014: 1,35,30,000 shares)	<b>1,353.00</b>	1,353.00
		<b>12,706.19</b>	11,385.19

**(b) Investments in Mutual Funds:**

**Non-Trade Investments:**

(In fully paid up Units - Quoted)

46,200	UTI-Equity Fund of Rs.10/-each (31-03-2014: 46,200 units)	<b>7.02</b>	7.02
		<b>17,644.24</b>	16,323.24
		<b>3,108.34</b>	3,108.34

Less: Provision for Diminution in Value of Investments

**TOTAL**

**14,535.90** 13,214.90

Aggregate Book Value of Unquoted Investments (net of provision)	<b>9,604.79</b>	8,283.79
Aggregate Book Value of Quoted Investments (net of provision)	<b>4,931.11</b>	4,931.11
Aggregate Market Value of Quoted Investments	<b>18,952.30</b>	13,259.08

# Associate Company

\$ Refer Note - 32 regarding restrictions on disposal.

@ Refer Note - 33 regarding restrictions on disposal.

**NOTE - 13**

(Rs. in Lacs)

As at 31-03-2015 As at 31-03-2014

**LONG-TERM LOANS AND ADVANCES:**

**Unsecured- Considered Good:**

Capital Advances	<b>1,105.29</b>	9,410.29
Security Deposits	<b>1,964.31</b>	1,888.23
Advances recoverable in cash or in kind or for value to be received	<b>4.23</b>	4.23
MAT Credit Entitlement	<b>5,695.00</b>	5,695.00
Other Loans and Advances:		
Loans to Employees	<b>9,888.25</b>	9,388.89
Loans to Other Companies (Refer Note-34)	<b>200.00</b>	200.00
Balance with Central Excise, Customs and Other Government Departments	<b>881.10</b>	381.10
	<b>19,738.18</b>	26,967.74

**Unsecured- Considered Doubtful:**

Advances recoverable in cash or in kind or for value to be received	<b>321.01</b>	321.01
Less: Provision for Doubtful of Recovery	<b>321.01</b>	321.01
	<b>0.00</b>	0.00
Other Loans and Advances:		
Balance with Central Excise, Customs and Other Government Departments	<b>200.00</b>	200.00
Less: Provision for Doubtful of Recovery	<b>200.00</b>	200.00
	<b>0.00</b>	0.00
<b>TOTAL</b>	<b>19,738.18</b>	26,967.74

Loans to Employees include amounts due from:

(i) Employees who have mortgaged/ hypothecated their Buildings and Vehicles to the Company	<b>8,169.60</b>	8,332.74
(ii) An officer of the Company	<b>0.45</b>	0.21

**NOTE - 14**

**OTHER NON-CURRENT ASSETS:**

<b>Capital Grant Recoverable from Government of India (*)</b>	<b>60,787.00</b>	85,101.80
<b>Long-Term Trade Receivables (Unsecured):</b>		
Outstanding for period exceeding six months from due date:		
Receivables- Considered Doubtful	<b>53.51</b>	53.51
Less: Provision for Receivables- Considered Doubtful	<b>53.51</b>	53.51
	<b>0.00</b>	0.00
Bank Deposits with more than 12 months original maturity (**)	<b>2.58</b>	1.08
<b>TOTAL</b>	<b>60,789.58</b>	85,102.88

(\*) Capital Grant recoverable from Government of India represents the grant to be disbursed by GOI for feed stock conversion project 'LSHS/FO' to 'Gas' as contemplated in Note - 3 referred to earlier.

(\*\*) Pledged with Government Authorities **2.58** 1.08



**NOTE - 15**

(Rs. in Lacs)

	As at 31-03-2015	As at 31-03-2014
<b>INVENTORIES:</b> (Valued at lower of Cost and Net Realisable Value)		
Raw Materials	14,443.51	18,346.67
(Includes in transit Rs. 4,379.62 lacs 31-03-2014: Rs. 4,365.46 lacs)		
Stock-in-Process	1,925.69	10,380.47
Finished Goods	9,673.86	11,466.75
(Includes in transit Rs. 1,340.21 lacs 31-03-2014: Rs. 1,474.75 lacs)		
Stock-in-Trade	647.70	311.44
Stores and Spares (including coal)	48,286.11	41,953.31
(Includes in transit Rs. 222.57 lacs 31-03-2014: Rs. 413.11 lacs)		
<b>TOTAL</b>	<b>74,976.87</b>	<b>82,458.64</b>

**NOTE - 16****TRADE RECEIVABLES:**  
(Unsecured)

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

Receivables- Considered Good	1,356.00	928.04
Subsidy and other Claims		
Receivables- Considered Good	31,965.58	20,215.16
	<b>33,321.58</b>	<b>21,143.20</b>

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

Receivables- Considered Good	21,043.23	22,680.92
Subsidy and other Claims		
Receivables- Considered Good	81,158.88	1,01,648.26
	<b>1,02,202.11</b>	<b>1,24,329.18</b>

<b>TOTAL</b>	<b>1,35,523.69</b>	<b>1,45,472.38</b>
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**NOTE - 17****CASH AND BANK BALANCES:****Cash and Cash Equivalents**

Balances with Banks:

Current Accounts	799.80	6,431.84
Bank Deposits with less than 3 months original maturity	0.00	10,000.00
Cash on hand	16.83	14.97
	<b>816.63</b>	<b>16,446.81</b>

**Other Bank Balances**

Unclaimed Dividend Accounts	777.68	744.17
Bank Deposits (*):		
With more than 3 months but less than 12 months original maturity	0.00	150.00
With more than 12 months original maturity	0.00	1.50
	<b>0.00</b>	<b>151.50</b>
<b>TOTAL</b>	<b>1,594.31</b>	<b>17,342.48</b>

(\*) Pledged with Government Authorities

**NOTE - 18**

(Rs. in Lacs)

	As at 31-03-2015	As at 31-03-2014
<b>SHORT-TERM LOANS AND ADVANCES:</b>		
<b>Unsecured- Considered Good</b>		
Advances recoverable in cash or in kind or for value to be received	576.33	5,701.35
Other Loans and Advances:		
Advances with Suppliers	3,275.42	2,021.17
Loans to Employees	2,144.15	1,795.58
Prepaid Expenses	861.77	894.40
Balance with Central Excise, Customs and Other Government Departments:		
CENVAT Credit Receivable	5,529.43	5,876.81
VAT Credit Receivable	1,672.19	3,525.59
Service Tax Credit Receivable	3,008.63	2,486.88
Deposits	3,250.51	3,198.97
	<b>19,742.10</b>	<b>19,799.40</b>
<b>TOTAL</b>	<b>20,318.43</b>	<b>25,500.75</b>

Loans to Employees include amount due from:

(i) Employees who have mortgaged/ hypothecated their Buildings and Vehicles to the Company	1,094.35	1,073.57
(ii) An officer of the Company	0.29	0.13

**NOTE - 19****OTHER CURRENT ASSETS:**

Capital Grant Recoverable from Government of India (*)	60,787.00	36,472.20
Interest and other charges Recoverable from Government of India	12,402.32	4,768.46
<b>TOTAL</b>	<b>73,189.32</b>	<b>41,240.66</b>

(\*) Capital Grant Recoverable from Government of India represents the Grant to be disbursed by GOI for feed stock conversion project from 'LSHS/ FO' to 'Gas' as contemplated in Note -3 referred to earlier.

