

GNFC

CHEMICALS • FERTILIZERS • IT

Gujarat Narmada Valley Fertilizers
& Chemicals Limited

38TH ANNUAL REPORT 2013-2014



38TH ANNUAL GENERAL MEETING

Date : 26th September, 2014
 Day : Friday
 Time : 2:30 P.M.
 Place : Open Air Theatre, Sports Complex,
 Narmadanagar Township,
 P.O. Narmadanagar-392 015,
 District – Bharuch.

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BOARD OF DIRECTORS

(As on 5th August, 2014)

Dr. Varesb Sinha, IAS, *Chairman*
 Shri DJ Pandian, IAS
 Dr. Hasmukh Adhia, IAS
 Shri GC Murmu, IAS
 Shri Atanu Chakraborty, IAS
 Dr. TT Ram Mohan
 Prof. Arvind Sahay
 Shri Chandrasekhar Mani
 Dr. Rajiv Kumar Gupta, IAS, *Managing Director*

Executive Directors

Shri RA Shah, CFO
 Shri RT Bhargava
 Shri JC Bhatt
 Shri AT Patadia
 Shri JS Kochar
 Shri VS Sirohi
 Shri PA Mankad

Company Secretary

Shri RB Panchal

Statutory Auditors

M/s Deloitte Haskins & Sells
 Chartered Accountants
 Ahmedabad

Cost Auditors

M/s Diwanji & Associates.
 Vadodara

Registered Office :

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



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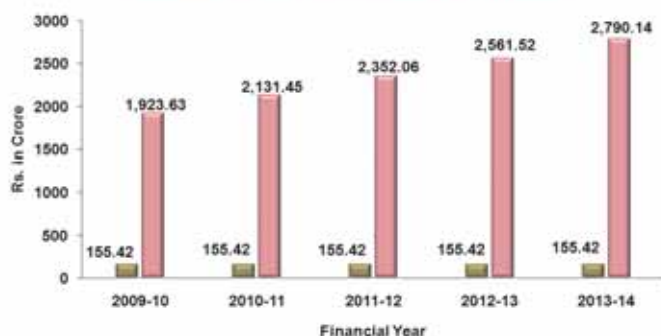
Gujarat Narmada Valley Fertilizers & Chemicals Limited

FINANCIALS AT A GLANCE

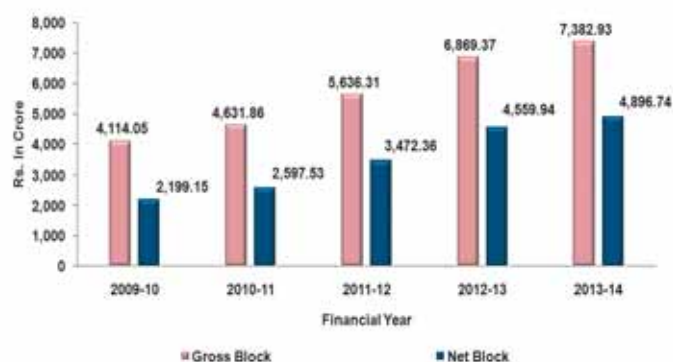
PARTICULARS	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
OPERATING RESULTS										(Rs. in Crore)
GROSS INCOME	5,196	4,527	4,062	3,129	2,799	3,128	3,713	2,992	2,367	1,978
PROFIT BEFORE INTEREST, DEPRECIATION AND TAX (PBIDT)	662	634	582	523	360	500	698	612	571	436
DEPRECIATION	145	149	131	121	117	120	111	110	89	87
PROFIT BEFORE TAX	424	422	417	381	220	354	576	489	447	330
TAX	132	149	133	114	96	126	203	163	152	106
PROFIT AFTER TAX	292	273	284	267	124	228	373	326	295	224
DIVIDEND & DIVIDEND TAX	64	64	63	59	59	59	77	77	71	63
RETAINED EARNINGS	229	209	221	208	65	169	296	249	224	161
AMOUNT PER SHARE										(Rs.)
SALES	325	289	259	192	175	197	235	190	156	132
EARNING	18.81	17.57	18.26	17.15	7.97	14.64	23.99	21.00	20.12	15.29
EQUITY DIVIDEND	3.50	3.50	3.50	3.25	3.25	3.25	4.25	4.25	4.25	3.75
DIVIDEND (%)	35.00	35.00	35.00	32.50	32.50	32.50	42.50	42.50	42.50	37.50
BOOK VALUE	189.52	174.81	161.34	147.14	133.77	129.58	118.74	101.04	80.30	64.93
MARKET PRICE : HIGH	90.55	89.50	114.20	146.20	135.70	177.20	231.00	144.75	137.50	82.00
LOW	59.05	69.80	70.65	88.30	60.00	48.00	86.50	79.00	67.50	41.10

