

GNFC

34th

Annual Report 2009-10



GNFC

Chemicals | Fertilizers | IT

**Gujarat Narmada Valley
Fertilizers Company Limited**



GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

FOR MEMBERS' ATTENTION

(I) SOME IMPORTANT NOTES

1. Members desirous of obtaining information as regards the accounts are requested to send their queries at least fifteen (15) days before the date of the Meeting, so as to enable the Company to make the information available at the Meeting.
2. Members holding shares in the **physical form** are requested to promptly notify to the Company, Change in their Address - Pin Code Number (alongwith self attested proof of residential address), Bank Account details, Nomination, Power of Attorney, etc.

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

3. Non-Resident Indian Shareholders holding shares in **physical form** are requested to inform the Company immediately -
 - a) the change in Residential status on return to India for permanent settlement along with (i) self attested copy of address proof, (ii) self attested copy of PAN Card, (iii) original share certificate(s) for necessary endorsement and (iv) e-Mail ID, if available.
 - 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) along with a photo copy of cancelled cheque.
4. In case of transfer and transmission of shares, deletion of name of deceased shareholder and transposition of names in respect of shares held in **physical form**, submission of photocopy of PAN Card of the transferee(s), legal heir(s), surviving holder(s) and Joint Holder(s) respectively along with necessary documents at the time of lodgment of request for these transactions, has become mandatory. Members are requested to note this.

(II) REGARDING ANNUAL REPORT / ANNUAL GENERAL MEETING

1. Kindly bring your copy of this Annual Report along with you for the Annual General Meeting.
2. Arrangement for buses from ST Depot, Bharuch to the place of Meeting will be made by the Company on the day of the Meeting.
3. Members/Proxies are requested to detach the "Entrance Pass" from this Report and hand over at the Entrance duly signed by them.
4. Only Members and in their absence, duly appointed proxies will be allowed for the Meeting.

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



GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

34TH ANNUAL GENERAL MEETING

Date : 24th September, 2010
Day : Friday
Time : 11:00 A.M.
Place : Near Jan Vikas Temple,
Narmadanagar Township,
P.O. Narmadanagar-392 015,
District – Bharuch.

BOARD OF DIRECTORS

(As on 1st August, 2010)

Shri AK Joti, IAS, *Chairman*
Shri MM Srivastava, IAS
Shri DJ Pandian, IAS
Shri PN Roychowdhury, IAS
Shri Pankaj Kumar, IAS
Dr. TT Ram Mohan
Dr. Ashok Shah
Shri DC Anjaria
Shri HV Patel, IAS, *Managing Director*

Executive Directors

Shri KC Jatania, CFO
Shri JS Kochar
Shri AD Modashia

Company Secretary

Shri RB Panchal

Statutory Auditors

M/s RS Patel & Company
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

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NOTICE

NOTICE IS HEREBY given that the **34th Annual General Meeting** of the Members of Gujarat Narmada Valley Fertilizers Company Limited will be held on **Friday, the 24th September, 2010 at 11.00 A.M.** at the Registered Office of the Company, Near Janvikas Temple, Narmadanagar Township at P.O. Narmadanagar - 392 015, District Bharuch to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010, the Audited Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To declare a Dividend on Equity Shares for the financial year ended 31st March, 2010.
3. To appoint a Director in place of Shri Pankaj Kumar, IAS, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Dr. TT Ram Mohan, who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration and, if thought fit, to pass with or without modification(s), the following Resolution:

As a Special Resolution :

“RESOLVED that pursuant to the provisions of Sections 224, 224A and other applicable provisions, if any, of the Companies Act, 1956, the retiring Auditors M/s. RS Patel & Co., Chartered Accountants, Ahmedabad (Firm Registration No. 107758W), be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be determined by the Board of Directors of the Company, based on the recommendation of the Audit Committee and reasonable out-of-pocket expenses actually incurred by them in connection with the audit of the Accounts of the Company for the year ending 31st March, 2011.”

SPECIAL BUSINESS :

6. Appointment of Shri HV Patel, IAS as Managing Director of the Company :

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

As an Ordinary Resolution :

“RESOLVED that subject to the provisions of Sections 198, 269, 309 and 316 read with Schedule XIII and all

other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Shri HV Patel, IAS as Managing Director of the Company for a period commencing from 15th July, 2010 until his services are withdrawn from the Company by the Government of Gujarat, so however, his period of office shall not exceed five years from the date of his appointment.”

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

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

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

7. Increase in the Borrowing Limits of the Company :

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

As an Ordinary Resolution:

“RESOLVED that in supersession of the Ordinary Resolution passed by the Members at the 32nd Annual General Meeting held on 25th September, 2008, the consent of the Company be and is hereby accorded under Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company to borrow from time to time, all such sums of money as they may deem requisite, necessary or expedient, for the purpose of the business of the Company, upon such terms and conditions and with or without security, as the Board of Directors may in its absolute discretion think fit, notwithstanding that the money or monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) would exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose,

provided, however, that the total amount up to which monies may be borrowed by the Board of Directors shall not exceed the sum of Rs.4,000 Crores (Rupees Four Thousand Crores only) outstanding at any point of time.”

8. Authorization for creation of mortgage(s)/charge(s) :

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

As an Ordinary Resolution :

“**RESOLVED** that in addition to the mortgages and charges created and to be created by the Company pursuant to the consents given at the General Meetings of the Company held from time to time, the consent of the Company be and is hereby accorded pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the mortgaging and/or charging by the Board of Directors of the Company of all or any of the immovable and movable properties of the Company, wheresoever situate, both present and future, and the whole or substantially the whole of the undertaking of the Company with or without conferring the power to enter upon and to take possession of assets of the Company and/or to take over the management of the business and undertaking of the Company, in certain events, to secure a loan or loans and/or deposits and/or credit facilities and/or deferred payment facilities and/or guarantees for securing any loans or deferred payment facilities and/or debentures or bonds and/or any other form of borrowing, in any currency or currencies, for amounts not exceeding in the aggregate Rs.4,000 Crores remaining outstanding at any point of time and interest and all other monies payable in connection therewith, to be obtained from or to be issued to financial institutions and/or banks and/or other parties, by the Company.”

“**RESOLVED FURTHER** that the Board of Directors of the Company be and is hereby authorized to finalize and execute all such documents for creating the aforesaid mortgage(s) and/or charge(s) and on such terms and conditions as they may deem fit, proper or appropriate in their absolute discretion and to do all such acts, things and matters as may be necessary for giving effect to the above Resolution.”

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE INSTRUMENT APPOINTING PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY- EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 5 to 8 set out above is annexed hereto. The information as are required to be furnished under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, of persons seeking appointment/ re-appointment as Director under Item Nos. 3, 4 and 6 are also annexed.

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

Registered Office :
P.O. Narmadanagar
Dist. Bharuch : 392 015
Dated : 17th August, 2010

R B Panchal
Company Secretary



ANNEXURE TO THE NOTICE

AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956, THE FOLLOWING EXPLANATORY STATEMENT SET OUT ALL MATERIAL FACTS RELATING TO THE BUSINESS MENTIONED UNDER ITEM NOS. 5 TO 8 OF THE ACCOMPANYING NOTICE DATED 17TH AUGUST, 2010

Item No. 5

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

Your Directors, therefore, commend the resolution for your approval.

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

Item No. 6

Consequent upon the transfer and appointment of Shri Guruprasad Mohapatra, IAS as Commissioner of Commercial Tax, Ahmedabad, he tendered his resignation from the Board of the Company effective 15th July, 2010. He relinquished the charge as Managing Director of the Company with effect from the said date.

As advised by Government of Gujarat, Shri H. V. Patel, IAS, Director of the Company and Managing Director of Gujarat State Fertilizers & Chemicals Ltd. assumed the additional charge of the post of Managing Director of the Company effective 15th July, 2010. In pursuance of the provisions of Section 316 of the Companies Act, 1956, he was appointed by the Board as Managing Director of the Company in its meeting held on 31st July, 2010 by passing an unanimous Resolution. As Shri HV Patel is drawing remuneration from Gujarat State Fertilizers & Chemicals Ltd., presently no remuneration is paid to him by the Company for holding the additional charge of the post of Managing Director of the Company. He will, however, be paid remuneration / special pay, if any, as may be granted and conveyed by Government of Gujarat subject to the same not exceeding the limit specified under Schedule XIII to the Companies Act, 1956.

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

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

Item Nos. 7 & 8

The Members of the Company at their 32nd Annual General Meeting held on 25th September, 2008 had approved the proposal of the Company to borrow monies up to Rs.3,000 Crores, under Section 293(1)(d) of the Companies Act, 1956.

The asset base of the Company has been increasing and as at 31st March, 2010, the balance sheet size of the Company has exceeded Rs.3000 Crores. The Company is implementing various projects under its growth plan and has already tied up loan of Rs.2001 Crores for these projects. Board of Directors has recently approved implementing Ammonia Feed Stock Conversion Project. Lump sum turnkey contract for this project has been awarded to M/s Larsen & Toubro, Mumbai. The Company is also exploring to set-up a new Formic Acid Plant of 50,000 MTPA. It is also planned to revamp / replace the plants which have lived their life. So as to augment the long term financial resources of the Company for implementation of these projects as also for the normal capital expenditure, it is necessary to raise the funds by resorting to borrowings from financial institutions/banks/ other parties, as also by issuance of securities such as debentures/bonds, etc. In view of this, it is proposed to further increase the borrowing limits of the Board of Directors from the present limit of Rs.3000 Crores to Rs.4000 Crores.

The borrowings of the Company in general would be required to be secured by suitable mortgage or Charge on all or any of the movable and/or immovable properties of the Company in such form, manner and ranking, as may be determined by the Board of Directors of the Company from time to time, in consultation with the lenders.

Resolutions placed at Item Nos.7 & 8 of the accompanying Notice are for the said purposes and are therefore commended to the shareholders for their approval.

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

Inspection of Documents :

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

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

Registered Office :
P.O. Narmadanagar
Dist. Bharuch : 392 015
Dated : 17th August, 2010

R B Panchal
Company Secretary

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

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

Shri Pankaj Kumar, IAS

Shri Pankaj Kumar (48) is a Director of the Company since 31st August, 2005. He is B.Tech-Civil, IIT (Topper), Kanpur and MBA.

He is a senior IAS Officer. He has held high positions in Government as Collector, District Development Officer, Municipal Commissioner, Commissioner of Relief & Secretary, Revenue Department, Additional Principal Secretary to the Hon'ble Chief Minister of Gujarat and as Secretary, Information & Broadcasting Department and Joint Managing Director, Sardar Sarovar Narmada Nigam Ltd. He has expertise in the field of Public Policy and Administration, Disaster Management and Media Management. Presently, he is the Vice Chairman & Chief Executive Officer of Gujarat Maritime Board.

Details of his other Directorships are -

1. Mundra Port & Special Economic Zone Ltd. - Director
2. Bharuch Dahej Railway Co.Ltd. - Director
3. Gujarat Chemical Port Terminal Co.Ltd. - Director
4. Gujarat Industrial Corridor Corp.Ltd. - Director
5. Gujarat Pipavav Port Ltd. - Director
6. Gujarat Port Infrastructure & Development Co.Ltd. - Director
7. Alcock Ashdown Gujarat Ltd. - Director
8. Gujarat Maritime Board - Vice Chairman & CEO
9. Hazira Port Pvt. Ltd. - Director

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

Dr. TT Ram Mohan

Dr. TT Ram Mohan (54) is a Director of the Company since 31st August, 2005. He is B.Tech - Metallurgy, IIT, Mumbai, PGDM, IIM, Kolkata, MBA, Stern School of Business, New York and Ph.D. (Economics), Stern School of Business, New York.

He is a Professor, finance and accounting area at IIM Ahmedabad. He worked extensively in consultancy and in the financial sector before entering academics. He has worked as Divisional Manager with Tata Economic Consultancy Services, Head of Strategy at Standard Chartered Bank and Vice President with Bear Stearns Asia Ltd.(Hongkong). At IIM, Ahmedabad, Prof. Ram Mohan specialises in the financial sector. His current research interests include banking sector reforms, privatisation and corporate governance. He has run training programmes for Executives and presented papers at conferences in India and abroad, published papers and authored three books, including one on financial regulation. For past 9 years, he has been writing a fortnightly column for 'The Economic Times'. He was visiting faculty at Stern School of Business, Newyork University in 2001.He has served on RBI Committees.

Details of his other Directorships and Committee Membership are -

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

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

Shri H. V. Patel, IAS, Managing Director

Shri H. V. Patel (56), is a Director of the Company since 20th May, 2008. He is a Bachelor of Commerce with Advanced Accountancy. He is a senior IAS Officer in the rank of Principal Secretary to the Government of Gujarat. He has a long experience in development and regulatory administration as Assistant Collector - Radhanpur / Mehsana, District Development Officer in Surendranagar and Kutch, Collector - Jamnagar, Additional Industries Commissioner, Joint Secretary (Industries), Secretary (Information) Secretary (Transport) - Home Department, Commissioner and Principal Secretary (Land Reforms) - Revenue Department. Some of the major assignments handled by him in the capacity of Managing Director have been with Gujarat State Export Corporation, Gujarat Land Development Bank and Gujarat Power Corporation Ltd. and also as Vice - Chairman & Managing Director of Gujarat Industrial Development Corporation.

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

Details of his other Directorships and Committee Memberships are -

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

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



DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting this 34th Annual Report together with Audited Statements of Accounts of the Company for the year ended 31st March, 2010.

Financial Results (Rs. in Crores)

Particulars	2009-10	2008-09
Income from Sales	2,614.45	2,920.06
Other Income	86.28	65.34
Total Income	2,700.73	2,985.40
Total Expenditure	2,340.50	2,485.04
Profit before Depreciation, Interest and Tax	360.23	500.36
Depreciation	116.96	119.73
Interest	23.38	26.92
Profit before Taxes (PBT)	219.89	353.71
Provision for Taxes (Net)	96.05	126.19
Net Profit for the year	123.84	227.52
Balance brought forward from previous year	491.64	523.22
Amount available for Appropriation	615.48	750.74
Appropriations		
Proposed Dividend	50.51	50.51
Tax on Dividend	8.39	8.59
General Reserve	100.00	200.00
Balance carried to Balance Sheet	456.58	491.64

YEAR IN RETROSPECT

During the year under review, the Company achieved a sales turn-over of Rs.2,614.45 Crores as against Rs.2,920.06 Crores of the previous Financial Year. The profit before tax and the profit after tax remained at Rs.219.89 Crores and Rs.123.84 Crores respectively for the Financial Year 2009-10 as against Rs.353.71 Crores and Rs.227.52 Crores for the previous Financial Year. The Company's margins were under pressure during the year due to stiff competition and lower realization of Industrial Products, despite increase in the volume of sales.

DIVIDEND

Keeping in view the Company's performance, need for capital for its Growth Plan and to ensure that the shareholders of the Company get sustained return on their investments, your Directors have recommended a dividend of Rs.3.25 per equity share i.e. @ 32.50%, for the financial year ended 31st March, 2010. On its approval, the dividend pay out will be Rs.58.90 Crores, including tax on dividend of Rs.8.39 Crores.

TRANSFER TO RESERVES

The Company proposes to transfer Rs.100 Crores to General Reserve out of the amount available for appropriations. An amount of Rs.456.58 Crores is proposed to be retained in the Profit & Loss Account.

PERFORMANCE REVIEW

Operational Highlights

The fiscal year 2009-10 was a challenging year for Indian Economy. Impact of significant deceleration in the growth rate in the second half of 2008-09 was felt even during the first half of 2009-10. There was added uncertainty on account of delayed and subnormal south – west monsoon, which had undermined the kharif crop in the Country. Major concern during the second half of 2009-10 had been the emergence of double digit food inflation. It is in this environment that the performance of your Company during 2009-10 can be regarded as reasonably good.

Despite several constraints, the Company achieved overall satisfactory production performance during the year under review. Some of the major plants of the Company were operated at over 100% capacity utilization. Ammonia Plant produced 4,45,505 MTs of Ammonia with capacity utilization of 100%, Formic Acid Plant produced 15,886 MTs of Formic Acid with capacity utilization of 158.86%, Acetic Acid Plant produced 1,40,140 MTs of Acetic Acid with capacity utilization of 140.14%, Weak Nitric Acid Plant (WNA) produced 2,81,049 MTs of WNA registering capacity utilization of 113.56%, CNA-I and CNA-II Plants produced 68,906 MTs of CNA registering average capacity utilization of 104.40% and ANP Plant produced 1,66,547 MTs of Ammonium Nitrophosphate registering capacity utilization of 116.88%. Besides, Urea Plant produced 6,01,681 MTs of Urea with capacity utilization of 94.60%, Aniline Plant produced 33,848 MTs of Aniline with capacity utilization of 96.71% and TDI Plant produced 12,974 MTs of TDI with capacity utilization of 92.67%.

Total 23 new records were established during the year in terms of production, marketing and despatch.

The Company achieved a sale of 10.30 Lac MTs of Fertilizers. In addition, the Company also handled and sold 1.13 Lac MTs of Imported Urea as a part of its trading activity. Highest ever dispatches of Fertilizers directly to retail outlets in Gujarat by road was achieved, resulting into a significant saving in freight cost. The Company handled 6,67,589 MTs of Industrial Products during financial year 2009-10 vis-a-vis 5,29,528 MTs of Industrial Products handled during financial year 2008-09, showing an increase of around 26%.

A catastrophic failure of Waste Heat Boiler (WHB) E-703, in Ammonia Plant on 9th February, 2010 resulted into disruption of Ammonia production. A partial shutdown of Ammonia Plant had to be taken for the repairs of WHB E-703. Repaired WHB E-703 has been put-back into operation and all the plants have been recommissioned effective 6th June, 2010. The production of Ammonia, Urea and ANP has been restored. All the plants of the Company are now operating smoothly.

We are seriously concerned about the failure / breakdown of the plants. An Upkeep Plan for countering failure susceptibility due to ageing of plants and supporting facilities has been approved. All critical equipments / instruments which have potential failure or are risk prone are being replaced in a phased manner. It is also planned to revamp / replace the ageing plants which have lived their life.

As reported last year, the Company is implementing various projects under its 'Growth Plan'. The Company has tied-up term loans of Rs.2,001 Crores from Banks, etc., for its new projects. In addition, as per the policy of Government of India, the Company is implementing Ammonia Plant Feed Stock Conversion Project at a cost of Rs.1,215.74 Crores. Approval from Department of Fertilizers, Government of India for this project has been received with zero date commencing from 14th December, 2009. The Company has already awarded LSTK contract for this project to M/s Larsen & Toubro Ltd., Mumbai and has also tied-up term loans of Rs. 1,154.53 crores from banks for this project. With a view to utilizing the spare capacity of existing Gasifier Train, the Company is exploring a new Formic Acid Plant of 50,000 MTPA. The Company is also contemplating setting-up projects in Joint Venture with Gujarat State Fertilizers & Chemicals Ltd., and Gujarat Alkalies & Chemicals Ltd., at Dahej in Gujarat.

Analysis of the performance of the Company as also the status of various projects completed and projects under execution are given in the Management Discussion & Analysis, forming part of this Annual Report.

(n) CODE SOLUTIONS

(n) Code Solutions, the IT division of the Company is a Licensed Certifying authority for issuance of Digital Signature Certificates, the usage of which is increasing in e-governance applications and e-commerce transactions. It has issued 1,09,488 Digital Signature Certificates during the financial year 2009-2010, a growth of about 20% over the previous year. (n) Code solutions also provides e-procurement services, e-Governance solutions, designs, builds and manages world class data centers and offers Managed IT services.

(n) Code has been selected as a service provider by NICS (National Informatics Center Services Incorporated) for the implementation of e-procurement for 11 States under the PMGSY (Pradhan Mantri Gram Sadak Yojna) Project. During 2009-10, it has also handled interesting projects for Pune Municipal Corporation, Reliance Industries Ltd., BEML, MJunction, All Time Royalty pass for the Department of Geology and Mining, Gujarat etc. During the year its security services project called ISMS implemented for GUVNL received a "Special Recognition Award" of the Computer Society of India (CSI).

