



35th

**Annual Report
2010-2011**



GNFC

Chemicals • Fertilizers • IT

Gujarat Narmada Valley Fertilizers Company Limited



**Foundation Stone Laying Ceremony of Ammonia Feed
Stock Conversion Project and Toluene Di-Isocyanate Project
on 13th May, 2010**



'Deep Pragatya'

→ at the hands of Hon'ble Chief Minister of Gujarat, Shri Narendrabhai Modi.



→ **Cross Section of the Audience**



GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

35TH ANNUAL GENERAL MEETING

Date : 17th September, 2011
Day : Saturday
Time : 11:00 A.M.
Place : Open Air Theatre, Sports Complex,
Narmadanagar Township,
P.O. Narmadanagar-392 015,
District – Bharuch.

BOARD OF DIRECTORS

(As on 1st August, 2011)

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

Executive Directors

Shri KC Jatania, CFO
Shri JS Kochar

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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GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

FOR MEMBERS' ATTENTION

(I) SOME IMPORTANT NOTES

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

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

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

(II) REGARDING ANNUAL REPORT / ANNUAL GENERAL MEETING

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

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

NOTICE

NOTICE IS HEREBY given that the **35th Annual General Meeting** of the Members of Gujarat Narmada Valley Fertilizers Company Limited will be held on **Saturday, the 17th September, 2011 at 11:00 A.M.** at the Registered Office of the Company, at Open Air Theatre, Sports Complex, Narmadanagar Township, P.O. Narmadanagar - 392 015, District Bharuch to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011, 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, 2011.
3. To appoint a Director in place of Shri DC Anjaria, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration and, if thought fit, to pass with or without modification(s), the following Resolution:

As a Special Resolution :

“RESOLVED that pursuant to the provisions of Sections 224, 224A, 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad (Firm Registration No. 117365W) be and are hereby appointed Auditors of the Company, in place of the retiring Auditors, M/s RS Patel & Co., Chartered Accountants, Ahmedabad 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, 2012.”

SPECIAL BUSINESS :**5. Appointment of Shri MM Srivastava, IAS as Director of the Company :**

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

As an Ordinary Resolution :

“RESOLVED that Shri MM Srivastava, IAS be and is hereby

appointed as Director of the Company, liable to retire by rotation.”

6. Appointment of Shri RK Tripathy, IAS as Director of the Company :

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

As an Ordinary Resolution :

“RESOLVED that Shri RK Tripathy, IAS be and is hereby appointed as Director of the Company, liable to retire by rotation.”

7. Appointment of Shri Atanu Chakraborty, IAS as Director of the Company :

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

As an Ordinary Resolution :

“RESOLVED that Shri Atanu Chakraborty, IAS be and is hereby appointed as Director of the Company, liable to retire by rotation.”

8. Appointment of Shri AM Tiwari, 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 pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Shri AM Tiwari, IAS, as the Managing Director of the Company for a period commencing from 14th July, 2011, on such terms and conditions of appointment and payment of remuneration and providing of perquisites by the Company to him as Managing Director, as may be notified by the Government of Gujarat and as may be determined by the Board, so however, his period of office shall not exceed five years from the date of his appointment and the remuneration payable to him shall not exceed the limits specified under Schedule XIII to the Companies Act, 1956.”

“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 any increase, variation, modification or amendment, as may be decided and conveyed by the Government of



Gujarat in the terms and conditions of appointment and payment of remuneration and providing of perquisites by the Company to Shri AM Tiwari, IAS, Managing Director in accordance with Articles of Association of the Company and Schedule XIII to the Companies Act, 1956 or as may be prescribed / approved by the Central Government, if such approval of the Central Government is required."

"FURTHER RESOLVED that Shri AM Tiwari, Managing Director of the Company be and is hereby authorized to exercise substantial powers of Management and that he will be responsible for the day to day management of the Company, subject to the superintendence, direction and control of the Board of Directors and he 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."

"FURTHER RESOLVED that the remuneration, benefits and perquisites as may be notified by Government of Gujarat, shall be paid and allowed to Shri AM Tiwari as minimum remuneration, notwithstanding the absence or inadequacy of profits in any year."

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

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. INSTRUMENT APPOINTING PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY- EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 4 to 8 set out above are annexed hereto. The information as are required to be furnished under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, of persons seeking appointment / re-appointment as Director under Item Nos. 3 and 5 to 8 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 : 8th August, 2011

R B Panchal
Company Secretary

ANNEXURE TO THE NOTICE

AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956, THE FOLLOWING EXPLANATORY STATEMENT SET OUT ALL MATERIAL FACTS RELATING TO THE BUSINESS MENTIONED UNDER ITEM NOS. 4 to 8 OF THE ACCOMPANYING NOTICE DATED 8TH AUGUST, 2011

Item No. 4

M/s RS Patel & Co., Chartered Accountants, Ahmedabad were reappointed Statutory Auditors of the Company at the last Annual General Meeting (AGM) to hold office until the conclusion of this AGM. The Company has received a Notice under Section 190 of the Companies Act, 1956 from a Member of the Company proposing the appointment of M/s Deloitte Haskins & Sells., Chartered Accountants as Auditors of the Company in place of M/s RS Patel & Co. Chartered Accountants, the retiring Auditors of the Company.

It is proposed to appoint M/s Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad as the Statutory Auditors of the Company in place of retiring Auditors. M/s Deloitte Haskins & Sells are a renowned firm of Chartered Accountants and they

have wide experience of the Audit of various Companies. They have consented for appointment as Auditors of the Company. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limit under Section 224(1B) of the Companies Act, 1956 and also that they are not otherwise disqualified to be appointed, within the meaning of Section 226 (3) of the Companies Act, 1956.

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

Your Directors commend the proposed resolution for your approval.

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

Item Nos. 5, 6 & 7

In accordance with Article 141 of Articles of Association of the Company:

- i) Shri MM Srivastava, IAS was appointed as Director on the Board of the Company effective 22nd April, 2009 in the casual vacancy caused by the resignation of Shri D Rajagopalan; and
- ii) Shri RK Tripathy, IAS, was appointed as Director on the Board of the Company effective 20th October, 2010 in the casual vacancy caused by the resignation of Shri PN Roychowdhury.

In accordance with Article 142 of Articles of Association of the Company, Shri Atanu Chakraborty, IAS was appointed as Additional Director on the Board of the Company effective 28th July, 2011.

In pursuance of the provisions of the Companies Act, 1956, S/Shri MM Srivastava, IAS, RK Tripathy, IAS and Atanu Chakraborty, IAS hold the office of Directors up to the date of forthcoming Annual General Meeting. As required by Section 257 of the Companies Act, 1956, Notices proposing the candidature of S/Shri MM Srivastava, RK Tripathy and Atanu Chakraborty for the office of Director of the Company have been received from some members alongwith requisite deposit.

Shri MM Srivastava is a Senior IAS Officer and is presently the Additional Chief Secretary to Government of Gujarat, Finance Department. He has a rich experience in the field of Management, Corporate Finance & Accounts and Administration.

Shri RK Tripathy is a Senior IAS Officer and is presently the Principal Secretary to Government of Gujarat, Agriculture & Co-operation Department. He has a rich experience in the field of Management and Administration.

Shri Atanu Chakraborty is a Senior IAS Officer and is presently the Managing Director of Gujarat State Fertilizers & Chemicals Ltd, Vadodara. He has a rich experience in the field of Finance, Management and Administration.

The Board considers that it would be in the interest of the Company to appoint S/Shri MM Srivastava, RK Tripathy and Atanu Chakraborty as Rotational Directors and therefore, commends the resolutions for your approval.

S/Shri MM Srivastava, RK Tripathy and Atanu Chakraborty are concerned or interested in the respective resolutions relating to their own appointment at Item Nos. 5 to 7 of the accompanying Notice. None of the remaining Directors is, in any way,

concerned or interested in the said resolutions.

Item No. 8

Consequent upon his transfer and appointment as Commissioner, Commercial Tax, Ahmedabad, Shri HV Patel, IAS has tendered his resignation as Director/ Managing Director of the Company effective 13th July, 2011.

In accordance with the provisions of Article 134 of Articles of Association of the Company, Government of Gujarat has nominated Shri AM Tiwari, IAS as Government Director on the Board of the Company. The Board has appointed Shri AM Tiwari as the Managing Director of the Company effective 14th July, 2011.

The terms and conditions of appointment and payment of remuneration and providing of perquisites to Shri AM Tiwari will be as may be notified by Government of Gujarat and as may be determined by the Board, provided that his period of office shall not exceed five years from the date of his appointment and the remuneration payable to him shall be subject to the limits specified under Schedule XIII to the Companies Act, 1956.

In terms of the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, the appointment of Shri AM Tiwari as Managing Director of the Company and payment of remuneration to him are subject to the approval of shareholders in General Meeting.

The proposed resolution is for the aforesaid purpose and is commended to the Shareholders for their approval.

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

Inspection of Documents :

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

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

Registered Office :
P.O. Narmadanagar
Dist. Bharuch : 392 015
Dated : 8th August, 2011

R B Panchal
Company Secretary



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

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

Shri DC Anjaria

Shri DC Anjaria (65), is a Director of the Company since 4th January, 2006. He is B.Com. and MBA (Finance), from IIM, Ahmedabad. He has long commercial banking experience spanning around 20 years in India and abroad. His expertise extends to operations management, foreign exchange trading, treasury management, financial control and international trade finance. He has held distinguished positions such as Chief Trader, Country Treasurer and Country Financial Controller in India.

Details of his other Directorship and Committee Membership are -

1. Ratnamani Metals & Tubes Ltd. - Director, Chairman of Audit Committee and Member of Shareholders' / Investors' Grievance Committee
2. Gujarat State Fertilizers & Chemicals Ltd. - Director and Chairman of Audit Committee
3. Gujarat International Finance Tech. City Co. Ltd. - Director and Chairman of Audit Committee
4. GIFT Collective Investment Management Co. Ltd. - Director and Chairman of Audit Committee
5. International Financial Solutions (P) Ltd. - Director
6. Indian Institute of Financial Services (P) Ltd. - Director

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

Shri MM Srivastava, IAS

Shri MM Srivastava, IAS (59), is a Director of the Company since 22nd April, 2009. He is M.Sc. and MBA. He is a senior IAS Officer having vast experience in the field of Management, Corporate Finance & Accounts and Administration. He has held distinguished positions in the Government of Gujarat. Presently, he is Additional Chief Secretary to Government of Gujarat, Finance Department.

Details of his other Directorship and Committee Membership are -

1. Gujarat State Investments Ltd. - Chairman
2. Gujarat State Financial Services Ltd. - Chairman
3. GSFS Caps Ltd. - Chairman
4. Gujarat State Petroleum Corporation - Director and Member of Audit Committee
5. Gujarat International Finance Tech. City Co. Ltd. - Director and Member of Audit Committee
6. Sardar Sarovar Narmada Nigam Ltd. - Director and Member of Audit Committee
7. Gujarat State Fertilizers & Chemicals Ltd. - Director and Member of Audit Committee
8. Gujarat Alkalies & Chemicals Ltd. - Director

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

Shri RK Tripathy, IAS

Shri RK Tripathy, IAS (58), is a Director of the Company since 20th October, 2010. He is M.A. with Political Science. He is a senior IAS Officer having vast experience in the field of Management & Administration. He has held distinguished positions in the Government of Gujarat. Presently, he is Principal Secretary to Government of Gujarat, Agriculture & Co-operation Department.

Details of his other Directorship and Committee Membership are -

1. Gujarat Agro Industries Corporation Ltd. - Chairman and Member of Audit Committee

2. Gujarat State Seed Corporation Ltd. - Chairman
3. Gujarat State Land Development Corporation Ltd. - Chairman
4. Mahindra Gujarat Tractor Ltd. - Director

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

Shri Atanu Chakraborty, IAS

Shri Atanu Chakraborty, IAS (51), is a Director of the Company since 28th July, 2011. He is BE (Electronics and Communications) and has also done Post Graduate Diploma in Business Finance and MBA from UK. He is a senior IAS Officer having vast experience in the field of Management, Finance, Infrastructure Development and Administration. He has held distinguished positions in the Government of Gujarat and in Central Government.

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

Details of his other Directorship and Committee Membership are -

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

Shri AM Tiwari, IAS, Managing Director

Shri AM Tiwari, IAS (52), is a Managing Director of the Company since 14th July, 2011. He is B.Sc. (Botany, Zoology, Chemistry) and M.Sc. (Zoology) from Banaras Hindu University, Varanasi and MBA in Business Administration from University of Ljubljana, Slovenia. He is a senior IAS Officer and has held distinguished positions in the Government of Gujarat and in Government of India. He has a rich and varied experience of over 24 years as Collector (Amreli), Managing Director (Gujarat Women's Development Corporation), Commissioner (Transport) (Geology and Mines), Secretary (Rural Development), Dy. Secretary (Industries, Mines, Energy and Petrochemicals), Deputy Secretary / Director Micro-credit Development Division - Executive Director in Swa-Shakti Project in the Department of Women and Child Development, Ministry of Human Resource Development, Government of India. He has done work in the fields of Tribal Development, Rural Development, Micro Finance Development and Women's empowerment activities.

He was Principal Secretary, Tribal Development Department, Government of Gujarat prior to his appointment as Managing Director of the Company.

Details of his other Directorship are -

1. The Fertiliser Association of India - Director
2. Gujarat Chemical Port Terminal Co. Ltd. - Director
3. ACCESS Development Services - Director

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting this 35th Annual Report together with Audited Statements of Accounts of the Company for the year ended 31st March, 2011.

Financial Results

Following are the financial highlights : (Rs. in Crores)

Particulars	2010-11	2009-10
Income from Sales	2,845.89	2,614.45
Other Income	143.56	86.28
Total Income	2,989.45	2,700.73
Total Expenditure	2,468.54	2,340.50
Profit before Depreciation, Interest and Tax	520.91	360.23
Depreciation	121.11	116.96
Interest	18.39	23.38
Profit before Taxes (PBT)	381.41	219.89
Provision for Taxes (Net)	114.88	96.05
Net Profit for the year	266.53	123.84
Balance brought forward from previous year	456.58	491.64
Amount available for Appropriation	723.11	615.48
Appropriations		
Proposed Dividend	50.51	50.51
Tax on Dividend	8.19	8.39
General Reserve	100.00	100.00
Balance carried to Balance Sheet	564.41	456.58

YEAR IN RETROSPECT

During the year under review, the Company achieved a sales turn-over of Rs.2,845.89 Crores as against Rs.2,614.45 Crores of the previous Financial Year. The profit before tax and the profit after tax were higher at Rs.381.41 Crores and Rs.266.53 Crores respectively for the Financial Year 2010-11 as against Rs.219.89 Crores and Rs.123.84 Crores for the previous Financial Year.

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, 2011. On its approval, the dividend payout will be Rs.58.70 Crores, including tax on dividend of Rs.8.19 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.564.41 Crores is proposed to be retained in the Profit & Loss Account.

PERFORMANCE REVIEW

Year 2010-11 has been a year of consolidation of the Indian Economy. Growth rate in 2010-11 has been 8.6%. Growth has been broad based with a rebound in the Agriculture sector at around 5.4%. Manufacturing and service sectors have also registered impressive gains. Food inflation, higher commodity prices and volatility in global commodity markets have, however been a cause of concern. Global commodity prices have been on the upswing. Crude oil prices reached a high of \$110 a barrel by the end of financial year from \$75 a barrel in mid 2010. Similarly, all major raw material prices increased steadily during the financial year 2010-11. It is in this back-drop, the Company has registered impressive performance during 2010-11.

As reported last year, after the failure of Waste Heat Boiler (WHB) E-703 in Ammonia Plant on 9th February, 2010, 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 of the Company have been recommissioned effective 6th June, 2010. All the plants of the Company have been operating well since then.

Despite loss of production of Ammonia for 70 days, the Company achieved commendable 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 4,74,868 MTs of Ammonia with capacity utilization of 106.59%, Urea Plant produced 6,43,228 MTs of Urea with capacity utilization of 101.14%, Formic Acid Plant produced 19,382 MTs of Formic Acid with capacity utilization of 193.82%, Acetic Acid Plant produced 1,53,295 MTs of Acetic Acid with capacity utilization of 153.29%, Weak Nitric Acid Plant (WNA) produced 2,84,307 MTs of WNA with capacity utilization of 114.87%, CNA-I and CNA-II Plants produced in aggregate 73,741 MTs of CNA with average capacity utilization of 111.73%, Ammonium Nitrophosphate Plant produced 1,66,235 MTs of Ammonium Nitrophosphate with capacity utilization of 116.66%, Aniline Plant produced 39,896 MTs of Aniline with capacity utilization of 113.99% and TDI Plant produced 17,710 MTs of TDI with capacity utilization of 126.50%. Methanol-I, Methanol-II and MSU Plants were not operated at their full capacity in view of high cost of production of Methanol coupled with reduction in its sales realization. AN Melt being more remunerative, it was sold directly to the extent possible rather than using the same for producing Calcium Ammonium Nitrate.