FINANCIAL HIGHLIGHTS

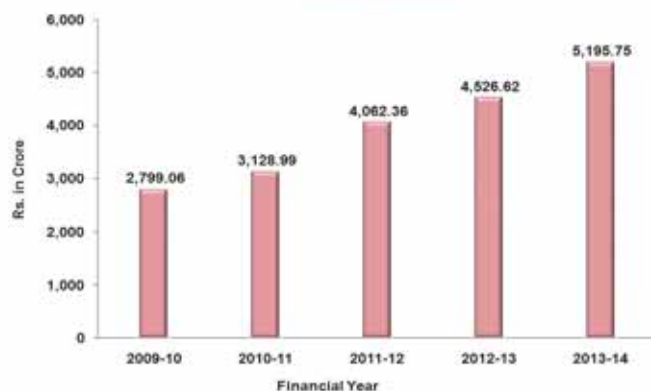
Share Capital - Reserves & Surplus



Gross & Net Block



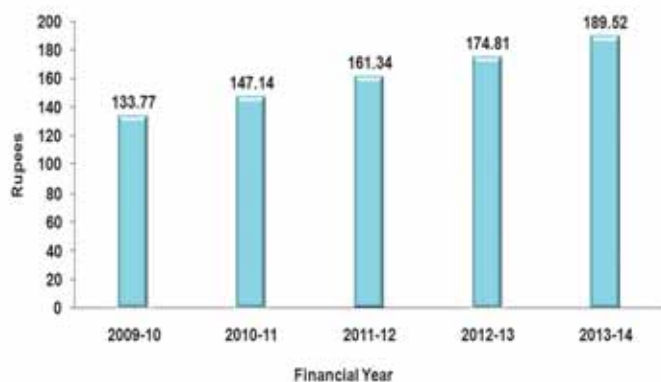
Gross Income



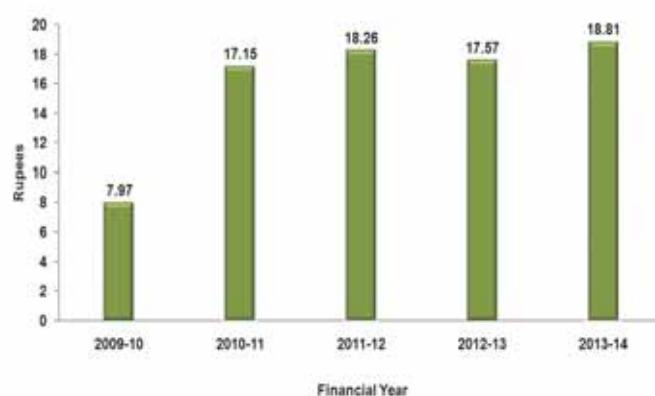
Profit



Book Value Per Share



Earning Per Share



DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting this 38th Annual Report together with Audited Statement of Accounts of the Company for the year ended 31st March, 2014.

The fiscal year 2013-14 was a challenging year for Indian Economy. There was a marginal rise in the growth of Indian economy at 4.7% in 2013-14 from 4.5% in 2012-13, confirming the signs of sticky slow down. The growth of economy below 5% in 2013-14 is primarily the result of continued slowdown in the Industrial Sector and lower growth in certain segment of service sector. Impact of deceleration in the growth rate in the earlier year had continued.

In the back drop of this sluggish economy, the performance of your company during 2013-14 remained reasonably satisfactory, thanks to the resilient trend in Chemical business segment and company's efforts to take advantage of the same.

In its quest for excellence, the company has continued its emphasis on higher productivity, adoption of smart marketing strategies, energy saving, efficiency improvement and cost control / cost savings measures. During the year, 101 new records were established on production and marketing fronts.

FINANCIAL RESULTS

Summary of financial results : (Rs. in Crore)

Particulars	2013-14	2012-13
Income from operations	4,847.19	4,252.57
Other Income	45.05	40.38
Total Income	4,892.24	4,292.95
Total Expenditure	4,230.73	3,659.32
Profit before Depreciation, Finance Cost and Tax	661.51	633.63
Depreciation	145.31	148.55
Finance Cost	92.37	62.68
Profit before Tax (PBT)	423.83	422.40
Provision for Taxes	131.56	149.29
Net Profit for the year	292.27	273.11
Balance brought forward from previous year	394.49	485.02
Amount available for Appropriation	686.76	758.13
Appropriations		
Proposed Dividend	54.40	54.40
Tax on Dividend	9.24	9.24
Transferred to General Reserve	300.00	300.00
Balance carried to Balance Sheet	323.12	394.49

YEAR IN RETROSPECT

Your company achieved sales turn-over of Rs. 4,847.19 Crore compared to Rs.4,252.57 Crore in the previous Financial Year, registering an increase of 13.98%. The turnover was higher mainly on account of increased volume of production and increased sales realization. Profit Before Tax was higher at Rs.423.83 Crore as against Rs.422.40 Crore of the previous financial year. Profit After Tax was Rs.292.27 Crore as against Rs.273.11 Crore of the previous financial year.

DIVIDEND

The company's financial performance for the year 2013-14 was more or less comparable with that of previous financial year. Keeping in view the company's performance and the requirement of fund for its future growth and to ensure that the shareholders get sustained return on their investments, your Directors have recommended a dividend of Rs 3.50 per equity share (35%) on 15,54,18,783 equity shares for the year ended 31st March, 2014. The dividend on equity shares is subject to the approval of the shareholders at the Annual General Meeting. On its approval, the dividend payout will work out to Rs.63.64 Crore, including tax on dividend of Rs.9.24 Crore. This amounts to 21.77% of the Net Profit.

APPROPRIATIONS

Your company earned Net Profit of Rs.292.27 Crore for the year 2013-14. After adding thereto Rs.394.49 Crore being the balance of Statement of Profit & Loss brought forward from the previous year, amount available for appropriation is Rs.686.76 Crore. Out of this, Rs.63.64 Crore, including tax on dividend is earmarked for dividend. The company proposes to transfer Rs.300 Crore to General Reserve. An amount of Rs.323.12 Crore is proposed to be retained in the Statement of Profit & Loss.

PERFORMANCE REVIEW

The year 2013-14 was one of the challenging year for chemical business in the country due to overall cost increase and moderate industrial growth coupled with increased competition due to free flow of material from international markets. The company has to sell its products keeping parity in prices with imports.

In order to get an edge over competition, a strategy had been formulated by your company during the year to excel both in production and marketing of its products. Keeping this strategy in mind, concerted efforts were made to achieve highest production levels in most of the products with optimum cost. Accordingly, various all time best records were established during 2013-14.