(Rs. in Lacs)

**NOTE - 20****OTHER INCOME:**

	Year ended 31-03-2015	Year ended 31-03-2014
Interest Income:		
On Bank Deposits	14.63	17.31
On Employee Loans	387.06	349.58
Others	237.95	212.20
	<b>639.64</b>	<b>579.09</b>
Income from Long Term Investments:		
Dividend	454.91	432.26
Rent	689.32	676.49
Gain on Foreign Currency Transactions and Translations (Net)	785.01	0.00
Gain on Sale of Investments (Net)	0.00	455.54
Profit on Sale of Fixed Assets (Net)	0.00	4.83
Recovery of Bad Debts	8.71	10.13
Insurance Claims	5.88	41.34
Miscellaneous Income	2,591.68	2,305.64
<b>TOTAL</b>	<b>5,175.15</b>	<b>4,505.32</b>



**NOTE - 21**

(Rs. in Lacs)

	Year ended 31-03-2015	Year ended 31-03-2014
<b>COST OF MATERIALS CONSUMED:</b>		
Raw Materials Consumed (Refer Note - 46)	2,49,840.82	2,98,658.86
<b>TOTAL</b>	<b>2,49,840.82</b>	<b>2,98,658.86</b>

**NOTE - 22**

**CHANGES IN INVENTORIES OF  
FINISHED GOODS, STOCK-IN-PROCESS  
AND STOCK-IN-TRADE:**

**Opening Stock:**

Finished Goods	11,466.75	10,833.69
Stock-in-Process	10,380.47	7,243.12
Stock-in-Trade	311.44	209.27
	<b>22,158.66</b>	<b>18,286.08</b>

**Less : Closing Stock:**

Finished Goods	9,673.86	11,466.75
Stock-in-Process	1,925.69	10,380.47
Stock-in-Trade	647.70	311.44
	<b>12,247.25</b>	<b>22,158.66</b>
<b>TOTAL</b>	<b>9,911.41</b>	<b>(3,872.58)</b>

**NOTE - 23**

**EMPLOYEE BENEFITS EXPENSE:**

Salaries, Wages and Bonus	26,781.76	19,789.07
Contribution to provident and other funds	6,832.41	1,548.25
Staff Welfare Expenses	4,290.61	4,147.41
	<b>37,904.78</b>	<b>25,484.73</b>

**Less:**

Salary Recoveries from outside Agencies	16.56	6.78
Employee Benefits Expense relating to R & D Activities	160.02	129.28
	<b>176.58</b>	<b>136.06</b>
<b>TOTAL</b>	<b>37,728.20</b>	<b>25,348.67</b>

**NOTE - 24**

**FINANCE COSTS:**

Interest Expense on Borrowings	26,924.95	8,853.85
Bank Charges & Commission	243.98	261.95
Exchange Difference considered as an adjustment to Borrowing Cost	168.00	109.50
Other Borrowing Costs	113.03	11.82
<b>TOTAL</b>	<b>27,449.96</b>	<b>9,237.12</b>

Finance costs does not include amounts:

a. treated as capital expenditure relating to qualifying assets	0.00	17,469.76
b. treated as receivable from Govt. of India under Government policy for feed stock conversion project from LSHS/FO to Gas	7,633.86	4,768.46

**NOTE - 25**

(Rs. in Lacs)

	Year ended 31-03-2015	Year ended 31-03-2014
<b>DEPRECIATION AND AMORTIZATION EXPENSES:</b>		
Depreciation/Amortization on Tangible Assets	28,459.00	17,515.28
Amortization on Intangible Assets	209.60	216.94
	<b>28,668.60</b>	<b>17,732.22</b>
Less: Transfer to General Reserve and Deferred Tax (*)	2,016.86	0.00
	<b>26,651.74</b>	<b>17,732.22</b>
Less: Transfer from Deferred Income	5,774.76	3,200.76
<b>TOTAL</b>	<b>20,876.98</b>	<b>14,531.46</b>

(\* Effective from 1st April, 2014, the company has charged depreciation based on the remaining useful life of the assets as per the requirements of Schedule II of the Companies Act, 2013 ("the Act"). Consequent to this, in respect of assets having completed their useful life, an amount of Rs. 1,331.33 lacs (net of Deferred Tax of Rs. 685.53 lacs) has been adjusted against the opening balance of retained earnings in accordance with the transitional provisions provided in Note 7(b) of Schedule II of the Act.

**NOTE - 26**

**OTHER EXPENSES:**

Power, Fuel and Other Utilities	63,879.74	51,124.06
Stores, Chemicals and Catalysts	6,734.86	5,094.89
Packing Expenses	6,579.34	5,648.72
Insurance	3,721.54	3,019.90
Repairs and Maintenance to:		
Buildings	1,516.89	1,500.16
Plant and Machinery	9,397.76	6,662.17
Others	583.87	369.33
	<b>11,498.52</b>	<b>8,531.66</b>
Materials Handling Expenses at Factory	763.73	623.53
Laboratory Expenses	114.02	64.37
Research & Development Expenses:		
Personnel Expenses	160.02	129.28
Consumables and Spares	14.66	15.84
Power and Fuel	4.95	3.74
	<b>179.63</b>	<b>148.86</b>
(Increase)/Decrease of Excise Duty on Inventory	(37.00)	44.85
Other Operating Expenses	5,350.01	1,259.39
Outward Freight and Other Charges	8,661.64	9,667.51
Selling Expenses	154.63	167.35
Selling Commission to Other Selling Agents	81.22	32.90
Consignment and Entry Tax	1,223.58	1,949.48
Rates and Taxes	306.79	293.80
Rent	784.38	731.31
Printing, Stationery, Postage, Telephones & Advertisement	496.31	513.30
Travelling and Conveyance Expenses	366.70	346.31
Vehicle Running and Maintenance Expenses	319.45	170.07
Fire fighting, Safety and Security Expenses	643.68	447.01
Conference, Seminar, Subscription & Membership Fees	71.81	126.97
Professional and Consultation Charges	399.79	264.20
Purchase of Services	292.67	320.07
Miscellaneous Expenses	3,033.60	3,083.98
Loss on Sale of Fixed Assets (Net)	3.07	0.00
Directors' Sitting Fees	3.43	3.95
Auditors' Fees (Refer Note - 31 (b))	37.67	64.94
Donations & Contributions towards CSR	1,041.47	126.57
Premium on Forward Contracts	333.93	182.00
<b>TOTAL</b>	<b>1,17,040.21</b>	<b>94,051.95</b>

**27. Earnings Per Share:**

	Unit	Year ended	Year ended
		31-03-2015	31-03-2014
Net profit/(loss) after tax	Rs. in Lacs	(45,206.81)	29,227.23
Weighted average number of equity shares of nominal value of Rs. 10 each in calculating basic Earnings Per Share	Nos.	15,54,18,783	15,54,18,783
Basic and Diluted Earnings Per Share	Rs.	(29.09)	18.81
		(Rs. in Lacs)	
		As at	As at
		31-03-2015	31-03-2014

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

	946.39	4,011.88
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**29. Other Commitments:**

- (i) The Company is committed to invest a further sum of **Rs. 999 lacs** (31-03-2014: Rs. 2,320 lacs) in the equity share capital of Bhavnagar Energy Co. Ltd. (BECL) as per the terms of the Shareholders' Agreement. The Company is also committed to grant subordinate debt of **Rs. 540 lacs** (31-03-2014: Rs. 540 lacs) to BECL in the manner and in the form as may be finalized by the promoters with BECL.
- (ii) Export obligation on account of benefit of concessional rate of Custom duty availed under EPCG license scheme on imports of capital goods is **Rs. 48,653 lacs** (31-03-2014: Rs. 51,069 lacs).