FERTILIZER POLICY

During the year under review, the Government of India (GoI) has announced Nutrient Based Subsidy (NBS) Policy. This Policy is expected to promote balanced fertilization through new fortified products and focus on extension services by the Fertilizer Industry. This will lead to an increase in agricultural productivity and consequently better returns for the

farmers. The first phase of NBS covering only P&K has become effective from 1st April, 2010. NBS policy is applicable to the Company's product Ammonium Nitrophosphate (ANP). As per the policy, subsidy amount will be fixed for the entire year based on the Nutrient contents of Company's product and the Company will be free to decide the selling price of the product in the market.

NBS policy for Urea will be implemented in second phase. Till such time NPS-III will continue as NPS-IV /ad-hoc Urea Scheme. Urea price has been increased by 10% w.e.f. 1st April, 2010. This however, is not likely to impact the demand of Company's Urea.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- ❖ in the preparation of the Annual Accounts, applicable Accounting Standards have been followed and that no material departures have been made from the same;
- ❖ appropriate Accounting Policies have been selected and applied consistently and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit of the Company for the year ended on that date;
- ❖ proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- ❖ the Annual Accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

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

1. Declaration on the Code of Conduct.
2. Certificate obtained from the Practising Company Secretary with regard to Company's compliance with the conditions of Corporate Governance.

MANAGEMENT DISCUSSION & ANALYSIS

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

FIXED DEPOSITS

The Company has discontinued acceptance of fixed deposits w.e.f. 1st April, 2007. The Company has during the year transferred an amount of Rs.3,54,308/- being the amount of unclaimed deposit and interest, to the Investors' Education and Protection Fund set-up by the Government of India.



DIRECTORATE

Chairman

On the expiry of her term of office, Smt. Sudha Anchlia, relinquished the charge as Chairperson & Managing Director of the Company effective 30th June, 2009.

Shri AK Joti, IAS, Chief Secretary to Government of Gujarat has been nominated as Government Director on the Board of Directors of the Company effective 20th February, 2010. He has been appointed as the Chairman of the Company.

Managing Director :

Shri Guruprasad Mohapatra, IAS, was nominated as Government Director on the Board effective 1st July, 2009 and was appointed Managing Director of the Company with effect from the said date. He relinquished the charge of the post of Managing Director of the Company effective 15th July, 2010.

Shri H. V. Patel, IAS, Managing Director, Gujarat State Fertilizers and Chemicals Limited has assumed the additional charge of the post of Managing Director of the Company with effect from 15th July, 2010.

Change in Directorship during the year under review.

- ❖ Shri MM Srivastava, IAS, has been appointed Director to fill the casual vacancy caused by the resignation of Shri D Rajagopalan w.e.f. 22nd April, 2009.
- ❖ Shri S Jagadeesan, IAS, resigned as Director of the Company w.e.f. 1st December, 2009.
- ❖ Shri DJ Pandian, IAS, has been nominated as Government Director on the Board effective 11th December, 2009.

In pursuance of the provisions of Articles of Association of the Company as also of the provisions of the Companies Act, 1956, S/Shri Pankaj Kumar, IAS, and Dr. TT Ram Mohan retire by rotation at the forthcoming Annual General Meeting and they are eligible for reappointment.

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

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

Information required under Section 217(1)(e) of the Companies Act, 1956, read with Rule (2) of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, are given in Annexures – 'A' & 'B' respectively forming part of this report.

AUDITORS AND AUDITORS' REPORT

In pursuance of the Companies Act, 1956, M/s RS Patel & Co., Chartered Accountants, Ahmedabad, who are the Statutory Auditors of the Company, hold office upto the conclusion of the forthcoming Annual General Meeting and they are eligible for reappointment. The Company has received a letter from M/s RS Patel & Co., Chartered Accountants, Ahmedabad to the effect that their reappointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956 and that they are not disqualified for such reappointment within the meaning of Section 226 of the said Act.

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

COST AUDITOR

In pursuance of the directives received from the Central Government for the appointment of Cost Auditors, your Directors have appointed Shri Shirish V Diwanji, Cost Accountant of M/s Diwanji & Associates, Vadodara, as the Cost Auditor of the Company to conduct the cost audit of fertilizer products in respect of financial year 2010-11 under the Cost Accounting Records (Fertilizers) Rules, 1993.

INDUSTRIAL RELATIONS

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors,

Place: Vadodara
Date : 31st July, 2010

A K Joti
Chairman

ANNEXURES TO DIRECTORS' REPORT**ANNEXURE - "A"****PARTICULARS UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 FOR THE YEAR ENDED ON 31ST MARCH, 2010.****(A) CONSERVATION OF ENERGY :**

Company declared Energy Policy in February, 2005 in accordance with Energy Conservation Act, 2001 and the same is in force. Energy audit of GNFC complex was also carried out by M/s ERDA in the year 2009-10.

(a) Energy Conservation measures taken.

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

Ammonia Plant :

- ❖ Trimming of grey water pump impeller of its last 3 stages resulted into saving of 6.8 kw.
- ❖ Collection of gland cooling water of HP BFW pumps and recycling into cooling tower resulted into saving of about 15 M³/hr of water.

Urea Plant :

- ❖ Use of DM water in ammonia absorption tower has been started since May, 2009. This has resulted into reduction in Ammonia through vent resulting in saving of 1 MTPD of Ammonia.

Methanol-II Plant :

- ❖ Methanol Product Transfer pump replaced with new pump, with revised specification to realize saving of 24.75 kwh.

Formic Acid Plant :

- ❖ Discontinuation of cooling of feed to the Methanol Drying Column in heat exchanger and feeding directly to the column has resulted into LP Steam saving of the order of 3 MTPD and also resulted in saving of cooling water circulation.

ANP Plant :

- ❖ Installation of variable speed drive in neutralization off gas blower in February, 2010 for power saving.

CAN Plant :

- ❖ By air draft optimization in drying circuit, fluidized bed cooler outlet blower stopped since December, 2009 resulted into power saving of 31 kwh.

Utility Plant :

- ❖ Out of 2 Nos., of Degasser blowers each of 11 kw, one of the blower replaced with 3.7 kw, resulted into saving of 8 kwh.
- ❖ In CW Makeup pumps(total 4 Nos.) NRVs on discharge piping replaced with low pressure drop dual plate check valves, thereby reducing power consumption.

TDI Plant :

- ❖ HCl revamp system commissioned in October, 2009 so as to reduce cooling circulation flow by 200 m³/hr and achieved power saving of 3.7 kw in HCl circulation pump.

Hazardous Chemicals Handling Plant :

- ❖ Total 192 nos. of LSHS rakes were unloaded without steam heating resulting into LP steam saving of 50 MT/Rake.

Steam Trap Management :

- ❖ In Hazardous Chemical Plant, Total 95 nos. of defective steam traps were replaced with new traps. Effective steam saving realized of the order of around 1 MT/Day.
- ❖ In Ammonia Plant, in all 60 Nos., of defective steam traps identified during the survey and the same were replaced.
- ❖ In SGGU / Meth-I / MSU group of plants, total 11 Nos., passing traps attended and 7 Nos., passing traps were replaced.
- ❖ In Aniline / TDI plants, replacement of defective steam traps carried out for four heat exchangers.
- ❖ SAC plant flash vessel outlet trap and bypass valve replaced due to passing.

Electrical System :

- ❖ Throughout the year power factor was maintained above specified limit so as to get rebate on power factor adjustment from State Electricity Board.
- ❖ Timer controlled lighting DB installed in EP area of steam generation plant resulting in to saving in lighting power.
- ❖ Old lighting fixtures were replaced by energy efficient fixtures at Methanol-I, DM / RWT, Urea and ECU plant areas.

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

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

Acetic Acid Plant :

- ❖ Scheme is under execution for recovering low pressure flash steam (saving of LP steam approx. 12 MTPD).

Formic Acid Plant :

- ❖ Scheme is under engineering for installation of Energy Conservation Turbine across steam pressure reduction and desuperheating station. It has energy saving potential of about 200 kwh.

ANP Plant :

- ❖ Scheme is under execution for provision of variable frequency drive in all 10 crystallizer motors for power saving.

CAN Plant :

- ❖ Scheme is under execution for installation of variable speed drive for wet scrubber outlet fan, which will result into saving of 50 kwh.

Utility Plant :

- ❖ Scheme is under execution for procurement of new high efficiency raw water sump pumps.

Aniline Plant :

- ❖ Scheme is under execution for installation of smaller size air compressor, to eliminate air venting in order to save electrical energy of around 150 kwh.

Following major schemes are completed. This will improve productivity / reliability of plants.

- ❖ **Installation of Molecular Sieve System in Ammonia Plant :**

This scheme is for improvement in reliability and stability of Ammonia plant by employing improved technology for removal of water and CO₂ from air in Air Separation Unit. Project is completed during March / April, 2010 shutdown and is in operation since April, 2010.

- ❖ **N₂O Abatement Project in Weak Nitric Acid (WNA) Plant, a project under Clean Development Mechanism (CDM) :**

The existing WNA plant produces unwanted by-product Nitrous Oxide, which is vented into atmosphere. N₂O is considered as a Green House Gas like Carbon Dioxide (CO₂) and has 310 times higher Global Warming Potential than CO₂. The WNA plant has potential to reduce about 3,30,000 MTPA of CO₂. The Company has installed N₂O Abatement catalyst procured from M/s BASF, Germany in the WNA reactor during the shutdown in November, 2007. The project has been registered with CDM Executive Board on 29th October, 2009.

- ❖ **Acetic Acid Reactor Replacement :**

Existing reactor of Acetic Acid plant was required to be replaced due to corrosion. It was decided to replace Hastelloy-B2 reactor with a new Zirconium lined reactor of higher capacity of 1,50,000 MTA. New reactor manufactured by M/s Kobe Steel, Japan has been installed during April, 2010 shutdown.

- ❖ **TDI Plant :**

Majority jobs of in-house TDI revamp scheme are implemented for improving productivity and reliability of the plant.

- ❖ **Revamp of Ammonia synthesis loop by S-50 Converter :**

The revamp will realize energy saving in ammonia plant. Project is in operation since June, 2010.



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

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

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

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

(B) **TECHNOLOGY ABSORPTION :**

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

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

(a) **Exports :**

Majority of Industrial products are sold in domestic market as the realization is maximum and the exports are resorted to, if needed. During the year 2009-10, the Company exported 200 MTs of TDI, 11 MTs of Aniline, 192 MTs of Ortho Toluene Diamine (OTD) and 100 MTs of Formic Acid.

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

(Rs. in Lacs)		
Particulars	2009-10	2008-09
Foreign Exchange Used	45,553.50	33,503.05
Foreign Exchange Earned	591.92	1,449.98

FORM - "A"

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

Sr. No.	Particulars	Unit	2009-10	2008-09
A) Power and Fuel Consumption: (GNFC Complex)				
1. Electricity :				
a)	Power imported at factory #	MWH	49,151.878	45,807.995
	Less : Power from Wind Mills	MWH	(45,165.518)	(24,791.832)
	Net Power Import	MWH	3,986.360	21,016.163
	Power export to GEB	MWH	35.280	43.200
	Total Amount	Rs. Lacs	1,483.98	2,159.10
	Rate/Unit	Rs./Kwh	37.23	10.27
b)	Own generation through			
	Steam Turbine :	'000 KWH	3,04,437	3,10,196
	Unit power per Eq. natural gas	KWH/SM3	2.44	2.51
	Variable cost/unit (excl. Power Gen. Duty)	Rs./Kwh	3.17	3.51
2.	Coal for steam generation (Indian)	MT	3,03,182	2,87,920
	Total Cost of Indian Coal	Rs. Lacs	8,586.35	7,611.79
	Average Rate	Rs./MT	2,832.08	2,643.72
	Coal for steam generation (Imported)	MT	2,80,098	3,27,872
	Total Cost of Imported Coal	Rs. Lacs	15,244.35	13,239.24
	Average Rate	Rs./MT	5,442.51	4,037.93
3.	LSHS (Boiler Oil) for steam generation	KL	443.243	18,679.741
	Total Cost of LSHS fuel	Rs. Lacs	76.79	5,849.88
	Average Rate	Rs./KL	17,324.72	31,316.71
4.	Natural Gas for steam generation	'000 SM3	72,948.555	52,233.554
	Total Cost of Natural Gas	Rs. Lacs	4,086.6	4,716.88
	Average Rate	Rs./Ksm3	5,602.03	9,030.36
Power and Fuel Consumption (Aniline/ TDI Complex)				
1. Electricity :				
a)	Power imported at Aniline/TDI complex	MWH	##	##
	Power export to GEB	MWH	##	##
	Total Amount	Rs. Lacs	##	##
	Rate/Unit	Rs./Kwh	##	##

Sr. No.	Particulars	Unit	2009-10	2008-09
B) Consumption per unit of Production :				
i) Ammonia :				
	Electricity	KWH/MT	342.045	335.080
	LSHS (Boiler Oil)	KL/MT	0.0005	0.020
	Coal (at 4200 Kcal/kg)	MT/MT	0.728	0.731
	Natural Gas	SM3/MT	78.911	54.706
ii) Urea:				
	Electricity	KWH/MT	67.972	68.816
	LSHS (Boiler Oil)	KL/MT	0.0001	0.004
	Coal (at 4200 Kcal/kg)	MT/MT	0.140	0.135
	Natural Gas	SM3/MT	15.173	10.111
iii) Methanol (I + II + MSU):				
	Electricity	KWH/MT	330.578	361.814
	LSHS (Boiler Oil)	KL/MT	0.00003	0.002
	Coal (at 4200 Kcal/kg)	MT/MT	0.046	0.091
	Natural Gas	SM3/MT	4.943	6.776
iv) Formic Acid:				
	Electricity	KWH/MT	943.800	943.109
	LSHS (Boiler Oil)	KL/MT	0.0008	0.034
	Coal (at 4200 Kcal/kg)	MT/MT	1.251	1.287
	Natural Gas	SM3/MT	135.522	96.302
(v) Acetic Acid plant:				
	Electricity	KWH/MT	195.834	201.520
	LSHS (Boiler Oil)	KL/MT	0.0001	0.003
	Coal (at 4200 Kcal/kg)	MT/MT	0.102	0.111
	Natural Gas	SM3/MT	11.089	8.309
vi) Nitrophosphate Plants :				
(a) ANP :				
	Electricity	KWH/MT	220.798	231.641
	LSHS (Boiler Oil)	KL/MT	0.00003	0.001
	Coal (at 4200 Kcal/kg)	MT/MT	0.039	0.047
	Natural Gas	SM3/MT	4.214	3.528
(b) CAN :				
	Electricity	KWH/MT	63.632	66.561
	LSHS (Boiler Oil)	KL/MT	0.000004	0.0001
	Coal (at 4200 Kcal/kg)	MT/MT	0.007	0.005
	Natural Gas	SM3/MT	0.731	0.378
(c) WNA :				
	Electricity	KWH/MT	45.994	48.190
(d) CNA (I + II):				
	Electricity	KWH/MT	38.058	39.608
	LSHS (Boiler Oil)	KL/MT	0.00003	0.001
	Coal (at 4200 Kcal/kg)	MT/MT	0.049	0.047
	Natural Gas	SM3/MT	5.308	3.503
vii) ANILINE / TDI Complex:				
(a) Aniline :				
	Electricity	KWH/MT	317.920	360.803
(b) TDI :				
	Electricity	KWH/MT	2,575.100	2,693.653
	LSHS (Boiler Oil)	KL/MT	0.0008	0.049
	Coal (at 4200 Kcal/kg)	MT/MT	1.151	1.837
	Natural Gas	SM3/MT	124.713	137.497

Power imported at factory includes wind mill power generation.
After merger GEB power grid for NCPL (Aniline/ TDI) is disconnected
\$\$ Proportional power of reform gas consumed in Methanol plants is allocated.

FORM - "B"

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION:

(A) RESEARCH & DEVELOPMENT:

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

- Studies on hydrolysis of methyl format to formic acid using solid catalyst carried out on bench scale and is in operation on pilot scale with encouraging results.
- Absorbent and process development for enrichment of CO in tail gas stream has been carried out jointly with CSMCRI, Bhavnagar on laboratory scale. Pilot studies are being conducted for scale up.
- Process for purification of Acetic acid off gas for recovery of valuable components has been carried out successfully on laboratory scale. Further scale up is under progress.
- Effluent treatment method for COD removal has been scaled up to pilot scale on continuous basis and data have been generated for plant scale project.
- Treatment and recovery of nutrients from discontinuous effluent of nitrophosphate plant has been developed and implemented in the plant.
- Other studies for improvement of plant performance, understanding of byproducts, their disposal and treatment of waste streams and recovery of valuable products from waste streams have been conducted in close association with various plant groups, Technical Services Dept and Environment Control Unit.

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

- The implementation of in-house developed SulfaZip® Dry Bed Sulphur removal process in Urea plant will help to reduce corrosion of equipments and reduce plant downtime.
- The effluent recovery schemes developed help in value addition to the respective streams and the treatment schemes help in pollution abatement.
- The new process developed for hydrolysis of methyl formate using solid catalyst will help in cost reduction when implemented in plant scale.
- In-house developed CATSOL® desulphurisation chemicals worth Rs. 80 lakhs have been commercially supplied during the year.
- CATSOL technology for sulphur recovery from hydrogen sulphide has been licensed for use to a major customer and know how fees has been received for the same.

3. Future Plan of Action :

The R&D efforts in the above areas are proposed to be strengthened and new areas of work have been identified which can benefit the Company.

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

Sr. No.	Nature of Expenditure	2009-10	2008-09
1	Capital Expenditure	13.35	41.39
2	Recurring Expenditure	85.13	72.11
3	Salaries to R&D Personnel	107.09	115.26
4	Power and Fuel	3.17	3.48
	Total	208.74	232.24
5	Total R&D Expenditure as percentage of Total Turnover	0.0769%	0.0758%
6	Gross Turn-over	2,71,277.75	3,06,228.02

(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

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

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

2) Benefits derived as a result of above efforts :

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

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

Technology Imported	Year of Import	Has Tech. been fully absorbed?	If Tech. not absorbed, reasons thereof
M/s. Snamprogetti, Italy for Revamp of Urea (Energy Saving)	2006	Yes	—
M/s Linde AG, Germany for Revamp of synthesis loop of Methanol-II plant	2006	Yes	—
M/s. Toyo Engineering India Ltd., for Revamp of Reformer Section of Methanol-II plant	2006	Yes	—
M/s. Lurgi India Ltd for Methanol Distillation Unit	2006	Yes	—
M/s. Haldor Topsoe, Denmark for Series-50 Revamp of Ammonia Synthesis Loop	2006	Under Implementation	—
M/s. Plinke, Germany for Yellow Water Concentration Unit	2006	Yes	—
M/s. BASF, Germany for Nitrous Oxide abatement catalyst for WNA plant-a CDM Project.	2007	Yes	—
M/s. Linde, Germany for Molecular Sieve system in Ammonia plant	2007	Yes	—
M/s. Chematur AB Sweden for 50000 MTPA TDI project	2008	Under Implementation	—
M/s. Plinke, Germany for 150 MTD CNA project	2008	Under Implementation	—
M/s UHDE for 300 MTD WNA project	2008	Under Implementation	—
M/s. Technip BV, Netherland for reformer of Hydrogen-Carbon Monoxide plant (TDI project)	2008	Under Implementation	—
M/s. Air Products, UK for Cold Box and membrane of Hydrogen-Carbon Monoxide plant(TDI project)	2009	Under Implementation	—
M/s. Haldor Topsoe, Denmark-Ammonia plant feed stock conversion project	2010	Under Implementation	—



ANNEXURE : "B"

Statement showing the particulars of employees of the Company as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Report of the Board of Directors for the year ended on 31st March, 2010.