PRODUCTION

Most plants of the company operated at over 100% capacity utilization. Ever highest yearly production was achieved in Ammonia, Ammonia Syngas Generation, Neem coated Urea, Formic Acid, Methyl formate, Ethyl Acetate, Weak Nitric Acid, Concentrated Nitric Acid and Captive Power Generation. Total 66 Ever highest records of production were made during 2013-14.

The company continuously monitors the plants operations and implement various modification schemes, to save energy and to increase plant reliability and production thereby improving the profitability of the company.

Production of Calcium Ammonium Nitrate (CAN) was discontinued in view of the same falling within the ambit of Ammonium Nitrate Rules 2012, made effective from 11th January 2014. Consequently, AN Melt sale was maximized resulting into improved profitability.

SALES

Industrial Products

To supplement the production efforts, special drive had been made in the marketing of chemical Industrial Products through innovative marketing, market segmentation and smart pricing. A niche market has been created for many of its products like Acetic Acid, Nitric Acid, AN Melt, Aniline and Formic Acid.

Total 35 Ever highest records of sales were made during 2013-14. All time best annual sales records were made during the year 2013-14 in Weak Nitric Acid, Concentrated Nitric Acid, AN Melt, export of Methyl Format and Ethyl Acetate. The sale of Ethyl Acetate at 51360 MTs was significantly higher as compared to previous best of 13837 MT during 2012-13. Similarly AN Melt sale of 127087 MT was significantly higher compared to previous best of 88493 MT during 2012-13.

There was around increase in quantity sold, turn-over, price realization and contribution of chemical Industrial Products during 2013-14 compared to previous year. This was possible due to smart and dynamic pricing of the company's products, keeping a close watch on cost of production and opportunity to increase price during the year.

Methanol is imported in our Country to the tune of about 19 Lac MTs per annum. Out of this, about 14 Lac MTs of Methanol is imported from Iran itself. Your company is the largest producer of Methanol in the Country. However, due to high cost of Natural Gas, the company has been finding it difficult to compete with the imported material. To offset this disadvantage, specific efforts were made to finalize a yearly supply contract of Methanol at very attractive terms with one of the leading producers of Methanol in Iran. The company has also handled import of Acetic Acid. The other significant effort made by the company was to

stream line AN Melt sale logistics, post implementation of stringent Ammonium Nitrate Rules, 2012.

Fertilizers

The Fertilizer business was good through-out the year. The company sold in aggregate 9.35 Lac MTs of fertilizers (both manufactured & traded) during the year. Out of this, 6.96 Lac MTs of Fertilizers constituting 74% of the total sales were sold in the primary sales zone comprising Home State Gujarat and the adjoining States - Maharashtra, Madhya Pradesh and Rajasthan and more than 1 lac MTs of fertilizers were sold through company's Narmada Agri marts in Gujarat during the year. The company continued its trading activities in Single Super Phosphate (SSP) and commenced trading of indigenously sourced Di-Ammonium Phosphate (DAP) and Muriate of Potash (MoP) during the year.

(n)Code Solutions – IT Division

(n)Code Solutions has continued its growth and expansion in the IT Sector during the year by achieving record sales of Rs.102 Crore, registering an increase of 29% over the previous year, based on strong performance of all its business segments. It remains the market leader in Digital Certificate business maintaining about 40% market share.

(n)Code implemented a unique project on behalf of Bharat Electronics Limited (BEL) for securing voting data in the Electronic Voting Machines (EVMs) using PKI (Public Key Infrastructure) Technology. It also implemented a city-wide surveillance project for Ahmedabad Municipal Corporation, one of the largest such projects in the Country and received several recognitions and awards in the field of IT.

(n)Code has undertaken several initiatives during the year in new business lines such as Cloud Computing, IT Management Systems for BRTS, as also Technology based E-Governance Solutions to realize better growth in the coming years.

STATUS OF PROJECTS

As reported last year, Ammonia Syngas Generation Project (ASGP) and TDI-II Project at Dahej were under implementation.

1. Ammonia Syngas Generation Project

During the year, commercial production of ASGP has been declared and the plant has operated at more than 100% capacity in the first year of its operation.

2. TDI-II Dahej Project

The commercial production of TDI-II Plant has been declared on 24th March 2014. TDI-II Plant, Dahej has faced the problem of gas emission during the initial production days. For ensuring the plant worthiness for restarting the plant, hazard operability study (HAZOP) was carried out by M/s Lloyds Registers Asia,

Mumbai, necessary modifications were made and the plant was restarted. However, due to complex and difficult technology, the stabilization of operations of the plant is taking time, which has created an anxiety for the company. Looking to the cost of manufacture and prevailing market conditions including price, economic operation of plant currently seems difficult. Experts in TDI Technology have been drawn from world-over by M/s Chematur Engineering AB, Sweden, the technology supplier, to supervise and guide the technical personnel of the company. An Action Plan has been drawn and is under implementation for restart, stabilization and economical operation of the plant.

NEW INITIATIVES

With a view to accelerating growth momentum, the company is continuously exploring potential business opportunities in the areas having synergy with company's existing business operations. Towards this direction, following projects are under active consideration by the company:

Brown field Ammonia ~ Urea Project

The company has initiated actions for setting up a Brown field Ammonia ~ Urea Project at Bharuch and has already expressed its interest to the Department of Fertilizers for setting up the Project. The New Investment Policy, 2012 for Urea, announced last year, is under review by Government of India and appropriate actions will be taken by the company based on the final policy.

Di-Calcium Phosphate Project

Newly commissioned TDI- II Plant at Dahej will generate Hydrochloric Acid (HCl) as by-product. The company has initiated actions for setting up of Di-Calcium phosphate project based on HCl. The company is actively pursuing joint venture with a leading technology supplier of International repute for the same.