**30. Contingent Liabilities not provided for:**

- |  |                          |          |
|--|--------------------------|----------|
| (i) Claims against the Company not acknowledged as debts   | 12,021.23                | 2,964.63 |
| (ii) Claims in respect of employees' / contract labour matters   | Amount not ascertainable |          |
| (iii) Income tax assessment orders contested   | 1,816.37                 | 2,389.17 |
| (iv) Demands in respect of Central Excise Duty, Custom Duty, Service Tax and VAT as estimated by the Company | 19,157.13                | 9,439.04 |

In respect of the above, the expected outflow will be determined at the time of final resolution of the dispute.

Year ended	Year ended
31-03-2015	31-03-2014

**31. Statement of Profit and Loss includes:**

- |   |             |             |
|---|-------------|-------------|
| (a) In the item of Sales (which is net of Rebate and Discounts):  |             |             |
| Subsidy from Government of India under the Retention Price Scheme and Nutrient Based Subsidy (NBS) Scheme | 1,38,352.66 | 1,59,693.29 |
| (b) Payments to Statutory Auditors comprise: (Net of Service Tax Input Credit, where applicable)          |             |             |
| (i) Statutory Audit Fees  | 20.79       | 19.38       |
| (ii) Tax Audit Fees   | 3.37        | 3.65        |
| (iii) Other services for Certification work etc.  | 9.51        | 10.47       |
| (iv) Reimbursement of Expenses  | 2.01        | 2.44        |
| (v) Income Tax Assessment work & Retainership   | 1.99        | 29.00       |
| (c) Payments to Cost Auditor comprise: (Net of Service Tax Input Credit, where applicable)                |             |             |
| (i) Cost Audit Fees   | 3.37        | 2.81        |
| (ii) Reimbursement of Expenses  | 1.10        | 0.27        |
| (d) Foreign Exchange Rate Differences-Loss/(Gain)   | (785.01)    | 690.96      |

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

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

34. Long-Term Loans and Advances include interest bearing unsecured loan of **Rs. 160.00 Lacs** (31-3-2014: Rs. 160.00 lacs) to Gujarat Chemical Port Terminal Company Ltd.

35. 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. 814.38 Lacs** (31-3-2014: Rs. 726.92 Lacs). The payments to Micro Small and Medium undertakings have been made within the prescribed time limit/ date agreed upon with supplier and hence no interest is payable for delayed payments. These amounts have been included in Trade Payables.

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

**36. Related Party Disclosures:**

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

**Key Management Personnel:** (Rs. in Lacs)

Name of the Person	Designation	Remuneration	
		Year ended 31-03-2015	Year ended 31-03-2014
Dr. Rajiv Kumar Gupta, IAS	Managing Director *	-	-
Shri A.M. Tiwari, IAS	Managing Director **	-	3.78

\* For full period of 2014-15 and part period of 2013-14

\*\* For part period of 2013-14

**Company under Significant Influence:** (Rs. in Lacs)

Name of the Company	Nature of Transactions	Amount	
		Year ended 31-03-2015	Year ended 31-03-2014
Gujarat Green	Sale of Goods & Services	9.09	10.73
Revolution Co. Ltd.	Receipts towards Outstanding	9.09	10.20
	Closing Balance	1.01	1.01

**37. Disclosures Related to Accounting Standard 15 – Employee Benefits:**

(Rs. in Lacs)

Year ended	Year ended
31-03-2015	31-03-2014

**(A) The Amounts recognized in respect of unfunded obligations:**

Amount recognized in the Balance Sheet in respect of leave liability	12,998.61	11,118.26
--	-----------	-----------

Amount recognized in Salary, Wages and Employee Benefits in the Statement of Profit and Loss in respect of leave liability	1,880.35	(543.01)
--	----------	----------

**Principal Actuarial Assumptions at the Balance Sheet date:**

Discount rate	7.97%	9.39%
Future Salary escalation	3.00%	5.00%
Mortality Table	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate



(Rs. in Lacs)

Year ended 31-03-2015      Year ended 31-03-2014

**(B) Defined Contribution Plan:**

Amount recognized as an expense as Contribution to Provident Fund and Pension Fund **2,933.72**      2,340.89

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

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

(Rs. in Lacs)

Sr. No.	Particulars	Gratuity		Post Employment Medical Benefit	
		Year ended 31-03-2015	Year ended 31-03-2014	Year ended 31-03-2015	Year ended 31-03-2014
<b>I</b>	<b>Expense recognized in the Statement of Profit &amp; Loss for the year</b>				
1	Current Service Cost	604.89	668.36	57.90	53.06
2	Interest Cost	1,256.15	1,260.26	74.26	60.95
3	Expected return on plan assets	(1,364.93)	(1,164.62)	-	-
4	Actuarial (Gain) / Losses	3,394.14	(1,467.82)	184.50	(44.73)
5	Total expenses (Includes Gratuity expenses Capitalized)	3,890.25 0.00	(703.82) 88.82	316.66 -	69.28 -
<b>II</b>	<b>Net Assets/ (Liabilities) recognized in the Balance Sheet</b>				
1	Present value of Defined Benefit Obligation as at Balance Sheet Date	18,175.72	14,972.04	1,027.30	801.08
2	Fair value of plan assets as at Balance Sheet Date	18,184.16	15,688.85	-	-
3	Funded status [Surplus/ (Deficit)]	8.44	716.81	(1,027.30)	(801.08)
4	Net assets / (Liability) as at Balance Sheet Date	8.44	716.81	(1,027.30)	(801.08)
<b>III</b>	<b>Change in Obligation during the year</b>				
1	Present value of Defined Benefit Obligation at the beginning of the year	14,972.04	15,753.31	801.08	761.82
2	Current Service Cost	604.89	668.36	57.90	53.06
3	Interest Cost	1,256.15	1,260.26	74.26	60.95
4	Actuarial (Gains) / Losses	3,388.28	(1,273.05)	184.50	(44.73)
5	Benefit Payments	(2,045.64)	(1,436.84)	(90.44)	(30.02)
6	Present value of Defined Benefit Obligation at the end of the year	18,175.72	14,972.04	1,027.30	801.08
<b>IV</b>	<b>Change in fair value of plan Assets during the year</b>				
1	Plan assets at the beginning of the year	15,688.85	13,386.42	-	-
2	Expected return on plan assets	1,364.93	1,164.62	-	-
3	Contribution by employer	3,181.88	2,379.89	-	-
4	Actual benefit paid	(2,045.64)	(1,436.84)	-	-
5	Actual Gains / (Losses)	(5.86)	194.76	-	-
6	Plan assets at the end of the year	18,184.16	15,688.85	-	-
7	Actual return on plan assets	1,359.07	1,359.38	-	-
<b>V</b>	<b>Actuarial Assumptions:</b>				
1	Discount Rate	7.97%	9.39%	7.95%	9.27%
2	Expected rate of return on plan assets	7.97%	8.70%	-	-
3	Mortality / pre-retirement	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
4	Medical Inflation rate	-	-	4.00%	4.00%
5	Salary Escalation	3.00%	5.00%	-	-
6	Attrition Rate	1.00%	2.00%	-	-