Sr. No.	Name (S/Shri)	Age (Yrs.)	Qualification	Total Exp. (Yrs.)	Designation	Remuneration Received (Rs.)	Date of Joining	Last Employment held
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
A. Employee who was employed throughout the financial year and was in receipt of remuneration for the year which in the aggregate was not less than Rs. 24,00,000/-								
1	JS Kochar	51	B.Sc. (Chem.), B.Sc.(Tech. of Plastics), PG Dip. in Mgt.	27	Executive Director	29,97,684	01/01/2001	Managing Director - Software Frontiers Ltd., Gandhinagar
B. Employees who were employed for a part of the financial year and were in receipt of remuneration for any part of that year at the rate which in the aggregate was not less than Rs.2,00,000/- per month								
1	VT Achhodwala	60	B.Com.	35	Manager	18,56,732	04/08/1979	Jr. Clerk - Gujarat Electricity Board, Bharuch
2	Baby Kirian	60	BA, LL.B., DLP	37	Sr. Manager	15,11,653	12/10/1977	Jr. Steno/Asstt. - Gujarat State Fert. & Chemicals Ltd., Vadodara
3	S Arun	60	B.Tech. (Chem.)	38	Executive Director	29,60,935	21/05/1977	Asstt. Superintendent - Tata Chemicals Ltd., Mithapur
4	JK Joshi (Smt.)	60	SSC, Midwifery/ Nursing Course	37	Sr. Nursing Officer	14,81,171	02/07/1979	Staff Nurse - Sheth L. G. General Hospital, Ahmedabad
5	KB Bhatt	60	ITI(Fitter), ATC	40	Sr. Manager	18,76,444	10/04/1980	Asstt. Tech. (M) Jr. - Gujarat State Fert. & Chemicals Ltd., Vadodara
6	AD Joshi (Late Shri)	59	B.Sc.(Chem.)	36	Sr. Mktg. Manager	18,34,062	15/11/1979	Supervisor - Sheetal Refrigeration, Rajkot
7	BH Joshi	60	DME, DEE, BE(M)	38	Addl. Gen. Manager	30,13,562	22/12/1980	Purchase Officer - Sarabhai Chemicals, Vadodara
8	PB Kotashtane	60	B.Sc., MBA, Diploma in Export Business Mgt.	34	Addl. Gen. Manager	20,37,613	01/09/1979	Materials Asstt. - Midley Pharmaceuticals Pvt. Ltd., Mumbai
9	KV Mehta	60	SSC, ITI (Inst. Mech.)	40	Foreman	19,26,367	26/05/1981	Mechanic (Gr. : III) - Gujarat Aromatics Ltd., Ankleshwar
10	CSP Namboothiry	60	BA, Stenography & Typing	35	Sr. Mktg. Manager	18,10,835	22/11/1978	Typist/Clerk-Gujarat State Fert. & Chemicals Ltd., Vadodara
11	NC Panchal	60	SSC, ATC	39	Mech. Engr.	11,95,266	16/05/1980	Fabrication Fitter - Sarabhai Machinery, Ranoli
12	VA Pujara	60	BE (Mech.)	37	Addl. Gen. Manager	21,41,659	27/06/1977	Asstt. Mech. Engr. - Gujarat State Fert. & Chemicals Ltd., Vadodara
13	MV Patel	60	B.Sc. (Agri)	36	Sr. Mktg. Manager	25,62,664	15/12/1981	Sales Prom. Asstt. - Gujarat State Fert. & Chemicals Ltd., Vadodara
14	GM Patel	60	SSC, 2 nd Class Wireman (Electrician), Wireman Apprentice Course	31	Sr. Operator	16,00,192	17/04/1982	Operator - Paramount Construction, Vadodara
15	RB Patel	60	SSC	28	Sr. Operator	11,65,886	01/05/1982	Driver - Shri Dinesh Mills Ltd., Ankleshwar
16	BN Shah	60	B.Sc., AIC	39	Chief Manager	22,68,381	29/01/1980	Technician, (Gr. : II) (Lab.) - Indian Petrochemicals Corp. Ltd., Vadodara
17	SM Shah	60	BE(M), Diploma in EDP & Computer Mgt.	37	Executive Director	33,06,562	31/05/1977	Asstt. Mech. Engr. - Gujarat State Fert. & Chemicals Ltd., Vadodara
18	SO Shah	60	B.Sc. (Chem.)	36	Manager	19,08,142	08/03/1980	Asstt. Chemist - Navin Flourine Ltd., Surat
19	VF Shah	60	B.A., GCC Eng. Typing, Guj. Typing	35	Sr. Shift Engineer	12,59,599	26/04/1978	Typist/ Clerk - Gujarat State Fert. & Chemicals Ltd., Vadodara
20	GG Shaikh	60	B.A., GCC Exam, Short Hand & Typing	37	Mktg. Manager	17,61,916	29/05/1978	Steno Typist - Gujarat State Forest Development Corp. Ltd., Rajpipla
21	JN Shinde	60	SSC, NCTVT(Fitter)	38	Foreman	12,30,323	19/10/1981	Fitter - Alembic Glass Industries Ltd., Vadodara
22	HN Suratia	49	Diploma in Che. Engg.	28	Sr. Shift Engineer	9,37,991	16/01/1982	Jr. Optr. Trainee - Gujarat Narmada Valley Fert. Co. Ltd., Bharuch
23	MN Tirmak	60	BE (Mech.)	36	Executive Director	40,76,170	27/06/1977	Asstt. Mech. Engr. - Gujarat State Fert. & Chemicals Ltd., Vadodara
24	YA Kanada	50	B.Com.,	29	Sr. Acctts. Officer	12,70,164	30/04/1983	Apprentice - Bank of India, Bhavnagar
25	CC Baria	60	B.A.	32	Dy. Mktg. Manager	14,48,783	01/10/1982	Clerk - Gujarat Reclaim & Rubber Prod. Ltd., Ankleshwar
26	GK Guglani (Late Shri)	51	B.A.	29	Sr. Adm. Officer/Secretary	13,20,134	14/04/1983	Steno Typist - Punjab Dairy Development Corp. Ltd., Chandigarh
27	RM Patel	60	B.Com., DIM	37	Sr. Manager	20,45,785	22/07/1983	Account Asstt. - Elmes Controls Pvt. Ltd., Vadodara
28	RL Antala (Late Shri)	48	B.Sc. (Agri)	24	Asstt. Mktg. Manager	14,29,725	01/08/1986	FR Trainee - Gujarat Narmada Valley Fert. Co. Ltd., Bharuch
29	VS Patel	44	BE (Chem.), DBM	23	Sr. Manager	13,75,503	01/02/1988	GET - Gujarat Narmada Valley Fert. Co. Ltd., Bharuch
30	NH Patel	38	Diploma in Che. Engg. AMIE(Chem.)	18	Sr. Shift Engineer	4,98,188	16/01/1992	Jr. Optr. Trainee - Gujarat Narmada Valley Fert. Co. Ltd., Bharuch
31	DS Yadav (Dr.)	55	M.Sc.(Agri), Ph.D.	28	Addl. Gen. Manager	22,42,687	24/05/1994	Regional Executive - FAI, New Delhi
32	AA Gohel	60	Diploma in Che. Engg., Post Dip. in Chemical Process	35	Sr. Manager	18,59,672	24/10/1979	Process Operator - Polychem Ltd.

- 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.
 - Nature of employment of all the employees, except the employee at Sr. No. 1 in "Statement A" above is non-contractual and terminable by one month or three months' Notice or payment of one month or three months' salary and dearness allowances, as the case may be in lieu of Notice.
 - None of the above employees is a relative of any Director of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

1.0 INDUSTRY STRUCTURE AND DEVELOPMENTS:

The Company manufactures and distributes nitrogenous and phosphatic fertilizers like Urea, Ammonium Nitro-phosphate (ANP) and Calcium Ammonium Nitrate (CAN) and chemicals like Ammonia, Weak Nitric Acid, Concentrated Nitric Acid, Methanol, Acetic Acid, Formic Acid, Aniline, Toluene Di-Isocyanate (TDI) and provides various services in the area of Information Technology. The Company continues to trade in imported fertilizers like Urea, Muriate of Potash (MOP), DAP, Water Soluble Fertilizers and Chemicals like Acetic acid, Methanol, TDI etc. In the total turnover of the Company, the share of fertilizer and chemical divisions were 55.41% and 45.29% as against 58.56% and 40.17% respectively in the previous year.

The Company has during the year under review, undergone tough times in the aftermath of global economic meltdown due to overall depressed economy. Moreover, factors internal to the Company such as accident in E-703 of Ammonia plant resulting into complete production loss of Ammonia, Urea, ANP and partial production loss of its downstream plants as well as unviable operations of Methanol-I and MSU plants have added to the Company's adversities. However, continuous efforts of the Management for cost reduction in various areas of operations and focus on consolidation have resulted in positive gains to the Company.

2.0 BUSINESS SEGMENT:

2.1 Fertilizer Business:

Fertilisers business was good during the year. Highest ever despatch of 2.05 lacs MT of fertilizers directly to retail outlets in Gujarat by road was achieved during the year. All fertilizers produced were sold out and there was almost no stock at the end of the year.

Out of total sale of 9.20 lacs MT of manufactured fertilizers, 6.30 lacs MT constituting 68% of the total sale, were sold in the Primary Marketing Zone comprising of the home State, Gujarat and the adjoining States of Maharashtra, Madhya Pradesh and Rajasthan. Gujarat, being the Company's home State, 4.64 lacs MT of fertilizers out of a total sale of 10.30 lacs MT of fertilizers (manufactured and traded) was sold in Gujarat.

The Company is also selling BT Cotton seeds through its own outlets-Narmada Khedut Sahay Kendras (NKSKs) by making a tie-up arrangement with Gujarat State Seeds Corporation Limited, Gandhinagar.

Government of India has announced the Nutrient Based Subsidy (NBS) policy effective 1st April, 2010. The same is applicable to the Company's product ANP. As per this policy, subsidy amount will be fixed and paid to the Company for the entire year based on the nutrient contents of Company's product and the Company will be free to decide the selling price of its product in the market.

Government of India has increased the selling price of Urea by 10% to Rs. 5,310 PMT effective 1st April, 2010. This is not likely to impact the demand of Company's Urea in the market.

2.2 Industrial Chemicals Business:

Financial Year 2009-10 saw the effects of 'GLOBAL MELT-DOWN'. Volumes had increased but due to stiff competition, prices were very competitive and this in turn affected

margins. The total turnover of Industrial products was almost same at Rs 1,230 Crores in FY 2009-10 vis-à-vis Rs 1,235 Crores in FY 2008-09.

TDI:

TDI sale volume and sales realization were almost maintained. The sales quantity was marginally higher at 13,129 MT in FY 2009-10 compared to 13,118 MT in 2008-09. The sales were limited due to production constraints at the beginning and during end of FY 2009-10.

The sales realization was marginally lower by about 1% at Rs. 1,52,787/- per MT in FY 2009-10 compared to Rs. 1,54,244/- per MT in FY 2008-09.

Acetic Acid:

The sales of Acetic Acid was 1,42,914 MT in FY 2009-10 which was 8.3% higher as compared to that in FY 2008-09. However, realization for Acetic Acid was Rs. 23, 701/- per MT for FY 2009-10, which was 13.79 % lower as compared to previous year due to heavy imports. International prices of Acetic Acid were affected due to lower prices of Methanol.

Methanol:

The total sales volume of Methanol was 1,11,511 MT in 2009-10 vis-à-vis a quantity of 75,294 MT, including imported Methanol in 2008-09, a jump of 48%. This was mainly due to improved production after the reduction in the Gas prices.

The realization was substantially lower at Rs. 12,888/- per MT in 2009-10 vis-à-vis Rs. 17,211/- per MT during 2008-09, due to large scale imports at low prices & starting up of large scale plants in Middle-East. Average prices of Methanol in International market which were about US\$ 277 per MT, with a peak of US\$ 360 per MT in 2008-09 went down to US\$ 225 per MT, with a peak of US \$ 295 per MT in 2009-10.

Formic Acid:

The total sales volume of Formic Acid was 16,476 MT in FY 2009-10 vis-à-vis 15,070 MT in the previous year, a jump of 9.3%. This was mainly due to improved production.

The realization during 2009-10 was Rs. 35,600 per MT vis-à-vis Rs. 34,600/- per MT of 2008-09, an increase of 2.89%. Due to good market conditions, highest ever yearly realization was achieved for Formic Acid.

Aniline:

Aniline sale was increased by about 24.9% from 27,090 MT during FY 2008-09 to 33,825 MT during FY 2009-10. This was mainly due to improved market conditions after the global melt down situation.

Realization of Aniline for the year 2009-10 had reduced by about 4.17 % to Rs. 58,440/- per MT vis-a-vis Rs. 60,986/- per MT in FY 2008-09, mainly due to lower prices of Benzene in FY 2009-10.

AN (Melt):

AN (Melt) sale was increased to 48,771 MT during 2009-10 from 47,209 MT during 2008-09, by about 3.3%, due to improvement in availability of AN (Melt) from NP Plant.

Realization for the year 2009-10 decreased to Rs. 12,533/- per MT from Rs. 13,690/- per MT during FY 2008-09, by about 9.8%, due to lower prices of Ammonia.

Others:

The sale of Weak Nitric Acid on 100% concentration basis, was highest ever at 58,981 MT, registering a growth of 33% over the previous year.



The realization for Weak Nitric Acid was higher by 9% as compared to the previous year.

The sale of Concentrated Nitric Acid was higher by almost 36% as compared to previous year. However, the realizations were marginally lower by 2%.

The Company has a market share of 38% & 32% respectively in the Concentrated Nitric Acid & Weak Nitric Acid market domestically.

2.3 Information Technology Business:

2.3.1 GNFC Infotower:

GNFC Infotower is a Technology Park with 1,30,000 sq.ft area, where space is leased out to IT companies with infrastructure facilities (power, air-conditioning, furniture, bandwidth etc.). It provides ambience and interiors of international standards. The place is most suited for businesses like IT Enabled Services, BPO and Call centers. It provides employment to more than 2,000 people.

2.3.2 PKI Based Commercial Certifying Authority:

(n)Code solutions, a division of the Company is licensed by the Controller of Certifying Authorities working under the Ministry of Information Technology, Government of India for issuing Digital Signature Certificates under the Indian IT Act. PKI technology has gained importance in view of the e-Governance applications, like: e-tendering (e-procurement) transactions, MCA-21, rail ticket booking with IRCTC and DGFT. Digital Certificates find wide applications in e-Commerce, net banking, e-Governance, etc.

(n)Code issued 1,09,488 digital certificates in 2009-10 witnessing a growth of 19% over previous year. Some major new applications using Digital Signature Certificates introduced in 2009-10 are: online drawing submission and storage for Pune Municipal corporation, supply chain management, e-procurement for BEML, Metal Junction, many states and corporations, Work Flow applications for e-commerce transactions and securing Web-sites. Some of the major customers made this year included Reliance, Metal Junction, Railways, Chittranjan Locomotives, BEML, Pune Municipal Corporation, Bank of Baroda, IDBI, NTPC, MP Government, HPCL, DGS&D, IFFCO.

2.3.3 Services:

e-procurement:

(n)Code Solutions provides e-procurement services to more than 150 departments of Government of Gujarat through its portal www.nprocure.com and to many other customers. In the year 2009-10, 10,730 tenders were completed on this portal making it the most successful State level e-procurement initiatives in the Country. (n)Code has been retained by NICS (National Informatics Center Services Incorporated) for the implementation of e-procurement for 11 States under the Pradhan Mantri Gram Sadak Yojna (PMGSY) project of National Rural Road Development Agency (NRRDA). It continues to act as service provider for e-procurement for the State of Haryana.

Data Centers and Managed Services:

(n)Code designs and builds world class data centers. During the year, it completed one project and began work on four projects for creation of Data Centers. (n)Code also provides management and maintenance of the data centers services.

(n)Code offers Managed IT services including System Security Services to the large enterprises and organizations using complex mix of technologies. During the year, its

security services project called ISMS implemented for Gujarat Urja Vikas Nigam Limited (GUVNL) received a "Special Recognition Award" of the Computer Society of India (CSI).

e-Governance:

(n)Code offers e-Governance solutions to several Government departments. Presently, it is working on some major projects in Government to Citizen domain. (n)Code has software development team, which develops software using various technologies and uses them into solution for e-Governance applications. During the year, it implemented a Royalty Pass system for the mining contracts given by the Department of Geology and Mining of Government of Gujarat.

(n)Code has also initiated consultancy services for implementing ERP, implementation of homeland security and similar large projects using latest technologies.

3.0 OPERATIONS:

During the year under review, the overall production performance remained good till early February, 2010. In Ammonia plant, failure of E-703 (Waste heat Boiler) took place on 9th February, 2010. The team work and prompt actions by all concerned groups resulted into minimization of losses. Ammonia Synthesis Unit was stopped and Ammonia dependent & independent plants kept running. Repaired WHB E-703 has been put back into operation and all the plants have been recommissioned effective 6th June, 2010. All the plants of the Company are now operating smoothly.

Due to economic slowdown, lower realization and high stock after annual shutdown in May, 2009, Methanol-I, Methanol-II and Aniline plants could not be operated at its full capacity in the first half of the year. Methanol Synthesis Unit (MSU plant) remained under shut down almost for the whole year due to cost economics not being favourable. Methanol-I plant was operated only on natural gas.

Day to day plant operations were closely reviewed and plant load adjusted accordingly, to maximize contribution. Special focus was given on energy conservation and cost reduction in all aspects.

3.1 Production and Capacity Utilization:

Production and capacity utilization achieved during the year 2009-10 are as under :

Plant	Actual Production (MT)	Capacity Utilization (%)
Ammonia	445,505	100.00
Urea	601,681	94.60
Methanol-I	31,279	62.56
Methanol-II	155,800	82.83
MSU	1,135	3.71
Formic Acid	15,886	158.86
Acetic Acid	140,140	140.14
WNA	281,049	113.56
CNA-I	33,892	102.70
CNA-II	35,014	106.10
ANP	166,547	116.88
CAN	102,644	72.03
Aniline	33,848	96.71
TDI	12,974	92.67

Total 23 numbers of new records were established on production and despatch / sale front.

3.2 Environment, Occupational Health and Safety Management System :

- ❖ Following Environmental Clearances were received from Gujarat Pollution Control Board (GPCB) :
 - (i) New consent CC & A (No. AWH- 34596) for GNFC Unit-I Plants with enhanced production capacity. (Consent is valid up to 15.05.2014).
 - (ii) NOC for New Projects including Hydrogen generation, CPSU, WNA-II, and CNA-III (Valid up to 03.01.2015).
 - (iii) Renewed GPCB Consent (No. WH -35098) for Township Sewage Treatment Plant (Consent is valid up to 14.09.2014).

The Company received rebate on Water Cess (25% of the total water cess) worth Rs. 8 lacs for the year 2008-09.

❖ Activities / Progress pertaining to Environment :

Final study report was received from M/s. Central Soil & Salinity Research Institute (CSSRI) after studying the effects of Treated Effluent usage on soil health & crop growth / yield for the period of three years. No remarkable change was observed in soil properties. The treated effluent irrigated plot shows higher available nitrogen and organic carbon, which are favourable for growth and productivity of the crops.

Treatment of ANP discontinuous effluent stream, followed by recycling to ANP plant was started using temporary connections at N-ETP in consultation with R&D and Technical Services groups. Results were found very encouraging and successful.

The Fertilizers Association of India organized a Group meeting on "Environment" during 18th and 19th February, 2010 at GNFC, Bharuch. Total 42 participants from 27 fertilizer plants took part in the Group meeting, apart from senior officials of Central Pollution Control Board (CPCB), GPCB and other Experts.

Total 1,47,566 MTs of fly ash [83,180 MT Pond ash from ash pond + 64,386 MT dry fly ash] was disposed during the year, which is higher than total ash generation quantity of 1,44,991 MT from Boilers.

❖ Activities / Progress pertaining to OHSAS 18001, ISO 14001 & ISO 9001 :

OHSAS 18001 : 2007 Surveillance audit was conducted by M/s. TUV India Pvt. Ltd during 15th, 16th and 17th June, 2009. Present Certificate is valid upto September, 2010.

ISO 14001 : 2004 Surveillance audit was conducted by M/s TUV India Pvt. Ltd during 4th, 5th and 6th January 2010. Present Certificate is valid up to January, 2011.

ISO 9001 : 2008 Surveillance audit for Aniline-TDI complex was conducted by M/s Bureau Veritas Certification, Vadodara during 26th and 27th February, 2010 and Certificate is received as per new version. Present Certificate is valid upto May, 2012.

❖ Activities / Progress pertaining to Safety Audit :

Safety audit of all operating plants and safety system was conducted by M/s. Green Circle, Vadodara. Final safety Audit Report is awaited from them and their recommendations, after review will be implemented by the Company.