Aniline Expansion Project

The company is also considering expansion of the capacity of Aniline based on the availability of surplus hydrogen.

FERTILIZER POLICY

Taking forward the Government's initiative to transfer the subsidy directly to the farmers, Government of India (GoI) launched pilot projects in six more Districts, including Narmada District in Gujarat, in addition to the pilot projects initially launched in six selected Districts across India. Our company has been assigned the responsibility of co-ordinating the pilot project launched in Narmada District.

The subsidy rates on P&K fertilizers notified by GoI last year under Nutrient Based Subsidy (NBS) Policy have been continued during the current year also. Looking to

the increased cost of production, most of the Fertilizer Companies, including our company have increased the selling price of P&K Fertilizers, which has resulted into increase in realization.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the Annual Accounts for the year 2013-14, the applicable Accounting Standards have been followed and there are no material departures;
- they have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2014 and of the profit of the company for the financial year;
- they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- they have prepared the Annual Accounts on a going concern basis.

CORPORATE GOVERNANCE

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

- Declaration on the Code of Conduct.
- Certificate from the Practicing 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

As reported last year, the Scheme of Arrangement and Demerger for transfer of company's V-SAT / ISP Gateway Business to ING Satcom Limited sanctioned by Hon'ble High Court of Gujarat, is subject to and conditional upon the approval of Government Authorities for transfer of Licenses. Applications submitted for transfer of V-SAT / ISP Gateway Business Licenses standing in the name of company to the name of transferee company viz., ING Satcom Ltd. are pending before the Department of Telecommunications (DoT), Govt. of India.

**FIXED DEPOSITS**

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

INSURANCE

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

DIRECTORATE

Change in Directorship

- Shri DC Anjaria retired by rotation at the last Annual General Meeting held on 21/9/2013.
- Dr. Ashok Shah ceased to be a Director vide resignation effective 10/6/2014.
- Prof. Arvind Sahay and Shri Chandrasekhar Mani have been appointed as Additional Directors (Independent Category) effective 4th August, 2014. They have been recommended by the Board to appoint them as Independent Directors at this AGM.

In terms of the provisions of Section 161 of the Companies Act, 2013, Prof. Arvind Sahay and Shri Chandrasekhar Mani hold office up to the date of this AGM. The company has received Notices in writing from a Member under Section 160 of the Companies Act, 2013 along with requisite deposit proposing their appointment as Independent Directors at this AGM.

In pursuance of the provisions of Articles of Association as also of the provisions of Companies Act, two Directors viz, Dr. TT Ram Mohan and Shri GC Murmu, IAS, who are liable to retire by rotation, will retire at this AGM. And Shri GC Murmu, IAS, is proposed to be reappointed as Rotational Director at this AGM.

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 provisions of the Companies Act, 1956, M/s Deloitte Haskins & Sells, Chartered

Accountants, Ahmedabad, who are the Statutory Auditors of the company, hold office up to the conclusion of the forthcoming Annual General Meeting and they are eligible for reappointment.

In terms of the provisions of new Companies Act, 2013, an Ordinary Resolution for reappointment of M/s Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad, as Statutory Auditors of the company to hold office from the conclusion of this AGM until the conclusion of 40th AGM to be held in the year 2016 for a term of two consecutive years and fixation of their remuneration, has been included in the Notice of this AGM.

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

COST AUDITOR

The Board of Directors has based on recommendation of Audit Committee, appointed Shri Shirish V Diwanji, Cost Accountant of M/s Diwanji & Associates, Vadodara, as the Cost Auditor of the company for financial year 2014-15.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit & Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified/approved by the shareholders of the company. A suitable Ordinary Resolution in this regard, is included in the Notice of this AGM.

The company has e-filed the Cost Audit Report for the financial year 2012-13 with the Ministry of Corporate Affairs (Cost Audit Branch) on 20/9/2013. The due date of filing the said report was 27/9/2013.

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. Your Directors are also thankful to the valued Investors for strengthening their bond with the company.

For and on behalf of the Board of Directors,

Place : Gandhinagar
Date : 16th August, 2014

Dr. Varesh Sinha
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, 2014.

(A) CONSERVATION OF ENERGY :

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

On 16th December 2013, for consecutive second year, the company was awarded prestigious National Energy Conservation Award (1st Prize) at the hand of Hon'ble President of India in appreciation of the achievements in energy conservation in the fertilizer sector for the year 2013.

(a) Energy Conservation Measures taken

Over and above, energy saving measures/schemes were implemented during the year and the achievements are as given below:

Ammonia Plant

- Post Feed stock conversion of Ammonia plant, three pump impellers were trimmed in Rectisol unit which resulted in power saving of 1,98,000 Kwh.
- MP Boiler feed water transfer pump impeller was trimmed, resulted in power saving of 5,14,800 Kwh.

Urea Plant

- Installation of small additional HP Carbamate pump, resulted in power saving of 10,32,294 Kwh and steam saving of 10,936 MT.
- Condensate transfer pump's 110 KW motors were replaced with 90 KW high efficiency & increased safety motors, resulting in power saving of 79,440 Kwh.

Formic Acid Plant

- Use of condensate in place of DM water for steam pressure reduction station, resulted in saving of 473 MT steam.

Ethyl Acetate Plant

- Subsequent to the change in angle of the cooling tower fans' blade, one cooling water pump was stopped, resulting in power saving of 5,56,910 Kwh.

Aniline/TDI Plant

- Spare Lamella Separator installed for acid recovery in Aniline plant, resulted in saving of Rs. 45 Lacs.
- With the increase in the size of supply pipe, one hot well pump was stopped, resulting in power saving of 1,16,640 Kwh.

Utility Plant :

- Replacement of raw water supply pump to demonstration farm with lower capacity pump resulting in power saving of 42,522 Kwh.