Impact of economic meltdown during the previous year eased off during the financial year 2010-11. Almost all Industrial Products performed well in terms of volume and realization during the year. The Company sold 7,84,592 MTs of Industrial Products during financial year 2010-11 vis-a-vis 6,67,589 MTs of Industrial Products sold during financial year 2009-10, registering an increase of around 17.5%.



In respect of damage to equipment E-703, the Company had lodged a claim with the Insurance Company for material damage as well as loss of profit (LOP). The Company has received a sum of Rs.141.20 Crores from the Insurance Company in full and final settlement of the claim.

Your company took-up 14 projects for implementation under its strategic Growth Plan. Of these, 8 projects were completed and commissioned by 2010-11 at a total cost of Rs.432.05 Crores. 2 projects viz. Concentrated Nitric Acid–III project and Weak Nitric Acid–II project have been completed and commissioned during the current year 2011-12 at a cost of around Rs. 324.13 Crores. One project viz. Wet Sulphuric Acid project has been abandoned. Remaining 3 projects viz. Co-generation Power & Steam Unit (CPSU), Ethyl Acetate and Toluene Di-isocyanate (TDI) projects are presently under implementation. An Action Plan including re-organising the Project Team has been chalked out for speedy implementation of these projects.

As per the policy of Government of India, the Company is also implementing Ammonia Plant Feed Stock Conversion Project for which the contract has been awarded to M/s Larsen & Toubro, Mumbai, on LSTK basis. This project is slated to be commissioned by August, 2012.

Status of various projects completed as also the projects under execution are given in 'Management Discussion & Analysis', forming part of this Annual Report.

(n) CODE SOLUTIONS DIVISION

(n)Code Solutions, the IT Division of the Company is a leading Licensed Certifying Authority for issuance of Digital Signature Certificates in the Country. (n)Code also provides e-procurement solutions, e-governance solutions, designs, builds and manages world class data centers and offers managed IT services. (n)Code issued 189074 Digital Signature Certificates during the financial year 2010-2011, registering a growth of 73% over the previous year. (n)Code also completed 15029 tenders, registering a growth of around 38% over the previous year. During the year under review, (n)Code emerged as a broad based IT solution provider beyond the confines of Gujarat.

FERTILIZER POLICY

During the year under review,

- ❖ Government of India (GoI) levied Excise Duty on Fertilizers effective 1st March, 2011. Excise Duty as applicable is recoverable by the Company by way of suitable increase in MRP.
- ❖ With a view to compensating the manufacturers of Urea for tax on inputs levied by the State Governments of Gujarat and Uttar Pradesh, not reimbursed by GoI by way of subsidy, GoI has permitted the Urea suppliers to charge the same from the farmers of Gujarat and Uttar Pradesh effective 1st April, 2011.
- ❖ Nutrient Based Subsidy Policy introduced from 1st April, 2010 for P&K Fertilizers continues during Financial Year

2011-12. Subsidy on nutrients has been increased in line with the increase in the international prices of Urea, DAP, MOP and Sulphur. Consequently, subsidy on Ammonium Nitrophosphate produced by the Company has increased.

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, 2011 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.

DEMERGER OF V-SAT / ISP GATEWAY BUSINESS

V-SAT / ISP Gateway business not being a core business of the Company, it has been decided to transfer the said business to ING Satcom Ltd., a wholly owned subsidiary of M/s Infinium India Ltd., an unlisted company through the scheme of arrangement and demerger, against cash consideration of Rs.6 Crores.

FIXED DEPOSITS

The Company has discontinued acceptance of fixed deposits with effect from 1st April, 2007. The Company has paid during the year Rs.246/- towards the unclaimed interest to one depositor.

INSURANCE

The properties and insurable assets and interest of your Company such as buildings, plant & machinery and stocks among others, are adequately insured.

DIRECTORATE**Managing Director :**

- ❖ Shri Guruprasad Mohapatra, IAS, relinquished the charge of the post of Managing Director of the Company effective 15th July, 2010.
- ❖ Shri HV Patel, IAS, Managing Director, Gujarat State Fertilizers & Chemicals Ltd., assumed the additional charge of the post of Managing Director of the Company effective 15th July, 2010. Consequent upon his transfer and appointment as Commissioner of Commercial Tax, Ahmedabad, Shri HV Patel has tendered his resignation as Director / Managing Director of the Company effective 13th July, 2011.
- ❖ Shri AM Tiwari, IAS has been appointed as Managing Director of the Company with effect from 14th July, 2011.

Change in Directorship :

- ❖ S/Shri PN Roychowdhury and Pankaj Kumar, IAS, resigned as Directors from the Board of the Company effective 12th October, 2010.
- ❖ S/Shri RK Tripathy, IAS and GC Murmu, IAS, were appointed as Directors in the casual vacancy caused by the resignation of S/Shri PN Roychowdhury and Pankaj Kumar respectively, effective 20th October, 2010.
- ❖ Shri Atanu Chakraborty, IAS has been appointed as an Additional Director with effect from 28th July, 2011.

In terms of the provisions of the Companies Act, 1956, S/Shri MM Srivastava, IAS, RK Tripathy, IAS and Atanu Chakraborty, IAS hold office upto the date of forthcoming Annual General Meeting (AGM) of the Company. The Company has received Notices in writing from some Members under Section 257 of the Act, along with the requisite deposit in respect of S/Shri MM Srivastava, RK Tripathy and Atanu Chakraborty proposing their appointment as Directors of the Company at the forthcoming AGM.

In pursuance of the provisions of Articles of Association of the Company as also of the provisions of the Companies Act, 1956, Shri DC Anjaria retires by rotation at the forthcoming AGM and he is eligible for reappointment.

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

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

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

and information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, are given in Annexure – 'A' & 'B' respectively forming part of this report.

AUDITORS AND AUDITORS' REPORT

In pursuance of the 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. It is proposed to appoint M/s Deloitte Haskins & Sells (DHS), Chartered Accountants, Ahmedabad, as the Statutory Auditors in place of retiring Auditors. M/s DHS have under Section 224 (1-B) of the Companies Act, 1956, furnished a certificate of their eligibility for appointment as such.

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 2011-12 under the Cost Accounting Records (Fertilizers) Rules, 1993. The Company has e-filed the Cost Audit Report for the financial year 2009-10 with the Registrar of Companies, Gujarat on 24th September, 2010. The due date of filing the said report was 27th September, 2010.

INDUSTRIAL RELATIONS

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

ACKNOWLEDGEMENTS

The Directors wish to place on record their deep sense of gratitude for the support received from the Government of India and the Government of Gujarat. We take this opportunity of extending our wholehearted thanks to all our Consumers, Dealers, Customers, Banks, Business Associates, SEBI, NSDL, CDSL, Stock Exchanges and other Agencies for their continued support and co-operation. 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: Gandhinagar
Date : 28.7.2011

A K Joti
Chairman

**ANNEXURES TO DIRECTORS' REPORT****ANNEXURE - "A"****PARTICULARS UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 FOR THE YEAR ENDED 31ST MARCH, 2011.****(A) CONSERVATION OF ENERGY:**

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

(a) Energy Conservation measures taken.

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

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

- ❖ The ammonia synthesis loop has been revamped in July 2010 for energy conservation by installation of S-50 converter. It has reduced energy consumption. Presently, waste heat boiler of S-50 converter synthesis loop is being repaired.

Formic Acid Plant :**Hot Methanol feed to Methanol drying column**

- ❖ Wet Methanol was cooled in cooler and stored in Wet Methanol Storage Tank. Subsequently, it was dried in Methanol drying column and reused for MF synthesis. System is modified by use of hot methanol stream as feed without drying. This will reduce steam consumption in reboiler by 75 Kg/hr.

ANP Plant :**Variable speed drive for crystallizers and neutralization off gas blower**

- ❖ 10 nos. of variable speed drive in all crystallizer motors are installed in July 2010, resulting in to power saving of 80 kWh.
- ❖ Variable speed drive is installed in neutralization off gas blower in September, 2010 resulting in to power saving of 6 kWh.

TDI Plant :**LIST unit performance improvement**

- ❖ After LIST unit Shaft replacement in April 2010, the plant is running with one oil pump instead of two oil pumps. This has resulted in to energy saving of 18.5 kWh.

Hazardous Chemicals Handling Plant :

- ❖ Total 62 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 39 nos. of defective steam traps were replaced with new traps. Effective steam saving realized of the order of around 0.5 MTD.

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. The energy saving worth Rs. 54 Lacs was achieved.

- ❖ Old lighting fixtures were replaced by energy efficient fixtures at Urea plant cooling tower area and in Boiler and Captive Power Plants.

- ❖ Installation of energy saver in emergency and normal lighting in Methanol-II & Acetic Acid plants.

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

Following schemes are also under implementation, which 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 MTD).

Formic Acid Plant :

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

ANP Plant :

- ❖ Scheme is under execution for re-routing of suction duct of fluidised bed cooler blower to reduce pressure drop & save energy.

CAN Plant :

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

Utility Plant :

- ❖ Scheme is under execution for procurement of new high efficiency raw water sump pumps and cooling water make up supply pumps.

Aniline Plant :

- ❖ Scheme is under execution for installation of 6" line from Utility Plant to ANI/TDI complex for supply of plant air. This will eliminate air venting due to stoppage of one compressor & save electrical energy of around 150 kWh.

❖ Ammonia plant feedstock conversion from LSHS to Natural Gas

This project is being executed by M/s L & T, Mumbai. The project execution work at site has commenced. The mechanical completion of this project is expected by June, 2012.

❖ Co-Generation Power and Steam Unit

A Co-generation Power & Steam Generation Unit is being installed to generate 33 MW power and 61 MT/Hr high pressure steam. The project is being executed by M/s BHEL and the same is expected to be completed by September, 2011.

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

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

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

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

(B) TECHNOLOGY ABSORPTION :

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

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

Majority of Industrial Products are sold in domestic market as the realization is maximum and the exports are resorted to, if needed. During the year 2010-11, the Company exported 320 MTs of TDI, 640 MTs of Aniline and 112 MTs of Ortho Toluene Diamine (OTD).

b) Total Foreign Exchange used and earned:

(Rs. in Lacs)

Particulars	2010-11	2009-10
Foreign Exchange Used	32,587.49	45,553.50
Foreign Exchange Earned	859.78	591.92

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

Sr. No.	Particulars	Unit	2010-11	2009-10
A) Power and Fuel Consumption (GNFC Complex)				
1.	Electricity :			
a)	Power imported at factory #	MWH	52386.575	49151.878
	Less : Power from Wind Mills	MWH	(34,815.829)	(45,165.518)
	Net Power Import	MWH	17,570.746	3,986.360
	Power export to GEB	MWH	13.68	35.28
	Total Amount	Rs. Lacs	2003.66	1483.98
	Rate/Unit	Rs./Kwh	11.40	37.23
b)	Own generation through steam			
	Turbine :	'000 KWH	342032	304437
	Unit power per Eq. natural gas	KWH/SM^3	2.30	2.44
	Variable cost/unit (excl Power Gen Duty)	Rs./Kwh	3.20	3.17
2.	Coal for steam generation (Indian)	MT	374419	303182
	Total Cost of Indian Coal	Rs. Lacs	10784.19	8586.35
	Average Rate	Rs./MT	2880.25	2832.08
	Coal for steam generation (Imported)	MT	297803	280098
	Total Cost of Indian Coal	Rs. Lacs	14945.02	15244.35
	Average Rate	Rs./MT	5018.42	5442.51
3.	LSHS (Boiler Oil) for steam generation	MT	0	414.432
	Total Cost of LSHS fuel	Rs. Lacs	0.00	76.79
	Average Rate	Rs./MT	0.00	18529.11
4.	Natural Gas for steam generation	'000 SM^3	73822	72949
	Total Cost of Natural Gas	Rs. Lacs	5359.90	4086.60
	Average Rate	Rs./Ksm3	7260.62	5602.03
B) 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. in Lacs	##	##
	Rate / Unit	Rs./KWH	##	##

Sr. No.	Particulars	Unit	2010-11	2009-10
b)	Own generation through Gas Turbine :	'000 KWH	40542.66	50374.80
	Unit power per Eq. natural gas	KWH/SM^3	2.615	2.698
	Variable cost/unit after Steam Credit (excl Power Gen Duty)	Rs./Kwh	1.84	2.13
2.	Natural Gas for gas turbine unit	'000 SM^3	15502.42	18674.58
	Total Cost of Natural Gas	Rs. Lacs	1221.22	1584.64
	Average Rate	Rs./Ksm3	7877.61	8485.54
C) Consumption per unit of production				
i)	Ammonia :			
	Electricity	KWH/MT	356.551	342.045
	Coal (at 4200 Kcal/kg)	MT/MT	0.830	0.728
	Natural Gas	SM^3/MT	76.140	78.911
ii)	Urea :			
	Electricity	KWH/MT	64.443	67.972
	Coal (at 4200 Kcal/kg)	MT/MT	0.144	0.140
	Natural Gas	SM^3/MT	13.168	15.173
iii)	Methanol (I + II + MSU) :			
	Electricity \$\$	KWH/MT	325.498	330.578
	Coal (at 4200 Kcal/kg)	MT/MT	0.056	0.046
	Natural Gas	SM^3/MT	5.127	4.943
iv)	Formic Acid :			
	Electricity	KWH/MT	856.629	943.800
	LSHS (Boiler Oil)	KL/MT	0.000	0.001
	Coal (at 4200 Kcal/kg)	MT/MT	1.406	1.251
	Natural Gas	SM^3/MT	128.945	135.522
v)	Acetic Acid Plant :			
	Electricity	KWH/MT	199.334	195.834
	Coal (at 4200 Kcal/kg)	MT/MT	0.116	0.102
	Natural Gas	SM^3/MT	10.642	11.089
vi)	Nitrophosphate Plants :			
	(a) ANP :			
	Electricity	KWH/MT	221.340	220.798
	Coal (at 4200 Kcal/kg)	MT/MT	0.037	0.039
	Natural Gas	SM^3/MT	3.370	4.214
	(b) CAN :			
	Electricity	KWH/MT	63.828	63.632
	Coal (at 4200 Kcal/kg)	MT/MT	0.006	0.007
	Natural Gas	SM^3/MT	0.580	0.731
	(c) WNA :			
	Electricity	KWH/MT	46.184	45.994
	(d) CNA : (I + II)			
	Electricity	KWH/MT	37.845	38.058
	Coal (at 4200 Kcal/kg)	MT/MT	0.048	0.049
	Natural Gas	SM^3/MT	4.434	5.308
vii)	Aniline / TDI complex:			
	(a) Aniline :			
	Electricity	KWH/MT	275.514	317.924
	(b) TDI :			
	Electricity	KWH/MT	2020.682	2575.099
	LSHS (Boiler Oil)	KL/MT	0.000	0.001
	Coal (at 4200 Kcal/kg)	MT/MT	1.235	1.151
	Natural Gas	SM^3/MT	113.185	124.713

Power imported at factory includes wind mill power generation.

After merger GEB power grid for NCPL (Aniline/ TDI complex) 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 formate to formic acid using solid catalyst carried out on bench scale and is in operation on pilot scale with encouraging results.
- Pilot studies on process development for enrichment of CO in tail gas stream using PSA/PVSA method have been carried out. Results are found promising.
- Basic data generation for new Ethyl Acetate Project being implemented by the company has been carried out successfully.
- Studies on use of in-house developed desulphurisation catalyst 'SulfaZip' for in-house application are being conducted. Results are encouraging.
- Studies on recovery of valuable products from waste streams of Nitrophosphate and other plants have been conducted, some of which are being implemented.
- Studies for improvement of plant performance, understanding of byproducts, their disposal and treatment of waste streams have been conducted in close association with various plant groups, Technical Services Dept and Environment Control Unit.

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

- 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. 67 lacs 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 :

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	2010-11	2009-10
1	Capital Expenditure	0.00	13.35
2	Recurring Expenditure	42.23	85.13
3	Salaries to R&D Personnel	127.12	107.09
4	Power and Fuel	3.61	3.17
	Total	172.96	208.74
5	Total R&D Expenditure as percentage of Total Turnover	0.0579%	0.0769%
6	Gross Turn-over	2,98,542.90	2,71,277.75

(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

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

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

2) Benefits derived as a result of above efforts :

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

3) Information regarding Technology Imported during 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	Yes	—
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, 2011.