3.3 Awards / Recognition:

Following awards / recognition were conferred :

- ❖ Dr. Vikram Sarabhai Award for Scientists / Researchers, 2009.
- ❖ FAI Award for Best Technical Paper (3rd Prize).
- ❖ Canadian patent No. 2548071 granted for the Dry bed desulphurization process developed in-house for "The catalyst useful for H₂S removal from gas stream, preparation thereof and use thereof".

4.0 PROJECTS UNDER CLEAN DEVELOPMENT MECHANISM (CDM) :

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

❖ N₂O Abatement Project in Weak Nitric Acid (WNA) Plant

The project is registered with United Nations Framework Convention for Climate Change (UNFCCC) on 29th October, 2009.

❖ Wind Mill Power Project of 21 MW capacity

Company has set up total 21 MW capacity Wind Turbo Generators in Kutch region of Gujarat. 9 MW capacity was commissioned in December 2007 and 12 MW capacity was commissioned by November, 2008.

These projects have potential to reduce about 38,000 MT CO₂ per annum. 9 MW project is under UNFCCC registration and 12 MW project is under validation.

5.0 OPPORTUNITIES & THREATS:

5.1 Opportunities:

- ❖ Projects worth Rs. 685 crores will be completed during the year 2010-11 and it will improve profitability of the Company.
- ❖ Government of India has approved the Ammonia plant feedstock conversion from LSHS to Natural Gas and the project is under implementation. The Project will be financially supported by Government by way of additional subsidy per tonne of Urea to compensate investment made by the Company towards the project.
- ❖ The Company along with GSFC and GACL has identified three projects to be implemented in a Joint Venture. They are :
 - ❖ Phenol Group - Poly carbonate : 80,000 MTPA
 - ❖ Ply Vinyl Chloride (PVC) : 4,50,000 MTPA
 - ❖ Elastomer Group products : 2,20,000 MTPA

Actions have been initiated to conduct feasibility studies of these projects.

- ❖ Brand image of Company's fertilizers continues to be in the premium segment. This will help to consolidate markets in the Primary Marketing Zone in the partial decontrol scenario at present and total decontrol in future.
- ❖ With an increase in the irrigation facilities due to Sardar Sarovar, there is likely to be an increase in demand of fertilizers in Gujarat. The Company and its products are well placed to exploit this opportunity.



- ❖ It is estimated that apart from indigenous manufactured fertilizers about two lacs MT of traded fertilizers, mainly Urea, will be handled during 2010-11. This will increase the turnover and profit of the Company.
- ❖ The Company has also tied up import of Water Soluble Fertilizers for trading during the current year.
- ❖ Right from the inception of Company's plants, M/s IOC have met entire requirement of feed stock to full satisfaction of the Company. Existing long term agreement is valid upto 31-12-2010. Now the Company and M/s IOC have agreed to enter into a new Long Term Agreement for supply of LSHS by M/s IOC to GNFC for the period from 1st January, 2011 to 31st December, 2020.
- ❖ The Company has entered into Long Term / Annual Contracts for supplies of most of the critical raw materials like Oil, Coal, Rock phosphate, Benzene, Toluene, Caustic Soda Lye, Chlorine and packing materials etc. which are essential for continuous production.

5.2 Threats, Risks & Concerns:

- ❖ Natural Gas prices have increased substantially and Methanol price realisation has reduced significantly and hence, Methanol production capacities are not fully operational.
- ❖ Price of raw materials like LSHS / rock phosphate etc. remains high. The viability of the final products based on such raw material is affected adversely.
- ❖ Some of the industrial products plants depend on Ammonia plant for feed streams/ utilities. Longer shutdown of Ammonia plant affects operation of downstream industrial products plants. Actions have been initiated for upkeepment of various plants and alternatives are being studied for supplying feed streams to industrial product plants, in case of Ammonia plant shutdown.
- ❖ Primary Marketing Zone, comprising Gujarat, Maharashtra, Madhya Pradesh and Rajasthan are all drought prone. In the event of a drought, the Company may be compelled to go to distant markets which could reduce the net realisation for Company's products.

6.0 OUTLOOK:

The Company has a leadership position in many products like Methanol, Formic Acid, Acetic Acid, Aniline and TDI. Company's business is also being consolidated by expansion of TDI capacity and other products like WNA, CNA and Ethyl Acetate. Moreover, Company is planning expansion in the capacities of some of the core products.

Continuous efforts are being made with leading technology suppliers / international companies for expansion of capacities of existing products as well as to explore new business opportunities.

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

With an expectation of a good monsoon, the Company should do well on the fertilizers sales front. The year looks to be promising. Sales of three major fertilizers, viz. Urea, DAP

and MOP have been good throughout the Country and it looks like the Country may need to import sizable quantity of upto 60 lacs MT of Urea during 2010-11.

7.0 FINANCIAL PERFORMANCE:

The financial year 2009-10 has witnessed, year-over-year:

- ❖ Net Sales Turnover Rs. 2,614.45 crores (Previous Period: Rs. 2,920.06 crores).
- ❖ Total Income Rs. 2,700.73 crores (Previous Period: Rs. 2,985.40 crores).
- ❖ Earnings before Interest, Depreciation and Tax (EBIDTA) Rs. 360.23 crores (Previous Period: Rs. 500.36 crores).
- ❖ Profit Before Tax (PBT) Rs. 219.89 crores (Previous Period: Rs. 353.71 crores).
- ❖ Profit After Tax (PAT) Rs. 123.84 crores (Previous Period: Rs. 227.52 crores).
- ❖ Book Value per Share Rs. 133.77 (Previous Period: Rs. 129.58).
- ❖ Earnings per Share (EPS) Rs. 7.97 (Previous Period: Rs. 14.64).
- ❖ Return on Capital Employed 8.49% (Previous Period: 14.61%).

8.0 NEW PROJECTS:

8.1 Projects Completed :

Sr No	Name of Project	Capacity	Zero Date	Completed
1	N2O Abatement Project	-	17-10-2006	October, 2009
2	Molecular Sieve in Ammonia Plant	Reliability of operation	14-11-2007	April, 2010
3	Acetic Acid Reactor Replacement	Reliability of operation	17-01-2007	April, 2010

8.2 Projects under Execution :

Following projects with an estimated investment of about Rs 3,634 crores are under implementation:

Sr. No	Name of Project	Capacity	Zero Date	Expected Completion
1	Toluene Di-isocyanate (TDI) Plant	50,000 MTPA	01-01-2008	December, 2011
2	Ammonia plant Feedstock Conversion project	Synthesis gas equivalent to 1120 MT of Ammonia per Day	14-12-2009	August, 2012
3	Weak Nitric Acid-II Plant	300 MTPD	31-01-2008	August, 2010
4	Concentrated Nitric Acid-III Plant	150 MTPD	26-05-2008	October, 2010
5	Co-generation Power and Steam Unit	33 MW power & 61 MT/Hr Steam	09-09-2008	October, 2010
6	Ethyl Acetate Plant	50,000 MTPA	01-09-2008	December, 2010

After implementation of all projects in 2011-12, the turnover of the Company is expected to increase by around Rs. 1450 Crores per annum.

8.3 Project Abandoned :**Wet Sulphuric Acid Plant**

M/s. Indian Oil Corporation (IOC) had earlier intimated that LSHS would not be available after March, 2010 and hence, the Company would have to use fuel oil containing higher sulphur. As a result, to abate pollution problem because of fuel oil usage and to produce value added Sulphuric Acid product, a Wet Sulphuric Acid plant based on H₂S containing gas was being set up with an estimated investment of about Rs. 128.69 crores.

Later on, M/s IOC have agreed to supply LSHS on a long term basis and hence the purpose for which the project was being implemented does not survive any more. Therefore, the Board of Directors have decided to abandon the said project.

9.0 HUMAN RESOURCE MANAGEMENT:

Human Potentials have been perceived as powerful resources right from inception stage of the Company. The Company makes continuous and concerted efforts not only to groom its Human Resources to meet with the present and future challenges in the field of Technology and Management functions but also focuses on providing an environment conducive for grooming employees to enable them to contribute on a continuous basis for the growth of the organization as also to meet with the rapidly changing Industrial scenario. The employees have also been groomed through need based training and development programmes organized regularly by inviting expert faculties from outside as well as with the help of internal faculties.

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

The Company is very much concerned about its Human Resource (HR) which is the prime asset for improvement and enhancement of productivity and profitability. Very harmonious, cordial and healthy Industrial Relations (IR) throughout the year led to an atmosphere conducive for sustenance of growth and enrichment of value for the shareholders. During the year, the Company signed a Long Term Settlement (LTS) with the Staff Union of the erstwhile NCPL effective from 01-04-2008 to 30-06-2010 in respect of ANI-TDI employees and with the signing of this LTS, all HR integration processes for the employees of ANI-TDI Complex with the Company have been carried out amicably with the internal Union in quite a healthy atmosphere.

The total strength of human asset of the Company as on 31st March, 2010 was 2918.

10.0 INTERNAL CONTROL SYSTEM & ITS ADEQUACY:

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

- ❖ All the proposals involving expenditure above a certain basic amount are subject to financial concurrence through the Finance Dept. followed by approval from Senior Executive or Managing Director or from the Board of Directors (depending upon the value of proposals).
- ❖ The Company prepares exhaustive operational as well as procurement budget for various budget centers at the

beginning of each financial year. Throughout the year, the actual expenses are closely monitored against such targets. Variances are analysed and timely corrective measures are taken.

- ❖ Various Operating Departments generate reports for management on all relevant parameters of their department and compare the same with quantitative / qualitative goals for Management. This helps to keep the operations on its targets. The Company runs ERP package viz. SAP, which offers a seamless database and data flow, linking all important functions like production, plant maintenance, materials, finance, marketing, etc. of the Company. All the Regional and Area Offices have been connected with SAP to make the organisation, a virtual work place.
- ❖ The Company constantly monitors and undertakes measures for re-organisation of certain functional areas as per requirement, in line with the global economic scenario prevalent from time to time.
- ❖ The Company engaged services of a reputed firm of Chartered Accountants as Internal Auditors of the Company as well as Risk Management Consultants for the year under review and their reports are properly dealt with at the Audit committee of Board of Directors periodically for suitable corrective actions and guidance. The audit plan also covers systems & processes.
- ❖ As a part of Materials Management practice, with a view to have resourceful, competitive and cost-effective agencies in Company's approved list, continuous efforts are being made to enlarge vendor base for supply of goods. In the last three years, more than 1200 new applications for vendor registration were processed and more than 400 new vendors were added in the vendor list. This will help to increase competition and improve delivery of goods.
- ❖ With the sustained team efforts, the disposal of used equipment / scraps worth crores of rupees could be achieved.
- ❖ With continuous watch, for critical high value raw materials, optimum level of inventory was managed throughout the year.
- ❖ The required materials were made available for continuity of plant operations. During ammonia plant break down, availability of Ammonia was managed by outsourcing it from other producers.
- ❖ With the development of alternative sources, expanding annual rate contract coverage and system efficiency, lead time in procurement of spares, equipment and raw material could be significantly reduced.

11.0 CORPORATE SOCIAL RESPONSIBILITY - INITIATIVES:

The Company has always been conscious of its Corporate Social Responsibility (CSR). The Company, as a part of its CSR initiative as also with a view to supplement the efforts of Government of Gujarat for the Socio-economic Development of the State as a whole and of the Bharuch District in particular, has in consultation with District Development Authority, Bharuch; Collector, Bharuch; Secretary, Tribal Development Department, Government of Gujarat; identified and undertaken certain projects in the areas of Health & Family Welfare, Education, Agricultural & Tribal / Rural Development, etc.



The basic approach adopted for selecting the Scheme / Project under CSR is to identify the gaps / limitations in various schemes of Central / State Governments or services and to fill up those gaps / limitations by providing financial support / services, so that Schemes / Services can be effectively implemented / provided.

In addition to this, the Company, being an agro-based Company has on its own also undertaken various projects for the benefit of farmers of Bharuch District in particular and Gujarat in general as also other CSR initiatives relating to health and education through NGOs.

The Company has undertaken various projects by providing financial assistance / services, which are to be implemented through District Panchayat Administration, Bharuch including (i) Health Project (ii) Provision of potable Drinking Water through installation of 60 Nos. of RO plants in the villages of Bharuch District (iii) Upgradation of e-Gram Programme and (iv) Happy Healthy Child Project.

The Company has also undertaken the other Projects relating to Agricultural and Tribal Development as also relating to Health and Education, which include (i) Efficient use of Fertilizers (ii) Onion Cultivation and its Export Promotion (iii) Thalassemia Prevention Programme in Bharuch District through Indian Red Cross Society for 62,400 students (iv) Construction of Hostel Building for Tribal Children and Agricultural Development activities through Shramik Vikas Sansthan (v) Expansion and Revitalization of Vivekanand Gramin Tekniki Kendra by SEWA Rural, Jhagadia (vi) Building Model villages and (vii) Building Model Schools.

The total contribution of the Company for various projects which are currently under implementation as a part of Company's initiatives towards CSR is around Rs.18.56 Crores.

In addition to the above, the Company is also setting up Diploma College at Gandhar village in Vagra tehsil of Bharuch District, where wards of fishermen & Salt farmers will benefit. The Company has also contributed for Chief Minister's Kanya Kelavani Nidhi.

The Federation of Gujarat Industries (FGI) has recognized the contribution of the Company in the field of CSR by bestowing the award for "The outstanding contribution in the field of CSR" for the year 2009.

11.1 Extension Services & Community Development:

As a part of responsibility of the Company towards the farming community, the Company has established various facilities like Demonstration Farm, Soil Testing Laboratory, Tissue Culture Laboratory and undertook Farmers' Education Programs.

Through its 56 Narmada Khedut Sahay Kendras (NKSs) in Gujarat manned by trained and experienced agricultural

graduates, the Company carried out various programs for the benefit of farming community apart from selling fertilizers.

To promote balanced use of fertilizers and supplement the efforts of Government of Gujarat in issuing Soil Health Cards, the Company's Soil Testing Laboratory analyzed 39,442 soil samples and 1,529 water samples during the year.

The Company participated in 44 Agricultural Exhibitions/ Krishi Mela during the year 2009-10 and won second prize in Fertilizers Group at Modipuram, Distt. Meerut in Uttar Pradesh.

Under the Plant visit Program, 947 farmers visited Company's Demonstration Farm, Soil Testing Laboratory and Tissue Culture Laboratory during the year. The farmers were educated about the benefits of soil test based nutrient management, advantages of use of Tissue Culture Plants in place of traditional plants and the procedure for manufacturing Vermi Compost fertilizer at their own farm yard.

11.2 Narmadanagar Rural Development Society (NARDES):

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

11.3 Narmada Education and Scientific Research Society (NEST):

Narmada Education and Scientific Research Society (NEST), a trust promoted by the Company has the Narmada College campus as a part of Corporate Social Responsibility. At its campus, various institutes impart graduate & post graduate level of education in Science, Commerce, Management and Computer Application. Moreover, part time courses are also conducted for the employed professionals in the field of Management (with Bhartiya Vidya Bhavan) and Industrial Safety & Environment (with Technical Education Board, GOG - Gandhinagar).

CAUTIONARY STATEMENT:

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

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

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

BOARD OF DIRECTORS**Composition of the Board**

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

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

Sr. No.	Name of Director	Category
1.	Shri AK Joti, IAS, Chairman	Promoter, Non-Executive Director, Independent
2.	Shri DJ Pandian, IAS	Promoter, Non-Executive Director, Independent
3.	Shri M M Srivastava, IAS	Non-Executive Director, Independent
4.	Shri PN Roychowdhury, IAS	Non-Executive Director, Independent
5.	Shri Pankaj Kumar, IAS	Non-Executive Director, Independent
6.	Shri DC Anjaria	Non-Executive Director, Independent
7.	Dr. TT Ram Mohan	Non-Executive Director, Independent
8.	Dr. Ashok Shah	Non-Executive Director, Independent
9.	Shri HV Patel, IAS Managing Director	Executive Director, Non-Independent

Changes occurred in the Board of Directors since 1st April, 2009.

Sr. No.	Name of Director	Particulars
1	Shri MM Srivastava, IAS	Appointed as Director in the casual vacancy w.e.f. 22nd April, 2009.
2	Smt. Sudha Anclia	Relinquished the charge of CMD w.e.f. 30th June, 2009.
3	Shri S Jagadeesan, IAS	Resigned as Director w.e.f. 1st December, 2009.
4	Shri DJ Pandian, IAS,	Nominated as Government Director w.e.f. 11th December, 2009.
5	Shri AK Joti, IAS	Nominated as Government Director w.e.f. 20th February, 2010 and appointed as Chairman from the said date.
6	Shri Guruprasad Mohapatra, IAS	Nominated as Government Director w.e.f. 1st July, 2009 and appointed as Managing Director from the said date. Relinquished the charge as Managing Director w.e.f. 15th July, 2010.
7.	Shri H. V. Patel, IAS	Assumed the additional charge of the post of Managing Director w.e.f. 15th July, 2010.

Number of Board Meetings

During the year 2009-10, Ten meetings of the Board of Directors were held with a time-gap of not more than 4 months between any two meetings. The dates on which the said meetings were held are : 22nd April, 2009, 23rd May, 2009; 22nd June, 2009, 28th July, 2009; 24th September, 2009; 28th October, 2009, 14th November, 2009, 18th December, 2009, 29th January, 2010 and 26th March, 2010.

Directors' Attendance Record

Attendance of Directors at the Board Meetings during the year and at the last Annual General Meeting held on 24th September, 2009.

Name of Director	No. of Board Meetings held during the tenure of Directorship	Attendance at Meetings during 2009-10	
		No. of Board Meetings Attended	Attendance at Last AGM
Shri AK Joti ⁽¹⁾	1	1	—
Shri HV Patel	10	4	Not Attended
Shri DJ Pandian ⁽²⁾	3	2	—
Shri MM Srivastava ⁽³⁾	10	6	Not Attended
Shri PN Roychowdhury	10	2	Not Attended
Shri Pankaj Kumar	10	9	Not Attended
Shri DC Anjaria	10	9	Attended
Dr. TT Ram Mohan	10	9	Attended
Dr. Ashok Shah	10	10	Attended
Smt. Sudha Anclia ⁽⁴⁾	3	3	—
Shri S Jagadeesan ⁽⁵⁾	7	3	Not Attended
Shri Guruprasad Mohapatra ⁽⁶⁾	7	7	Attended

(1) Nominated w.e.f. 20-02-10

(2) Nominated w.e.f. 11-12-09

(3) Appointed w.e.f. 22-04-09

(4) Ceased to be a Director w.e.f. 30-06-09

(5) Ceased to be a Director

(6) Nominated w.e.f. 01-07-09 and ceased

w.e.f. 01.12.09

to be a Director w.e.f. 15-07-10

No. of other Directorships/Committee position of Directors

Number of Directorship(s) and Committee position held by the Directors.

Name of Director	No of other Directorship(s)*	No. of Committee position held in other Companies**	
		As Chairman	As Member
Shri AK Joti	5	None	None
Shri DJ Pandian	14	2	1
Shri MM Srivastava	8	None	2
Shri PN Roychowdhury	2	None	1
Shri Pankaj Kumar	8	None	None
Shri HV Patel	7	1	2
Shri DC Anjaria	4	3	2
Dr. TT Ram Mohan	2	None	1
Dr. Ashok Shah	1	None	1

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

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

Notes:

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

**Information supplied to the Board**

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

In addition to the Audit Committee and the Shareholders' / Investors' Grievance Committee, as are mandatorily required to be constituted in terms of the Listing Agreement, the Board has constituted other Committees of the Directors such as "Project Committee" and "Human Resource Development Committee". These Committees have been delegated powers and duties by the Board for specific purposes. Meetings of the Committees are held, whenever the need arises. Minutes of all Committee Meetings are put-up before the Board for taking note thereof.

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

Membership of the Committees of the Board

None of the Directors holds membership in more than 10 Committees or acts as Chairman of more than 5 Committees, across all the Companies in which he/she is a Director. Disclosure as required regarding Committee positions have been made by the Directors.

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

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

Code of Conduct

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

AUDIT COMMITTEE**Constitution**

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

Composition

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

Terms of Reference

Terms of reference of the Audit Committee are as follows:

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

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

The Audit Committee has the following powers:

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

Number of Meetings

During the financial year 2009-10, Nine 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 : 20th April, 2009, 22nd May, 2009, 22nd June, 2009, 28th July, 2009, 24th September, 2009, 28th October, 2009, 14th November, 2009, 29th January, 2010, and 25th March, 2010.