- Two pumps handling effluent discharge were replaced with energy efficient pumps resulting in power saving of 23,400 Kwh.
- Installation of 90 Kw VFD at Filter water pump MP-1701C, resulted in power saving of 77,280 Kwh.

Electrical System

On account of following actions, power saving of 2,82,657 Kwh was achieved :

- Replacement of old lighting fixtures with energy efficient ones in various Plants and Buildings.
- Provided contactor and push button to keep normal lighting OFF and to make it ON as per the requirement in CNA-II plant.
- Replacement of Split AC and fans with star rated AC and fans in Township area.
- Replacement of 6 nos. of Air Handling Unit motors in the Corporate Building.

Use of Solar Energy

- Total 300 Kw Solar Photo Voltaic power generation systems installed at (i) Company Guesthouse building having capacity of 25 Kw (ii) School building having capacity of 125 Kw and (iii) Corporate building having capacity of 150 Kw.

Steam traps management

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

(b) Additional Investment and proposals being implemented for reduction of consumption of energy and to improve productivity - Nil**(c) Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on cost of production of goods.**

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

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

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) Export**

Need for thrust on Export has been identified. During the year 2013-14, the company exported 27073 MTs of Industrial Products valuing Rs.127.05 crore compared to Export of 10185 MTs of Industrial Products during the previous year.

**(b) Total Foreign Exchange used and earned**

(Rs. in Lacs)		
Particulars	2013-14	2012-13
Foreign Exchange used	30,799.72	38,865.60
Foreign Exchange earned	7,239.60	2,956.69

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

No.	Particulars	Unit	2013-14	2012-13
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A) Power and Fuel Consumption (GNFC Complex)**1. Electricity :**

a)	Power imported at factory #	MWH	63410.508	39057.254
	Less : Power from Wind Mills	MWH	(26881.746)	(38144.780)
	Net Power Import	MWH	36528.762	912.474
	Power export to GEB	MWH	10.44	48.96
	Total Amount	Rs. Lacs	3424.46	1111.27
	Rate/Unit	Rs./Kwh	9.37	121.79
b)	Own generation through steam			
	Turbine :	'000 KWH	219430	146349
	Unit power per Eq. natural gas	KWH/SM^3	2.41	9.55
	Variable cost/unit			
	(excl. Power Gen. Duty)	Rs./Kwh	3.81	3.74
c)	Own generation through Gas			
	Turbine (33.3 MT GT):	'000 KWH	200951.1	248956.4
	Unit power per Eq. natural gas	KWH/SM^3	6.7	6.5
	Natural Gas for gas turbine unit	'000 SM^3	30015.983	38333.36
	(with eq. steam export credit)			
	Variable cost/unit			
	(excl. Power Gen. Duty)	Rs./Kwh	2.85	1.93

2.	Coal for steam generation (Indian)	MT	514152	389260
	Total cost of Indian coal	Rs. Lacs	23495.91	13988.48
	Average Rate	Rs./MT	4569.84	3593.61
	Coal for steam generation (Imported)	MT	125400	194462
	Total cost of Imported coal	Rs. Lacs	9546.77	15521.59
	Average Rate	Rs./MT	7613.05	7981.81

3.	LSHS (Boiler oil) for steam generation	KL	164	0.00
	Total cost of LSHS fuel	Rs.Lacs	31.62417	0.00
	Average Rate	Rs./MT	19283.03	0.00

4.	Natural Gas for steam generation	'000 SM^3	13465	19470
	Total cost of Natural Gas	Rs. Lacs	9999.16	10138.64
	Average Rate	Rs./Ksm3	22996.63	17539.88

B) Power and Fuel Consumption (Aniline/ TDI Complex)**1. Electricity**

a)	Own generation through Gas			
	Turbine :	'000 KWH	0.00	1308.12
	Unit power per Eq. natural gas	KWH / SM^3	0.00	2.45
	Variable cost/unit after Steam Credit			
	(excl. Power Gen. Duty)	Rs./Kwh	0.00	8.34

No.	Particulars	Unit	2013-14	2012-13
2.	Natural Gas for gas turbine unit '000 SM^3		0.00	534.29
	Total Cost of Natural Gas	Rs. Lacs	0.00	108.20
	Average Rate	Rs./Ksm3	0.00	20251.17

C) Consumption per unit of Production:**i) Ammonia**

	Electricity	KWH/MT	372.26	326.236
	LSHS (Boiler oil)	KL/MT	0.0001	0.00
	Coal (at 4200 Kcal/kg)	MT/MT	0.625	0.672
	Natural Gas	SM^3/MT	10.502	18.307

ii) Urea

	Electricity	KWH/MT	64.062	64.947
	Coal (at 4200 Kcal/kg)	MT/MT	0.153	0.14
	Natural Gas	SM^3/MT	2.578	3.827

iii) Methanol (I+II+MSU)

	Electricity \$	KWH/MT	282.583	252.852
	Coal (at 4200 Kcal/kg)	MT/MT	0.052	0.052
	Natural Gas	SM^3/MT	0.879	1.424

iv) Formic Acid

	Electricity	KWH/MT	797.557	833.844
	LSHS (Boiler oil)	KL/MT	0.0003	0.00
	Coal (at 4200 Kcal/kg)	MT/MT	1.565	1.455
	Natural Gas	SM^3/MT	26.305	39.636

v) Acetic Acid

	Electricity	KWH/MT	178.543	175.006
	Coal (at 4200 Kcal/kg)	MT/MT	0.112	0.105
	Natural Gas	SM^3/MT	1.886	2.874

vi) Ethyl Acetate

	Electricity	KWH/MT	128.605	215.638
	Coal (at 4200 Kcal/kg)	MT/MT	0.515	0.699
	Natural Gas	SM^3/MT	8.652	19.052

vii) Nitrophosphate Plants**(a) ANP**

	Electricity	KWH/MT	224.594	208.942
	LSHS (Boiler oil)	KL/MT	0.00001	0.00
	Coal (at 4200 Kcal/kg)	MT/MT	0.060	0.062
	Natural Gas	SM^3/MT	1.007	1.676