Sr. No.	Name (S/Shri)	Age (Yrs.)	Qualification	Total Exp. (Yrs.)	Designation	Remuneration Received (Rs.)	Date of Joining	Last Employment held
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
A. Employees who were employed throughout the financial year and was in receipt of remuneration for the year which in the aggregate was not less than Rs. 60,00,000/-								
Nil								
B. Employees who were employed for a part of the financial year and were in receipt of remuneration for any part of that year at the rate which in the aggregate was not less than Rs. 5,00,000/- per month								
1	BP Gaur	60	B.Com.	38	Sr. Manager	17,42,712	08/04/1983	Sr. Acctt.- The Haryana State Co-op. Supply & Mktg. Federation Ltd. -Chandigarh
2	AI Dalal	60	Dip. in Civil Engg.	32	Manager	20,29,121	10/10/1981	Civil Supervisor (on Contract) – GNFC Ltd., Bharuch
3	Dr. RP Raol	58	MS	31	General Manager (MS)	36,24,069	07/01/1983	Medical Officer – SLW Govt. Hospital, Devgarh Baria
4	Bhailal G. Patel	60	SSC	35	Sr. Operator	13,74,481	30/11/1977	Peon (Daily wages) – GSFC Ltd., Vadodara
5	HL Patel	60	DME, Electrical Supervisory Exam, DEE, BE(Ele), II nd Class Boiler Prof. Exam	39	Addl. General Manager	24,41,911	28/02/1980	Technician – IPCL Ltd., Vadodara
6	SP Gohil	60	B.Sc.	39	Sr. Manager	22,50,222	08/10/1979	Chemist – Bhavnagar Vegetables Product Unit, Bhavnagar
7	Shantilal P Gohil	60	BA, LL.B. (G) LL.B. (Spl)	38	Sr. Manager	19,22,214	10/11/1979	Clerk – GACL Ltd., Vadodara
8	AD Modashia	60	B.Sc. (Chem.), BS(Chem. Engg.), MS(Chem. Engg.)	35	Executive Director	38,98,342	10/05/1979	Process- Project Engineer – Union Carbide India Ltd., Mumbai
9	MC Patel	60	B.Sc.(Agri.), Dipl. in Mktg. & Sales Mgt.	37	Chief Manager	21,51,477	02/06/1983	Mktg. Manager – Navbharat Seeds Ltd., Ahmedabad
10	AD Patle	60	M.Sc. (Agri.), Dip. in Agri. Mktg., Dip. in Foreign Trade	33	Chief Residence Officer	15,59,643	02/08/1982	Jr. Mktg. Officer – Nath Seeds Pvt. Ltd., Aurangabad
11	HM Shah	60	B.Com.	37	Sr. Acctts. Officer	21,47,372	28/08/1978	Asstt. Acctt. – Fibre Group Corporation, Vadodara
12	JA Joshi	60	B.Com. LL.B. (G), LL.B. (Spl.), CA (Intermediate)	39	Sr. Manager	16,65,840	20/05/1978	Jr. Acctt. – Nima Ltd., Vadodara
13	BC Patel	60	B.Com., LL.B. (Spl.)	41	Addl. General Manager	27,16,564	05/05/1982	Excise Officer – Elecon Engg. Co. Ltd., V.V.Nagar
14	MP Prajapati	60	M.Sc. (Agri), PG Cert. Course Mktg. Mgt.	35	Sr. Officer	18,96,923	18/08/1982	Sales Executive – Parul Industries, Vadodara
15	VJ Thaker	60	B.Com.	40	Sr. Manager	21,11,615	04/08/1979	Acctts. Clerk – Corn Sugars Ltd., Hyderabad
16	GK Rai	60	B.A.	35	Sr. Materials Officer	14,20,286	12/09/1981	Asstt. Store Keeper – Vinay Agencies, Bharuch
17	BS Khatri	60	B.Sc.	37	Chief Manager	22,30,155	15/01/1982	Operator – Arabian American Oil Co., Saudi Arabia
18	AM Khopkar	60	DME	39	Chief Manager	21,39,426	04/02/1980	High Pressure Boiler Opr. – Tata Chemicals Ltd., Mithapur
19	KD Mehta	60	B.Com., GCC Typing/ Stenography	40	Manager	17,48,554	14/09/1978	Clerk-cum-Typist – GSFC Ltd., Vadodara
20	AI Patel (Late Shri)	56	ITI (Fitter)	21	M.E.O.	8,12,758	29/02/1992	Astt. Tech. Jr. Trainee – GNFC Ltd., Bharuch
21	AR Krishna	60	B.Sc.(Maths), B.Tech.(Elect.), Dip. in Management	34	Addl. General Manager	26,64,732	03/05/1984	Sr. Engr. – Instrumentation Ltd., Kota
22	YJ Vyas	45	DChE	25	Shift Engineer	7,73,983	16/04/1985	Jr. Opr. Trainee –GNFC Ltd., Bharuch
23	JM Mehta	46	M.Sc.	24	Manager	6,81,532	20/04/1994	Supervisor (Quality Control) -Gujarat Fluro Chem. 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.
- The Employees as shown in Statement "B" have either retired or resigned from the services of the Company.



MANAGEMENT DISCUSSION AND ANALYSIS

1.0 INDUSTRY STRUCTURE AND DEVELOPMENTS:

The Fertilizer industry is passing through a transformation phase. As a part of its ambitious plans, Government of India has started making important changes in the fertilizer pricing, subsidy and distribution policies. Government has already decontrolled the import of phosphatic and potassic (P&K) fertilizers, introduced Nutrient Based Subsidy (NBS) for P&K fertilizers, decontrolled the prices of P&K fertilizers, set a time limit for the Urea units to convert to gas based units and levied Excise duty on fertilizers.

Plans are underway to introduce NBS in Urea as also to pass on the subsidy on fertilizers directly to the retailers and then finally to the farmers. Pricing and import of Urea is likely to be decontrolled.

These policies are aimed at attracting fresh investments into the industry which is almost stagnant since the last decade while the demand for fertilizers has been increasing at a steady pace. These policies will also foster competition, reduce subsidy burden, ensure reasonable pricing of fertilizers and channeling of subsidy to the small farmers only.

The chemical industry is among the fastest growing ones in India. The bulk of chemicals produced in India comprise either upstream products or intermediates, which go into a variety of manufacturing applications including fertilizers, pharmaceuticals, textiles and plastics, agrochemicals, paints and dyes.

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, Single Super Phosphate (SSP), Water Soluble Fertilizers and Cotton seeds as well as Chemicals like Acetic Acid and Formic Acid etc. In the total turnover of the Company, the share of fertilizer and chemical divisions were 52.51% and 45.79% as against 55.41% and 43.23% respectively in the previous year.

The Company's performance, during the first quarter of the year under review, was adversely affected due to the accident in E-703 of Ammonia plant on 09/02/2010, resulting into complete production loss of Ammonia, Urea, ANP and partial production loss of its downstream plants until its start up on 06/06/2010. However, with the remarkable and continuous production performance of all plants during the remaining part of the year, the Company managed to overcome the crisis with an overall noteworthy performance for the year. Dedicated and committed efforts of the Management for cost reduction in various areas of operations, constant improvements and focus on consolidation resulted in steadfast gains to the Company.

2.0 BUSINESS SEGMENT PERFORMANCE:

2.1 Fertilizer Business:

The Company's three fertilizers, viz. Urea, Ammonium Nitrophosphate (ANP) and Calcium Ammonium Nitrate (CAN) are sold under the brand name "Narmada". Trading of fertilizers is also undertaken whenever there is suitable opportunity.

Company's Fertilizers business was good throughout the year and sales continued in the traditional off-season months also.

6.84 lac MT fertilizers constituting 71% of the total sales 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 Company's home State, 4.75 lac MT fertilizers out of a total sale of 9.58 lac MT fertilizers (manufactured and traded) were sold in Gujarat.

The Company continued trading activities in Imported Urea, SSP and Cotton seeds and earned reasonable profit.

Government of India introduced Excise Duty on fertilizers from 1st March, 2011. Since the Excise Duty is to be passed on to the farmers, there would be no financial impact on the Company.

Government of India has asked the Urea suppliers in Gujarat and Uttar Pradesh (UP) to charge Additional Cost due to Non-recognized input Taxation (ACTN) from the farmers of Gujarat and UP from April, 2011 in order to compensate the manufacturers of Urea for the State Tax on inputs not reimbursed by the Government of India. This policy change would have a positive financial impact on the Company.

Nutrient Based Subsidy (NBS) policy introduced from 1st April, 2010 for P&K fertilizers continues during 2011-12. Subsidy on Nutrients has been increased in line with the increase in the international prices of Urea, DAP, MOP and Sulphur. Consequently, subsidy on ANP produced by the Company has also increased. The Company was free to decide the selling price of its product in the market. Accordingly, considering the market scenario, price of ANP was increased gradually and progressively, the last price rise being from 1st April, 2011. With deregulation of prices of all fertilizers except Urea, the market has become very competitive. The Company has been able to benefit from deregulation of prices by way of increased prices of ANP and CAN by taking advantage of its brand equity.

2.2 Industrial Chemicals Business:

The effect of global melt down in the previous Financial Year (FY) tapered off during FY 2010-11. Almost all the Industrial Products performed excellently in terms of volume and realisation.

TDI:

The sale quantity was higher by 33% at 17,477 MT in FY 2010-11 vis-a-vis 13,129 MT in FY 2009-10. New record for highest yearly sales was established.

Acetic Acid (Glacial):

The sale of Acetic Acid was higher by about 5.95% at 1,51,420 MT in FY 2010-11 vis-a-vis 1,42,914 MT in FY 2009-10.

Methanol:

The total sales volume of Methanol was 1,26,059 MT in 2010-11 vis-à-vis a quantity of 1,11,511 MT in 2009-10, a jump of 13%.

Majority of sales, 92% continued to be in West Zone, where the realization is the highest.

Formic Acid:

The total sales volume of Formic Acid was 18,993 MT in FY 2010-11 vis-à-vis 16,476 MT in FY 2009-10, a jump of about 15%. This was due to enhanced production. New records for

daily sales of 154.035 MT (against 135.215 MT of 2006-07), monthly sales of 2,064.220 MT (against 1,710.205 MT of 2007-08) and yearly sales of 18,793.435 MT (against 17,317.225 MT of 2007-08) were established.

Aniline:

Aniline sale increased by about 17.32% from 33,825 MT during FY 2009-10 to 39,686 MT during FY 2010-11. This was mainly due to improved market conditions after the global melt down situation.

AN(Melt):

AN (Melt) sale reduced by about 13.05% to 42,404 MT during 2010-11 vis-a-vis 48,771 MT during 2009-10. There was also reduced availability for sale of AN Melt in first quarter due to incident of E-703 failure in Ammonia plant.

WNA:

The sale of Weak Nitric Acid on 100% concentration basis was highest ever at 63,278 MT, registering a growth of 7.28% over the previous year.

CNA:

In 2010-11, the sale of Concentrated Nitric Acid was 23,873 MT against 29,316 MT in 2009-10, lower by 18.57%, mainly due to reduced availability as the same was being used for higher value addition products.

2.3 Information Technology Business:

2.3.1 IT Infrastructure (GNFC Infotower) :

GNFC Infotower is a technology park with 1,50,000 sq.ft area, where space is leased out to IT companies with ready infrastructure facilities (Power, Air-conditioning, Furniture, Bandwidth etc.). It provides ambience and interiors at par with international standards. Currently, it provides employment to more than 2000 persons working for various Software, IT, BPO and Call Centers.

2.3.2 Public Key Infrastructure :

In the year 2010-11, (n)Code issued 1,89,083 Digital Signature Certificates, as a licensed Certifying Authority, witnessing a growth of 72.70% over previous year. (n)Code is a leading player in this field in the Country and has more than 5,25,000 customers. Some major applications and customers using Digital Certificates are: DGFT, Pune Municipal Corporation, Reliance Industries, BEML, BEL, MJunction, Chittranjan Locomotives, Bank of Baroda, IDBI, NTPC, MP State, HPCL, Director General of Supplies and Disposal (DGS & D), IFFCO, Airport Authority of India, GE Healthcare, Hinduja Hospital, Virtual Treasury- Maharashtra etc.

2.3.3 Services :

e-procurement:

(n)Code's e-procurement services are used by 171 Departments and other organizations of Government of Gujarat and many other customers through its portal www.nprocure.com. In the year 2010-11, 15,029 (40% annual growth) tenders were completed on this portal making it one of the most successful State level e-procurement initiatives in the country. As of now, more than 50,500 tenders have been completed on this portal.

Apart from tenders, (n)Code has also successfully conducted hundreds of e-auctions. (n)Code has been retained by National Informatics Centre Services Inc. (NICS) for the implementation of e-procurement for 21 States under the Pradhan Mantri Gram Sadak Yojna (PMGSY). It also provides e-Procurement services to Jharkhand, Delhi and Haryana. Other new customers added during the year are Kandla Port Trust, Punjab State Power Corporation Limited (PSPCL) and Punjab State Transmission Corporation Limited (PSTCL).

Data Centers and Managed Services:

(n)Code designs and builds World class Data Centers. During the year 2010-11, it has completed seven projects. (n)Code is spreading these services all over India and has made Data Centres in Mumbai, MP & Punjab. (n)Code also provides operations and maintenance services of these Data Centers on 24x7 basis.

(n)Code offers Managed IT services including Internet Security Services to the large enterprises and organizations using complex mix of technologies. It has set up a Network Operating Center (NOC) for managing the networks and infrastructure of large IT users.

Data Center and managed services business of (n) Code Solutions has observed a significant growth during the year.

Consultancy Services:

(n)Code provides consultancy services for complex technology projects including implementation of ERP, implementation of homeland security and intelligent traffic monitoring system.

2.3.4 e-Governance Projects:

(n)Code offers e-Governance solutions to several Government Departments. During the year 2010-11, it implemented a Royalty Pass system for the Mining contracts given by the Department of Geology and Mining, Government of Gujarat. Department of Mines & Geology, Karnataka has also signed an agreement with (n)Code Solutions for availing its services for Mineral Administration. Both these projects will result in substantial revenue gains by improving internal control system in these States.

3.0 OPERATIONS:

During the year under review, overall production performance remained good. Problem of failure of E-703 (waste heat boiler) faced during previous year was attended and the exchanger was put back in operation. Ammonia synthesis unit was put back in operation from 06-06-2010 and Ammonia production commenced. Despite the loss of production for Ammonia for 70 days, budgeted production was achieved.

Due to unfavourable cost economics for Methanol-I, Methanol-II and Methanol Synthesis Unit (MSU), these plants could not be operated at their full capacity. MSU was operated only for very short duration in view of its higher cost of production. Production of other products viz. Acetic Acid, Formic Acid, Methyl Formate, TDI were adjusted to maximize contribution based on availability of carbon monoxide. Aniline production was planned as per the market condition.



Concentrated efforts are put on day to day operation for energy and material conservation. Emphasis is put for continual improvement in safety and environment.

3.1 Production and Capacity Utilization:

Production and Capacity utilization achieved during the year 2010-11 are as under:

Plant	Actual Production (MT)	Capacity Utilization (%)
Ammonia	4,74,868	107
Urea	6,43,228	101
Methanol-I	39,172	78
Methanol-II	1,63,372	87
MSU	5,266	17
Formic Acid	19,382	194
Acetic Acid	1,53,295	153
WNA	2,84,307	115
CNA-I	35,870	109
CNA-II	37,870	115
ANP	1,66,235	117
CAN	98,740	69
Aniline	39,896	114
TDI	17,710	127

Total 85 numbers of new records were established on production, despatch and sale front.

3.2 Environment, Occupational Health and Safety Management System :

Consent Details:

- All requisite approvals from GPCB have been received by the Company.
- Company became qualified for receiving rebate on water cess during the year 2009-10 worth Rs. 8.21 lacs.

❖ Progress pertaining to Environment :

- M/s. Central Soil Salinity Research Institute (CSSRI) is awarded a study project defined as "Feasibility study using Biological sludge from Nitro- ETP Plant and treated effluent from Environmental Control Unit of GNFC (Unit-1) for crop production on Vertisols" for the next three years. Interim report of M/s CSSRI concludes that the use of Biological sludge will help in improving soil properties and supply nutrients for plant growth and yield in vertisols. Similar study is also carried out in GNFC Unit-2 i.e. Aniline - TDI Unit by M/s CSSRI.

Total 1,59,406 MT of fly ash (1,11,106 MT of Dry fly ash and 48,300 MT of Pond ash from ash pond) was disposed during the year.

TDI Tar, which is considered as hazardous waste, was so far disposed off to Gujarat Pollution Control Board (GPCB) approved incineration facility, is now regularly being sent to cement Industries for co-incineration, as approved by Central Pollution Control Board (CPCB) & GPCB. TDI Tar has calorific value and co-incineration in cement kiln is safe way of disposal. This also saves energy in the form of reduction in coal consumption.

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

• OHSAS 18001 : 2007 & ISO 14001 : 2004

Combined Recertification audit was conducted by M/s. TUV India Pvt. Ltd. from 26th July, 2010 to 30th July, 2010 for GNFC complex including Aniline – TDI complex and new certificate valid for next three years has been received. The present certificate is valid upto 3rd September, 2013.

• ISO 9001: 2008

Surveillance audit for Aniline - TDI complex was conducted by M/s. Bureau Veritas Certification, Vadodara on 15th February, 2011 and 16th February, 2011. Present certificate is valid upto 7th May, 2012.

❖ Progress pertaining to Safety Audit :

For the year 2010-11, safety audit of plants and safety system was conducted by the External Auditor, M/s Green Circle, Vadodara. Final safety audit report is received in September, 2010 and safety audit recommendations are under implementation.