Attendance at the Meetings

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

Attendance of each Member at the Audit Committee Meetings held during the year 2009-10.

Name of Member	No. of Meetings held during the tenure of Membership	No. of Meetings Attended
Shri DC Anjaria	9	9
Dr. TT Ram Mohan	9	8
Dr. Ashok Shah	9	9
Shri Guruprasad Mohapatra *	6	5
Smt. Sudha Anchlia**	3	3

* Inducted as a Member w.e.f. 28.07.2009 and ceased to be a Member w.e.f. 15.07.2010.

** Ceased to be a Member w.e.f. 30.06.2009

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

Remuneration of Directors

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

Appointment of the Managing Director is made by the Board in consultation with the Government of Gujarat and usually he/she is from IAS Cadre. He/She is being paid remuneration as per the terms and conditions prescribed by the Government of Gujarat. Remuneration of the Managing Director and other Non-Executive Directors of the Company is decided by the Board. Non-Executive Directors of the Company are paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and Committees thereof. Non-Executive Directors of the Company are paid Sitting Fees @ Rs.5,000/- per meeting attended by them.

Details of the remuneration paid to the Directors during the financial year 2009-10.
(Amount in Rs.)

Sr. No.	Name of Director	Salary	Perquisites and allowances	Sitting Fees	Total
1.	Shri AK Joti	—	—	5,000*	5,000
2.	Shri DJ Pandian	—	—	10,000*	10,000
3.	Shri MM Srivastava	—	—	30,000*	30,000
4.	Shri PN Roychowdhury	—	—	10,000*	10,000
5.	Shri Pankaj Kumar	—	—	90,000*	90,000
6.	Shri HV Patel	—	—	20,000*	20,000

7.	Shri S Jagadeesan	—	—	15,000*	15,000
8.	Shri DC Anjaria	—	—	1,45,000	1,45,000
9.	Dr. TT Ram Mohan	—	—	1,10,000	1,10,000
10.	Dr. Ashok Shah	—	—	1,70,000	1,70,000
11.	Smt. Sudha Anchlia	15,99,631	5,717	—	16,05,348

* Amount deposited in Government Treasury

Shri Guruprasad Mohapatra, IAS, Managing Director, Gujarat Alkalies & Chemicals Ltd. was appointed by the Board to hold additional charge of the post of Managing Director of the Company effective 1st July, 2009. He relinquished the charge of the Managing Director of the Company w.e.f. 15.07.2010. He has not been paid any remuneration for holding the additional charge as Managing Director of the Company.

Details of Equity shares held in the Company by the Non-Executive Directors

Sr. No.	Name of Director	No. of Equity Shares held
1.	Shri AK Joti	Nil
2.	Shri DJ Pandian	Nil
3.	Shri MM Srivastava	500
4.	Shri PN Roychowdhury	500
5.	Shri Pankaj Kumar	500
6.	Shri HV Patel@	500
7.	Shri DC Anjaria	500
8.	Dr. TT Ram Mohan	500
9.	Dr. Ashok Shah	575

@ Assumed the charge of Managing Director w.e.f. 15.07.2010.

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

SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

Composition

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

Terms of Reference

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

Number of Meetings

During the year 2009-10, Nine meetings of the Committee were held. Dates on which the said meetings were held are : 22nd May, 2009, 24th June, 2009, 7th August, 2009, 18th September, 2009, 31st October, 2009, 14th December, 2009, 22nd January, 2010, 20th February, 2010 and 23rd March, 2010.

Attendance

Details of meetings attended by the Members during the year 2009-10.

Name of Member	Category of Director	No. of meetings held during the tenure of membership	No. of meetings attended
Shri Pankaj Kumar	NED & ID	9	8
Shri DC Anjaria	NED & ID	9	9
Dr. Ashok Shah	NED & ID	9	9

NED = Non-Executive Director ID = Independent Director



Compliance Officer

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

Investors' Grievance Redressal

Total number of complaints received and replied to the shareholders during the year under review was 1235. As on 31st March, 2010, no complaint was pending redressal, no share transfer was pending registration and no request for dematerialization of shares was pending for confirmation.

General Body Meetings

Location and time of last three Annual General Meetings.

Year	Date	Venue	Time
2008-09	Sept. 24, 2009	At the Regd. Office of the Company, Near Jan Vikas Temple, P.O. Narmadanagar-392 015, Dist. Bharuch.	2:30 PM
2007-08	Sept. 25, 2008		2:30 PM
2006-07	Sept. 22, 2007		2:00 PM

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

Special Resolutions passed at the previous three Annual General Meetings.

Sr. No.	Date of AGM	Particulars of Resolution
1.	24th September, 2009	Appointment of Auditors
2.	25th September, 2008	Reappointment of Auditors
3.	22nd September, 2007	Reappointment of Auditors

During the year 2008-09, two Special Resolutions with respect to alteration of Other Objects Clause of Memorandum of Association of the Company and the commencement of new business referred to in the Other Objects clause, moved through Postal Ballot, were not passed by the Shareholders. No resolution is proposed to be passed through postal ballot at the ensuing Annual General Meeting.

DISCLOSURES

Related Party Transactions

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

Disclosure of Accounting treatment

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

Details of Non-compliance

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

Disclosure on Risk Management

The Company has a broad base internal control mechanism and a Risk Management framework, which is in operation through operational systems. The Company evaluates from time to time various associated risks. The Company has initiated various measures for mitigating such risks including implementation of upkeep plan. With the help of the Consultant, a Risk Management Policy including risk reporting procedure has been prepared and adopted after its review by the Audit Committee and approval of Board of Directors. As per the policy adopted, a Risk Management Report will be presented to the Board of Directors on a quarterly basis. The policy framework also provides for on-going review of procedures as well as its adequacy or otherwise risk mitigation measures.

Code of prevention of Insider Trading Practices

In compliance with the SEBI Regulations on prevention of insider trading, the Company has framed a comprehensive code of conduct for

prevention of insider trading practices in the equity shares of the Company. The same has been amended in line with the amended SEBI Regulations. The Code lays down the guidelines, which advises the connected persons mentioned in the code, on the procedures to be followed and disclosures to be made by them, while dealing with the shares of the Company and cautioning them of the consequences of violations.

CEO/CFO Certification

The Managing Director (CEO) and the Executive Director & CFO have in respect of the financial year ended 31st March, 2010 certified to the Board regarding compliance of covenants contained in Clause 49 (V) of the Listing Agreement.

Subsidiary Companies

The Company has no subsidiary.

MANAGEMENT

Management Discussion & Analysis

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

Means of Communication

- ❖ The Company's website www.gnfc.in provides comprehensive 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 daily news-papers in English and Gujarati and are displayed on the Company's Website.
- ❖ Official news releases on significant developments about the Company are also displayed on the Company's website.
- ❖ The information to the Stock Exchanges is now being filed through Corporate Filing and Dissemination System (CFDS). Investors can view this information by visiting the website www.corpfilng.co.in.

Compliance

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

Adoption of Non-mandatory requirement

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

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Day : Friday
 Date : 24th September, 2010
 Time : 11.00 AM
 Venue : At the Registered Office of the Company Near Jan Vikas Temple at P.O. Narmadanagar-392 015, Dist. Bharuch.

Financial Calender

Financial Year : 1st April to 31st March.

Results for the Quarter ending on will be announced by

- 30th June, 2010 : 14th August, 2010
- 30th September, 2010 : 14th November, 2010
- 31st December, 2010 : 14th February, 2011
- 31st March, 2011 : 30th May, 2011

Book Closure

Closure of Register of Members and Share Transfer Books : Saturday, the 4th September, 2010 to Thursday, the 9th September, 2010. (both days inclusive) for the payment of Dividend.

Dividend Payment : Dividend of Rs.3.25 per equity share will be paid from 1st October, 2010 onwards, subject to the approval by the Shareholders at the Annual General Meeting.

Corporate Identity No. (CIN) : L24110GJ1976PLC002903

Listing :

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

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

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

Listing Fees to Stock Exchanges

The Company has already made payment of Annual Listing Fees to BSE and NSE for the year 2010-2011.

Custodial Fees to Depositories

The Company has paid custodial fees for the year 2010-11 to National Securities Depository Ltd. and Central Depository Services (India) Ltd.

Other details

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

Stock Market Price Data

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

(Amount in Rupees)

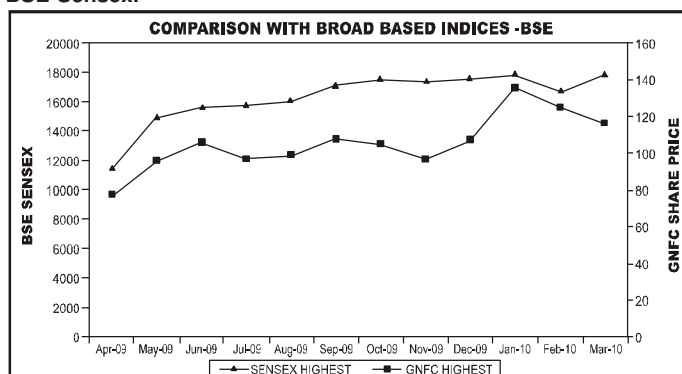
MONTH	BSE		NSE	
	HIGH	LOW	HIGH	LOW
April, 2009	77.05	60.00	77.30	60.50
May, 2009	95.50	68.50	95.40	64.10
June, 2009	106.00	84.50	105.25	84.00
July, 2009	96.40	80.35	96.80	71.00
August, 2009	99.00	88.00	98.90	88.35
September, 2009	107.90	91.80	106.45	92.25
October, 2009	105.00	90.00	109.90	90.00
November, 2009	96.50	87.55	98.00	87.10
December, 2009	106.90	92.80	107.00	93.00
January, 2010	135.70	105.00	134.00	105.15
February, 2010	124.80	105.75	124.80	105.45
March, 2010	115.65	106.10	115.90	105.05

Stock Performance : 2009-10

STOCK PERFORMANCE VS BSE INDEX

MONTH	SENSEX HIGHEST	GNFC HIGHEST
April, 2009	11492.10	77.05
May, 2009	14930.54	95.50
June, 2009	15600.30	106.00
July, 2009	15732.81	96.40
August, 2009	16002.46	99.00
September, 2009	17142.52	107.90
October, 2009	17493.17	105.00
November, 2009	17290.48	96.50
December, 2009	17530.94	106.90
January, 2010	17790.33	135.70
February, 2010	16669.25	124.80
March, 2010	17793.01	115.65

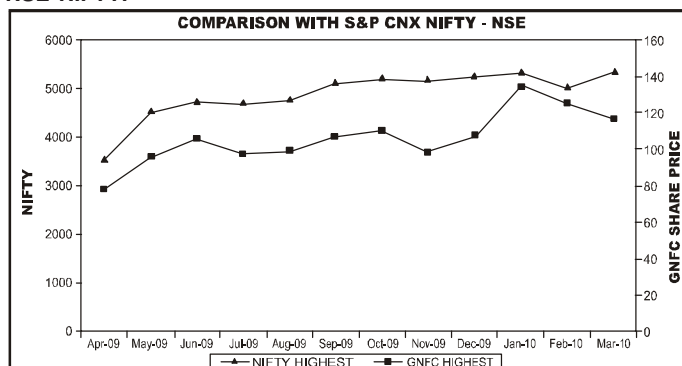
Performance of the Company's shares on BSE in comparison to BSE SENSEX.



STOCK PERFORMANCE VS S&P CNX NIFTY

MONTH	NIFTY HIGHEST	GNFC HIGHEST
April, 2009	3517.25	77.30
May, 2009	4509.40	95.40
June, 2009	4693.20	105.25
July, 2009	4669.75	96.80
August, 2009	4743.75	98.90
September, 2009	5087.60	106.45
October, 2009	5181.95	109.90
November, 2009	5138.00	98.00
December, 2009	5221.85	107.00
January, 2010	5310.85	134.00
February, 2010	4992.00	124.80
March, 2010	5329.55	115.90

Performance of the Company's shares on NSE in comparison to NSE NIFTY.



Investors' Services

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

Share Transfer System

Equity shares lodged for transfer with the Company are normally processed within 15 days from the date of lodgement, if the documents furnished are found valid in all respects. All requests for dematerialisation of shares are processed and confirmation is given to the respective depositories, generally within 15 days. The complaints received from investors and other miscellaneous correspondence on change of address, particulars of bank account, dividend payment mandate etc., are processed within 30 days from the receipt thereof.

The Board has delegated the power to approve transfer/ transmission of shares, etc. to the Company Secretary. A summary of transfer/ transmission of shares, etc., so approved by the Company Secretary is



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

Distribution of Shareholding as on 31st March, 2010

Category of Equity Shares	No. of Share holders	% to total Share holders	No. of Shares	% to Total Equity Capital
1 to 250	2,55,538	91.971	1,78,62,340	11.493
251 to 500	13,227	4.761	49,28,833	3.171
501 to 1000	5,169	1.860	40,43,765	2.602
1001 to 2000	2,164	0.779	32,93,249	2.119
2001 to 3000	626	0.225	16,03,218	1.032
3001 to 4000	277	0.100	9,99,659	0.643
4001 to 5000	226	0.081	10,80,782	0.695
5001 to 10000	323	0.116	23,24,710	1.496
10001 and above	297	0.107	11,92,82,227	76.749
Total	2,77,847	100.000	15,54,18,783	100.000

Shareholding Pattern of the Company as on 31st March, 2010

Sr. No	Holders	Total no. of Shares	% of Total Equity Capital
1	Promoters/Promoters' Group	6,40,06,713	41.183
2	Mutual Funds & UTI	1,39,50,139	8.976
3	Banks, Financial Institutions & Insurance Companies	2,58,46,201	16.630

Declaration regarding compliance by the Board Members and Senior Management Personnel with the Company's Code of Conduct To The Shareholders of Gujarat Narmada Valley Fertilizers Company Ltd.

Sub : Compliance with Code of Conduct - Financial Year 2009-10

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 : Vadodara
Date : 31.07.2010

H. V. PATEL
MANAGING DIRECTOR

CERTIFICATE BY PRACTISING COMPANY SECRETARY ON COMPLIANCE WITH THE CONDITIONS OF THE LISTING AGREEMENT ON CORPORATE GOVERNANCE TO THE MEMBERS OF GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

We have examined the compliance of conditions of Corporate Governance by **GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED** for the year ended on 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

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

Further, we have to state that as at 31st March, 2010, no investor grievance was pending for a period of one month against the Company as per the records maintained by the Shareholders'/Investors' Grievance Committee.

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

For ARVIND GAUDANA & CO.
Company Secretaries
Arvind D. Gaudana
Proprietor
C.P. 2183

Place : Ahmedabad
Date : 31.07.2010

4	Foreign Institutional Investors (FII)	78,25,234	5.035
5	NRIs / OCBs	31,41,368	2.021
6	Bodies Corporate	36,50,029	2.349
7	Indian Public	3,69,26,838	23.760
8	Shares in Pool A/c (As reported by Depositories)	72,261	0.046
	Total	15,54,18,783	100.000

Dematerialisation of Shares & Liquidity

As on 31st March, 2010, 69.86% of the shares were held in dematerialised form and the remaining shares in physical form. Equity shares of the Company are permitted to be traded only in dematerialised form, as notified by SEBI.

Outstanding GDRs

As on 31st March, 2010, 24,248 GDRs were outstanding, which represent 1,21,240 equity shares. There are no other outstanding instruments convertible into equity shares in future.

Plant Locations

All the manufacturing Plants of the Company are located at the Registered Office situated at P.O. Narmadanagar - 392 015, Dist. Bharuch.

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

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

Address for Correspondence

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

Investor Service Centre
Secretarial & Legal Department
Gujarat Narmada Valley Fertilizers Co. Ltd.
'Narmada House', Corporate Office,
P.O. Narmadanagar - 392 015, Dist. Bharuch.
FAX : 02642 : 247084 EMAIL : investor@gnfc.in

Exclusive E-mail ID for redressal of Investors' Complaints

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

ADDITIONAL INFORMATION FOR SHAREHOLDERS

Recommendation and Payment of Dividend

The Board of Directors of the Company has recommended a dividend of Rs.3.25 (32.5%) per equity share of the Company for the financial year ended on 31st March, 2010, subject to the approval by the shareholders at the Annual General Meeting (AGM). The dividend, if approved, will be paid on and from 1st October, 2010.

Closure of Register of Members & Share Transfer Books for Dividend

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 4th September, 2010 to Thursday, the 9th September, 2010 (both days inclusive) for determining the entitlement for payment of dividend.

Dividend Remittance

Dividend on equity shares as recommended by the Directors for the year ended 31st March, 2010, when declared at the AGM will be paid -

- (i) to those members whose names appear on the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company on or before 3rd September, 2010; and
- (ii) in respect of shares held in electronic form, to those members whose names appear in the statement of Beneficial Ownership furnished by National Securities Depository Ltd., (NSDL) and Central Depository Services (India) Ltd., (CDSL) as at the end of business hours on 3rd September, 2010.

Unclaimed Dividend

Transfer to General Revenue Account of Central Government

In pursuance of Section 205A of the Companies Act, 1956, unclaimed dividends upto and including the financial year 1993-1994 have been transferred to the General Revenue Account of the Central Government. The shareholders who have not encashed their dividend warrants relating to financial year(s) upto 1993-1994 are requested to claim the same from the office of Registrar of Companies, Gujarat, ROC Bhavan, Opp. Rupal Park, Near Ankur Bus-Stop, Naranpura, Ahmedabad – 380 013, in the prescribed form, which will be furnished by the Company, on request.

Transfer to Investor Education & Protection Fund (IEPF)

The dividends for the year 1994-1995 to 2001-2002, remaining unclaimed for a period of 7 years from the respective dates of payment have been transferred to the IEPF setup by the Government of India, pursuant to Section 205C of the Companies Act, 1956.

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

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

The dividend for the following 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 *
20 th unpaid dividend for the year 2002 - 2003	25-09-2003	10-10-2010
21 st unpaid dividend for the year 2003 - 2004	16-09-2004	04-10-2011
22 nd unpaid dividend for the year 2004 - 2005	22-09-2005	04-10-2012
23 rd unpaid dividend for the year 2005 - 2006	23-09-2006	04-10-2013
24 th unpaid dividend for the year 2006 - 2007	22-09-2007	14-10-2014
25 th unpaid dividend for the year 2007 - 2008	25-09-2008	05-10-2015
26 th unpaid dividend for the year 2008 - 2009	24-09-2009	05-10-2016

* Actual dates of transfer to IEPF may vary.

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

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

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

Particulars of Dividend	Date of Declaration of Dividend	Due Date for transfer to IEPF *
1 st unpaid dividend for the year 2002 - 2003	11-09-2003	30-09-2010
2 nd unpaid dividend for the year 2003 - 2004	09-09-2004	01-10-2011
3 rd unpaid dividend for the year 2004 - 2005	15-09-2005	01-10-2012
4 th unpaid dividend for the year 2005 - 2006	16-09-2006	25-09-2013

* Actual dates of transfer to IEPF may vary.

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

Payment of dividend through National Electronic Clearing Services (NECS)

As per the Notification of Reserve Bank of India, w.e.f. 1st October, 2009, the remittance of money through Electronic Clearing Services has been replaced by NECS and the banks have been advised to move to the NECS with immediate effect. NECS ensures faster credit of remittance to the beneficiaries' account and the coverage of more bank branches.

NECS operates on the new and unique bank account number allotted by the banks post implementation of the Core Banking Solutions (CBS). Pursuant to implementation of CBS, your bank account number may have undergone a change. Changed bank account number is required to be communicated by you to your Depository Participant (DP) (in case of shareholders holding shares in electronic form) or to the Company (in case of shareholders holding shares in physical form). We request you to avail of the NECS mandate facility if you have yet not opted for the ECS mandate facility.

NECS mandate form can be available from the company on request. The same is also available on the Company's website www.gnfc.in. Members are requested to complete NECS form and send it to the Company under their signature (as registered with the Company) along with a cancelled cheque leaf of the bank account being maintained with CBS branches.