(b) CAN

	Electricity	KWH/MT	65.17	59.988
	LSHS (Boiler oil)	KL/MT	0.000004	0.00
	Coal (at 4200 Kcal/kg)	MT/MT	0.021	0.011
	Natural Gas	SM^3/MT	0.357	0.288

(c) WNA (I+II)

	Electricity	KWH/MT	47.978	44.374
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(d) CNA (I+II+III)

	Electricity	KWH/MT	40.002	38.127
	LSHS (Boiler oil)	KL/MT	0.00002	0.00
	Coal (at 4200 Kcal/kg)	MT/MT	0.077	0.078
	Natural Gas	SM^3/MT	1.297	2.125

viii) Aniline / TDI complex**(a) Aniline**

	Electricity	KWH/MT	236.35	232.38
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No.	Particulars	Unit	2013-14	2012-13
(b) TDI				
	Electricity	KWH/MT	1933.95	1795.11
	LSHS (Boiler oil)	KL/MT	0.00004	0.00
	Coal (at 4200 Kcal/kg)	MT/MT	2.111	1.755
	Natural Gas	SM ³ /MT	35.492	47.805

Power imported at factory includes wind mill power generation.

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

Ethyl Acetate Plant commissioned and production started in the year 2012-13.

Ammonia Synthesis Gas generation Plant (ASGP) commissioned in March, 2013 and its inputs included in Ammonia Plant.

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

- Application Development of process and products as import substitute for Polyurethane Coatings & Adhesive, Elastomers etc. using company's Toluene Di Isocyanate, TDI:MDI blends, Ethyl Acetate, Methyl Formate and using Bio-Polyols and Bio-Crosslinkers from renewal resources.
- Development of method for analysis & monitoring of Catalyst in Ethyl Acetate reactor. The reduction of specific consumption of p-TSA catalyst is major achievement resulting into financial savings and reduction of effluent.

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

- Application development of Polyurethane process & products will lead to development of Indian market which is in nascent stage for these products. It will enhance consumption of company's products by substituting imported raw materials.
- Special studies for plants have led to improvements and savings in many areas.
- As a step towards commercialization, Water soluble fertilizer of 19:19:19 grade was manufactured on pilot scale and supplied for field trials.

3. Future Plan of Action

- Facilities for Polyurethane Applications.
- New 100% Water soluble fertilizer product Urea Nitric Phosphate (UNP-WS).
- Process for Pure Calcium Carbonate from Calcium Nitrate Tetra Hydrate.

4. Expenditure on R&D

(Rs. in Lacs)

No.	Nature of Expenditure	2013-14	2012-13
1	Capital Expenditure	3.82	0.00
2	Recurring Expenditure	15.85	25.81
3	Salaries to R&D Personnel	129.28	204.11
4	Power and Fuel	3.74	3.96
	Total	152.69	233.88
5	Total R&D Expenditure as percentage of total turn-over	0.0296%	0.0521%
6	Gross Turn-over	515070.26	448624.25

(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

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

- The company has 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 interact frequently with know how Suppliers / Consultants 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. Plinke, Germany for 150 MTD CNA-III project	2008	Yes	--
M/s UHDE, Germany for 300 MTD WNA-II project	2008	Yes	--
M/s. Chematur AB, Sweden for TDI-II, Dahej project	2008	Implemented Under testing	--
M/s. Technip BV, Netherland for reformer of Hydrogen-Carbon Monoxide plant (TDI-II Dahej project)	2008	Implemented Under testing	--
M/s. Air Products, UK for Cold Box and membrane of Hydrogen-Carbon Monoxide plant (TDI-II Dahej project)	2009	Implemented Under testing	--
M/s. Haldor Topsoe, Denmark- Ammonia Syngas Generation Plant	2010	Yes	--
M/s. UOP, USA for PSA unit - Ammonia Syngas Generation Plant	2010	Yes	--
M/s. BASF, Germany for A-MDEA unit, Ammonia Syngas Generation Plant	2010	Yes	--

**ANNEXURE : “B”**

Statement showing the particulars of employees of the Company as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Report of the Board of Directors for the year ended on 31st March, 2014.