3.3 Awards and Recognition:

- Following awards / recognition were conferred :
 - "Environment Protection Award for NP / NPK Fertilizers for the year 2009-10" received from Fertilizer Association of India, New Delhi.
 - "Shram Vir Award" under Prime Minister's Shram Vir Award Scheme 2007 received from Ministry of Labour & Employment, Government of India, New Delhi.
 - "Corporate Social Responsibility Award for the year 2009-10" received from Indian Chemical Council, Mumbai.

4.0 PROJECTS UNDER CLEAN DEVELOPMENT MECHANISM (CDM):

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

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

The project is registered with United Nations Framework Convention for Climate Change (UNFCCC) on 29th October, 2009. This project has potential to reduce about 3,30,000 MT of CO₂ per annum.

• Wind Mill Power Project of 21 MW capacity

The Company has set up total 21 MW capacity Wind Turbo Generators in the Kutch region of Gujarat. Wind mills of 9 MW capacity were commissioned in December 2007 and 12 MW capacity were commissioned by November, 2008. These projects have potential to reduce about 38,000 MT of CO₂ per annum.

While the 9 MW project is registered with UNFCCC on 1st December, 2010, the 12 MW project is under final stage of validation.

Co-generation Power & Steam Unit

33 MW Co-generation Power and Steam Unit project under implementation by the Company, also has a possibility of availing carbon credit benefit. It has a potential to reduce CO₂ emission by about 3,12,000 MT per annum. It is under registration cycle.

5.0 OUTLOOK:

Fertilizer Business:

- Government of India is seriously considering introduction of NBS on Urea. This would mean decontrol of pricing of Urea. This would also have a positive financial impact on the Company.
- Government of India is also contemplating routing subsidy on fertilizers through the retailers and finally directly to the marginal farmers. In such an event, the Company would be able to realise the entire value of sales from the market.
- With an expectation of a good monsoon and improved irrigation facilities, 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 sizeable quantity upto 65 lac MT of Urea this year.

Chemical Business:

- The Company is the country's largest manufacturer of Acetic Acid, Methanol, Formic Acid and Aniline. The Company is the only manufacturer of TDI in India.
- The Company is the leading manufacturer of various building block chemicals in India. The Company's market share of various products in domestic market is still very good:

Product	% of Company's share vis-à-vis total Domestic market
TDI	54
Acetic Acid	23
Formic Acid	64
Methanol	12
Aniline	45

- All the chemicals are sold in the domestic market, wherein the realisation is maximum. Dependency on exports at GNFC is nil and exports are resorted to only, if need arises.
- The Company being the largest domestic supplier, many of its products have developed niche market in prominent consuming areas like Gujarat, Rajasthan, Madhya Pradesh and Maharashtra in case of Fertilisers & Chemicals as well as Northern and Southern India for Industrial Products.
- The Company faces competitions mainly from Imports, as majority of its products are being imported, especially Acetic Acid, TDI, Formic Acid and Methanol.
- In few cases downstream / finished products are imported.
- The market share of the Company is reducing each year as the production is steady and the increased demand is being met through imports.
- Over all, the Chemical market in India is expanding and growing.

Raw materials:

- On the raw material front, all the major petroleum inputs are being procured on import parity price basis. International prices of petroleum products have witnessed upward trend in last 6~7 months. Prices of LSHS, Benzene and Toluene are hovering at the peak levels. It is expected that the prices of these products shall remain range bound during the financial year 2011-12. The prices of indigenous coal were increased during February 2011 and it is likely that these prices may see further upward revision by about 10-15% during February-March, 2012. The price of imported coal has increased by about 10% during last six months and is further expected to increase by another 10% by end of financial year 2011-12 due to increased demand from power sector. The price of ammonia is likely to remain firm in the near future. We have fixed price contract for imported rock phosphate to cover the requirement upto March, 2012.

Future plans:

- Business of the Company is being consolidated by implementation of various projects like Ethyl Acetate, 33 MW Power Plant and TDI-II.
- The Company is also planning expansion in the capacities of some of the other core products.

6.0 FINANCIAL PERFORMANCE:

The financial year 2010-11 has witnessed, year-over-year:

- Net Sales Turnover Rs. 2,845.89 crores (Previous period: Rs. 2,614.45 crores).
- Total Income Rs. 2,989.45 crores (Previous period: Rs. 2,700.73 crores).
- Earnings before Interest, Depreciation and Tax (EBIDTA) Rs. 520.91 crores (Previous period: Rs. 360.23 crores).
- Profit Before Tax (PBT) Rs. 381.41 crores (Previous period: Rs. 219.89 crores).
- Profit After Tax (PAT) Rs. 266.53 crores (Previous period: Rs. 123.84 crores).
- Book Value per Share Rs. 147.14 (Previous period: Rs. 133.77).
- Earnings per Share (EPS) Rs. 17.15 (Previous period: Rs. 7.97).
- Return on Capital Employed 10.99% (Previous period: 8.49%).
- Return on Equity 11.65% (Previous period: 5.96%).

7.0 NEW PROJECTS:

7.1 Projects Completed after April, 2010 :

Sr. No	Name of Project	Capacity	Zero Date	Completed
1	Revamp of Ammonia Synthesis Loop by S-50 Convertor	Energy saving & higher Ammonia production	12-12-2006	July, 2010
2	Concentrated Nitric Acid – III Plant	150 MTPD	06-06-2008	May, 2011
3.	Weak Nitric Acid – II Plant	300 MTPD	31-01-2008	July, 2011

**7.2 Projects under Execution:**

Following Projects with an estimated investment of Rs. 3,614 crores are under implementation:

Sr. No	Name of Project	Capacity	Zero Date	Expected Completion
1	Co-generation Power and Steam Unit	33 MW power & 61 MT/Hr Steam	09-09-2008	September, 2011
2	Ethyl Acetate Project	50,000 MTPA	01-09-2008	March, 2012
3	Ammonia Plant Feed Stock Conversion Project	Synthesis gas equivalent to 1120 MT of Ammonia per Day	14-12-2009	June, 2012
4	Toluene Di-Isocyanate (TDI) Project	50,000 MTPA	01-01-2008	December, 2012

After implementation of all the Projects, the turnover of the Company is expected to increase by around Rs. 1,450 crores per annum.

7.3 Projects completed during the last three years:

Following projects / revamp schemes which were implemented during the previous years viz. 2007-08, 2008-09 and 2009-10 mainly resulted into energy savings, reliability and efficiency improvement in plant operations.

Sr. No	Name of Project	Completion	Investment Rs. in Crores	Benefits of setting up the project
1	9 MW Wind Mill Power Project	December, 2007	54.83	Environment friendly power generation of 61.40 million Unit
2	12 MW Wind Mill Power Project	November, 2008	72.98	Environment friendly power generation of 56.58 million Unit
3	40 MT/Hr. Dry Fly Ash Project	December, 2008	13.00	Generation of revenue with value addition, environment protection and land reclamation
4	Urea Revamp	July, 2008	15.88	Energy saving of 0.1 MT of steam per MT of Urea
5	SGGU and Methanol II Revamp	July, 2008	125.34	Methanol-II plant capacity increased by about 170 MTPD
6	N ₂ O Abatement Project	October, 2009	2.78	Environment protection and to get Carbon Credit benefit under CDM
7	Molecular Sieve in Ammonia plant	April, 2010	35.76	Improved reliability of operations, productivity and energy saving
8	Acetic Acid Reactor replacement	April, 2010	34.28	Reliability of operations

8.0 DEMERGER OF V-SAT / ISP GATEWAY BUSINESS:

In pursuance of an exercise to evaluate the commercial rationale, it has been decided by the Board of Directors of the Company to transfer the V-SAT / ISP Gateway Business of the Company to ING Satcom Limited, an unlisted company through Scheme of Arrangement and Demerger against cash consideration of Rs.6 crores.

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

- Projects worth Rs. 685 crores will be completed during the year 2011-12 and it will improve profitability of the Company.
- Nutrient Based Subsidy (NBS) amount for Complex fertilizers have been increased by the Government and hence it will improve the benefits from ANP product.
- 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 the future.
- With an increase in the irrigation facilities due to Sardar Sarovar, there has been 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 2011-12. This will increase the turnover and profit of the Company.
- Right from inception of the Company's plants, M/s Indian Oil Corporation (IOC) have met entire requirement of feed stock to full satisfaction of the Company. Existing long term agreement was valid upto 31-12-2010. GNFC and M/s IOC have signed Minutes of Meeting (MOM) for entering into new long term agreement for supply of LSHS by IOC to GNFC for the period up 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.

9.2 Threats, Risks & Concerns:

- Natural Gas and LSHS prices have increased substantially and sales realisation of Methanol has reduced significantly. Hence, Methanol capacities are operated accordingly.
- Due to high price of main inputs viz. LSHS, rock phosphate, natural gas, coal etc., the viability of the final products based on such inputs is affected adversely.
- Price of crude oil has increased to more than US \$ 100 per barrel in the recent past. This will have a wide ranging effect on cost of energy and other inputs.

- Fertilizer business depends very much on Government policies and hence may be affected based on the policy declared from time to time.
- Commissioning of mega plants of Methanol, Acetic Acid, TDI in Middle East, China etc. improve the global supply position leading to softening of international prices.
- Some of the Industrial product plants depend on Ammonia plant for feed streams / utilities. Actions have been initiated for upkeepment of various plants.

10.0 HUMAN RESOURCE MANAGEMENT:

The Company believes that its human resources have been pivotal force to accelerate the growth of the organization right from its inception and it has been the Company's continuous endeavour to create an environment where people excel and feel a sense of belongingness to the organization. The Company makes continuous and concerted efforts not only to groom its human resources to meet with the present and future challenges in the field of Technology and Management functions but also focuses on providing an environment conducive for growth of employees and organization in the rapidly changing Industrial scenario. To support the growing and expanding business needs, talent acquisition and development at all levels has remained a focus area of the Company. The employees have been regularly groomed through need based training & development programmes organized by inviting expert faculties from outside as well as with the help of internal faculties in addition to deputing the employees to attend specialized training programmes organized by the reputed training institutes in the country.

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

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

The total strength of the human asset of the Company as on 31st March, 2011 was 2970.

11.0 INTERNAL CONTROL SYSTEM & ITS ADEQUACY:

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

- All the proposals involving expenditure above a certain basic amount are subject to financial concurrence through the Finance Dept. followed by approval from Senior Executive

or Managing Director or from the Board of Directors (depending upon the value of proposals).

- The Company prepares exhaustive operational as well as procurement budget for various budget centers at the beginning of each financial year. Throughout the year, the actual expenses are closely monitored against such targets. Variances are 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, technical services, 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 SAP masters' updations are carried out and maintained with respect to the inputs and outputs requirements.
- The Company constantly monitors and undertakes measures for re-organisation of certain functional areas as per requirement, in line with the global economic scenario prevalent from time to time.
- The Company has engaged services of a reputed firm of Chartered Accountants as Internal Auditors of the Company as well as Risk Management Consultants for the year under review and their reports are properly dealt with at the Audit Committee of Board of Directors periodically for suitable corrective actions and guidance. The audit plan also covers systems & processes.
- As 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 last four years, total 1500 plus new applications for vendor registration were processed and 450 plus new vendors 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 Rs. 6.95 crores could be achieved which is highest ever.
- 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.

**12.0 CORPORATE SOCIAL RESPONSIBILITY - INITIATIVES:**

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

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

The Company has also undertaken various projects related to Health in Bharuch District, Education, Rural Development, Farmers' Education and Restoration / Establishment of Historical Monument on its own as well as through District Panchayat Administration, Bharuch by way of providing financial assistance / services during 2010-11. The Company has also made contribution towards erection of "A Statue of Unity" at Kevadia Colony.

The total contribution of the Company for the year 2010-11 for various projects which are currently under implementation or completed as a part of Company's initiatives towards CSR is around Rs.17.36 Crores.

Indian Chemical Council has recognized the contribution of the Company in the field of CSR by bestowing the award at National Level for the activities performed during the year 2009 towards Corporate Social Responsibility.

12.1 Extension Services & Community Development:

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

Through its 56 Narmada Khedut Sahay Kendra (NKS) in Gujarat manned by trained and experienced agricultural graduates, the Company carried out various programmes 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 14,127 soil samples and 2,015 water samples during the year.

The Company undertook various activities like crop seminars and field demonstrations for efficient use of fertilizers under its Corporate Social Responsibility for the benefit of the farmers of Bharuch District in particular and the State of Gujarat in general.

The Company participated in 30 Agricultural Exhibitions / Krishi Melas during the year.

Under the Plant visit programme 1311 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 at their own farm yard. A group of farmers were also given National Level Training on value addition in Banana Crop.

12.2 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.

12.3 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 Social Corporate Responsibility. At its campus, various institutes impart graduate & post graduate level of education in Science, Commerce, Management & 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).

13.0 CAUTIONARY STATEMENT:

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

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

Your Company accords importance to the observance of good corporate governance practices in all its activities. The Company's philosophy on corporate governance envisages attainment of the highest level of accountability, transparency and integrity in all facets of its operations and aims at maximizing the shareholders' value, protecting interest of all the stakeholders and meeting societal expectations.

BOARD OF DIRECTORS**Composition of the Board**

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

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

Sr. No.	Name of Director	Category
1.	Shri AK Joti, IAS, Chairman	Promoter, Non-Executive Director, Independent
2.	Shri DJ Pandian, IAS	Promoter, Non-Executive Director, Independent
3.	Shri M M Srivastava, IAS	Non-Executive Director, Independent
4.	Shri RK Tripathy, IAS	Non-Executive Director, Independent
5.	Shri GC Murmu, 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 Atanu Chakraborty, IAS	Non-Executive Director, Independent
10.	Shri AM Tiwari, IAS, Managing Director	Executive Director, Non-independent

Changes occurred in the Board of Directors since 1st April, 2010.

Sr. No.	Name of Director	Particulars
1	Shri Guruprasad Mohapatra, IAS	Relinquished the charge as Managing Director w.e.f. 15th July, 2010.
2	Shri HV Patel, IAS	Assumed additional charge of the post of Managing Director w.e.f. 15th July, 2010. He tendered his resignation as Director/Managing Director effective 13th July, 2011.
3	Shri PN Roychowdhury	Resigned as Director w.e.f. 12th October, 2010.
4.	Shri Pankaj Kumar, IAS	Resigned as Director w.e.f. 12th October, 2010.

Sr. No.	Name of Director	Particulars
5	Shri RK Tripathy, IAS	Appointed as Director in the casual vacancy w.e.f. 20th October, 2010.
6	Shri GC Murmu, IAS	Appointed as Director in the casual vacancy w.e.f. 20th October, 2010.
7	Shri AM Tiwari, IAS	Nominated as Government Director and is appointed as Managing Director effective 14th July, 2011.
8.	Shri Atanu Chakraborty, IAS	Appointed as Additional Director w.e.f. 28th July, 2011

Number of Board Meetings

During the year 2010-11, Six meetings of the Board of Directors were held with a time-gap of not more than 4 months between any two meetings. The dates on which the said meetings were held are : 26th May, 2010, 31st July, 2010, 24th September, 2010, 20th October, 2010, 29th January, 2011 and 23rd March, 2011. Requisite quorum was present for all the meetings.

Directors' Attendance Record

Attendance of Directors at the Board Meetings during the year and at the last Annual General Meeting held on 24th September, 2010.

Name of Director	No. of Board Meetings held during the tenure of Directorship	Attendance at Meetings during 2010-11	
		No. of Board Meetings Attended	Attendance at Last AGM
Shri AK Joti	6	6	Attended
Shri DJ Pandian	6	4	Not Attended
Shri MM Srivastava	6	2	Not Attended
Shri RK Tripathy ⁽¹⁾	3	1	—
Shri GC Murmu ⁽¹⁾	3	2	—
Shri DC Anjaria	6	6	Attended
Dr TT Ram Mohan	6	3	Not Attended
Dr Ashok Shah	6	6	Attended
Shri HV Patel	6	6	Attended
Shri Guruprasad Mohapatra ⁽²⁾	1	1	—
Shri PN Roychowdhury ⁽³⁾	3	1	Not Attended
Shri Pankaj Kumar ⁽³⁾	3	1	Not Attended

(1) Appointed w.e.f. 20-10-2010

(2) Ceased to be a Director w.e.f. 15-07-2010

(3) Ceased to be Directors w.e.f. 12-10-2010



No. of other Directorships/Committee position of Directors

Number of Directorship(s) and Committee position held by the Directors as on 31st March, 2011.

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	4
Shri RK Tripathy	4	None	1
Shri GC Murmu	11	1	4
Shri DC Anjaria	4	4	1
Dr TT Ram Mohan	2	None	1
Dr Ashok Shah	1	None	1
Shri HV Patel	7	2	2

* 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 placed at the succeeding Board/Committee Meeting for noting.

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

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

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

Membership of the Committees of the Board

None of the Directors holds membership in more than 10 Committees or acts as Chairman of more than 5 Committees, across all the Companies in which he is a Director. Necessary disclosures as required regarding Committee positions in other public companies as on 31st March, 2011 have been made by the Directors.