Estimates of future salary increases has been done considering the general trend in inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Sr. No.	Particulars	Gratuity		Post Employment Medical Benefit	
		Year ended 31-3-2015	Year ended 31-3-2014	Year ended 31-3-2015	Year ended 31-3-2014
<b>VI</b>	<b>Nature and extent of investment details of plan assets:</b>				
	Insurer managed fund	100%	100%	-	-

(Rs. in Lacs)

Sr. No.	Particulars	Post Employment Medical Benefit	
		1 % Increase	1 % Decrease
1	Positive/ (Negative) effect on Defined Benefit Obligation, if Medical Inflation rate is changed	(139.99)	114.77

(Rs. in Lacs)

Sr. No.	Particulars	Gratuity				
		2014-15	2013-14	2012-13	2011-12	2010-11
1	Defined Benefit Obligation	18,175.72	14,972.04	15,753.31	13,169.15	11,757.23
2	Plan Assets	18,184.16	15,688.85	13,386.42	13,170.01	11,847.49
3	Surplus/ (Deficit)	8.44	716.81	(2,366.89)	0.86	90.26
4	Experience adjustment on plan liabilities (gain) / loss	3,790.03	13.05	1,166.87	148.15	194.03
5	Experience adjustment on plan assets (loss) / gain	(5.86)	194.76	60.60	135.65	(0.95)

(Rs. in Lacs)

Sr. No.	Particulars	Post Employment Medical Benefit				
		2014-15	2013-14	2012-13	2011-12	2010-11
1	Defined Benefit Obligation	1,027.30	801.08	761.82	600.82	552.32
2	Experience adjustment on plan liabilities (gain) / loss	39.73	87.87	134.66	(12.46)	(10.13)

The Company expects to contribute **Rs. 782.65 lacs** towards Gratuity Benefit in the year 2015-16 (Previous year: Rs. 980.99 lacs).

**38. 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)

	As at 31-03-2015	As at 31-03-2014
Future minimum lease payments:		
Not later than one year	37.36	95.13
Later than one year and not later than five years	18.68	0.00
Later than five years	0.00	0.00
<b>TOTAL</b>	<b>56.04</b>	<b>95.13</b>

**39. Capitalization of exchange differences:**

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

In accordance with the above stated amendment to AS 11, the Company has capitalized exchange difference gain, arising on long-term foreign currency loan and payables, amounting to **Rs. 4,204.62 lacs** (Previous year: Loss of Rs. 4,196.15 lacs). The Company has also capitalized exchange difference loss, arising on long-term foreign forward contract, undertaken to fully hedge the foreign currency loan, amounting to **Rs. 3,870.37 lacs** (Previous year: Gain of Rs. 3,362.44 lacs).

40. The Scheme of Arrangement and Demerger for transfer of V-SAT/ISP Gateway Business of the Company to ING Satcom Ltd., an unlisted Company against cash consideration of Rs. 6 crore, was sanctioned by Hon'ble High Court of Gujarat vide its Common Oral Order dated June 15, 2012.

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

Subsequent to the Order passed by the Hon'ble High Court of Gujarat, sanctioning the Scheme of Demerger, two separate applications for transfer of V-SAT and ISP Gateway Licences standing in the name of the Company to the name of Transferee Company viz. ING Satcom Limited were submitted to Department of Telecommunications (DOT) on 31<sup>st</sup> January, 2013 which are still pending for approval before DOT.

As per the legal opinion obtained from Legal Consultant, though the Scheme has been sanctioned by the Hon'ble High Court of Gujarat and has become effective, the Scheme is subject to and conditional upon the approval of the Government Authorities for transfer of Licences from GNFC to ING Satcom Limited.

During the year, an Agreement-Cum-Indemnity Bond was executed on 12-04-2014 between the Company and ING Satcom Limited whereby, pending transfer of Licences, the assets of demerged business (other than Licences) have been handed over to ING Satcom Limited subject to certain terms and conditions, inter alia, including the terms of settling the transaction under different eventualities of rejection of transfer applications / non-transfer of Licences by 31-12-2014.

Since disposal of applications for transfer of Licences in the name of ING Satcom Limited by the competent authorities as well as settlement of transaction between the Company and ING Satcom Limited are still pending, no accounting treatment is given in the books of account of the Company for the year ended 31.03.2015.

Necessary accounting treatment will be given in the books of account of the Company either on disposal of applications for transfer of Licences in the name of ING Satcom Limited by the competent authorities or on finalization of settlement of transaction with ING Satcom Limited.

41. The Company capitalized its 50,000 MTPA TDI plant at Dahej in March 2014. The TDI plant at Dahej was in-operative for a major part of the year due to the issues of gas emission, subsequent corrective steps and teething problems. As at 31<sup>st</sup> March, 2015, the Company has in pursuance of Accounting Standard (AS 28) – 'Impairment of Assets', assessed impairment of its TDI Dahej plant, having regard to the above-stated delay in starting operations and the related losses. Based on such assessment, the Company has accounted an impairment loss of Rs. 33,000 lacs in respect of the TDI Dahej plant, which has been recognized as an exceptional item in the statement of profit and loss.

The recoverable amount of the relevant assets has been determined on the basis of their value in use.

In estimating the future cash flows, management has based on externally available information, made certain assumptions relating to the future raw material prices, future TDI prices, operating parameters and the assets useful life which management believes reasonably reflects the future expectation of these items. However, if these assumptions reflects consequent to change in future conditions, there could be further adverse / favourable effect on the recoverable amount of the asset.

The assumption will be monitored on a periodic basis by the management and adjustments will be made if external conditions relating to the assumptions indicate that such adjustments are appropriate.