Sr. No.	Name (S/Shri)	Age (Yrs.)	Qualification	Total Exp. (Yrs.)	Designation	Remuneration Received (Rs.)	Date of Joining	Last Employment held
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
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/-								
1	JS Kochar	54	B.Sc.(Chem.), B.Sc.(Tech. of Plastics) PG Dip. in Mgt.	31	Executive Director	6363027	1/1/2001	Managing Director - Software Frontiers Ltd., Gandhinagar
B Employees who were employed for a part of the financial year and were in receipt of remuneration for any part of that year at the rate which in the aggregate was not less than Rs. 5,00,000/- per month								
1	AB Nambiar	60	BA, Stenography/Typing	39	Sr. Admn. Officer-cum-Secretary	1988528	03/04/1982	Stenographer – Modi Carpets Ltd., RaiBareli
2	AN Panchal	60	Std. IV	33	Driver	1793266	01/05/1982	Driver – GEB, Bharuch
3	AR Desai	51	BE (Mech.)	27	Sr. Manager	2260030	16/02/1988	GET – GNFC Ltd., Bharuch
4	AS Khira	60	Elementary Fire Fighting Course, Fire Sub Officers Course, Dip. in NFSC, Dip. in Industrial Safety & Env.	39	Sr. Manager	2398799	28/07/1980	Attendant Class II (Fire Fighting) – Tata Chemicals Ltd., Mithapur
5	BB Patel	60	BE (Mech.)	33	Chief Manager	3185050	03/06/1985	Asstt. Mech. Engr. – Tata Chemicals Ltd., Mithapur
6	BD Shah	60	B.Com.	38	Manager	2676772	30/01/1982	Secretarial Asstt. – Gujarat Carbon Ltd., Vadodara
7	BJ Patel	60	BA, MSW, LL.B. (Spl), DIRPM	35	Addl. General Manager (HR)	2093066	30/12/1995	Sr. Manager (Personnel) – Unique Pharma Lab. Ltd., Ankleshwar
8	CM Nagpal	60	B.Sc., MA, DIM	34	Sr. Mktg. Manager	3841107	18/07/1983	Sales Representative – Rallis India Ltd., Lucknow
9	Dr. MS Patel	60	M.Sc., Ph.D	33	Addl. General Manager	3284010	25/06/1982	Research Chemist – Deepak Nitrate Ltd., Vadodara
10	GR Sheth	60	ITI (Draftsman)	38	Officer	2000144	06/06/1977	Machine Operator Technician - Tech-Art Type Ghar, Vadodara
11	HD Patel	60	B.Com., Dip. in IPMM	39	Chief Manager	3162341	28/06/1978	Stores Asstt. – Dodsall (P) Ltd., Vadodara
12	HG Gajera	60	M.Sc. (Agriculture)	36	Addl. General Manager	3747557	12/06/1984	Horticulturist – Gujarat Electricity Board, Vadodara
13	HK Patel	60	B.Sc.	32	Sr. Analyst	2206246	01/05/1982	Shift Chemist – Gujarat Organics Pvt. Ltd.,
14	JR Patel	60	BE (Mech.)	36	Chief Manager	3107755	04/11/1978	GET – GSFC Ltd., Vadodara
15	KA Marfatia	60	DME	40	Sr. Manager	3371956	22/05/1978	Asstt. Inspector (Inspection & QC) – Hindustan Brown Boveri, Vadodara
16	KC Patel	60	B.Sc.	34	Sr. Operator	1791822	01/10/1984	Shift Operator-cum-Chemist – Gujarat carbon Ltd., Palej
17	KD Bhoi	60	B.Sc. (Chem.), NCTVT, I & IInd Class Boiler Competency	36	Sr. Manager	2571648	05/03/1980	Trade Apprentice (Attendant Optr.-CP) – GSFC Ltd., Vadodara
18	KG Detroja	50	B.Sc.	28	Sr. Operator	1657345	16/09/1986	Trade Apprentice (IMCP) – GNFC Ltd., Bharuch
19	MA Patel	60	B.Sc., Ist & IInd Class Boiler Competency	36	Sr. Manager	2892030	06/03/1980	Trade Apprentice (Attendant Optr.-CP) – GSFC Ltd., Vadodara
20	MB Chauhan	60	BA	36	Sr. Materials Officer	2499844	01/06/1979	Casual Typist Clerk – GACL, Vadodara
21	MJ Dagia	60	B.Com.	42	Sr. Manager	2183176	08/05/1978	Clerk – Baroda Municipal Corporation, Vadodara
22	N Vijaykumar (Late)	43	Std. VII	07	Driver-cum-Jr. Attd.	684077	01/09/2005	Driver – GNFC Ltd., Bangalore
23	NH Gandhi	60	B.Com., MLW	35	Chief Manager (HR)	2950217	10/03/1984	Welfare Officer – Tata Chemicals Ltd., Mithapur
24	NM Tewar	60	M.Sc.	35	Sr. Manager	2743081	01/09/1979	SP Inspector in QC Deptt. – Calico Polyester, Vadodara
25	PG Jain	60	B.Sc.(Engg. Electronics)	35	Chief Manager	2618031	11/12/1986	Manager (Electronics Maint.) – Mipco Seamless Rings Ltd., Bharuch
26	PK Masare	60	BE (Mech.)	36	Executive Director	6240561	02/10/1978	GET – GSFC Ltd., Vadodara
27	PM Parmar	60	SSC, Basic General Fire Fighting Course	33	Sr. Fire Operator	2332670	13/10/1982	Fireman – Petrofill Co-op Ltd., Vadodara
28	PR Tapiawala (Late)	48	B.Sc., MBA	26	Sr. Shift Engineer	1426805	01/11/1988	Trade Apprentice (Attendant Optr.-CP) – GNFC Ltd., Bharuch
29	RA Shah	60	CA	39	ED&CFO	2996775	19/04/2002	General Manager, M/s Parekh Platinum
30	RI Patel	60	ITI (Turner)	24	Technician (M)	1477161	01/11/1991	Asstt. Tech. Jr. Trainee – GNFC Ltd., Bharuch
31	RJ Vyas	42	DEE	21	Elect. Engr.	1286547	16/10/1993	Tech. Apprentice – GNFC Ltd., Bharuch
32	SK Pareek (Late)	56	M.Com.	31	Sr. Accts. Officer	2700058	18/02/1984	Jr. Assistant – Rajasthan State Industrial Development & Investment Corporation Ltd., Jaipur
33	SP Yeshware	60	B.Sc. (Agriculture), DBM	35	Mktg. Manager	2470973	10/08/1983	Agri. Asstt. – Kokan Krishi Vidyapeeth, Karjat
34	VN Patel	60	Dip. Chem. Engg.	37	Sr. Shift Engr.	2541375	29/04/1983	Plant Operator – Daura Refinery, Iraq
35	YB Shelat	60	B.Com., Inter CS	39	Manager	2484639	26/11/1983	Accounts Clerk – The Anil Starch Products Ltd., Ahmedabad
36	YJ Bhatt	60	B.Com.	41	Sr. Manager	3256075	03/06/1978	Store-Keeper – Ambica Iron & steel Work & Re-Rolling Mills, Ahmedabad
37	YL Pandit	60	BE (Mech.)	35	Chief Manager	2886066	19/09/1980	Asstt. Lecturer – Dr. Ghandhy Engg. College, Surat
38	YSA Ajuji	60	SSC Fail	36	Sr. MEO	1651609	25/09/1978	Driver – Jirawala Transport (IPCL Site), Vadodara