Disclosure regarding appointment / reappointment of Director(s)

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

Code of Conduct

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

AUDIT COMMITTEE

Constitution

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

Composition

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

Terms of Reference

The main functions of the Audit Committee are broadly as under :

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

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

- ❖ Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- ❖ Carrying out 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 2010-11, Six Meetings of the Audit Committee were held with a time-gap of not more than four months between any two meetings. The dates on which the said meetings were held are : 25th May, 2010, 27th July, 2010, 17th September, 2010, 19th October, 2010, 28th January, 2011 and 21st March, 2011. Requisite quorum was present for all the meetings.

Attendance at the Meetings

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

Attendance of each Member at the Audit Committee Meetings held during the year 2010-11.

Name of Member	No. of Meetings held during the tenure of Membership	No. of Meetings Attended
Shri DC Anjaria	6	6
Dr TT Ram Mohan	6	6
Dr Ashok Shah	6	6
Shri HV Patel*	4	4
Shri Guruprasad Mohapatra**	1	1

* Inducted as a Member w.e.f. 31-07-2010. Ceased to be a Member w.e.f. 13-07-2011.

** Ceased to be a Member w.e.f. 15-07-2010.

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

**Remuneration of Directors**

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

Appointment of Managing Director is made by the Board in consultation with the Government of Gujarat and usually he is from IAS Cadre. He is paid remuneration as per the terms and conditions prescribed by the Government of Gujarat. Remuneration of Managing Director 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.

No remuneration was paid by the Company to Shri HV Patel during the year 2010-11 for holding the additional charge of the post of Managing Director of the Company.

Shri AM Tiwari, IAS, has been appointed Managing Director of the Company effective 14th July, 2011. He will be paid remuneration / perquisites as Managing Director of the Company as per the terms and conditions as may be prescribed and notified by the Government of Gujarat.

Details of remuneration paid to the Directors during the financial year 2010-11. (Amount in Rs.)

Sr. No.	Name of Director	Salary	Perquisites and allowances	Sitting Fees	Total
1.	Shri AK Joti	—	—	30,000*	30,000
2.	Shri DJ Pandian	—	—	20,000*	20,000
3.	Shri MM Srivastava	—	—	10,000*	10,000
4.	Shri RK Tripathy	—	—	5,000*	5,000
5.	Shri GC Murmu	—	—	10,000*	10,000
6.	Shri HV Patel	—	—	5,000*	5,000
7.	Shri DC Anjaria	—	—	1,10,000	1,10,000
8.	Dr TT Ram Mohan	—	—	45,000	45,000
9.	Dr Ashok Shah	—	—	1,10,000	1,10,000
10.	Shri PN Roychowdhury	—	—	5,000*	5,000
11.	Shri Pankaj Kumar	—	—	25,000*	25,000

* Amount deposited in Government Treasury

Shri Guruprasad Mohapatra, IAS, Managing Director of Gujarat Alkalies & Chemicals Ltd held additional charge of the post of Managing Director of the Company from 1st July, 2009 to 15th July, 2010. He was not paid any remuneration for holding the additional charge of the post of Managing Director of the Company during the said period. Government of Gujarat, vide its order dated 11th August, 2010 granted / sanctioned special pay to

Shri Guruprasad Mohapatra for holding the said additional charge, which worked out to Rs.50,058/-

As approved by the shareholders at their 33rd AGM held on 24th September, 2009, he has been paid an amount of Rs.50,058/- as special pay for holding the said additional charge of Managing Director of the Company during the period from 1st July, 2009 to 15th July, 2010.

Details of equity shares held in the Company by the Non-Executive Directors as on 31st March, 2011

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

* Assumed the additional charge of the post of Managing Director effective 15.07.2010. Ceased to be the Managing Director effective 13.07.2011.

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

SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE Composition

Shareholders' / Investors' Grievance Committee presently comprises three Directors viz. Shri DC Anjaria, Dr Ashok Shah and Shri AM Tiwari. Shri AM Tiwari, Managing Director is the Executive Director. Shri DC Anjaria and Dr. Ashok Shah are the Non-Executive Directors. One of the Non-Executive Directors is elected as Chairman at every meeting.

Terms of Reference

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

Number of Meetings

During the year 2010-11, Eight meetings of the Committee were held. Dates on which the said meetings were held are : 5th May, 2010, 11th June, 2010, 29th July, 2010, 16th September, 2010, 11th October, 2010, 18th December, 2010, 22nd January, 2011 and 5th March, 2011. Requisite quorum was present for all the meetings.

Attendance

Details of meetings attended by the Members during the year 2010-11.

Name of Member	Category of Director	No. of meetings held during the tenure of membership	No. of meetings attended
Shri DC Anjaria	NED & ID	8	8
Dr Ashok Shah	NED & ID	8	8
Shri HV Patel*	ED & NID	3	3
Shri Pankaj Kumar**	NED & ID	5	4

* Inducted as Member w.e.f. 20-10-2010. Ceased to be a Member w.e.f. 13-07-2011.

** Ceased to be a Member w.e.f. 12-10-2010

NED = Non-Executive Director ID = Independent Director

ED = Executive Director NID = Non-Independent Director

Compliance Officer

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

Investors' Grievance Redressal

Total number of complaints received and replied to the shareholders during the year under review was 1561. As on 31st March, 2011, no complaint was pending redressal, no share transfer was pending registration and no request for dematerialization of shares was pending for confirmation.

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

Location and time of last three Annual General Meetings.

Year	Date	Venue	Time
2009-10	Sept. 24, 2010	At the Regd. Office of the Company, Near Jan Vikas Temple, P.O. Narmadanagar-392 015, Dist. Bharuch.	11.00 AM
2008-09	Sept. 24, 2009		2:30 PM
2007-08	Sept. 25, 2008		2:30 PM

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

(b) Extra-ordinary General Meeting

No extra-ordinary General Meeting of the Members was held during the year 2010-11.

Postal Ballot

No postal ballot was conducted during the year 2010-11. No resolution is proposed to be passed through postal ballot at the forthcoming Annual General Meeting.

Special Resolutions passed at the previous three Annual General Meetings.

Sr. No.	Date of AGM	Particulars of Resolution
1.	24th September, 2010	Reappointment of Auditors
2.	24th September, 2009	Appointment of Auditors
3.	25th September, 2008	Reappointment of Auditors

DISCLOSURES**Related Party Transactions**

The Company has entered into related party transactions as set out in the notes to accounts, which are not likely to have conflict

with the interest of the Company at large. Details of all significant transactions with related parties are periodically placed before the Audit Committee.

Accounting treatment

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

Details of Non-compliance

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

Risk Management

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

Reconciliation of Share Capital Audit

In compliance with SEBI (Depositories & Participants) Regulations, 1996, reconciliation of share capital Audit was carried out by a qualified Practising Company Secretary on a quarterly basis for the purpose of reconciliation of share capital held in depositories and in physical form with the total issued and listed capital of the Company. The Audit Report issued by the Practising Company Secretary confirms that the total issued/ listed capital is in agreement with the total number of shares held in physical form and in dematerialized form with NSDL & CDSL.

Code of prevention of Insider Trading Practices

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

Whistle Blower Policy

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

CEO/CFO Certification

The Managing Director (CEO) and the Executive Director & Chief Financial Officer have in respect of the financial year ended 31st March, 2011 certified to the Board regarding compliance of covenants contained in Clause 49 (V) of the Listing Agreement.

Subsidiary Companies

The Company does not have a subsidiary company.

**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 information about the Company. A section on "shareholders" contained therein gives useful information and allows the investors to access information at their convenience. The Annual Report of the Company is also available on the website in downloadable format.
- ❖ Quarterly, Half-yearly and Annual Financial Results are regularly submitted to the Stock Exchanges, published in prominent English and Gujarati daily news-papers and are displayed on the Company's Website.
- ❖ The quarterly Shareholding Pattern is also displayed at 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 being filed through Corporate Filing and Dissemination System (CFDS). Investors can view this information by visiting the website www.corpfiling.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 : Saturday
Date : 17th September, 2011
Time : 11.00 AM
Venue : At the Registered Office of the Company at Open Air Theatre, Sports Complex, Narmadanagar Township, P.O. Narmadanagar-392 015, Dist. Bharuch.

Financial Year : 1st April to 31st March.

Financial Calendar : (Tentative)

Results for the Quarter ending on	will be announced by
- 30th June, 2011	: 14th August, 2011
- 30th September, 2011	: 14th November, 2011
- 31st December, 2011	: 14th February, 2012
- 31st March, 2012	: 30th May, 2012

Book Closure

Closure of Register of Members : Saturday, the 27th August, 2011
and Share Transfer Books : to Friday, the 2nd September, 2011
(both days inclusive) for the payment of Dividend.

Dividend Payment : Dividend of Rs.3.25 per equity share will be paid on or after 23rd September, 2011, subject to the approval by the Shareholders at the Annual General Meeting.

Corporate Identity No. (CIN) : L24110GJ1976PLC002903

Listing :

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

- 1) National Stock Exchange of India Limited (NSE), Mumbai
- 2) Bombay Stock Exchange Limited (BSE), 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 2011-2012.

Custodial Fees to Depositories

The Company has paid custodial fees for the year 2011-12 to National Securities Depository Ltd and Central Depository Services (India) Ltd.

Other details**Details of Security**

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

Stock Market Price Data

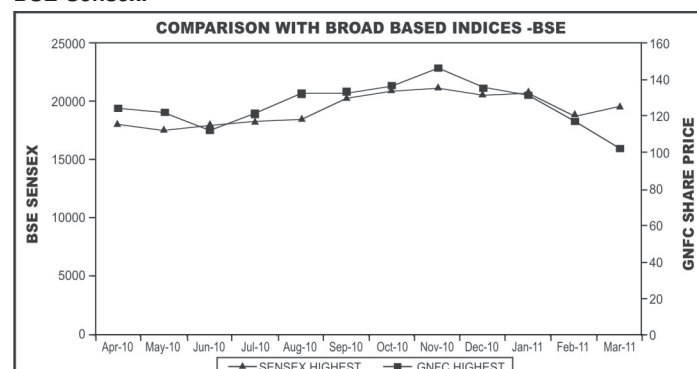
Monthly High & Low quotation on Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd.(NSE)

(Amount in Rupees)

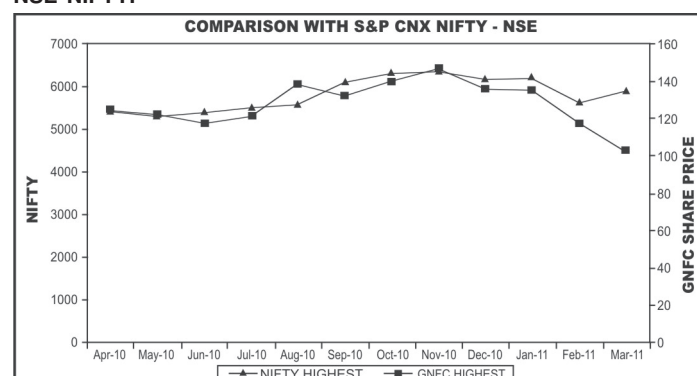
MONTH	BSE		NSE	
	HIGH	LOW	HIGH	LOW
April 2010	124.20	111.25	123.95	111.40
May 2010	121.75	102.75	121.70	101.55
June 2010	112.00	100.90	117.00	104.05
July 2010	121.00	109.10	121.00	109.00
August 2010	132.00	108.00	138.10	107.90
September 2010	132.20	117.00	132.00	117.00
October 2010	135.90	119.15	139.25	119.00
November 2010	146.20	115.10	146.20	115.20
December 2010	135.35	109.00	135.50	110.05
January 2011	131.50	109.50	135.00	105.80
February 2011	116.90	98.50	116.85	98.55
March 2011	102.00	88.30	101.70	88.05

Stock Performance : 2010-11**STOCK PERFORMANCE VS BSE INDEX**

MONTH	SENSEX HIGHEST	GNFC HIGHEST
April 2010	18047.86	124.20
May 2010	17536.86	121.75
June 2010	17919.62	112.00
July 2010	18237.56	121.00
August 2010	18475.27	132.00
September 2010	20267.98	132.20
October 2010	20854.55	135.90
November 2010	21108.64	146.20
December 2010	20552.03	135.35
January 2011	20664.80	131.50
February 2011	18690.97	116.90
March 2011	19575.16	102.00

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

MONTH	NIFTY HIGHEST	GNFC HIGHEST
April 2010	5399.65	123.95
May 2010	5278.70	121.70
June 2010	5366.75	117.00
July 2010	5477.50	121.00
August 2010	5549.80	138.10
September 2010	6073.50	132.00
October 2010	6284.10	139.25
November 2010	6338.50	146.20
December 2010	6147.30	135.50
January 2011	6181.05	135.00
February 2011	5599.25	116.85
March 2011	5872.00	101.70

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.

Distribution of Shareholding as on 31st March, 2011

Category of Equity shares	No. of share holders	% to total share holders	No. of shares	% to Total Equity Capital
1 to 250	248122	91.926	17316543	11.142
251 to 500	12745	4.722	4748195	3.055
501 to 1000	5066	1.877	3968486	2.553
1001 to 2000	2186	0.810	3315173	2.133
2001 to 3000	663	0.246	1698820	1.093
3001 to 4000	282	0.104	1011558	0.651
4001 to 5000	209	0.077	996393	0.641
5001 to 10000	344	0.127	2494194	1.605
10001 and above	299	0.111	119869421	77.127
Total	269916	100.000	155418783	100.000

Shareholding Pattern of the Company as on 31st March, 2011

Sr. No	Holders	Total no. of shares	% of Total Equity Capital
1	Promoter(s) & Promoter Group	6,40,06,713	41.183
2	Mutual Fund & UTI	1,35,07,251	8.691
3	Banks/ Financial Institutions & Insurance Companies	2,56,62,144	16.512
4	Foreign Institutional Investors(FIIs)	91,05,196	5.859
5	NRIs / OCBs	35,70,532	2.297
6	Bodies Corporates	33,86,157	2.179
7	Co-operative Societies	3,52,614	0.227
8	Indian Public	3,57,74,567	23.018
9	Shares In pool A/c (As reported by Depositories)	53,609	0.034
	Total	15,54,18,783	100.000



Dematerialisation of Shares & Liquidity

As on 31st March, 2011, 70.19% 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, 2011, 32,248 GDRs were outstanding, which represent 161,240 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, Gandhinagar-Sarkhej 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.
Tele - Fax : 02642 - 247084, E-mail : investor@gnfc.in

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

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

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

Sub : Compliance with Code of Conduct - Financial Year 2010-11

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

Place : Narmadanagar
Date : 25-07-2011

AM TIWARI
MANAGING DIRECTOR

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

TO THE MEMBERS OF GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

We have examined the compliance of conditions of Corporate Governance by **GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED** for the year ended on 31st March, 2011 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, 2011, 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 : 28-07-2011

ADDITIONAL INFORMATION FOR SHAREHOLDERS

Green Initiative

The Ministry of Corporate Affairs (MCA) has taken "Green Initiative in Corporate Governance" by allowing paperless compliances by the Companies and has issued Circulars on April 21, 2011 and April 29, 2011 stating that the service of official documents by a Company to its members can be made through electronic mode.

So as to lend support to this environment friendly initiative of the Govt. of India, your Company proposes to henceforth send notice of General Meetings, Annual Reports/ Information and other shareholders' communications through electronic mode to their e-mail addresses, made available to the Company by the Depositories and/ or members. Hence, we request you to update your e-mail address with your Depository Participant, (in case, shares are held in demat form) or to the company (in case, shares are held in physical form). Annual Reports of the Company circulated to the members through electronic mode will be made available on the Company's website: www.gnfc.in

Nomination Facility

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

Unclaimed Shares

As mandated under Clause 5A of the Listing Agreement, the Company is obliged to transfer the unclaimed shares in Demat "Unclaimed Suspense Account" to be opened with a Depository Participant. The process of transfer of unclaimed shares has been stipulated in Clause 5A. In accordance with the said clause, the company has already sent two reminders to those shareholders whose shares remained unclaimed.

Dividend

(i) 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 31st March, 2011, subject to the approval by shareholders at the Annual General Meeting (AGM). The dividend, if approved, will be paid on or after **23rd September, 2011**.

(ii) Closure of Register of Members & Share Transfer Books for payment of dividend

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 27th August, 2011 to Friday, the 2nd September, 2011 (both days inclusive) for determining the entitlement for payment of dividend.

(iii) Dividend Remittance

Dividend on equity shares as recommended by the Directors for the year ended 31st March, 2011, 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 26th August, 2011; 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 26th August, 2011.

(iv) Unclaimed Dividend

The Dividend for the year 1995-96 to 2002-03, remaining unclaimed for a period of seven years from the respective dates of payment have been transferred to Investor Education & Protection Fund (IEPF) set up by the Government of India (Pursuant to Section 205 A 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.