Nomination Facility

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



AUDITORS' REPORT

To,
The Shareholders,
Gujarat Narmada Valley Fertilizers Company Limited

1. We have audited the attached Balance Sheet of **Gujarat Narmada Valley Fertilizers Company Limited ("the Company")** as at 31st March, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with books of account;
 - (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
 - (e) On the basis of the written representations received from the Directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 from being appointed as a Director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon and the statement on significant accounting policies give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (ii) in the case of Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For R.S.Patel & Co.
Chartered Accountants
Firm Registration No. 107758W

Rajan B. Shah
Partner
Membership No. 101998

Place : Ahmedabad
Date : 26.05.2010

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 3 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.
 - b. The Company has a programme of physical verification of all its fixed assets over a period of three years, which in our opinion, is reasonable having regards to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets have been verified by the management during the year and according to the information and explanations given to us, assets so verified have been substantially reconciled with the book records and no material discrepancies were noticed on such verification.
 - c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year.
2. **In respect of its inventories:**
 - a. During the year, the management and the firm of Chartered Accountants have physically verified the inventories. In our opinion, frequency of verification is reasonable.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company has maintained proper records of inventories and no material discrepancies were noticed on physical verification.
3. **In respect of loans granted and taken to / from parties covered in the register maintained u/s 301 of the Companies Act, 1956:**
 - a. As informed, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, provisions of paragraphs 4(iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
 - b. As informed, the Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, provisions of paragraphs 4(iii) (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
4. **In respect of internal control:**

In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and also for sale of goods & services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
5. **In respect of contracts or arrangements need to be entered into a register maintained u/s 301 of the Companies Act, 1956:**

According to the information and explanations provided by the management, we are of the opinion that there were no contracts/arrangements that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956.
6. **In respect of deposits from public:**

In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the

public during the year within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of deposits) Rules, 1975. We are informed that, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

7. In respect of internal audit system:

The internal audit during the year was carried out by the firm of Chartered Accountants. In our opinion, the scope of internal audit system is adequate commensurate with the size of the Company and nature of its business.

8. In respect of maintenance of cost records:

We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained.

9. In respect of statutory dues:

- According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and other material statutory dues applicable to it.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and other material statutory dues applicable to it were outstanding as at March 31, 2010 for a period of more than six months from the date they became payable.
- According to the records of the Company, the dues outstanding of Service Tax, Excise Duty, Income Tax and Cess on account of any dispute, are as follows:

Nature of Statute	Nature of the Dues	Amount (Rs. in Lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise & Customs Act, 1944	Excise Duty	22.42	1999-2003	Pending before Commissioner (A)
	Excise Duty	182.47	1997-2002	Pending at CESTAT
	Excise Duty	38.71	2000-2004	Pending at CEGAT
	Excise Duty	1,096.71	2003-2004	Pending at Supreme Court
	Excise Duty	2.12	2003-2007	Pending before Commissioner (A)
	Excise Duty	22.95	2004-2005	Pending at CESTAT
	Excise Duty	0.46	2005-2006	Pending at Supreme Court
	Service Tax	26.27	2002-2003	Pending at Supreme Court
	Service Tax	1.30	2002-2005	Pending at CESTAT
Income Tax Act, 1961	Income Tax	300.79	2004-2005	Pending at CIT(A)

10. In respect of accumulated losses and cash losses:

The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by audit and in the immediately preceding financial year.

11. In respect of dues to financial institutions / banks / debentures:

Based on our audit procedures and according to the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank. The Company has no outstanding dues to debenture holders.

12. In respect of loans and advances granted on the basis of security:

According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans & advances on the basis of the security by way of pledge of shares, debentures and other securities.

13. In respect of provisions applicable to chit fund:

The Company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

14. In respect of dealing or trading in shares, securities, debentures and other investment:

In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

15. In respect of guarantee given for loans taken by others:

According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.

16. In respect of application of term loans:

According to the information and explanations given to us by the management, term loans have been applied for the purpose for which they were obtained.

17. In respect of funds used:

According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that funds raised on short term basis have not been used for long-term investments.

18. In respect of preferential allotment of shares:

During the year, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

19. In respect of securities created for debentures:

According to the records of the Company, the Company has not issued any debentures during the year and there are no outstanding debentures during the year.

20. In respect of end use of money raised by public issues:

The Company has not raised any money by way of public issue during the year and therefore paragraph 4(xx) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable.

21. In respect of fraud:

Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanation given by the management, we report that no fraud on or by the Company has been noticed or reported during course of our audit.

For R.S.Patel & Co.
Chartered Accountants
Firm Registration No. 107758W

Rajan B. Shah
Partner

Place : Ahmedabad
Date : 26.05.2010

Membership No. 101998



BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. in Lacs)

	SCHEDULE	31-03-2010	31-03-2009
SOURCES OF FUNDS:			
Shareholders' Funds:			
Share Capital	1	15,541.88	15,543.74
Reserves & Surplus	2	1,92,363.00	1,85,867.88
		2,07,904.88	2,01,411.62
Loan Funds:			
Secured Loans	3	29,000.53	10,284.95
Unsecured Loans	4	26,505.00	25,305.00
		55,505.53	35,589.95
Deferred Tax:			
Deferred Tax Liabilities	5	25,526.32	26,305.75
Less: Deferred Tax Assets		2,479.09	2,850.22
		23,047.23	23,455.53
TOTAL		2,86,457.64	2,60,457.10
APPLICATION OF FUNDS:			
Fixed Assets:			
Gross Block	6	3,08,424.97	3,02,799.58
Less: Accumulated Depreciation/ Impairment		1,91,489.85	1,79,851.06
Net Block		1,16,935.12	1,22,948.52
Capital Work-in-Progress including Capital Advances		1,02,980.34	41,967.41
		2,19,915.46	1,64,915.93
Investments	7	8,951.46	8,839.06
Current Assets, Loans and Advances:			
Inventories	8	40,503.38	43,075.71
Sundry Debtors	9	1,668.11	28,871.65
Govt. of India Fertilizer Bonds		0.00	24,424.34
Cash and Bank Balances	10	32,339.02	5,541.39
Loans and Advances	11	25,385.93	21,725.62
	(A)	99,896.44	1,23,638.71
Less: Current Liabilities & Provisions:			
Current Liabilities	12	28,147.07	23,666.91
Provisions		14,158.65	13,269.69
	(B)	42,305.72	36,936.60
Net Current Assets (A-B)		57,590.72	86,702.11
TOTAL		2,86,457.64	2,60,457.10

Significant Accounting Policies and Notes to Accounts 20

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

K. C. Jatania
Executive Director (Finance)R.B. Panchal
Company SecretaryGuruprasad Mohapatra
Managing DirectorA.K. Joti
ChairmanD.J. Pandian
DirectorH.V. Patel
DirectorDr. TT Ram Mohan
DirectorD.C. Anjaria
DirectorDr. Ashok Shah
DirectorPlace : Gandhinagar
Date : 26.5.2010AS PER OUR REPORT OF EVEN DATE
For **R.S. PATEL & CO.**
Chartered AccountantsPlace : Ahmedabad
Date : 26.5.2010**Rajan B. Shah**
Partner
Membership No. : 101998

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

		(Rs. in Lacs)	
		2009-10	2008-09
SCHEDULE			
INCOME:			
Sales & Services		2,71,277.75	3,06,228.02
Less: Excise Duty		9,833.12	14,222.41
Sales (Net)		<u>2,61,444.63</u>	2,92,005.61
Other Income	13	8,628.26	6,534.06
		<u>2,70,072.89</u>	<u>2,98,539.67</u>
EXPENDITURE:			
Purchases of Goods for Sale		6,264.59	30,641.17
Manufacturing Expenses	14	1,77,580.75	1,81,360.00
(Increase)/ Decrease in Stock of Finished Goods and Stock in Process	15	9,719.75	(363.18)
Marketing, Administration and Other Expenses	16	20,606.90	14,544.48
Personnel Expenses	17	19,682.71	22,131.15
Interest	18	2,338.20	2,692.18
Depreciation/ Amortisation		11,695.92	11,972.57
Research & Development Expenses	19	195.39	190.85
		<u>2,48,084.21</u>	<u>2,63,169.22</u>
Profit Before Tax		21,988.68	35,370.45
Less : Provision for Current Tax (Including Wealth Tax)		10,013.24	10,527.66
Less : Provision for Deferred Tax		(408.30)	1,859.06
Less : Provision for Fringe Benefit Tax		0.00	232.00
Profit After Tax		12,383.74	22,751.73
Add: Balance brought forward from previous year		49,164.41	52,322.23
Amount available for Appropriations		<u>61,548.15</u>	<u>75,073.96</u>
APPROPRIATIONS:			
Transferred to:			
General Reserve		10,000.00	20,000.00
Proposed Dividend		5,051.11	5,051.11
Tax on Dividend		838.93	858.44
Balance Carried to Balance Sheet		<u>45,658.11</u>	<u>49,164.41</u>
		<u>61,548.15</u>	<u>75,073.96</u>

Significant Accounting Policies and Notes to Accounts 20

Earnings per share - Basic & Diluted (Rs.) 7.97 14.64

Nominal Value of Shares **Rs. 10/-** (Previous year Rs.10/-)

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

K. C. Jatania Executive Director (Finance)	R.B. Panchal Company Secretary	Guruprasad Mohapatra Managing Director	A.K. Joti Chairman
D.J. Pandian Director	H.V. Patel Director	Dr. TT Ram Mohan Director	D.C. Anjaria Director
			Dr. Ashok Shah Director

Place : Gandhinagar
Date : 26.5.2010AS PER OUR REPORT OF EVEN DATE
For **R.S. PATEL & CO.**
Chartered AccountantsPlace : Ahmedabad
Date : 26.5.2010**Rajan B. Shah**
Partner
Membership No. : 101998



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. in Lacs)

Particulars	2009-10	2008-09
A. Cash Flow from Operating Activities:		
Net Profit before Taxation & extraordinary items	21,988.68	35,370.45
Adjustments for:		
- Depreciation/ Amortisation	11,695.92	11,972.57
- Foreign exchange loss / (gain)	694.36	(47.16)
- Interest income	(706.70)	(877.63)
- Dividend income	(189.08)	(162.77)
- Interest expense	2,338.20	2,692.18
- (Profit) / Loss on sale of Fixed Assets (Net)	7.71	10.58
- Provision for Diminution in Value of Investments	3,467.88	304.20
- Business Loss on account of expenditure on WSA project- Implementation discontinued	3,000.00	0.00
- Provision for Diminution in Value of Carbon Credit	510.74	0.00
	20,819.03	13,891.97
Operating Profit before Working Capital Changes	42,807.71	49,262.42
Adjustment for:		
- Trade and other Receivables	46,915.46	7,805.02
- Inventories	2,572.33	(4,475.92)
- Trade Payables	3,410.66	(10,321.58)
	52,898.45	(6,992.48)
Cash Generated from Operations	95,706.16	42,269.94
- Income Tax paid (Net of Refund)	(9,471.87)	(8,686.20)
Net Cash Flow from Operating Activities	86,234.29	33,583.74
B. Cash Flow from Investing Activities:		
- Purchase of Fixed Assets	(68,225.20)	(43,997.62)
- Sale of Fixed Assets	19.15	42.58
- Interest received	706.70	1,019.89
- Dividends received	189.08	162.77
- Purchase of Investments	(3,580.28)	(858.51)
- Sale of Investments	0.00	6,372.64
Net Cash Flow from Investing Activities	(70,890.55)	(37,258.25)
C. Cash Flow from Financing Activities:		
- Proceeds from Short Term Borrowings	32,000.00	25,000.00
- Repayment of Short Term Borrowings	(38,634.42)	(20,597.79)
- Proceeds from Long Term Borrowings	27,350.00	0.00
- Repayment of Long Term Borrowings	(800.00)	(163.64)
- Interest paid	(2,551.70)	(2,435.71)
- Dividend paid (Including Dividend Tax)	(5,909.99)	(7,728.30)
Net Cash used in Financing Activities	11,453.89	(5,925.44)
Net increase/ (decrease) in cash and cash equivalents	26,797.63	(9,599.95)
Cash and cash equivalents at the beginning of period	5,541.39	15,141.34
Cash and cash equivalents at the end of period	32,339.02	5,541.39

Notes :

- Cash and cash equivalents include Deposits pledged with government authorities and banks **Rs. 777.83 lacs** (previous year Rs. 339.63 lacs).
- For Components of cash and cash equivalents, refer Schedule 10 to the Balance Sheet.

K. C. Jatania
Executive Director (Finance)

R.B. Panchal
Company Secretary

Guruprasad Mohapatra
Managing Director

A.K. Joti
Chairman

D.J. Pandian
Director

H.V. Patel
Director

Dr. TT Ram Mohan
Director

D.C. Anjaria
Director

Dr. Ashok Shah
Director

Place : Gandhinagar
Date : 26.5.2010

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

Place : Ahmedabad
Date : 26.5.2010

Rajan B. Shah
Partner
Membership No. : 101998

SCHEDULE - 1	(Rs. in Lacs)	
	31-03-2010	31-03-2009
SHARE CAPITAL:		
Authorised:		
25,00,00,000 Equity Shares of Rs.10/- each	<u>25,000.00</u>	<u>25,000.00</u>
Issued:		
15,54,18,783 Equity Shares of Rs.10/- each fully paid	<u>15,541.88</u>	<u>15,750.76</u>
(Previous year: 15,75,07,569 Equity Shares) @		
Subscribed and Paid up:		
15,54,18,783 Equity Shares of Rs.10/- each fully paid up	<u>15,541.88</u>	<u>15,541.88</u>
(Out of above, 89,42,569 shares issued pursuant to the scheme of amalgamation for consideration other than cash)		
Add : [Previous year: Forfeited Shares - (Amounts originally paid up @ Rs.5/- on 37,300 Equity Shares of the Amalgamating Company viz. NCPL)]	<u>0.00</u>	<u>1.86</u>
TOTAL	<u>15,541.88</u>	<u>15,543.74</u>

@ Reduction of Issued Capital by cancellation of 20,88,786 Equity Shares not taken or agreed to be taken by any person, pursuant to the provisions of Section 94(1)(e) of the Companies Act, 1956 read with the provisions of the Articles of Association of the Company and Ordinary Resolution passed in this regard by the Shareholders at the Annual General Meeting of the Company held on 24-09-2009.

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

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

As per last Balance Sheet	<u>61.97</u>	<u>61.97</u>
Add: Transfer of amounts originally paid up @ Rs. 5/- on forfeited 37,300 Equity Shares of the Amalgamating Company viz. NCPL	<u>1.86</u>	<u>0.00</u>
	<u>63.83</u>	<u>61.97</u>

Securities Premium Account:

As per last Balance Sheet	<u>31,330.67</u>	<u>31,330.67</u>
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General Reserve:

As per last Balance Sheet	<u>1,05,310.83</u>	<u>85,311.26</u>
Add : Transferred from Profit & Loss Account	<u>10,000.00</u>	<u>20,000.00</u>
Less: Rounding Difference of Dividend	<u>0.44</u>	<u>0.43</u>
	<u>1,15,310.39</u>	<u>1,05,310.83</u>

Balance in Profit and Loss Account	<u>45,658.11</u>	<u>49,164.41</u>
TOTAL	<u>1,92,363.00</u>	<u>1,85,867.88</u>

SCHEDULE - 3	(Rs. in Lacs)	
	31-03-2010	31-03-2009
SECURED LOANS:		
Loans and Advances from Banks:		
Cash Credit & Overdraft Accounts	<u>9,650.53</u>	<u>10,284.95</u>
Term Loans:		
Rupee Loan	<u>19,350.00</u>	<u>0.00</u>
TOTAL	<u>29,000.53</u>	<u>10,284.95</u>

Notes:

- Loans and Advances from banks as Cash Credit Accounts are secured by first charge by way of hypothecation of stocks and book debts and all other movables, both present and future.
- Loans and Advances from banks as Rupee Term Loan of **Rs. 19,350.00 lacs** are secured by first mortgage and charge on all immovable properties, both present and future. First charge will be by way of hypothecation of all non-current assets and second charge by way of hypothecation of all current assets including stocks and book debts.
- The above charges are ranking pari-passu among the lenders.

SCHEDULE - 4**UNSECURED LOANS:**

Loan from Bank	<u>7,200.00</u>	<u>0.00</u>
Short Term Loans and Advances:		
From Banks	<u>19,000.00</u>	<u>5,000.00</u>
From Others	<u>0.00</u>	<u>20,000.00</u>
Other Loans and Advances	<u>305.00</u>	<u>305.00</u>
TOTAL	<u>26,505.00</u>	<u>25,305.00</u>

Notes :

- Loan from Bank is against assignment of Security held by the Company towards outstanding of House Building Advance given to its employees.
- Out of the above, Loans and advances of **Rs. 20,600.00 lacs** (previous year Rs. 25,000.00 lacs) are payable within one year.

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

Depreciation	<u>25,526.32</u>	<u>26,305.75</u>
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Less: Assets:**Arising on account of timing differences in:**

Provision for Doubtful Debts / Advances / Loans	<u>79.12</u>	<u>79.50</u>
Provision for Leave Encashment & Bonus	<u>2,333.04</u>	<u>1,941.96</u>
Provision for Diminution in Value of Fertilizer Bonds	<u>0.00</u>	<u>828.76</u>
Provision for Gratuity	<u>66.93</u>	<u>0.00</u>
TOTAL	<u>2,479.09</u>	<u>2,850.22</u>
TOTAL	<u>23,047.23</u>	<u>23,455.53</u>



SCHEDULE - 6

FIXED ASSETS :

(Rs. in Lacs)

Sr No	Assets	COST			DEPRECIATION			IMPAIRMENT	NET BLOCK	
		As on 01-04-2009	Additions/ Adjustments	Deductions/ Adjustments	As on 31-03-2010	For the year	Upto 31-03-2010	Upto 31-03-2010	As on 31-03-2010	As on 31-03-2009
1	Intangible Assets - Goodwill	1,688.99	0.00	0.00	1,688.99	337.80	1,351.19	0.00	337.80	675.60
2	Free Hold Land	338.77	472.02	0.00	810.79	0.00	0.00	0.00	810.79	338.77
3	Roads, Culverts & Compound Wall	1,446.29	0.00	0.00	1,446.29	23.57	392.59	0.00	1,053.70	1,077.27
4	Buildings	11,844.18	1,927.65	0.00	13,771.83	318.87	4,248.62	0.00	9,523.21	7,917.72
5	Plant & Machinery	2,78,510.47	2,895.42	20.53	2,81,385.36	10,670.88	1,78,962.70	477.96	1,01,944.70	1,09,721.43
6	Intangible Assets - Softwares & Licence	2,720.04	273.41	0.00	2,993.45	166.14	1,476.11	0.00	1,517.34	1,410.08
7	Railway Sidings	376.99	0.00	0.00	376.99	1.45	356.33	0.00	20.66	22.11
8	Water Supply & Drainage System	1,957.85	0.00	0.00	1,957.85	40.05	1,497.14	0.00	460.71	500.76
9	Furniture, Fixture & Equipment	2,578.86	92.26	30.92	2,640.20	111.21	1,696.45	0.00	943.75	965.00
10	Vehicles	296.78	48.62	32.54	312.86	24.30	122.24	0.00	190.62	189.59
		3,01,759.22	5,709.38	83.99	3,07,384.61	11,694.27	1,90,103.37	477.96	1,16,803.28	1,22,818.33
11	Assets given on Lease:									
	Plant & Machinery	939.37	0.00	0.00	939.37	0.00	892.40	0.00	46.97	46.97
	Buildings	100.99	0.00	0.00	100.99	1.65	16.12	0.00	84.87	83.22
	TOTAL	3,02,799.58	5,709.38	83.99	3,08,424.97	11,695.92	1,91,011.89	477.96	1,16,935.12	1,22,948.52
	As on 31-03-2009	2,75,053.07	28,631.60	885.09	3,02,799.58	11,972.57	1,79,373.10	477.96	1,22,948.52	

Note : Additions to fixed assets during the year include Rs. 13.35 lacs (previous year Rs. 41.39 lacs) used for Research and Development.