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

**43. Segment Information:**

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

**Financial information about the primary business segments for the year ended 31st March, 2015:**

(Rs. in Lacs)

	Fertilizers		Chemicals		Others		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
<b>A REVENUE:</b>								
External Sales Revenue	2,20,608.83	2,38,334.26	2,59,641.17	2,66,892.37	13,331.37	9,843.63	4,93,581.37	5,15,070.26
Intersegment Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	2,20,608.83	2,38,334.26	2,59,641.17	2,66,892.37	13,331.37	9,843.63	4,93,581.37	5,15,070.26
Less Excise Duty	1,581.45	1,373.37	27,826.57	28,964.15	21.69	13.93	29,429.71	30,351.45
Net Revenue	2,19,027.38	2,36,960.89	2,31,814.60	2,37,928.22	13,309.68	9,829.70	4,64,151.66	4,84,718.81
<b>B RESULT:</b>								
Segment result - profit / (loss)	(3,925.77)	7,401.82	(17,755.90)	39,144.61	2,053.28	2,353.26	(19,628.39)	48,899.69
Other Income							5,174.55	4,521.83
Unallocable Expenses							(3,303.01)	(1,801.17)
Operating profit							(17,756.85)	51,620.35
Finance Costs							(27,449.96)	(9,237.12)
Profit / (Loss) before tax							(45,206.81)	42,383.23
Provision for income tax (including deferred tax)							0.00	(13,156.00)
Net profit / (Loss)							(45,206.81)	29,227.23
<b>C OTHER INFORMATION:</b>								
<b>Capital Employed:</b>								
Segment assets	4,35,588.38	4,44,846.07	2,72,867.98	3,24,763.40	11,226.52	7,181.87	7,19,682.88	7,76,791.34
Segment liabilities	(1,14,493.35)	(1,49,712.80)	(22,050.80)	(15,924.74)	(7,609.16)	(2,337.58)	(1,44,153.31)	(1,67,975.12)
Other unallocable corporate assets							1,29,120.32	1,50,183.47
Other unallocable corporate liabilities							(4,56,632.42)	(4,64,443.40)
<b>Total capital employed</b>	<b>3,21,095.03</b>	<b>2,95,133.27</b>	<b>2,50,817.18</b>	<b>3,08,838.66</b>	<b>3,617.36</b>	<b>4,844.29</b>	<b>2,48,017.47</b>	<b>2,94,556.29</b>
<b>Capital assets/expenditure incurred during the year:</b>								
Capital assets including capital work in progress	2,412.79	11,708.04	6,956.09	34,485.24	13.48	73.03	9,382.36	46,266.31
Other unallocable capital expenditures							10,813.56	5,168.32
<b>TOTAL</b>	<b>2,412.79</b>	<b>11,708.04</b>	<b>6,956.09</b>	<b>34,485.24</b>	<b>13.48</b>	<b>73.03</b>	<b>20,195.92</b>	<b>51,434.63</b>
<b>D Segment depreciation</b>	<b>2,631.65</b>	<b>2,766.57</b>	<b>17,060.68</b>	<b>8,730.00</b>	<b>1,184.65</b>	<b>3,034.89</b>	<b>20,876.98</b>	<b>14,531.46</b>
<b>E Non cash expenses other than depreciation</b>							<b>33,000.00</b>	<b>0.00</b>



**44. Sales and Closing Stock :**

(Rs. in Lacs)

Products (Manufactured) and Services	Sales for the year ended(*)		Closing Stock as at	
	31-03-2015	31-03-2014	31-03-2015	31-03-2014
Urea	39,775.15	36,279.98	1,414.31	3,184.67
Ammonium Nitro Phosphate	31,989.56	26,250.62	872.16	1,373.64
Calcium Ammonium Nitrate	0.00	8,497.79	0.00	0.00
Methanol	6,971.32	31,331.29	752.37	2,458.06
Formic Acid	9,291.32	9,986.14	134.37	74.04
Acetic Acid	52,520.82	46,460.62	534.51	599.19
Concentrated Nitric Acid	12,139.24	11,946.46	98.45	173.15
Technical Grade Urea	1,544.33	0.00	3.50	0.00
Aniline	39,211.14	54,087.38	372.26	896.91
Toluene Di-Isocyanate	31,930.24	30,699.95	3,565.71	578.85
Ethyl Acetate	30,768.97	30,707.22	1,394.54	1,733.99
Liquid Ammonia	7,297.99	6,032.16	951.05	2,660.43
Loose Urea in Silo	-	-	242.29	6,569.59
By-products and Others	61,884.00	47,179.85	1,264.03	1,544.70
Fertilizers and Freight Subsidy	1,38,352.66	1,59,693.29	-	-
IT related Services	10,306.19	6,109.23	-	-
<b>TOTAL</b>	<b>4,73,982.93</b>	<b>5,05,261.98</b>	<b>11,599.55</b>	<b>21,847.22</b>

(\*) Inclusive of Excise Duty collected

**45. Goods Traded:**

(Rs. in Lacs)

Products (Traded)	Purchases for the year ended		Sales for the year ended		Closing Stock as at	
	31-03-2015	31-03-2014	31-03-2015	31-03-2014	31-03-2015	31-03-2014
Imported Urea	0.00	0.00	2.70	28.09	0.00	3.82
IPL Urea	39.68	0.00	39.85	0.00	1.30	0.00
Single Super Phosphate	604.93	86.55	619.17	93.29	26.01	0.00
Di-Ammonium Phosphate	1,522.81	880.69	1,415.19	893.60	146.24	4.06
Imported Muriate of Potash	585.34	305.79	553.86	302.83	57.40	11.11
Imported Methanol	10,985.60	4,428.65	11,237.09	4,726.61	44.93	0.00
Imported Acetic Acid	2,775.89	132.63	2,955.99	135.50	123.60	0.00
PKI & Data Centre	2,013.25	2,915.90	2,621.10	3,490.21	240.75	286.52
Others	158.54	135.21	153.49	138.15	7.47	5.93
<b>TOTAL</b>	<b>18,686.04</b>	<b>8,885.42</b>	<b>19,598.44</b>	<b>9,808.28</b>	<b>647.70</b>	<b>311.44</b>

**46. Raw Materials Consumed:**

(Rs. in Lacs)

(Rs. in Lacs)

	Year ended			Year ended							
	31-03-2015	31-03-2014		31-03-2015	31-03-2014						
LSHS & HVFO (Feed Stock)	66,524.03	65,686.91	<b>48. C.I.F. Value of Imports:</b>								
Natural Gas	1,21,283.90	1,61,873.73				(i) Raw Materials and Fuel	14,109.91	18,097.83			
Rock Phosphate	13,597.40	14,331.40				(ii) Spares	5,784.65	2,620.33			
Liquid Ammonia	0.00	349.76				(iii) Capital goods	521.47	3,416.45			
Methanol	1,310.32	3,108.73				<b>49. Expenditure in Foreign Currency (Accrual Basis):</b>					
Ethanol	12,856.81	13,142.90							(i) Engineering, Licence and Know-how fees - Capital Nature	2,521.14	2,003.96
Benzene	23,108.10	30,915.48							(ii) Engineering, Licence and Know-how fees - Revenue Nature	78.38	1.85
Toluene	9,795.27	8,489.92							(iii) Travelling, Journal, Membership fees, Interest etc.	71.02	113.52
Chlorine	75.26	315.48									
Others	1,289.73	444.55									
<b>TOTAL</b>	<b>2,49,840.82</b>	<b>2,98,658.86</b>									