(v) 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 *
21 st unpaid dividend 2003 - 2004	16-09-2004	04-10-2011
22 nd unpaid dividend 2004 - 2005	22-09-2005	04-10-2012
23 rd unpaid dividend 2005 - 2006	23-09-2006	04-10-2013
24 th unpaid dividend 2006 - 2007	22-09-2007	14-10-2014
25 th unpaid dividend 2007 - 2008	25-09-2008	05-10-2015
26 th unpaid dividend 2008 - 2009	24-09-2009	05-10-2016
27 th unpaid dividend 2009 - 2010	24-09-2010	01-10-2017

* Actual dates of transfer to IEPF may vary.

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

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

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

Particulars of Dividend	Date of declaration of dividend	Due Date for transfer to IEPF *
2 nd unpaid dividend 2003-2004	09-09-2004	01-10-2011
3 rd unpaid dividend 2004-2005	15-09-2005	01-10-2012
4 th unpaid dividend 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)

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

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



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, 2011, 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 (Auditors' 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 representation received from the Directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 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, 2011
 - (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 : 27-05-2011

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 explanation 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 paragraph 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 explanation 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, 2011 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	1.01	2005-2006	Pending at Commissioner (A)
	Excise Duty	12.07	1999-2003	Pending at CESTAT
	Excise Duty	191.14	1997-2002	Pending at CESTAT
	Excise Duty	0.52	2004-2005	Pending at CESTAT
	Excise Duty	24.87	2004-2005	Pending at CESTAT
	Excise Duty	2.36	2003-2007	Pending at CESTAT
	Excise Duty	1,179.05	2003-2004	Pending at Supreme Court
	Service Tax	26.27	2002-2003	Pending at Supreme Court
	Service Tax	38.22	2004-2007	Pending at CESTAT
	Service Tax	1.30	2002-2005	Pending at CESTAT
UP VAT Act, 2008	Trade Tax	45.73	2007-2008	Pending at Additional Commissioner of Commercial Tax

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 institution / banks / debentures:

Based on our audit procedures and according to the information and explanation 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 explanation 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 explanation 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

Place : Ahmedabad
Date : 27-05-2011

Rajan B. Shah
Partner
Membership No. 101998



BALANCE SHEET AS AT 31ST MARCH, 2011

		(Rs. in Lacs)	
	SCHEDULE	31-03-2011	31-03-2010
SOURCES OF FUNDS:			
Shareholders' Funds:			
Share Capital	1	15,541.88	15,541.88
Reserves & Surplus	2	2,13,145.37	1,92,363.00
		2,28,687.25	2,07,904.88
Loan Funds:			
Secured Loans	3	92,089.34	29,000.53
Unsecured Loans	4	21,864.04	26,505.00
		1,13,953.38	55,505.53
Deferred Tax:			
Deferred Tax Liabilities	5	24,124.92	25,526.32
Less: Deferred Tax Assets		3,043.56	2,479.09
		21,081.36	23,047.23
TOTAL		3,63,721.99	2,86,457.64
APPLICATION OF FUNDS:			
Fixed Assets:			
Gross Block	6	3,24,727.13	3,08,424.97
Less: Accumulated Depreciation/ Impairment		2,03,433.18	1,91,489.85
Net Block		1,21,293.95	1,16,935.12
Capital Work-in-Progress including Capital Advances		1,60,667.90	1,02,980.34
		2,81,961.85	2,19,915.46
Investments	7	8,662.78	8,951.46
Current Assets, Loans and Advances:			
Inventories	8	46,353.24	40,503.38
Sundry Debtors	9	43,748.24	1,668.11
Cash and Bank Balances	10	18,369.17	32,339.02
Loans and Advances	11	25,353.13	25,385.93
	(A)	1,33,823.78	99,896.44
Less: Current Liabilities & Provisions:			
Current Liabilities	12	44,817.64	28,147.07
Provisions		15,908.78	14,158.65
	(B)	60,726.42	42,305.72
Net Current Assets (A-B)		73,097.36	57,590.72
TOTAL		3,63,721.99	2,86,457.64
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 & CFOR.B. Panchal
Company SecretaryH. V. Patel
Managing DirectorA. K. Joti
ChairmanG. C. Murmu
DirectorDr. TT Ram Mohan
DirectorD.C. Anjaria
DirectorDr. Ashok Shah
DirectorPlace : Gandhinagar
Date : 27-05-2011AS PER OUR REPORT OF EVEN DATE
For **R.S. PATEL & CO.**
Chartered AccountantsPlace : Ahmedabad
Date : 27-05-2011**Rajan B. Shah**
Partner
Membership No. : 101998

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs. in Lacs)

	SCHEDULE	2010-11	2009-10
INCOME:			
Sales & Services		2,98,542.90	2,71,277.75
Less: Excise Duty		13,953.60	9,833.12
Sales (Net)		2,84,589.30	2,61,444.63
Other Income	13	14,356.43	8,628.26
		2,98,945.73	2,70,072.89
EXPENDITURE:			
Purchases of Goods for Sale		4,549.58	6,264.59
Manufacturing Expenses	14	2,09,166.75	1,77,580.75
(Increase)/ Decrease in Stock of Finished Goods and Stock in Process	15	(3,957.29)	9,719.75
Marketing, Administration and Other Expenses	16	13,359.82	20,606.90
Personnel Expenses	17	23,562.63	19,682.71
Interest	18	1,839.10	2,338.20
Depreciation / Amortisation		12,111.23	11,695.92
Research & Development Expenses	19	172.96	195.39
		2,60,804.78	2,48,084.21
Profit Before Tax		38,140.95	21,988.68
Less : Provision for Current Tax (Including Wealth Tax)		13,453.50	10,013.24
Less : Provision for Deferred Tax		(1,965.87)	(408.30)
Profit After Tax		26,653.32	12,383.74
Add: Balance brought forward from previous year		45,658.11	49,164.41
Amount available for Appropriations		72,311.43	61,548.15
APPROPRIATIONS:			
Transferred to:			
General Reserve		10,000.00	10,000.00
Proposed Dividend		5,051.11	5,051.11
Tax on Dividend		819.42	838.93
Balance Carried to Balance Sheet		56,440.90	45,658.11
		72,311.43	61,548.15
Significant Accounting Policies and Notes to Accounts	20		
Earnings per share - Basic & Diluted (Rs.)		17.15	7.97
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 & CFO

R.B. Panchal
Company Secretary

H. V. Patel
Managing Director

A. K. Joti
Chairman

G. C. Murmu
Director

Dr. TT Ram Mohan
Director

D.C. Anjaria
Director

Dr. Ashok Shah
Director

Place : Gandhinagar
Date : 27-05-2011

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

Place : Ahmedabad
Date : 27-05-2011

Rajan B. Shah
Partner
Membership No. : 101998



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs. in Lacs)

Particulars	2010-11	2009-10
A. Cash Flow from Operating Activities:		
Net Profit before Taxation & extraordinary items	38,140.95	21,988.68
Adjustments for:		
- Depreciation / Amortisation	12,111.23	11,695.92
- Foreign exchange loss / (gain)	358.78	694.36
- Forward Contract Net loss / (gain)	39.11	0.00
- Interest income	(710.74)	(706.70)
- Dividend income	(263.56)	(189.08)
- Interest expense	1,839.10	2,338.20
- (Profit) / Loss on sale of Fixed Assets (Net)	(233.02)	7.71
- (Profit) / Loss on sale of Investments (Net)	(252.44)	0.00
- Provision for Diminution in Value of Investments	51.26	3,467.88
- Business Loss on account of expenditure on WSA project- Implementation discontinued	0.00	3,000.00
- Provision for Diminution in Value of Carbon Credit	0.00	510.74
	12,939.72	20,819.03
Operating Profit before Working Capital Changes	51,080.67	42,807.71
Adjustment for :		
- Trade and other Receivables	(43,087.33)	46,915.46
- Inventories	(5,849.86)	2,572.33
- Trade Payables	17,989.57	3,410.66
	(30,947.62)	52,898.45
Cash Generated from Operations	20,133.05	95,706.16
- Income Tax paid (Net of Refund)	(12,413.50)	(9,471.87)
Net Cash Flow from Operating Activities	7,719.55	86,234.29
B. Cash Flow from Investing Activities:		
- Purchase of Fixed Assets	(74,258.67)	(68,225.20)
- Sale of Fixed Assets	317.82	19.15
- Interest received	710.74	706.70
- Dividends received	263.56	189.08
- Purchase of Investments	0.00	(3,580.28)
- Sale of Investments	489.86	0.00
Net Cash Flow from Investing Activities	(72,476.69)	(70,890.55)
C. Cash Flow from Financing Activities:		
- Proceeds from Short Term Borrowings	50,055.85	32,000.00
- Repayment of Short Term Borrowings	(40,264.97)	(38,634.42)
- Proceeds from Long Term Borrowings	50,300.00	27,350.00
- Repayment of Long Term Borrowings	(1,600.00)	(800.00)
- Interest paid	(1,774.02)	(2,551.70)
- Dividend paid (Including Dividend Tax)	(5,890.46)	(5,909.99)
- Forward Contract Net gain / (loss)	(39.11)	0.00
Net Cash used in Financing Activities	50,787.29	11,453.89
Net increase/ (decrease) in cash and cash equivalents	(13,969.85)	26,797.63
Cash and cash equivalents at the beginning of period	32,339.02	5,541.39
Cash and cash equivalents at the end of period	18,369.17	32,339.02

Notes :

- Cash and cash equivalents include Deposits pledged with government authorities and banks **Rs. 92.57 lacs** (previous year Rs. 777.83 lacs).
- For Components of cash and cash equivalents, refer Schedule 10 to the Balance Sheet.

K. C. Jatania
Executive Director & CFO

R.B. Panchal
Company Secretary

H. V. Patel
Managing Director

A. K. Joti
Chairman

G. C. Murmu
Director

Dr. TT Ram Mohan
Director

D.C. Anjaria
Director

Dr. Ashok Shah
Director

Place : Gandhinagar
Date : 27-05-2011

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

Place : Ahmedabad
Date : 27-05-2011

Rajan B. Shah
Partner
Membership No. : 101998

	(Rs. in Lacs)	
SCHEDULE - 1	31-03-2011	31-03-2010
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>15,541.88</u>
(Previous year: 15,54,18,783 Equity Shares)		
Subscribed and Paid up:		
15,54,18,783 Equity Shares of Rs.10/- each fully paid up (Previous year: 15,54,18,783 Equity Shares)	<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)		
TOTAL	<u><u>15,541.88</u></u>	<u><u>15,541.88</u></u>

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

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

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

Securities Premium Account:

As per last Balance Sheet	31,330.67	31,330.67
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General Reserve:

As per last Balance Sheet	1,15,310.39	1,05,310.83
Add : Transferred from Profit & Loss Account	10,000.00	10,000.00
Less: Rounding Difference of Dividend	<u>0.42</u>	<u>0.44</u>
	1,25,309.97	1,15,310.39

Balance in Profit and Loss Account	<u>56,440.90</u>	<u>45,658.11</u>
TOTAL	<u><u>2,13,145.37</u></u>	<u><u>1,92,363.00</u></u>

SCHEDULE - 3**SECURED LOANS:****Loans and Advances from Banks:**

Cash Credit & Overdraft Accounts	22,439.34	9,650.53
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Term Loans:

Rupee Loan	69,650.00	19,350.00
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TOTAL	<u><u>92,089.34</u></u>	<u><u>29,000.53</u></u>
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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. 69,650.00 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-pasu among the lenders.
- Out of above, Rupee Term Loan of **Rs. 20,787.00 lacs** (previous year Rs. Nil) is payable within one year.

	(Rs. in Lacs)	
SCHEDULE - 4	31-03-2011	31-03-2010
UNSECURED LOANS:		
Loan from Bank	5,600.00	7,200.00
Short Term Loans and Advances:		
From Banks	7,000.00	19,000.00
Buyers' Credit in Foreign Currency from Banks	3,959.04	0.00
Short Term Deposits from others	5,000.00	0.00
Other Loans and Advances	305.00	305.00
TOTAL	<u><u>21,864.04</u></u>	<u><u>26,505.00</u></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. 17,559.04 lacs** (previous year Rs. 20,600.00 lacs) are payable within one year.

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

Depreciation	24,124.92	25,526.32
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Less: Assets:**Arising on account of timing differences in:**

Provision for Doubtful Debts/ Advances/ Loans	75.53	79.12
Provision for Leave Encashment & Bonus	2,750.55	2,333.04
Foreign Exchange Variance	217.48	0.00
Provision for Gratuity	<u>0.00</u>	<u>66.93</u>
	3,043.56	2,479.09
TOTAL	<u><u>21,081.36</u></u>	<u><u>23,047.23</u></u>



SCHEDULE - 6

FIXED ASSETS :

(Rs. in Lacs)

Sr. No.	Assets	COST				DEPRECIATION		IMPAIRMENT	NET BLOCK	
		As on 01-04-2010	Additions/ Adjustments	Deductions/ Adjustments	As on 31-03-2011	For the year	Upto 31-03-2011	Upto 31-03-2011	As on 31-03-2011	As on 31-03-2010
1	Intangible Assets - Goodwill	1,688.99	0.00	0.00	1,688.99	337.80	1,688.99	0.00	0.00	337.80
2	Free Hold Land	810.79	1,680.10	0.68	2,490.21	0.00	0.00	0.00	2,490.21	810.79
3	Roads, Culverts & Compound Wall	1,446.29	0.00	88.96	1,357.33	23.40	376.12	0.00	981.21	1,053.70
4	Buildings	13,771.83	720.75	10.27	14,482.31	332.89	4,591.82	0.00	9,890.49	9,523.21
5	Plant & Machinery	2,81,385.36	13,889.72	25.45	2,95,249.63	11,057.84	1,89,997.17	477.96	1,04,774.50	1,01,944.70
6	Intangible Assets - Softwares & Licence	2,993.45	162.05	0.00	3,155.50	180.91	1,657.02	0.00	1,498.48	1,517.34
7	Railway Sidings	376.99	0.00	0.00	376.99	1.33	357.66	0.00	19.33	20.66
8	Water Supply & Drainage System	1,957.85	0.00	0.00	1,957.85	39.51	1,536.64	0.00	421.21	460.71
9	Furniture, Fixture & Equipment	2,640.20	158.73	110.95	2,687.98	111.61	1,711.69	0.00	976.29	943.75
10	Vehicles	312.86	30.46	16.39	326.93	25.71	143.24	0.00	183.69	190.62
		3,07,384.61	16,641.81	252.70	3,23,773.72	12,111.00	2,02,060.35	477.96	1,21,235.41	1,16,803.28
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	86.95	14.04	0.23	2.47	0.00	11.57	84.87
	TOTAL	3,08,424.97	16,641.81	339.65	3,24,727.13	12,111.23	2,02,955.22	477.96	1,21,293.95	1,16,935.12
	As on 31-03-2010	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	

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

SCHEDULE - 6 (Continued)	(Rs. in Lacs)		SCHEDULE - 7	(Rs. in Lacs)	
	31-03-2011	31-03-2010		31-03-2011	31-03-2010
CAPITAL WORK-IN-PROGRESS:			INVESTMENTS: (at cost unless otherwise stated)		
(Including Capital Advances)			Long Term Investments:		
Toluene Di-Isocyanate (TDI) Plant at Dahej	85,045.25	48,328.67	1. Trade Investments:		
33 MW Co-generation Power & Steam Unit	20,977.38	8,842.65	(In fully paid up Equity Shares-Quoted)		
Reactor Replacement in Acetic Acid Plant	0.00	3,472.45	15,00,000 Gujarat State Fertilizers & Chemicals Ltd. of Rs.10/- each	1,503.75	1,503.75
150 MTD Ethyl Acetate Plant	1,882.83	68.54	2,92,800 Gujarat Alkalies & Chemicals Ltd. of Rs.10/- each	224.52	224.52
Ammonia Plant Feedstock Conversion	23,946.73	12,738.75	80,00,000 Gujarat State Petronet Ltd. of Rs. 10/- each	1,000.00	1,000.00
Molecular Sieve System in Ammonia Plant	0.00	3,180.49	(In fully paid up Equity Shares-Unquoted)		
Ammonia Revamp	0.00	5,454.29	2,15,43,200 Gujarat State Petroleum Corp. Ltd. of Re.1/- each	1,349.99	1,349.99
300 MTPD Weak Nitric Acid- II Plant	22,571.05	14,349.61	42,000 Bharuch Enviro Infrastructure Ltd. of Rs.10/- each	4.20	4.20
150 MTPD Concentrated Nitric Acid- III Plant	5,013.20	2,301.13	20,000 Gujarat Venture Finance Ltd. of Rs.10/- each	2.00	2.00
Wet Gas Sulphuric Acid (WSA) Project	1,519.14	1,502.89	12,50,000 Gujarat Green Revolution Co. Ltd. of Rs. 10/- each	125.00	125.00
Less: Provision for Business Loss on account of expenditure on WSA project- Implementation discontinued	1,519.14	1,502.89	50,000 GSPC Gas Co. Ltd. of Rs. 10/- each	5.00	5.00
	0.00	0.00	C/F	4,214.46	4,214.46
Other Capital Schemes	1,231.46	4,243.76			
TOTAL	1,60,667.90	1,02,980.34			
Includes the amount of Borrowing Cost capitalized	4,571.19	1,227.35			