SCHEDULE - 6 (Continued)	(Rs. in Lacs)		SCHEDULE - 7	(Rs. in Lacs)	
	31-03-2010	31-03-2009		31-03-2010	31-03-2009
CAPITAL WORK-IN-PROGRESS: (Including Capital Advances)			INVESTMENTS: (at cost unless otherwise stated) Long Term Investments:		
Toluene Di-Isocyanate (TDI) Plant at Dahej	48,328.67	14,805.38	1. Trade Investments:		
33 MW Co-generation Power & Steam Unit	8,842.65	3,900.61	(In fully paid up Equity Shares-Quoted)		
Reactor Replacement in Acetic Acid Plant	3,472.45	2,187.02	15,00,000 Gujarat State Fertilizers & Chemicals Ltd. of Rs.10/- each	1,503.75	1,503.75
Methanol Revamp	32.38	639.48	2,92,800 Gujarat Alkalies & Chemicals Ltd. of Rs.10/- each	224.52	224.52
Ammonia Plant Feedstock Conversion	12,738.75	288.11	80,00,000 Gujarat State Petronet Ltd. of Rs. 10/- each	1,000.00	1,000.00
Molecular Sieve System in Ammonia Plant	3,180.49	0.00	(In fully paid up Equity Shares-Unquoted)		
Ammonia Revamp	5,454.29	4,134.15	2,15,43,200 Gujarat State Petroleum Corp. Ltd. of Re.1/- each**	1,349.99	100.00
300 MTPD Weak Nitric Acid- II Plant	14,349.61	5,887.43	(Previous year: 10,00,000 shares of Rs. 10/- each)		
150 MTPD Concentrated Nitric Acid- III Plant	2,301.13	334.31	42,000 Bharuch Enviro Infrastructure Ltd. of Rs.10/- each	4.20	4.20
Wet Gas Sulphuric Acid (WSA) Project	1,502.89	0.00	20,000 Gujarat Venture Finance Ltd. of Rs.10/- each	2.00	2.00
Less: Provision for Business Loss on account of expenditure on WSA project - Implementation discontinued	1,502.89	0.00	12,50,000 Gujarat Green Revolution Co. Ltd. of Rs. 10/- each	125.00	125.00
	0.00	0.00	50,000 GSPC Gas Co. Ltd. of Rs. 10/- each	5.00	5.00
Other Capital Schemes	4,279.92	9,790.92	18,39,60,000 Gujarat Chemical Port Terminal Co. Ltd. of Re. 1/- each #	4,941.00	3,446.00
TOTAL	1,02,980.34	41,967.41	(Previous year: 3,44,60,000 shares of Rs. 10/- each)		
Includes the amount of Borrowing Cost capitalized	1,227.35	0.00	C/F	9,155.46	6,410.47

		(Rs. in Lacs)				(Rs. in Lacs)	
		31-03-2010	31-03-2009	31-03-2010	31-03-2009		
SCHEDULE - 7 (Continued)							
	B/F	9,155.46	6,410.47				
70,00,000	Bhavnagar Energy Co. Ltd. of Rs. 10/- each @ (Previous year: 10,00,000 shares of Rs. 10/- each)	700.00	100.00				
1,00,00,000	Bharuch Dahej Railway Co. Ltd. of Rs. 10/- each \$ (Previous year: Rs. 7.6471 paid-up per share)	1,000.00	764.71	10,855.46	7,275.18		
2. Other Investments: (In fully paid up Equity Shares-Quoted)							
1,80,000	Videocon Industries Ltd. of Rs.10/- each	1,080.00	1,080.00				
2,85,440	Industrial Development Bank of India of Rs.10/- each	231.92	231.92				
4,00,000	Indian Oil Corporation Ltd. of Rs.10/- each \$\$ (Previous year: 2,00,000 shares)	467.92	467.92				
71,900	Dena Bank of Rs.10/- each	21.57	21.57				
		1,801.41	1,801.41				
3. In Unit Trust of India: (In fully paid up Units - Quoted)							
4,84,500	Master Gain-92 Scheme of Rs. 10/- each	73.61	73.61				
		12,730.48	9,150.20				
	Less: Provision for Diminution in Value of Investments	3,779.02	311.14				
	TOTAL	8,951.46	8,839.06				
	Aggregate Book Value of Unquoted Investments	5,025.79	4,546.91				
	Aggregate Book Value of Quoted Investments	3,925.67	4,292.15				
	Aggregate Market Value of Quoted Investments	12,851.24	5,762.99				
**	10,00,000 shares of Rs. 10/- each received as Bonus shares. 21,54,320 shares of Rs. 10/- each splitted into 2,15,43,200 shares of Re.1/- each. Share Certificate is yet to be received.						
#	Face value of 3,44,60,000 shares reduced from Rs. 10/- to Re. 1/- each. Share Certificate for 14,95,00,000 shares is yet to be received.						
@	Share Certificate for 60,00,000 shares is yet to be received.						
\$	Share Certificate is yet to be received.						
\$\$	2,00,000 shares received as Bonus shares.						
SCHEDULE - 8 INVENTORIES: (At lower of Cost and Net Realisable Value)							
	Stores and Spares (including coal) (Includes in transit Rs. 1,190.03 lacs Previous year Rs. 1,764.56 lacs)	26,867.56	23,447.60				
	Stock-in-Trade:						
	Raw Materials (Includes in transit Rs. 1,208.33 lacs Previous year Rs. 1,241.38 lacs)	10,133.78	6,406.32				
	Finished Goods	3,250.04	11,252.97				
	Stock-in-Process	252.00	1,968.82				
		13,635.82	19,628.11				
	TOTAL	40,503.38	43,075.71				
SCHEDULE - 9 SUNDRY DEBTORS: (Unsecured)							
Debts outstanding for period exceeding six months:							
	Considered Good	3,805.24	4,047.38				
	Considered Doubtful	69.04	70.14	3,874.28	4,117.52		
	Other Debts - Considered Good	4,205.49	7,983.21				
	Subsidy and other Claims Receivables/ (Payables)	(6,342.62)	16,841.06	1,737.15	28,941.79		
	Less: Provision for Doubtful Debts	69.04	70.14				
	TOTAL	1,668.11	28,871.65				
SCHEDULE - 10 CASH AND BANK BALANCES:							
	Cash and Cheques on hand @	2,374.10	12.45				
	Bank Balances with Scheduled Banks :						
	Current Accounts (*)	1,280.35	5,189.31				
	Cash Credit Accounts (Debit Balance)	406.74	0.00				
	Bank Deposit (**)	28,277.83	339.63	29,964.92	5,528.94		
	TOTAL	32,339.02	5,541.39				
	@ Includes Cheques on Hand	2,363.88	0.00				
	(*) Includes in respect of Unpaid Dividends	667.86	640.95				
	(**) Includes Deposits pledged with Government Authorities and Banks	777.83	339.63				
SCHEDULE - 11 LOANS AND ADVANCES:							
A. Unsecured- Considered Good							
	Loans to Other Companies	200.00	40.00				
	Loans to Others	0.00	99.00				
	Advances recoverable in cash or in kind or for value to be received	22,189.66	20,203.18				
	Balance with Central Excise, Customs and Other Government Departments etc.	2,730.06	575.86				
	Advance Tax and Tax Deducted at Source	1,10,322.10	1,00,850.23				
	Less: Provision for Taxation / Fringe Benefit Tax	1,10,055.89	1,00,042.65	266.21	807.58		
B. Unsecured- Considered Doubtful							
	Advances recoverable in cash or in kind or for value to be received	163.74	163.74				
	Less: Provision for Doubtful of Recovery	163.74	163.74	0.00	0.00		
	TOTAL	25,385.93	21,725.62				
	Loans and Advances include amount due from:						
	1. Employees who have mortgaged/ hypothecated their Buildings and Vehicles to the Company	9,082.95	9,275.96				
	2. An officer of the Company	2.22	2.81				
	- Maximum amount due during the year	2.81	3.42				



	(Rs. in Lacs)	
	31-03-2010	31-03-2009
SCHEDULE - 12		
CURRENT LIABILITIES AND PROVISIONS:		
A. Current Liabilities:		
Sundry Creditors (Refer Note 9 of Schedule 20 B)	22,752.84	17,018.55
Other Liabilities	3,899.81	4,965.90
Interest accrued but not due	824.60	1,034.00
Investor Education and Protection Fund:		
Unclaimed Dividend	667.86	640.95
Unclaimed Matured Deposits	0.70	2.15
Unclaimed Interest on Matured Deposits/Debentures	1.26	5.36
	<u>669.82</u>	<u>648.46</u>
	<u>28,147.07</u>	<u>23,666.91</u>
B. Provisions:		
Proposed Dividend	5,051.11	5,051.11
Tax on Proposed Dividend	838.93	858.44
Provision for Leave Encashment on Retirement	7,562.60	6,875.76
Provision for Post Retirement Medical Benefit	509.10	391.30
Provision for Gratuity Benefit	196.91	93.08
	<u>14,158.65</u>	<u>13,269.69</u>
TOTAL	<u><u>42,305.72</u></u>	<u><u>36,936.60</u></u>

	2009-10	2008-09
SCHEDULE - 13		
OTHER INCOME:		
Rent	479.36	499.65
[Tax Deducted at Source Rs. 12.17 lacs (Previous year Rs. 40.94 lacs)]		
Income from Investments:		
Dividend @	189.08	162.77
Interest on Tax-free Bonds	0.00	71.12
	<u>189.08</u>	<u>233.89</u>
Excess Provision of Doubtful Debts Written Back	53.62	122.44
Excess Provision of Expenses Written Back	209.29	91.07
Insurance Claims	4,181.44	1,433.59
Interest on Income-Tax Refund	104.60	237.04
Interest Income	2,378.06	1,796.65
[Tax Deducted at Source Rs. 22.40 lacs (Previous year Rs. 99.29 lacs)]		
Miscellaneous Income	1,032.81	2,119.73
[Tax Deducted at Source Rs. 30.27 lacs (Previous year Rs. 23.47 lacs)]		
TOTAL	<u><u>8,628.26</u></u>	<u><u>6,534.06</u></u>

@ Dividend for the year includes dividend on Non Trade Investments of **Rs. 24.80 lacs** (Previous year: Rs. 23.73 lacs)

	2009-10	2008-09
SCHEDULE - 14		
MANUFACTURING EXPENSES:		
Raw Materials Consumed	1,24,761.39	1,23,605.50
Power, Fuel and Other Utilities @	35,925.16	37,631.73
Stores, Chemicals and Catalysts	2,896.21	4,091.43
Packing Expenses	3,677.26	4,792.93
Insurance	1,941.32	1,467.66
Repairs and Maintenance to:		
Buildings	291.49	460.14

	(Rs. in Lacs)	
	2009-10	2008-09
SCHEDULE - 14 (Continued)		
Plant and Machinery	7,279.69	8,694.65
Others	329.24	393.89
	<u>7,900.42</u>	<u>9,548.68</u>
Materials Handling Expenses at Factory	356.23	283.49
Laboratory Expenses	87.57	86.59
(Increase) / Decrease of Excise Duty on Inventory	7.86	(172.39)
Other Operating Expenses	27.33	24.38
TOTAL	<u><u>1,77,580.75</u></u>	<u><u>1,81,360.00</u></u>
@ Net of Rs. 3.17 lacs (Previous year Rs. 3.48 lacs) pertaining to Research and Development		
SCHEDULE - 15		
(INCREASE)/ DECREASE IN STOCK OF FINISHED GOODS AND STOCK-IN-PROCESS:		
Opening Stock:		
Finished Goods	11,252.97	9,411.58
Stock-in-process	1,968.82	3,447.03
	<u>13,221.79</u>	<u>12,858.61</u>
Less : Closing Stock:		
Finished Goods	3,250.04	11,252.97
Stock-in-process	252.00	1,968.82
	<u>3,502.04</u>	<u>13,221.79</u>
TOTAL	<u><u>9,719.75</u></u>	<u><u>(363.18)</u></u>

	2009-10	2008-09
SCHEDULE - 16		
MARKETING, ADMINISTRATION AND OTHER EXPENSES:		
Outward Freight and Other Charges	5,531.84	6,438.89
Selling Expenses	108.92	231.69
Selling Commission to Other Selling Agents	21.63	51.29
Turnover, Consignment and Service Tax	32.37	67.62
Rates and Taxes	184.32	199.91
Rent	308.26	472.89
Printing, Stationery, Postage, Telegrams, Telephones & Advertisement	436.50	454.85
Bank Charges & Commission	207.91	153.41
Traveling and Conveyance Expenses	334.26	471.87
Vehicle Running and Maintenance Expenses	190.23	228.74
Fire fighting, Safety and Security Expenses	264.72	289.67
Conference, Seminar, Subscription & Membership Fees	66.64	112.34
Professional and Consultation Charges	339.53	271.27
Purchase of Services	376.14	520.15
Miscellaneous Expenses	2,423.89	1,326.90
Loss on Sale of Gol Fertilizer Bonds	824.09	109.39
Provision for Diminution in Value of Gol Fertilizers Bonds	0.00	2,438.26
Loss on Sale of Fixed Assets (Net)	7.53	10.58
Assets Written Off	0.18	0.00
Directors' Sitting Fees	6.05	4.40
Auditors' Fees (including service tax)	26.88	51.98
Donations	1,855.72	334.18
C/F	<u><u>13,547.61</u></u>	<u><u>14,240.28</u></u>

	(Rs. in Lacs)	
	2009-10	2008-09
SCHEDULE - 16 (Continued)		
B/F	13,547.61	14,240.28
Bad Debts/ Advances Written Off	80.67	0.00
Business Loss on account of expenditure on WSA project-Implementation discontinued	3,000.00	0.00
Provision for Diminution in Value of Carbon Credit	510.74	0.00
Provision for Diminution in Value of Investments	3,467.88	304.20
TOTAL	20,606.90	14,544.48

SCHEDULE - 17**PERSONNEL EXPENSES:**

Salaries, Wages and Bonus	14,989.27	15,110.43
Contribution to Provident Fund and Pension Fund	1,701.32	2,632.49
Contribution and Provision towards Gratuity	423.99	707.84
Welfare Expenses	2,683.41	3,798.91
	19,797.99	22,249.67
Less:		
Amount Received on Deputation of Employees	8.19	3.26
Personnel Expenses relating to R & D Activities	107.09	115.26
	115.28	118.52
TOTAL	19,682.71	22,131.15

SCHEDULE - 18**INTEREST:**

On Fixed Loans	1,612.09	1,840.94
Others	726.11	851.24
TOTAL	2,338.20	2,692.18

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

Personnel Expenses	107.09	115.26
Consumables and Spares	85.13	72.11
Power and Fuel	3.17	3.48
TOTAL	195.39	190.85

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

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

Use of estimates:

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

2. Fixed Assets:

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

3. Depreciation:

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

In respect of assets acquired upto 31st March, 1993, the specified period has been recomputed by applying to the original cost, the revised rates as per Schedule XIV as per Government Notification dated 16-12-93, and depreciation charge calculated by allocating the unamortized value as per books of account over the remaining part, if any, of the recomputed period.

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

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

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

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

4. Impairment:

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

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

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

5. Intangible Assets:

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

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



plant and machinery is amortized over the estimated useful life of the related plant and machinery.

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

6. Leases:

Finance Lease:

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

Operating Lease:

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

7. Investments:

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

8. Inventories:

Inventories are valued as follows:

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

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

9. Foreign currency Transactions:

Initial Recognition:

Foreign currency transactions are recorded in the reporting

currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion:

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

Exchange Differences:

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

Forward Exchange Contracts not intended for trading or speculation purposes:

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

10. Revenue Recognition:

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

a. Sale of goods:

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

Sales, net of sales tax and discounts, comprise of sale of goods and services, excise duty and claims preferred on the Government of India for retention price reimbursement on 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:

Subsidy under the Fertilizer Pricing Policy is recognized 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, 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.

b. Other Income:

Interest:

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

Dividends:

Revenue is recognized on actual receipt basis.

Other Income:

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

11. 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 Profit and Loss Account.

12. 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.

13. Retirement Benefits:

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

14. Taxation:

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

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

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

15. Provisions:

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

16. Earnings Per Share:

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

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

17. Cash and Cash Equivalents:

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

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

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

Allocation of Common Costs:

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

Unallocated items:

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

B. NOTES TO ACCOUNTS:

(Rs. in Lacs)

	2009-10	2008-09
1. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	1,03,736.61	41,999.48
2. Contingent Liabilities not provided for:		
(i) Claims against the Company not acknowledged as debts (mainly on account of water charges and compensation for land acquisition)	1,803.60	1,146.02
(ii) Guarantees / Letters of Credit given by Banks on behalf of the Company	29,665.92	38,443.42
(iii) Claims in respect of employees'/ contract labour matters	Amount not ascertainable	
(iv) Income tax assessment orders contested	3,234.24	2,808.87
3. Uncalled amount on partly paid shares	0.00	235.29
4. The Company has received demands in respect of Central Excise Duty, Service Tax and VAT in fertilizers and chemical division's activities. The contingent liability in respect of above as estimated by the Company	1,442.16	858.22
5. Profit and Loss Account includes:		
(a) In the item of Sales (which is net of Rebate and Discounts):		
(i) Subsidy from Government of India under the Retention Price Scheme	88,951.60	68,628.18
(ii) Reimbursement of expenses in respect of Imported Fertilizers	866.30	3,750.15
(b) Remuneration to Joint Managing Director, Managing Director and Chairperson and Managing Director of the Company:		
(i) Salary	16.05	10.51
	15.99	10.24



(Rs. in Lacs)

2009-10 **2008-09**

(ii) Leave salary and Pension Fund Contribution	0.00	0.18
(iii) Perquisites	0.06	0.09
(c) Payments to Auditors: As auditor	26.88	51.98
(i) Statutory Audit Fees	9.93	25.53
(ii) Tax Audit Fees	2.01	5.12
(iii) Other services for Certification work etc.	13.67	20.31
(iv) Reimbursement of Expenses	1.27	1.02
(d) Payment to Cost Auditor:	1.83	1.41
(i) Cost Audit Fees	1.76	1.33
(ii) Reimbursement of Expenses	0.07	0.08
(e) Foreign Exchange Rate Differences - Loss/ (Gain)	694.36	(47.16)
(f) Sale of Services	2,262.65	2,386.15

6. The Company has strategic investment in the equity capital of Gujarat Chemical Port Terminal Company Ltd. (GCPTCL) in capacity of promoters, aggregating to Rs. 4,941.00 lacs as on 31st March, 2010. As per the Corporate Debt Restructuring (CDR) programme undertaken, GCPTCL has reduced the face value of its equity share from Rs.10/- each to Re.1/- each. In view of the above, the Company has made provision of Rs. 3,101.40 lacs in the current year towards diminution in value of investment in the equity of GCPTCL.

7. 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.

8. Loans and Advances include interest bearing unsecured loan of Rs. 160.00 lacs to Gujarat Chemical Port Terminal Company Ltd.

9. 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. 800.78 lacs** (Previous year Rs. 434.28 lacs) The payments to Micro Small and Medium undertakings have been made within the prescribed time limit/ date agreed upon with supplier and hence no interest is payable for delayed payments. These amounts have been included in Sundry Creditors.

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

10. Earnings per share:

	Unit	2009-10	2008-09
Net profit after tax	Rs. in Lacs	12,383.74	22,751.73
Weighted average number of equity shares of nominal value of Rs. 10/- each in calculating basic EPS	Nos.	15,54,18,783	15,54,18,783
Basic earning per share	Rs.	7.97	14.64
Weighted average number of equity shares of nominal value of Rs. 10/- each in calculating diluted EPS	Nos.	15,54,18,783	15,54,25,000
Diluted earning per share	Rs.	7.97	14.64

11. 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	
		2009-10	2008-09
Smt. Sudha Anchlia	Chairperson and Managing Director *	16.05	6.99
Shri Balwant Singh	Managing Director *	0.00	0.55
Shri Guruprasad Mohapatra	Managing Director *	0.00	0.00
Shri T Natarajan	Joint Managing Director *	0.00	2.97

* For part of the current year/ previous year

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

(Rs. in Lacs)

Name of the Entity	Balance	Maximum amount
	as on 31.03.2010	outstanding during the year
Narmada Education and Scientific Research Society	0.00 (99.00)	99.00 (199.00)

Figures in brackets are in respect of previous year

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

(Rs. in Lacs)

2009-10 **2008-09**

A) The Amounts recognized in respect of unfunded obligations:

Amount recognized in the Balance Sheet in respect of leave liability	7,562.60	6,875.76
Amount recognized in Salary, Wages and Employee Benefits in the Profit and Loss Account in respect of leave liability	686.84	1,281.01

Principal Actuarial Assumptions at the Balance Sheet date:

Discount rate	8.25%	7%
Future Salary escalation	5%	4%
Mortality Table	LIC	LIC
	(1994-96)	(1994-96)
	Ultimate	Ultimate

B) Defined Contribution Plan:

Amount recognized as an expense and included in Schedule-17 – Contribution to Provident Fund and Pension Fund	1,701.32	2,632.49
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C) Defined benefit plans -As per actuarial valuation on Balance Sheet date:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity as per payment of Gratuity Act. The Scheme is funded with Gratuity Trust, except in respect of employees of ANI-TDI Complex which is funded with LIC.