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

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

	Year ended 31-03-2015		Year ended 31-03-2014	
	Rs. in Lacs	%	Rs. in Lacs	%
<b>Raw Materials:</b>				
Imported	14,897.07	5.96	17,310.20	5.80
Indigenous	2,34,943.75	94.04	2,81,348.66	94.20
<b>TOTAL</b>	<b>2,49,840.82</b>	<b>100.00</b>	<b>2,98,658.86</b>	<b>100.00</b>
<b>Components &amp; Spares:</b>				
Imported	3,567.25	37.96	2,801.91	42.06
Indigenous	5,830.51	62.04	3,860.26	57.94
<b>TOTAL</b>	<b>9,397.76</b>	<b>100.00</b>	<b>6,662.17</b>	<b>100.00</b>

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

(i) Number of Shareholders	450	482
(ii) No of Shares held by them on which Dividend was due	3,74,607	4,04,544
(iii) Year to which Dividend relates	2013-14	2012-13
(iv) Amount remitted (Net of Tax) (Rs. in Lacs)	13.11	14.16

**51. Earnings in Foreign Currency**

**(Accrual Basis):**

(i) Export of goods on FOB basis	2,330.32	7,239.60
(ii) Technical consultancy & other fees	49.71	0.00

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

## (I) Amounts Payable in Foreign Currency :

Particulars	As at 31-03-2015		As at 31-03-2014	
	Rs. in Lacs	Amount in FC	Rs. in Lacs	Amount in FC
Payables for Import	2,936.15	Euro 42,95,756	2,163.10	Euro 25,94,893
Payables for Import	191.05	JPY 3,67,40,154	179.95	JPY 3,05,00,000
Payables for Import	96.32	USD 1,52,824	507.43	USD 8,40,811
Payables for Import	1.23	GBP 1,315	6.36	GBP 6,332
Payables for Import	16.68	CHF 25,561	4.52	CHF 6,606
Payables for Import	0.00	SGD 0	133.86	SGD 2,78,360

## (II) Amounts Receivable in Foreign Currency :

Particulars	As at 31-03-2015		As at 31-03-2014	
	Rs. in Lacs	Amount in FC	Rs. in Lacs	Amount in FC
Receivables for Export	22.06	USD 35,500	675.08	USD 11,26,390

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

## (I) Amounts Payable in Foreign Currency :

Particulars	As at 31-03-2015		As at 31-03-2014	
	Rs. in Lacs	Amount in FC	Rs. in Lacs	Amount in FC
ECB	15,675.91	Euro 2,32,20,000	21,304.74	Euro 2,58,00,000
Buyers Credit	7,050.23	USD 1,12,64,000	5,280.63	USD 87,86,875
Interest accrued but not due	5.19	USD 8,287	11.09	USD 18,623

## (II) Interest rate swaps :

Particulars	As at 31-03-2015		As at 31-03-2014	
	Rs. in Lacs	Notional Amount in FC	Rs. in Lacs	Notional Amount in FC
Hedge against exposure to variable interest outflow on loan. Swap to pay fixed interest @ ranging from 9.52% p.a. to 9.74% p.a. and receive a variable interest @ 6 month EURIBOR plus 1.98% on notional amount	15,826.11	Euro 2,32,20,000	17,584.57	Euro 2,58,00,000

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

For and on behalf of the Board of Directors,

R.A. Shah  
Executive Director & CFO

R.B. Panchal  
Company Secretary

Dr. Rajiv Kumar Gupta  
Managing Director

D.J. Pandian  
Chairman

Place : Gandhinagar  
Date : 28-05-2015

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

Place : Ahmedabad  
Date : 28-05-2015

**Gaurav J. Shah**  
Partner  
Membership No. : 35701



## FOR MEMBERS' ATTENTION

### (I) SOME IMPORTANT NOTES :

1. Members desirous of obtaining information as regards the Accounts are requested to write to the Company at least fifteen (15) days before the date of Meeting, so as to enable the Company to make the information available at the Meeting.
2. Members holding shares in –
  - (i) **Physical form** are requested to promptly notify to the company, change in their address, details of Bank Account, Nomination, Power of Attorney, E-Mail address etc.
  - (ii) **Dematerialised form** are requested to send their instructions regarding change of address, details of Bank Account, Nomination, Power of Attorney, E-mail address etc. directly to their Depository Participant (DP) with whom the Demat Account is maintained.
3. Non-Resident Indian (NRI) shareholders holding shares in physical form are requested to inform the Company immediately –
  - a) the change in Residential status on return to India for permanent settlement along with (i) self attested copies of address proof and PAN Card, (ii) original share certificate(s) for necessary endorsement and (iii) E-mail address.
  - b) the particulars of Bank Account maintained in India with complete name of the Bank, branch, Account type, Account Number, 09 Digit MICR Code and address of the Bank, (if not furnished earlier) alongwith a photo copy of cancelled cheque.
4. In case of transfer and transmission of shares, deletion of name of deceased shareholder(s) and transposition of names in respect of shares held in **physical form**, submission of photocopy of PAN Card of the transferee(s), legal heir(s), surviving holder(s) and Joint Holder(s) respectively alongwith necessary documents at the time of lodgment of request for these transactions, has become mandatory.

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

1. The Company has separately sent to the Members Notice of AGM together with its Annexure, remote e-voting particulars, Attendance Slip and Proxy Form through Regd. post/courier. Kindly bring with you Attendance Slip and copy of this Annual Report for the Annual General Meeting.
2. Arrangement for Buses from ST Depot, Bharuch to the place of Meeting will be made by the Company on the day of Meeting from **1.00 P.M.** onwards as the meeting is scheduled to be held at **3.00 P.M.**
3. Only Members and in their absence, duly appointed proxies will be allowed for the Meeting.



## ADDITIONAL INFORMATION FOR SHAREHOLDERS

### Green Initiative

The Ministry of Corporate Affairs (MCA), Government of India has taken "Green Initiative in Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that the service of official documents by a Company to its Members can be made through electronic mode. The Companies Act, 2013 has also recognized serving documents to the Members through electronic mode. To support the Green Initiative of Govt. of India, from FY 2010-11, the Company sends Annual Report in electronic form to the shareholders whose e-mail addresses are made available by the Depositories and / or Members.

Members are requested to register / update their e-mail address with their Depository Participant (in case shares are held in demat form) or with the Company (in case shares are held in physical form). Notice of AGM together with Annual Report of the Company for FY 2014-15 will be displayed on the Company's website ; [www.gnfc.in](http://www.gnfc.in)

### Nomination Facility

The Companies Act, 2013, provides facility for making nomination by shareholders in respect of their shares. Such nomination facilitates transmission of shares from the name of deceased shareholder to his / her nominee without going through the time consuming and cumbersome process of obtaining succession certificate / probate of the Will. **It would be in the interest of shareholders holding shares in single name to make such nomination without delay.** Nomination will have to be made in the prescribed form which has been given on Page No. 54 of this Annual Report and the same is also available on the Company's website; [www.gnfc.in](http://www.gnfc.in). In respect of shares held in electronic form, nomination may be directly registered with the respective Depository Participants.

### Closure of Register of Members & Share Transfer Books

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 22nd August, 2015 to Wednesday, the 26th August, 2015, (both days inclusive) for the purpose of 39th Annual General Meeting of the Company.