SCHEDULE - 7 (Continued)		(Rs. in Lacs)
	31-03-2011	31-03-2010
B/F	4,214.46	4,214.46
18,39,60,000 Gujarat Chemical Port Terminal Co. Ltd. of Re. 1/- each #	4,941.00	4,941.00
70,00,000 Bhavnagar Energy Co. Ltd. of Rs. 10/- each	700.00	700.00
1,00,00,000 Bharuch Dahej Railway Co. Ltd. of Rs. 10/- each	1,000.00	1,000.00
	10,855.46	10,855.46
2. Other Investments:		
(In fully paid up Equity Shares-Quoted)		
1,44,000 Videocon Industries Ltd. of Rs.10/- each (Previous year: 1,80,000 shares)	864.00	1,080.00
1,99,808 IDBI Bank Ltd. of Rs.10/- each (Previous year: 2,85,440 shares)	162.34	231.92
3,60,000 Indian Oil Corporation Ltd. of Rs.10/- each (Previous year: 4,00,000 shares)	421.13	467.92
50,330 Dena Bank of Rs.10/- each (Previous year: 71,900 shares)	15.10	21.57
	1,462.57	1,801.41
3. In Unit Trust of India:		
(In fully paid up Units - Quoted)		
2,69,180 UTI-Equity Fund of Rs.10/-each (Previous year: 4,84,500 units)	40.90	73.61
	12,358.93	12,730.48
Less: Provision for Diminution in Value of Investments	3,696.15	3,779.02
TOTAL	8,662.78	8,951.46
Aggregate Book Value of Unquoted Investments	5,025.79	5,025.79
Aggregate Book Value of Quoted Investments	3,636.99	3,925.67
Aggregate Market Value of Quoted Investments	15,376.98	12,851.24
# Share Certificate for 14,95,00,000 shares is yet to be received.		
SCHEDULE - 8		
INVENTORIES:		
(At lower of Cost and Net Realisable Value)		
Stores and Spares (including coal) (Includes in transit Rs. 2,168.26 lacs Previous year Rs. 1,190.03 lacs)	29,506.83	26,867.56
Stock-in-Trade:		
Raw Materials (Includes in transit Rs. 1,969.12 lacs Previous year Rs. 1,208.33 lacs)	9,387.08	10,133.78
Finished Goods	4,723.76	3,250.04
Stock-in-Process	2,735.57	252.00
	16,846.41	13,635.82
TOTAL	46,353.24	40,503.38

SCHEDULE - 9		(Rs. in Lacs)
	31-03-2011	31-03-2010
SUNDRY DEBTORS: (Unsecured)		
Debts outstanding for period exceeding six months:		
Other Debts- Considered Good	4,285.68	3,805.24
Subsidy and other Claims Receivables		
- Considered Good	2,674.86	0.00
Other Debts - Considered Doubtful	69.04	69.04
	7,029.58	3,874.28
Other Debts - Considered Good	12,215.94	4,205.49
Subsidy and other Claims		
Receivables / (Payables)	24,571.76	(6,342.62)
	43,817.28	1,737.15
Less: Provision for Doubtful Debts	69.04	69.04
TOTAL	43,748.24	1,668.11

SCHEDULE - 10		
CASH AND BANK BALANCES:		
Cash and Cheques on hand @	23.10	2,374.10
Bank Balances with Scheduled Banks :		
Current Accounts (*)	1,180.00	1,280.35
Cash Credit Accounts (Debit Balance)	73.50	406.74
Bank Deposit (**)	17,092.57	28,277.83
	18,346.07	29,964.92
TOTAL	18,369.17	32,339.02
@ Includes Cheques on Hand	0.00	2,363.88
(*) Includes in respect of Unpaid Dividends	678.53	667.86
(**) Includes Deposits pledged with Government Authorities and Banks	92.57	777.83

SCHEDULE - 11		
LOANS AND ADVANCES:		
A. Unsecured- Considered Good		
Loans to other companies	200.00	200.00
Advances recoverable in cash or in kind or for value to be received	23,090.01	22,189.66
Balance with Central Excise, Customs and Other Government Departments etc.	2,836.91	2,730.06
Advance Tax and Tax Deducted at Source	1,21,681.58	1,10,322.10
Less: Provision for Taxation/ Fringe Benefit Tax	1,22,455.37	1,10,055.89
	(773.79)	266.21
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	25,353.13	25,385.93
Loans and Advances include amount due from:		
1. Employees who have mortgaged/ hypothecated their Buildings and Vehicles to the Company	8,864.48	9,082.95
2. An officer of the Company	1.60	2.01
- Maximum amount due during the year	2.01	2.81



	(Rs. in Lacs)			(Rs. in Lacs)	
SCHEDULE - 12	31-03-2011	31-03-2010	SCHEDULE - 14 (Continued)	2010-11	2009-10
CURRENT LIABILITIES AND PROVISIONS:					
A. Current Liabilities:					
Sundry Creditors (Refer Note 7 of Schedule 20 B)	34,875.67	22,752.84	Materials Handling Expenses at Factory	395.86	356.23
Other Liabilities	8,371.80	3,899.81	Laboratory Expenses	69.50	87.57
Interest accrued but not due	889.68	824.60	(Increase)/ Decrease of Excise Duty on Inventory	147.71	7.86
Investor Education and Protection Fund:			Lease Rent	2.14	0.00
Unclaimed Dividend	678.53	667.86	Other Operating Expenses	365.59	27.33
Unclaimed Matured Deposits	0.70	0.70	TOTAL	2,09,166.75	1,77,580.75
Unclaimed Interest on Matured Deposits	1.26	1.26			
	680.49	669.82	@ Net of Rs. 3.61 lacs (Previous year Rs. 3.17 lacs) pertaining to Research and Development		
	44,817.64	28,147.07			
B. Provisions:			SCHEDULE - 15		
Proposed Dividend	5,051.11	5,051.11	(INCREASE)/ DECREASE IN STOCK OF FINISHED GOODS AND STOCK-IN-PROCESS:		
Tax on Proposed Dividend	819.42	838.93	Opening Stock:		
Provision for Leave Encashment on Retirement	9,485.93	7,562.60	Finished Goods	3,250.04	11,252.97
Provision for Post Retirement Medical Benefit	552.32	509.10	Stock-in-process	252.00	1,968.82
Provision for Gratuity Benefit	0.00	196.91		3,502.04	13,221.79
	15,908.78	14,158.65	Less : Closing Stock:		
TOTAL	60,726.42	42,305.72	Finished Goods	4,723.76	3,250.04
			Stock-in-process	2,735.57	252.00
				7,459.33	3,502.04
			TOTAL	(3,957.29)	9,719.75
SCHEDULE - 13	2010-11	2009-10	SCHEDULE - 16		
OTHER INCOME:			MARKETING, ADMINISTRATION AND OTHER EXPENSES:		
Rent	525.27	479.36	Outward Freight and Other Charges	6,374.60	5,531.84
[Tax Deducted at Source Rs. 21.84 lacs (Previous year Rs. 12.17 lacs)]			Selling Expenses	126.29	108.92
Gain on cancellation of Forward Contracts	96.49	0.00	Selling Commission to Other Selling Agents	41.88	21.63
Income from Investments:			Consignment and Entry Tax	445.35	32.37
Dividend @	263.56	189.08	Rates and Taxes	100.43	184.32
Share of Profit	33.00	0.00	Rent	253.42	308.26
	296.56	189.08	Printing, Stationery, Postage, Telegrams, Telephones & Advertisement	477.48	436.50
Profit on Sale of Investments (Net)	252.44	0.00	Bank Charges & Commission	187.18	207.91
Profit on Sale of Assets (Net)	235.37	0.00	Traveling and Conveyance Expenses	328.24	334.26
Excess Provision of Doubtful Debts Written Back	2.54	53.62	Vehicle Running and Maintenance Expenses	213.53	190.23
Excess Provision of Expenses Written Back	12.76	209.29	Fire fighting, Safety and Security Expenses	324.01	264.72
Insurance Claims	10,884.17	4,181.44	Conference, Seminar, Subscription & Membership Fees	95.80	66.64
Interest on Income-Tax Refund	0.00	104.60	Professional and Consultation Charges	247.73	339.53
Interest Income	710.74	2,378.06	Purchase of Services	389.41	376.14
[Tax Deducted at Source Rs. 22.53 lacs (Previous year Rs. 22.40 lacs)]			Miscellaneous Expenses	1,801.46	2,423.89
Miscellaneous Income	1,340.09	1,032.81	Loss on Sale of Gol Fertilizer Bonds	0.00	824.09
TOTAL	14,356.43	8,628.26	Loss on Sale of Fixed Assets (Net)	0.00	7.53
			Assets Written Off	2.35	0.18
@ Dividend for the year includes dividend on Non Trade Investments of Rs. 65.60 Lacs (Previous year: Rs. 24.80 Lacs)			Directors' Sitting Fees	3.75	6.05
SCHEDULE - 14			Auditors' Fees (including service tax)	23.89	26.88
MANUFACTURING EXPENSES:			Donations & Contributions towards CSR	1,736.16	1,855.72
Raw Materials Consumed	1,52,277.89	1,24,761.39	Premium on Forward Contracts	135.60	0.00
Power, Fuel and Other Utilities @	37,207.47	35,925.16	Bad Debts/ Advances Written Off	0.00	80.67
Stores, Chemicals and Catalysts	3,820.55	2,896.21	Business Loss on account of expenditure on WSA project- Implementation discontinued	0.00	3,000.00
Packing Expenses	4,019.15	3,677.26	Provision for Diminution in Value of Carbon Credit	0.00	510.74
Insurance	2,343.75	1,941.32	Provision for Diminution in Value of Investments	51.26	3,467.88
Repairs and Maintenance to:			TOTAL	13,359.82	20,606.90
Buildings	567.87	291.49			
Plant and Machinery	7,616.11	7,279.69			
Others	333.16	329.24			
	8,517.14	7,900.42			

	(Rs. in Lacs)	
	2010-11	2009-10
SCHEDULE - 17		
PERSONNEL EXPENSES:		
Salaries, Wages and Bonus	18,497.76	14,989.27
Contribution to Provident Fund and Pension Funds	1,867.80	1,701.32
Contribution and Provision towards Gratuity	483.54	423.99
Welfare Expenses	2,841.09	2,683.41
	23,690.19	19,797.99
Less:		
Salary Recoveries from outside Agencies	0.44	8.19
Personnel Expenses relating to R & D Activities	127.12	107.09
	127.56	115.28
TOTAL	23,562.63	19,682.71
SCHEDULE - 18		
INTEREST:		
On Fixed Loans	1,180.31	1,612.09
Others	658.79	726.11
TOTAL	1,839.10	2,338.20
SCHEDULE - 19		
RESEARCH & DEVELOPMENT EXPENSES:		
Personnel Expenses	127.12	107.09
Consumables and Spares	42.23	85.13
Power and Fuel	3.61	3.17
TOTAL	172.96	195.39
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 Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except otherwise stated. The accounting policies have been consistently applied by the Company.

Use of Estimates:

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

2. Fixed Assets:

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

3. Depreciation:

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

In respect of assets acquired upto 31st March, 1993, the specified period has been recomputed by applying to the original cost, the

revised rates as per Schedule XIV as per Government Notification dated 16-12-93, and depreciation charge calculated by allocating the unamortized value as per books of account over the remaining part, if any, of the recomputed period.

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

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

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

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

4. Impairment:

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

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

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

5. Intangible Assets:

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

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

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

6. Leases:

Finance Lease:

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

Operating Lease:

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

7. Investments:

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

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

Urea and ANP Freight Subsidy:

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

b. Other Income:

Interest:

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

Dividends:

Revenue is recognized 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.

Insurance claims:

Revenue is recognized on actual receipt basis.

11. Government Grants:

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

12. Borrowing Costs:

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

13. Export Benefits:

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

14. Retirement Benefits:

a. Retirement benefits in the form of Provident Fund and Pension Fund is a defined contribution scheme and the contributions are charged to the 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.

b. Gratuity liability and Post employment Medical Benefit liability are defined benefit obligations and are provided for on the basis of actuarial valuation made at the end of each financial year on project unit credit method.

- c. Short term compensated absences are provided for on basis of estimates. Long term compensated absences are provided for based on actuarial valuation on project unit credit method.
- d. Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.

15. Taxation:

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

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

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

16. Provisions:

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

17. Earnings Per Share:

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

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

18. Cash and Cash Equivalents:

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

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

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

Allocation of Common Costs:

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

Unallocated items:

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

B. NOTES TO ACCOUNTS:

(Rs. in Lacs)

	2010-11	2009-10
1. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	1,08,254.57	1,03,736.61
2. Contingent Liabilities not provided for:		
(i) Claims against the Company not acknowledged as debts (mainly on account of water charges)	2,369.66	1,803.60
(ii) Guarantees / Letters of Credit given by Banks on behalf of the Company	24,494.90	29,665.92
(iii) Claims in respect of employees'/ contract labour matters	Amount not ascertainable	
(iv) Income tax assessment orders contested	2,149.67	3,234.24
3. 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	1,724.21	1,442.16
4. 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 and Nutrient Based Subsidy (NBS) Scheme.	92,858.79	88,951.60
(ii) Reimbursement of expenses in respect of Imported Fertilizers	252.17	866.30
(b) Remuneration to Managing Director and Chairperson & Managing Director of the Company:	0.53	16.05
(i) Salary	0.50	15.99
(ii) Perquisites	0.03	0.06
(c) Payments to Auditors: As auditor	23.89	26.88
(i) Statutory Audit Fees	10.92	9.93
(ii) Tax Audit Fees	1.86	2.01
(iii) Other services for Certification work etc.	9.30	13.67
(iv) Reimbursement of Expenses	1.81	1.27
(d) Payment to Cost Auditor:	2.30	1.83
(i) Cost Audit Fees	2.14	1.76
(ii) Reimbursement of Expenses	0.16	0.07
(e) Foreign Exchange Rate Differences - Loss/ (Gain)	358.78	694.36
(f) Sale of Services [Tax Deducted at Source Rs. 85.83 lacs (Previous year Rs. 30.27 lacs)]	2,868.96	2,262.65
5. 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.		



6. Loans and Advances include interest bearing unsecured loan of **Rs. 160.00 Lacs** (Previous year Rs. 160.00 Lacs) to Gujarat Chemical Port Terminal Company Ltd.

7. 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. 1,311.27 Lacs** (Previous year Rs. 800.78 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.

8. **Earnings per share:**

	Unit	2010-11	2009-10
Net profit after tax	Rs. in Lacs	26,653.32	12,383.74
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.	17.15	7.97
Weighted average number of equity shares of nominal value of Rs. 10/- each in calculating diluted EPS	Nos.	15,54,18,783	15,54,18,783
Diluted earning per share	Rs.	17.15	7.97

9. **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 2010-11	2009-10
Smt. Sudha Anchlia	Chairperson and Managing Director *	0.00	16.05
Shri H. V. Patel	Managing Director *	0.03	0.00
Shri Guruprasad Mohapatra	Managing Director *	0.50	0.00

* For part of the current year/ previous year

Company under Significant Influence:

(Rs. in Lacs)

Name of the Company	Nature of Transactions	Amount 2010-11	2009-10
Gujarat Green Revolution Co. Ltd.	Sale of Goods & Services	46.68	72.36

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

(Rs. in Lacs)

Name of the Entity	Balance as on 31.03.2011	Maximum amount outstanding during the year
Narmada Education and Scientific Research Society	0.00 (0.00)	0.00 (99.00)

Figures in brackets are in respect of previous year

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

(Rs. in Lacs)

	2010-11	2009-10
A) The Amounts recognized in respect of unfunded obligations:		
Amount recognized in the Balance Sheet in respect of leave liability	9,485.93	7,562.60
Amount recognized in Salary, Wages and Employee Benefits in the Profit and Loss Account in respect of leave liability	1,840.93	686.84
Principal Actuarial Assumptions at the Balance Sheet date:		
Discount rate	8.25%	8.25%
Future Salary escalation	5%	5%
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	1,867.80	1,701.32
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C) Defined benefit plans -As per actuarial valuation on Balance Sheet date:

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

(Rs. in Lacs)

Sr. No.	Particulars	Gratuity		Post Employment Medical Benefit	
		2010-11	2009-10	2010-11	2009-10
I	Expense recognized in the Statement of Profit & Loss account for the year				
1	Current Service Cost	318.64	266.20	17.94	16.50
2	Interest Cost	905.99	709.41	43.16	28.27
3	Expected return on plan assets	(902.62)	(809.50)	–	–
4	Actuarial (Gain)/ Losses	194.98	288.23	(10.13)	80.90
5	Total expenses (Include Gratuity expenses Capitalized)	516.99	454.34	50.97	125.67
		33.45	30.35	–	–
II	Net Assets (Liability) recognized in the Balance Sheet				
1	Present value of Defined Benefit Obligation as at Balance Sheet Date	11,757.23	10,987.45	552.32	509.10
2	Fair value of plan assets as at Balance Sheet Date	11,847.49	10,790.54	–	–
3	Funded status [Surplus/(Deficit)]	90.26	(196.91)	(552.32)	(509.10)
4	Net assets / (Liability) as at Balance Sheet Date	90.26	(196.91)	(552.32)	(509.10)
III	Change in Obligation during the year				
1	Present value of Defined Benefit Obligation at the beginning of the year	10,987.45	10,090.49	509.10	391.30

(Rs. in Lacs)

Sr. No.	Particulars	Gratuity		Post Employment Medical Benefit	
		2010-11	2009-10	2010-11	2009-10
2	Current Service Cost	318.64	266.20	17.94	16.50
3	Interest Cost	905.99	709.41	43.16	28.27
4	Actuarial (Gains) / Losses	194.03	400.39	(10.13)	80.90
5	Benefit Payments	(648.88)	(479.04)	(7.75)	(7.87)
6	Present value of Defined Benefit Obligation at the end of the year	11,757.23	10,987.45	552.32	509.10
IV	Change in fair value of plan Assets during the year				
1	Plan assets at the beginning of the year	10,790.54	9,997.41	—	—
2	Expected return on plan assets	902.62	809.50	—	—
3	Contribution by employer	804.16	350.51	—	—
4	Actual benefit paid	(648.88)	(479.04)	—	—
5	Actual Gains / (Losses)	(0.95)	112.16	—	—
6	Plan assets at the end of the year	11,847.49	10,790.54	—	—
7	Actual return on plan assets	901.67	921.66	—	—
V	Actuarial Assumptions				
1	Discount Rate	8.25%	8.25%	8.25%	8.25%
2	Expected rate of return on plan assets	8%	8%	—	—
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	3%	5%	—	—
6	Attrition Rate	2%	2%	—	—

		Gratuity		Post Employment Medical Benefit	
		2010-11	2009-10	2010-11	2009-10
1	Defined Benefit Obligation	11,757.23	10,987.45	552.32	509.10
2	Plan Assets	11,847.49	10,790.54	—	—
3	Surplus/ (Deficit)	90.26	(196.91)	(552.32)	(509.10)
4	Experience adjustment on plan liabilities (gain) / loss	194.03	406.79	(10.13)	116.57
5	Experience adjustment on plan assets (loss) / gain	(0.95)	112.16	—	—

The Company expects to contribute Rs. 869.66 lacs towards Gratuity Benefit in the year 2011-12.