(Rs. in Lacs)

Sr. No.	Particulars	Gratuity Total		Post Employment Medical Benefit	
		2009-10	2008-09	2009-10	2008-09
I	Expense recognized in the Statement of Profit & Loss account for the year				
1	Current Service Cost	266.20	449.51	16.50	13.51
2	Interest Cost	709.41	750.10	28.27	21.79
3	Expected return on plan assets	(809.50)	(756.40)	0.00	0.00
4	Actuarial (Gain)/ Losses	288.23	178.15	80.90	84.21
5	Total expenses	454.34	621.36	125.67	119.51
II	Net Assets (Liability) recognized in the Balance Sheet				
1	Present value of Defined Benefit Obligation as at Balance Sheet Date	10,987.45	10,090.49	509.10	391.30
2	Fair value of plan assets as at Balance Sheet Date	10,790.54	9,997.41	0.00	0.00
3	Funded status [Surplus/(Deficit)]	(196.91)	(93.08)	(509.10)	(391.30)
4	Net assets / (Liability) as at Balance Sheet Date	(196.91)	(93.08)	(509.10)	(391.30)
III	Change in Obligation during the year				
1	Present value of Defined Benefit Obligation at the beginning of the year	10,090.49	9,185.26	391.30	272.37
2	Current Service Cost	266.20	449.51	16.50	13.51
3	Interest Cost	709.41	750.10	28.27	21.79
4	Actuarial (Gains) / Losses	400.39	222.77	80.90	84.21
5	Benefit Payments	(479.04)	(517.15)	(7.87)	(0.58)
6	Present value of Defined Benefit Obligation at the end of the year	10,987.45	10,090.49	509.10	391.30
IV	Change in fair value of plan Assets during the year				
1	Plan assets at the beginning of the year	9,997.41	9,085.20	0.00	0.00
2	Expected return on plan assets	809.50	756.40	0.00	0.00
3	Contribution by employer	350.51	628.34	0.00	0.00
4	Actual benefit paid	(479.04)	(517.15)	0.00	0.00
5	Actual Gains / (Losses)	112.16	44.62	0.00	0.00
6	Plan assets at the end of the year	10,790.54	9,997.41	0.00	0.00
7	Actual return on plan assets	921.66	801.02	0.00	0.00
V	Actuarial Assumptions				
1	Discount Rate	8.25%	7%	8.25%	7%
2	Expected rate of return on plan assets	8%	8%	0%	0%
3	Mortality/ pre-retirement	LIC (1994-96) Table	LIC (1994-96) Table	Not Applicable	Not Applicable
4	Medical Inflation rate	—	—	4%	4%
5	Salary Escalation	5%	4%	—	—
6	Attrition Rate	2%	2%	—	—

	Gratuity Total		Post Employment Medical Benefit		
	2009-10	2008-09	2009-10	2008-09	
1	Defined Benefit Obligation	10,987.45	10,090.49	509.10	391.30
2	Plan Assets	10,790.54	9,997.41	—	—

(Rs. In Lacs)

	Gratuity Total		Post Employment Medical Benefit		
	2009-10	2008-09	2009-10	2008-09	
3	Surplus/ (Deficit)	(196.91)	(93.08)	(509.10)	(391.30)
4	Experience adjustment on plan liabilities (gain) / loss	406.79	505.59	116.57	45.57
5	Experience adjustment on plan assets (loss) / gain	112.16	44.58	—	—

The Company expects to contribute Rs. 687.42 lacs towards Gratuity Benefit and Rs.131.95 lacs towards Post Employment Medical Benefit in the year 2010-11.

14. a) Finance Lease:

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

(Rs. in Lacs)

	2009-10	2008-09
Total gross investment in the lease	150.00	150.00
Less : Unearned finance income	0.00	0.00
Less : Unguaranteed residual value	0.00	0.00
Present value of minimum lease payments	20.00	50.00
Gross investment in the lease for the period:		
Not later than one year [Present value of minimum lease payments receivable: Rs. 20.00 lacs as on 31.03.2010]	20.00	30.00
Later than one year but not later than five years [Present value of minimum lease payments: Rs. Nil lacs as on 31.03.2010]	0.00	20.00

b) Operating Lease:

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

(Rs. in Lacs)

	2009-10	2008-09
Future minimum lease payments:		
Not later than one year	19.56	78.18
Later than one year and not later than five years	23.21	126.28
Later than five years	Nil	Nil
TOTAL	42.77	204.46

15. In view of confirmation of long term availability of LSHS now, it has been decided to initiate closure of the Wet gas Sulphuric Acid Project which was under implementation. Provision of Rs. 30 crores has been made in the Profit & Loss Account towards the impact of the closure. Further necessary adjustments will be made in the Books of Accounts on finalization of the impact of the project closure.
16. The Company has accounted income of Rs. 34 crores in current financial year towards estimated insurance claim of Business Interruption for the period upto 31-03-2010 following accident in Section 700 of Ammonia Plant of the Company on 09-02-2010 (3rd shift).
17. Confirmations of some 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.
18. Previous year's figures have been regrouped wherever necessary to conform to the figures of the current year.



19. Segment Information:

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

Financial information about the primary business segments for the year ended 31st March, 2010:

(Rs. in Lacs)

	Fertilizers		Chemicals		Others		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
A REVENUE:								
External Sales Revenue	1,44,896.36	1,79,323.94	1,22,852.83	1,23,014.84	3,528.56	3,889.24	2,71,277.75	3,06,228.02
Intersegment Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	1,44,896.36	1,79,323.94	1,22,852.83	1,23,014.84	3,528.56	3,889.24	2,71,277.75	3,06,228.02
Less Excise Duty	5.14	51.26	9,821.35	14,162.43	6.63	8.72	9,833.12	14,222.41
Net Revenue	1,44,891.22	1,79,272.68	1,13,031.48	1,08,852.41	3,521.93	3,880.52	2,61,444.63	2,92,005.61
B RESULT:								
Segment result - profit/ (loss)	(2,744.29)	4,580.84	32,141.90	30,621.85	1,083.04	1,128.85	30,480.65	36,331.54
Other Income							3,226.33	3,400.50
Unallocable Expenses							(9,380.10)	(1,669.41)
Operating profit							24,326.88	38,062.63
Interest expense							(2,338.20)	(2,692.18)
Profit before tax							21,988.68	35,370.45
Provision for income tax (including deferred tax)							(9,604.94)	(12,618.72)
Net profit							12,383.74	22,751.73
C OTHER INFORMATION:								
Capital Employed:								
Segment assets	53,689.44	1,07,564.50	1,75,010.88	1,18,607.77	4,112.93	4,417.60	2,32,813.25	2,30,589.87
Segment liabilities	(19,017.26)	(15,168.87)	(5,768.78)	(10,662.59)	(923.53)	(695.81)	(25,709.57)	(26,527.27)
Other unallocable corporate assets & liabilities							801.20	(2,650.98)
Total capital employed	34,672.18	92,395.63	1,69,242.10	1,07,945.18	3,189.40	3,721.79	2,07,904.88	2,01,411.62
Capital assets/ expenditure incurred during the year:								
Capital assets including capital work in progress	14,195.89	3,411.13	50,504.13	28,955.93	96.06	99.93	64,796.08	32,466.99
Other unallocable capital expenditures							3,429.12	12,210.86
TOTAL	14,195.89	3,411.13	50,504.13	28,955.93	96.06	99.93	68,225.20	44,677.85
D SEGMENT DEPRECIATION:	2,524.55	3,094.62	7,655.37	7,734.99	1,516.00	1,142.96	11,695.92	11,972.57
E NON CASH EXPENSES OTHER THAN DEPRECIATION:							6,978.62	2,742.46

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

(A) Capacity and Production 2009-10:

Products	Licensed Capacity (MT)	Installed Capacity (MT)	Production (MT)
	(Per Annum)		
Ammonia	6,36,000 (6,36,000)	4,45,500 (4,45,500)	4,45,505 (4,55,217)
Urea	7,20,000 (7,20,000)	6,36,000 (6,36,000)	6,01,681 (5,92,284)
Ammonium Nitro Phosphate	2,88,000 (2,88,000)	1,42,500 (1,42,500)	1,66,547 (1,34,039)
Calcium Ammonium Nitrate	2,70,000 (2,70,000)	1,42,500 (1,42,500)	1,02,644 (1,38,510)
Methanol	3,61,800 (3,61,800)	2,68,700 (2,68,700)	1,88,214 (1,49,420)
Formic Acid	36,000 (36,000)	10,000 (10,000)	15,886 (14,970)
Acetic Acid	1,50,000 (1,50,000)	1,00,000 (1,00,000)	1,40,140 (1,33,058)
Concentrated Nitric Acid	90,000 (90,000)	66,000 (66,000)	68,906 (54,933)
Aniline	35,000 (35,000)	35,000 (35,000)	33,848 (27,077)
Toluene Di-Isocyanate	14,000 (14,000)	14,000 (14,000)	12,974 (12,636)

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

2. Being intermediate product, consumption of 4,52,866 MT of Ammonia (previous year 4,60,145 MT), 77,130 MT of Methanol (previous year 73,751 MT) and 39,199 MT of Concentrated Nitric Acid (previous year 33,704 MT) used as a captive consumption.

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

(B) (1) Sales and Closing Stock 2009-10:

Products	Sales		Closing Stock as on 31-03-2010	
	Qty (MT)	Rs. in Lacs	Qty (MT)	Rs. in Lacs
Ammonia	0	0.00	0	0.00
	(1,449)	(361.84)	(0)	(0.00)
Urea	6,37,702	29,571.56	2,614	400.05
	(5,84,286)	(27,131.98)	(38,056)	(5,935.36)
Ammonium Nitro Phosphate	1,69,816	8,118.66	11	0.58
	(1,31,966)	(37,035.70)	(3,289)	(427.90)
Calcium Ammonium Nitrate	1,12,965	11,895.89	6,909	663.84
	(1,22,330)	(12,803.76)	(17,243)	(1,582.97)
Methanol	1,11,511	15,595.75	6,705	919.93
	(72,894)	(14,400.57)	(7,132)	(890.88)
Formic Acid	16,477	6,861.06	32	6.00
	(15,070)	(6,391.34)	(623)	(123.88)
Acetic Acid	1,43,704	37,147.28	1,086	175.14
	(1,32,769)	(40,592.85)	(3,871)	(644.89)
Concentrated Nitric Acid	29,311	4,371.20	641	61.73
	(21,628)	(3,434.81)	(247)	(25.73)
Aniline	33,825	21,671.79	780	462.94
	(27,090)	(18,649.94)	(756)	(443.27)
Toluene Di-Isocyanate	13,129	21,794.84	58	61.03
	(13,118)	(22,780.66)	(213)	(239.37)
By-products and Others		18,077.75		
		(16,925.17)		
Fertilizers and Freight Subsidy		88,951.60		
		(68,628.18)		
TOTAL		2,64,057.38		
		(2,69,136.80)		

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

(B) (2) Goods Traded 2009-10:

Products	Opening Stock as on 01-04-2009		Purchases		Sales		Closing Stock as on 31-03-2010	
	Qty (MT)	Rs. in Lacs	Qty (MT)	Rs. in Lacs	Qty (MT)	Rs. in Lacs	Qty (MT)	Rs. in Lacs
Imported Urea	5,041	314.34	1,06,707	5,495.16	110,093	5,304.80	1,629	65.42
	(46,339)	(2,190.11)	(4,76,373)	(25,105.82)	(513,874)	(24,710.91)	(5,041)	(314.34)
DAP (Including Imported)	495	6.22	0	-64.79	10	5.77	76	4.58
	(544)	(5.11)	(0)	(0.00)	(0)	(1.96)	(495)	(6.22)
Imported Muriate of Potash	114	1.23	0	-0.15	39	94.47	0	0.00
	(4,325)	(458.58)	(18,000)	(2,059.53)	(21,671)	(4,698.19)	(114)	(1.23)
Imported TDI	0	0.00	40	60.46	40	61.95	0	0.00
	(0)	(0.00)	(0)	(0.00)	(0)	(0.00)	(0)	(0.00)
Imported Acetic Acid	0	0.00	0	0.00	0	0.00	0	0.00
	(0)	(0.00)	(5,856)	(1,653.57)	(5,856)	(1,870.30)	(0)	(0.00)
Imported Methanol	0	0.00	0	0.00	0	0.00	0	0.00
	(0)	(0.00)	(2,400)	(522.27)	(2,400)	(519.26)	(0)	(0.00)
PKI & Data Centre				739.36		843.05		
				(1,135.46)		(1,357.00)		
Others				34.55		44.03		
				(146.32)		(183.45)		
Reimbursement of expenses for Imported Fertilizers						866.30		
						(3,750.15)		
TOTAL						7,220.37		
						(37,091.22)		

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



(C) Raw Materials Consumed 2009-10:

	Unit	Quantity	Rs. in Lacs
Fuel Oil/ LSHS (Feed Stock)	MT	3,58,911	76,877.31
		(3,72,849)	(85,956.04)
Natural Gas	000SM3	1,88,879	19,026.61
		(1,39,863)	(11,088.36)
Rock Phosphate	MT	1,06,787	8,600.54
		(91,282)	(9,584.16)
Liquid Ammonia	MT	30,373	3,884.95
		(16,736)	(3,068.18)
Naphtha	MT	396	142.40
		(669)	(310.94)
Raw Materials for Catsol	—	—	0.00
		(—)	(2.60)
Benzene	MT	28,951	12,244.44
		(23,032)	(9,768.13)
Toluene	MT	8,548	3,457.89
		(8,072)	(3,278.26)
Chlorine	MT	12,332	407.67
		(12,041)	(468.78)
Raw Materials for others	—	—	119.58
		(—)	(80.05)
TOTAL			1,24,761.39
			(1,23,605.50)

- NOTES :** 1. Figures in Brackets () are of previous year.
2. Liquid Ammonia being an intermediate product, materials acquired from outside only are considered.
3. It is not practicable to furnish quantitative information for all the items in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

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

	2009-10		2008-09	
	Rs. in Lacs	%	Rs. in Lacs	%
Raw Materials:				
Imported	7,417.12	5.95	8,462.36	6.85
Indigenous	1,17,344.27	94.05	1,15,143.14	93.15
TOTAL	1,24,761.39	100.00	1,23,605.50	100.00
Components & Spares:				
Imported	2,091.83	28.74	1,536.63	17.67
Indigenous	5,187.86	71.26	7,158.02	82.33
TOTAL	7,279.69	100.00	8,694.65	100.00

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

	2009-10	2008-09
(i) Raw Materials and Fuel	15,631.81	19,254.69
(ii) Spares	3,276.87	3,344.04
(iii) Capital goods	23,430.85	2,224.23
(iv) Finished goods	86.46	1,758.92

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

	2009-10	2008-09
(i) Engineering, Licence and Know-how fees - Capital Nature	2,833.15	6614.19
(ii) Engineering, Licence and Know-how fees - Revenue Nature	193.19	153.33
(iii) Travelling, Journal, Membership fees etc.	85.95	134.10

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

	2008-09	2007-08
(i) Number of Shareholders	567	534
(ii) No of Shares held by them on which Dividend was due	4,68,213	4,60,048
(iii) Year to which Dividend relates	2008-09	2007-08
(iv) Amount remitted (Net of Tax) (Rs. in Lacs)	15.22	19.55

(H) Earnings in Foreign Currency (Accrual Basis):

	2009-10	2008-09
(i) Export of goods on FOB basis	354.38	1,011.46
(ii) Technical consultancy & other fees	237.54	438.52

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

Particulars	As on 31-03-2010		As on 31-03-2009	
	Rs. in Lacs	Amt in FC	Rs. in Lacs	Amt in FC
Sundry Creditors for Import	674.85	Euro 10,72,775	573.00	Euro 8,68,853
Sundry Creditors for Import	4.65	USD 9,944	109.87	USD 2,15,329
Sundry Creditors for Import	0.94	GBP 1,315	—	—
Sundry Creditors for Import	—	—	15.44	JPY 35,90,091

Particulars	As on 31-03-2010		As on 31-03-2009	
	Rs. in Lacs	Amt in FC	Rs. in Lacs	Amt in FC
Sundry Debtors	—	—	40.28	Euro 60,846

Signatures to Schedules 1 to 20

K. C. Jatania
Executive Director (Finance)

R.B. Panchal
Company Secretary

Guruprasad Mohapatra
Managing Director

A.K. Joti
Chairman

D.J. Pandian
Director

H.V. Patel
Director

Dr. TT Ram Mohan
Director

D.C. Anjaria
Director

Dr. Ashok Shah
Director

Place : Gandhinagar
Date : 26.5.2010

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

Place : Ahmedabad
Date : 26.5.2010

Rajan B. Shah
Partner
Membership No. : 101998

D. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :**I Registration Details:**Registration No. State Code Balance sheet Date **II Capital raised during the year (Amount in Rupees Thousand):**Public Issue Right Issue Bonus Issue Private Placement **III Position of Mobilization and Deployment of Funds (Amount in Rupees Thousand):****Total Liabilities** **Total Assets** **Sources of Funds:**Paid-up Capital Reserves & Surplus Secured Loans Unsecured Loans Deferred Tax **Application of Funds:**Net Fixed Assets Investments Net Current Assets Misc. Expenditure Accumulated Losses **IV Performance of Company (Amount in Rupees Thousand):**Turnover & Other Income Profit before tax Earning per Share in Rs. Total Expenditure Profit after tax Dividend Rate % **V Generic Names of Three Principal Products / Services of Company:**Item Code No. (ITC Code) Product Description K. C. Jatania
Executive Director (Finance)R.B. Panchal
Company SecretaryGuruprasad Mohapatra
Managing DirectorA.K. Joti
ChairmanD.J. Pandian
DirectorH.V. Patel
DirectorDr. TT Ram Mohan
DirectorD.C. Anjaria
DirectorDr. Ashok Shah
Director



PROXY FORM

GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

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

DP. Id*	
Client Id*	

Registered Folio No.	
No. of Shares held	

I/We _____ of _____ in the district of _____ being a Member(s) of the above named Company, hereby appoint _____ of _____ in the district of _____ or failing him _____ of _____ in the district of _____ as my/our Proxy to attend and vote for me/us on my/our behalf at the 34th Annual General Meeting of the Company, to be held on **Friday, the 24th September, 2010 at 11:00 A.M.** and at any adjournment thereof.

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

Sr. No.	Resolution	For	Against
1.	Adoption of Audited Accounts & Reports		
2.	Declaration of Dividend		
3.	Re-appointment of Shri Pankaj Kumar, IAS as Rotational Director		
4.	Re-appointment of Dr. TT Ram Mohan as Rotational Director		
5.	Re-appointment of Auditors		
6.	Appointment of Shri HV Patel, IAS as Managing Director		
7.	Increase in the borrowing limits of the Company		
8.	Authorization for creation of mortgages/charges		

Signed this day of 2010

*Applicable for investors holding shares in electronic form

NOTES :

- The Proxy form duly completed should be deposited at the Registered Office of the Company at P.O. Narmadanagar - 392 015, Dist. : Bharuch, not later than 48 hours before the commencement of the meeting.
- A proxy need not be a member of the Company.
- ** This is only optional. Please put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

Affix
15 Paise
Revenue
Stamp here
Signature

TEAR HERE

GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

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

ENTRANCE PASS

To be presented at the Entrance

DP. Id*	
Client Id*	

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

I hereby record my presence at the **34th Annual General Meeting** of the Company held near Janvikas Temple, Narmadanagar Township, P.O. Narmadanagar : 392 015, Dist. Bharuch on **Friday, the 24th September, 2010 at 11:00 A.M.**

Member's /Proxy's Signature :

* Applicable for investors holding shares in Electronic Form.





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

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