### Unclaimed Dividend

Pursuant to Section 205A of the Companies Act, 1956, the Dividend for the year 1994-95 to 2006-07, remaining unclaimed for a period of seven years from the respective dates of payment have been transferred to Investor Education & Protection Fund (IEPF) set up by the Government of India.

**No claim shall lie against the Company or IEPF in respect of amount of unclaimed or unpaid dividend transferred to IEPF.**

The details relating to the unclaimed and unpaid dividend for the years 2007-08 to 2013-14 have been uploaded on the website of the company : [www.gnfc.in](http://www.gnfc.in)

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

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

Particulars of Dividend	Date of declaration of dividend	Due Date for transfer to IEPF *
25th unpaid dividend - 2007 - 2008	25-09-2008	05-10-2015
26th unpaid dividend - 2008 - 2009	24-09-2009	05-10-2016
27th unpaid dividend - 2009 - 2010	24-09-2010	01-10-2017
28th unpaid dividend - 2010 - 2011	17-09-2011	23-09-2018
29th unpaid dividend - 2011 - 2012	22-09-2012	30-09-2019
30th unpaid dividend - 2012 - 2013	21-09-2013	30-09-2020
31st unpaid dividend - 2013 - 2014	26-09-2014	30-09-2021

\* Actual dates of transfer to IEPF may vary.

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

### Furnishing Bank Mandate to the Company

Members are requested to avail the facility for receipt of future dividend through National Electronic Clearing Service (NECS). For the purpose, the Members are requested to provide NECS Bank Mandate to the Company, in case of shares held in physical form and to the Depository Participant, in case of shares held in demat form. Members may ensure that correct particulars of their Bank Account are furnished to the Company / Depository Participant. This would facilitate them in receiving direct credit of future dividend from the Company thereby avoiding postal delay / loss of dividend warrants in postal transit.

NECS Mandate Form has been given on Page No. 55 of this Annual Report and the same is also available on the Company's website; [www.gnfc.in](http://www.gnfc.in).

### E-Voting

Pursuant to Section 108 of the Companies Act, 2013 read with Rules framed there under and Clause 35B of the Listing Agreement, the Company is providing the facility to the Members to exercise their right to vote by electronic means through CDSL in respect of the businesses to be transacted at this AGM. The Company has fixed **19th September, 2015 as the cut-off date** for determining the voting rights of shareholders. The remote e-voting will commence at 9.00 A.M. on 23-09-2015 and will end at 5.00 P.M. on 25-09-2015.



**Form No. SH - 13 - Nomination Form**

[Pursuant to section 72 of the Companies Act, 2013 and rule 19(1) of the Companies(Share Capital and Debentures) Rules 2014]

To  
 Secretarial & Legal Department  
 Gujarat Narmada Valley Fertilizers & Chemicals Limited  
 'Narmada House', Corporate Building  
**P.O. Narmadanagar – 392 015**  
 Dist. Bharuch, Gujarat, India

I/We.....Residing at ..... the holder(s) of the securities particulars of which are given hereunder wish to make nomination and do hereby nominate the following persons in whom shall vest, all the rights in respect of such securities in the event of my/our death.

**(1) Particulars of Securities** (in respect of which nomination is being made)

Nature of securities	Folio No	No. of securities	Certificate No.	Distinctive No.	
				From	To

**(2) Particulars of Nominee:**

- (a) Name: \_\_\_\_\_ (b) Date of Birth: \_\_\_\_\_
- (c) Father's/Mother's/Spouse's name: \_\_\_\_\_ (d) Occupation: \_\_\_\_\_
- (e) Nationality: \_\_\_\_\_
- (f) Address: \_\_\_\_\_
- (g) E-mail id: \_\_\_\_\_ Ph. No. \_\_\_\_\_ (h) Relationship with the security holder: \_\_\_\_\_

**(3) In Case Nominee is a Minor —**

- (a) Date of birth: \_\_\_\_\_ (b) Date of attaining majority \_\_\_\_\_
- (c) Name of guardian: \_\_\_\_\_ (d) Address of guardian: \_\_\_\_\_

**Name of the Security Holder (s)**

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_
- 3. \_\_\_\_\_

**Signature**

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

**Name and address of Witness**

Name : \_\_\_\_\_

Add : \_\_\_\_\_

Place :

Date :

**Signature**

\_\_\_\_\_

**INSTRUCTIONS :**

- The nomination can be made by individuals only. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. If the shares are held jointly all joint holders will sign the nomination form.
- A minor can be nominated by a holder of shares and in that event, the name and address of the Guardian shall be given by the holder.
- The nominee shall not be a trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family, or a power of attorney holder. A non-resident Indian can be a nominee on repatriable basis.
- The nomination stands rescinded upon transfer of shares.
- Transfer of shares in favour of a nominee and repayment of amount to nominee shall be a valid discharge by a company against the legal heir.
- The intimation regarding nomination/ nomination form should be filed **in duplicate** with the Company, who will return one copy thereof to the shareholders.
- Only one person can be nominated for a given folio.
- The nomination made earlier can be varied or cancelled by executing Form No. **SH-14**.
- For shares held in electronic mode, nomination is required to be filed with the Depository Participant in the prescribed form.

<b>FOR OFFICE USE ONLY</b>
Nomination Registration Number
Date of Registration
Checked by and Signature of Employee

## NATIONAL ELECTRONIC CLEARING SERVICE (NECS) MANDATE FORM

IF SHARES ARE HELD IN PHYSICAL MODE :  
Please complete this form and send it to the Company at the following address :

**GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LTD.**  
Investors' Service Centre, Secretarial & Legal Deptt.  
PO : Narmadanagar-392 015, Dist.: Bharuch, Gujarat

IF SHARES ARE HELD IN ELECTRONIC MODE :  
Please complete this form and send it to the concerned Depository Participant.

Dear Sir / Madam,

I / We hereby give my / our (i) mandate to credit my / our Dividend on the shares held by me / us under the below mentioned Regd. Folio directly to my / our Bank Account through NECS / ECS or (ii) furnish following Bank particulars for printing on the Dividend Warrants that may be issued from time to time.

1	Name of Shareholder/Beneficial Owner																		
2	Regd. Folio No./DP ID & Client ID No.																		
3	Name of Bank in Full																		
4	Name of Branch (with Full Address & Pin Code)																		
5	Bank Account Number																		
6	09 Digit MICR Code Number (As appearing on cheque book)																		

I / We hereby declare that the particulars given above are correct and complete. If the transaction is delayed or credit is not effected at all for reasons of incomplete or incorrect information, I / We would not hold the company responsible.

Date :

\_\_\_\_\_  
Signature of first / sole shareholder / Beneficial Owner

**Notes :**

- 1) Please attach a xerox copy of the "Cheque" for verification of particulars of Bank Account Number etc.
- 2) Those who have already furnished the NECS Mandate Form to the Company / DP with complete details, need not send them again.