12. a) Finance Lease:

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

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

(Rs. in Lacs)

	2010-11	2009-10
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	0.00	20.00
Gross investment in the lease for the period:		
Not later than one year [Present value of minimum lease payments receivable: Rs. Nil as on 31.03.2011]	0.00	20.00
Later than one year but not later than five years [Present value of minimum lease payments: Rs. Nil as on 31.03.2011]	0.00	0.00

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)

	2010-11	2009-10
Future minimum lease payments:		
Not later than one year	0.47	19.56
Later than one year and not later than five years	0.00	23.21
Later than five years	0.00	0.00
TOTAL	0.47	42.77

13. 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 crore has been made in the Profit & Loss Account for the year 2009-10 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.

14. As per the Accounting Policy adopted, the Company had so far been accounting insurance claims on accrual basis. However, this accounting policy is reviewed and revised to cash basis from the current Financial Year 2010-11. Had there been no change in Accounting Policy, the Profit after Tax (PAT) for the current year and Reserves and Surplus as well as Loans and Advances as on 31-03-2011 would have been higher by Rs. 347.27 lacs.

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

(a) The Transfer of V-SAT / ISP Gateway Business of GNFC to ING Satcom Ltd., an unlisted company through Scheme of Arrangement and De-merger against cash consideration of Rs. 6 crore.

(b) Draft Scheme of Arrangement and De-merger in respect of proposed Transfer of V-SAT / ISP Gateway Business of GNFC to ING Satcom Ltd., an unlisted company.

Subsequent to approval to the Scheme of Arrangement and De-merger by the Board of Directors, an application to the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd. for their approval as required under the Listing Agreement was made and such approval from both the Stock Exchanges have been received. The Company is now in the process of filing an application before Hon'ble High Court of Gujarat for obtaining its directions for holding of meetings of its shareholders and creditors for their approval to the Scheme.

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

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

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



18. 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, 2011:

(Rs. in Lacs)

	Fertilizers		Chemicals		Others		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
A REVENUE:								
External Sales Revenue	1,49,490.45	1,44,896.36	1,44,191.60	1,22,852.83	4,860.85	3,528.56	2,98,542.90	2,71,277.75
Intersegment Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	1,49,490.45	1,44,896.36	1,44,191.60	1,22,852.83	4,860.85	3,528.56	2,98,542.90	2,71,277.75
Less Excise Duty	55.50	5.14	13,890.27	9,821.35	7.83	6.63	13,953.60	9,833.12
Net Revenue	1,49,434.95	1,44,891.22	1,30,301.33	1,13,031.48	4,853.02	3,521.93	2,84,589.30	2,61,444.63
B RESULT:								
Segment result - profit / (loss)	3,795.52	(2,438.04)	34,717.36	32,620.24	832.33	1,081.38	39,345.21	31,263.58
Other Income							3,486.79	2,443.40
Unallocable Expenses							(2,851.95)	(9,380.10)
Operating profit							39,980.05	24,326.88
Interest expense							(1,839.10)	(2,338.20)
Profit before tax							38,140.95	21,988.68
Provision for income tax (including deferred tax)							(11,487.63)	(9,604.94)
Net profit							26,653.32	12,383.74
C OTHER INFORMATION:								
Capital Employed:								
Segment assets	1,06,740.69	53,689.44	2,24,107.97	1,75,010.88	4,035.33	4,112.93	3,34,883.99	2,32,813.25
Segment liabilities	(13,860.13)	(19,017.26)	(10,544.55)	(5,768.78)	(1,036.30)	(923.53)	(25,440.98)	(25,709.57)
Other unallocable corporate assets & liabilities							(80,755.76)	801.20
Total capital employed	92,880.56	34,672.18	2,13,563.42	1,69,242.10	2,999.03	3,189.40	2,28,687.25	2,07,904.88
Capital assets/ expenditure incurred during the year:								
Capital assets including capital work in progress	11,850.29	14,195.89	60,762.73	50,504.13	28.02	96.06	72,641.04	64,796.08
Other unallocable capital expenditures							1,617.63	3,429.12
TOTAL	11,850.29	14,195.89	60,762.73	50,504.13	28.02	96.06	74,258.67	68,225.20
D SEGMENT DEPRECIATION:	2,889.56	2,524.55	7,714.50	7,655.37	1,507.17	1,516.00	12,111.23	11,695.92
E NON CASH EXPENSES OTHER THAN DEPRECIATION:							51.26	6,978.62

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 2010-11:

Product	Licensed Capacity (MT)	Installed Capacity (MT)	Production (MT)
	(Per Annum)		
Ammonia	6,36,000 (6,36,000)	4,45,500 (4,45,505)	4,74,868 (4,45,505)
Urea	7,20,000 (7,20,000)	6,36,000 (6,36,000)	6,43,228 (6,01,681)
Ammonium Nitro Phosphate	2,88,000 (2,88,000)	1,42,500 (1,42,500)	1,66,235 (1,66,547)
Calcium Ammonium Nitrate	2,70,000 (2,70,000)	1,42,500 (1,42,500)	98,740 (1,02,644)
Methanol	3,61,800 (3,61,800)	2,68,700 (2,68,700)	2,07,810 (1,88,214)
Formic Acid	36,000 (36,000)	10,000 (10,000)	19,382 (15,886)
Acetic Acid	1,50,000 (1,50,000)	1,00,000 (1,00,000)	1,53,295 (1,40,140)
Concentrated Nitric Acid	90,000 (90,000)	66,000 (66,000)	73,741 (68,906)
Aniline	35,000 (35,000)	35,000 (35,000)	39,896 (33,848)
Toluene Di-Isocyanate	14,000 (14,000)	14,000 (14,000)	17,710 (12,974)

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

2. Being intermediate product, **4,67,619 MT** of Ammonia (previous year 4,52,866 MT), **84,847 MT** of Methanol (previous year 77,130 MT) and **50,065 MT** of Concentrated Nitric Acid (previous year 39,199 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 2010-11:

Product	Sales		Closing Stock as on 31-03-2011	
	Qty (MT)	Rs. in Lacs	Qty (MT)	Rs. in Lacs
Urea	6,32,828 (6,37,702)	32,446.57 (29,571.56)	8,306 (2,614)	1,347.80 (400.05)
Ammonium Nitro Phosphate	1,63,988 (1,69,816)	9,696.01 (8,118.66)	2,242 (11)	317.83 (0.58)
Calcium Ammonium Nitrate	1,03,397 (1,12,965)	11,534.76 (11,895.89)	2,203 (6,909)	250.19 (663.84)
Methanol	1,26,059 (1,11,511)	20,762.78 (15,595.75)	3,609 (6,705)	548.96 (919.93)
Formic Acid	18,993 (16,477)	7,516.74 (6,861.06)	422 (32)	82.37 (6.00)
Acetic Acid	1,52,455 (1,43,704)	38,241.82 (37,147.28)	2,963 (1,086)	542.00 (175.14)
Concentrated Nitric Acid	23,873 (29,311)	4,121.91 (4,371.20)	444 (641)	48.22 (61.73)
Aniline	39,687 (33,825)	29,515.12 (21,671.79)	989 (780)	634.25 (462.94)
Toluene Di-Isocyanate	17,477 (13,129)	24,586.94 (21,794.84)	290 (58)	329.56 (61.03)
By-products and Others		22,068.73 (18,077.75)		621.68 (428.28)
Fertilizers and Freight Subsidy		92,858.79 (88,951.60)		
TOTAL		2,93,350.17 (2,64,057.38)		

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 2010-11:

Product	Opening Stock as on 01-04-2010		Purchases		Sales		Closing Stock as on 31-03-2011	
	Qty (MT)	Rs. in Lacs	Qty (MT)	Rs. in Lacs	Qty (MT)	Rs. in Lacs	Qty (MT)	Rs. in Lacs
Imported Urea	1,629 (5,041)	65.42 (314.34)	27,500 (1,06,707)	1,562.10 (5,495.16)	28,926 (1,10,093)	1,509.78 (5,304.80)	0 (1,629)	0.00 (65.42)
Single Super Phosphate	0 (0)	0.00 (0.00)	30,881 (0)	1,017.83 (0.00)	30,881 (0)	1,047.67 (0.00)	0 (0)	0.00 (0.00)
DAP (Including Imported)	76 (495)	4.58 (6.22)	0 (0)	0.00 (-64.79)	74 (10)	4.47 (5.77)	0 (76)	0.00 (4.58)
Imported Muriate of Potash	0 (114)	0.00 (1.23)	0 (0)	0.00 (-0.15)	0 (39)	0.00 (94.47)	0 (0)	0.00 (0.00)
Imported TDI	0 (0)	0.00 (0.00)	0 (40)	0.00 (60.46)	0 (40)	0.00 (61.95)	0 (0)	0.00 (0.00)
Imported Acetic Acid	0 (0)	0.00 (0.00)	1,901 (0)	380.98 (0.00)	1,901 (0)	394.18 (0.00)	0 (0)	0.00 (0.00)
Imported Formic Acid	0 (0)	0.00 (0.00)	292 (0)	99.71 (0.00)	292 (0)	123.73 (0.00)	0 (0)	0.00 (0.00)
PKI & Data Centre				1,392.32 (739.36)		1,740.09 (843.05)		
Others				96.64 (34.55)		120.64 (44.03)		
Reimbursement of Expenses for Imported Fertilizers						252.17 (866.30)		
TOTAL						5,192.73 (7,220.37)		

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 2010-11:**

	Unit	Quantity	Rs. in Lacs
Fuel Oil/ LSHS (Feed Stock)	MT	3,80,400	91,319.39
		(3,58,911)	(76,877.31)
Natural Gas	000SM3	2,29,350	23,882.86
		(1,88,879)	(19,026.61)
Rock Phosphate	MT	1,08,550	8,319.63
		(1,06,787)	(8,600.54)
Liquid Ammonia	MT	39,404	5,913.85
		(30,373)	(3,884.95)
Naphtha	MT	210	90.92
		(396)	(142.40)
Raw Materials for Catsol	—	—	21.36
		(—)	(0.00)
Benzene	MT	34,928	16,436.32
		(28,951)	(12,244.44)
Toluene	MT	11,190	4,868.47
		(8,548)	(3,457.89)
Chlorine	MT	16,824	1,097.27
		(12,332)	(407.67)
Raw Materials for others	—	—	327.82
		(—)	(119.58)
TOTAL			1,52,277.89
			(1,24,761.39)

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

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

	2010-11		2009-10	
	Rs. in Lacs	%	Rs. in Lacs	%
Raw Materials:				
Imported	8,018.65	5.27	7,417.12	5.95
Indigenous	1,44,259.24	94.73	1,17,344.27	94.05
TOTAL	1,52,277.89	100.00	1,24,761.39	100.00
Components & Spares:				
Imported	2,463.52	32.35	2,091.83	28.74
Indigenous	5,152.59	67.65	5,187.86	71.26
TOTAL	7,616.11	100.00	7,279.69	100.00

(Rs. in Lacs)

2010-11 2009-10

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

(i) Raw Materials and Fuel	16,238.96	15,631.81
(ii) Spares	2,746.57	3,276.87
(iii) Capital goods	11,806.63	23,430.85
(iv) Finished goods	764.05	86.46

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

(i) Engineering, Licence and Know-how fees - Capital Nature	573.84	2,833.15
(ii) Engineering, Licence and Know-how fees - Revenue Nature	292.54	193.19
(iii) Travelling, Journal, Membership fees, Interest etc.	150.56	85.95

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

(i) Number of Shareholders	521	567
(ii) No of Shares held by them on which Dividend was due	4,41,109	4,68,213
(iii) Year to which Dividend relates	2009-10	2008-09
(iv) Amount remitted (Net of Tax) (Rs. in Lacs)	14.34	15.22

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

(i) Export of goods on FOB basis	859.78	354.38
(ii) Technical consultancy & other fees	0.00	237.54

(I) The foreign currency payables and receivables unhedged at the year end are as follows:**(i) Amounts Payable in Foreign Currency :**

Particulars	As on 31-03-2011		As on 31-03-2010	
	Rs. in Lacs	Amt in FC	Rs. in Lacs	Amt in FC
Sundry Creditors for Import	2,838.73	Euro 44,45,934	674.85	Euro 10,72,775
Sundry Creditors for Import	11.24	USD 25,000	4.65	USD 9,944
Sundry Creditors for Import	3.21	GBP 4,421	0.94	GBP 1,315
Sundry Creditors for Import	9.84	CHF 20,000	—	—
Buyers Credit	3,959.04	USD 88,80,746	—	—
Interest accrued but not due	11.33	USD 25,410	—	—

(ii) Amounts Receivable in Foreign Currency :

Particulars	As on 31-03-2011		As on 31-03-2010	
	Rs. in Lacs	Amt in FC	Rs. in Lacs	Amt in FC
Sundry Debtors	—	—	—	—

Signatures to Schedules 1 to 20

K. C. Jatania
Executive Director & CFO

R.B. Panchal
Company Secretary

H. V. Patel
Managing Director

A. K. Joti
Chairman

G. C. Murmu
Director

Dr. TT Ram Mohan
Director

D.C. Anjaria
Director

Dr. Ashok Shah
Director

Place : Gandhinagar
Date : 27-05-2011

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

Place : Ahmedabad
Date : 27-05-2011

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 & CFOR.B. Panchal
Company SecretaryH. V. Patel
Managing DirectorA. K. Joti
ChairmanG. C. Murmu
DirectorDr. TT Ram Mohan
DirectorD.C. Anjaria
DirectorDr. Ashok Shah
Director

[illegible]

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 **35th Annual General Meeting** of the Company held at Open Air Theatre, Sports Complex, Narmadanagar Township, P.O. Narmadanagar : 392 015, Dist. Bharuch on **Saturday, the 17th September, 2011 at 11:00 A.M.**

Member's /Proxy's Signature :

* Applicable for investors holding shares in Electronic Form.



TEAR HERE



PROXY FORM

GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

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

DP. Id*	
Client Id*	

Registered Folio No.	
No. of Shares held	

I/We _____ of _____ in the district of _____ being a Member(s) of the above named Company, hereby appoint _____ of _____ in the district of _____ or failing him _____ of _____ in the district of _____ as my/our Proxy to attend and vote for me/us on my/our behalf at the 35th Annual General Meeting of the Company to be held on **Saturday, the 17th September, 2011 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 DC Anjaria as Rotational Director		
4.	Appointment of Auditors		
5.	Appointment of Shri MM Srivastava, IAS as Rotational Director		
6.	Appointment of Shri RK Tripathy, IAS as Rotational Director		
7.	Appointment of Shri Atanu Chakraborty, IAS as Rotational Director		
8.	Appointment of Shri AM Tiwari, IAS as Managing Director		

Signed this day of 2011

*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

Book-Post

To,



If undelivered please return to:

Gujarat Narmada Valley Fertilizers Company Limited

(An ISO 14001 & OHSAS 18001 Company)

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

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