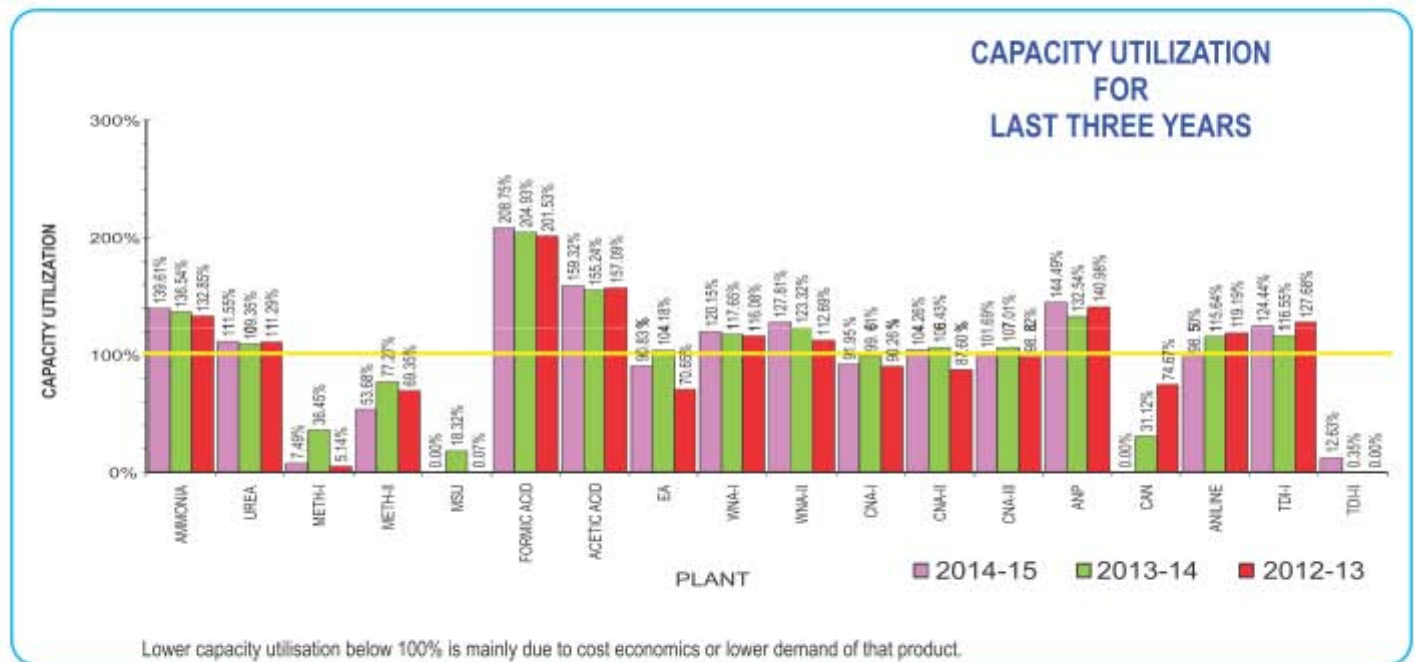
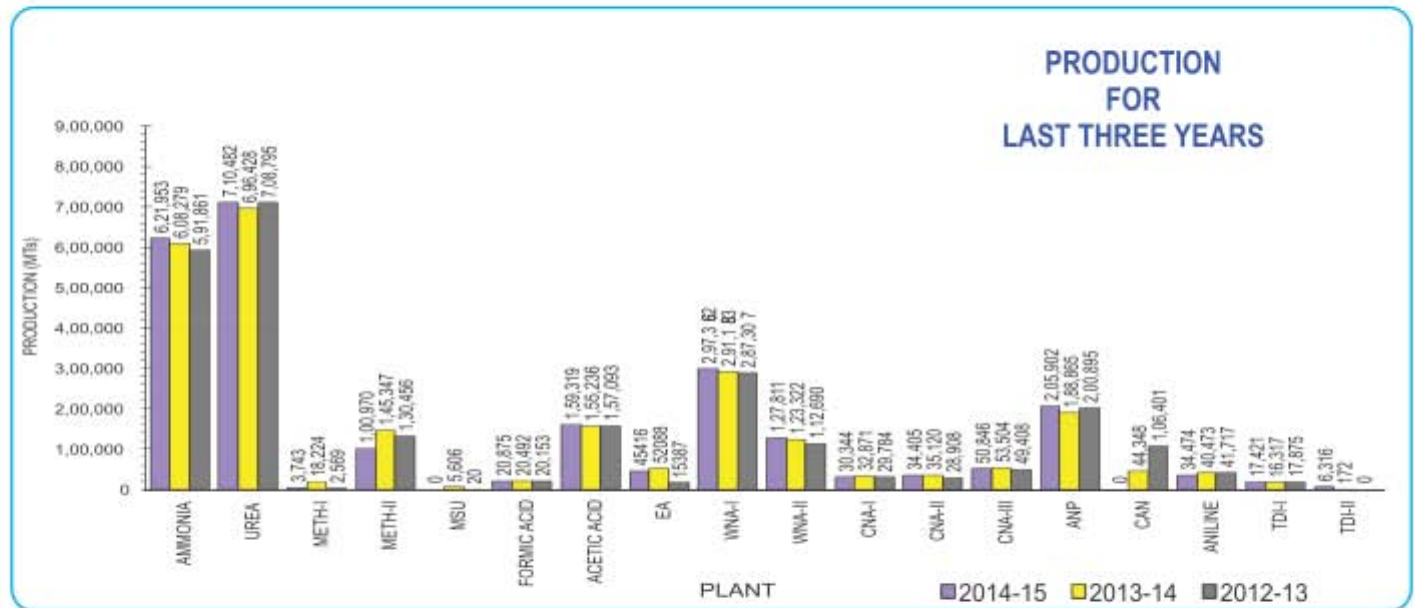


## INDUSTRIAL PRODUCTS PROFILE

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

### BY PRODUCTS

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





## Launching of Neem Project

AN INITIATIVE FOR WOMEN AND FARMERS' EMPOWERMENT



🌿 A Neem seeds collection project for the socio-economic development of Rural women was launched by Hon'ble Chief Minister of Gujarat, Smt. Anandiben Patel during a function held at Bavla, Dist. Ahmedabad on 5th June, 2015. On this occasion a Neem seeds Basket was handed over to Hon'ble Chief Minister by Managing Director Dr. Rajiv Kumar Gupta, IAS. Hon'ble Chief Minister in turn handed over Neem seeds basket to Rural Woman of Self Help Group (Sakhi Mandal) and declared the launching of the project. Hon'ble Minister of Government of Gujarat, Shri Bhupendrasinh Chudasma also graced the occasion.

This project is expected to generate an additional income of about 75 Crores to 100 Crores for the rural women folk. The Neem seeds so collected would be used for extracting Neem Oil for captive consumption for producing Neem coated urea. And excess neem oil and co-product - an organic fertilizer "Neem Cake" would be sold in the market. 🌿



To,

BY COURIER / BOOK-POST



If undelivered please return to:

**Gujarat Narmada Valley Fertilizers & Chemicals Limited**

**(An ISO 14001 & OHSAS 18001 Company)**

CIN: L24110GJ1976PLC002903

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

Ph: (02642) 247001 to 247015 Fax: (02642) 247084 Website: [www.gnfc.in](http://www.gnfc.in)