NOTES :

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

MANAGEMENT DISCUSSION AND ANALYSIS

1.0 INDUSTRY OVERVIEW

1.1 Chemical Business:

The Chemical Industry is among one of the fastest growing sector in India. The bulk of chemicals produced in India comprise either upstream products or intermediates, which go into variety of manufacturing applications including fertilizers, pharmaceuticals, textiles, paints, agrochemicals, dye etc. Imports of various chemicals are on a rise, as increased/enhanced capacities are not able to cope up with the increasing demand.

The Indian chemical sector accounts for 13-14% of total exports and 8-9 % of total imports of India. Currently, per capita consumption of products of the Indian chemical industry is one-tenth of the world average, which reflects the huge potential for growth.

1.2 Fertilizer Business:

The fertilizer industry has been passing through difficult time in recent years. Production of urea, Di-Ammonium Phosphate (DAP) & NPK has remained more or less stagnant. The industry's woes have been aggravated by factors like lack of clarity in the policy for P&K fertilizers particularly in relation to priority allocation of domestic gas, mounting subsidy Bill, imbalance use of Fertilizers and deteriorating soil health in the Country. However, a better monsoon as compared to the previous year helped in improved consumption of Urea & Muriate of Potash (MOP).

1.3 IT Business:

The sector is highly innovative, intensely competitive and subject to constant technological development which is characterized by rapidly changing technology, evolving industry standards, frequent new product introductions and price and cost reductions. However, an increasing acceptance of the fact that digital technologies will impact business models, processes, new products and services offerings, access to new markets, new customer base and will open up completely new set of opportunities for their companies, is a common feature across industries and markets. As a result, spending on technology and technology services grew at a faster pace (4.5%) than global economic growth in 2013. This fact reflects the huge potential for growth.

The overall IT market remains challenging with general slowdown and drying up of foreign markets making

large Indian IT players to aggressively operate in the domestic market thereby increasing competition.

2.0 BUSINESS SEGMENT PERFORMANCE:

2.1 Industrial Chemicals Business:

The company is a leading manufacturer of Acetic Acid, Methanol, Formic Acid and Aniline in the Country and only manufacturer of Toluene Di-isocyanate (TDI) in SAARC Countries. The company has a significant market share in various chemical products in India.

The company achieved ever highest /all time best yearly sales of Ammonium Nitrate Melt, Weak Nitric Acid, Concentrated Nitric Acid, Ethyl Acetate & Calcium Carbonate during the year. Marketing of Liquid Nitrogen was initiated during the year to create value from otherwise flared gas.

Export Performance:

Exports by the company have increased by 224%. Export for FY 2013-14 was 27,073 MT (FY 2012-13: 10,185 MT) valued at Rs. 127.05 Crores (FY 2012-13: Rs. 39.23 Crores)

Operating Environment and Performance:

The year under review was characterised by sustained high crude oil / natural gas prices, leading to increased feedstock prices. The company's ability to maintain its cash flows and profits in this uncertain environment reflects the global competitiveness of its operations, its leadership in domestic markets and a noteworthy presence in export markets.

2.2 Fertilizer Business:

Fertilizer business was good throughout the year. Sale of Urea was 6.85 lac MT, that of Ammonium Nitrophosphate (ANP) was 1.88 lac MT and that of Calcium Ammonium Nitrate (CAN) was 0.54 lac MT, totaling a sale of 9.27 lac MT of manufactured fertilizers. Trading of Single Super Phosphate (SSP) continued, selling 1,451 MT during the year. Trading of indigenously sourced Di-Ammonium Phosphate (DAP) and Muriate of Potash (MOP) was commenced during the year, selling 3,786 MT and 1,805 MT respectively. Total sale of manufactured and traded fertilizers was 9.35 lac MT. 6.96 lac MT of fertilizer constituting 74% of the total sale were sold in primary marketing zone comprising the home State Gujarat and the adjoining States - Maharashtra, Madhya Pradesh and Rajasthan.

Selling of pesticides and cattle feed from company



operated Narmada Agri Marts (NAMs) was commenced during the year. For the first time, more than one lac MT of fertilizers were sold through NAMs, increasing profitability and realization.

As permitted by the Government of India, 2,22,915 MT of Neem coated Urea was produced and sold during the year resulting in higher realization.

1,613 MT of CAN was exported during the year.

2.3 Information Technology (IT) Business:

The Company's IT business division, (n)Code Solutions, has continued its growth and expansion in the IT Sector during the year 2013-14. It showed good financial performance with good net profits based on good performance of its Digital Signature Certificate (DSC) business, CCTV & Data center projects, e-Procurement services and e-Governance projects. (n)Code achieved better price realization despite the tough competition. It remains market leader (with close to 40% market share) in the DSC business because of its quality service and support.

The year witnessed (n) Code enhancing its reach in the Indian market place, through its engagement with National Informatics Centre in the roll out of several e-governance projects across India. Quality being the hallmark in all its engagements, (n) Code has started its process for key quality certification of CMMI-SVC level 5 during the year.

3.0 OPERATIONS:

Production performance:

The Company has achieved remarkable production performance during the year 2013-14. Most plants of the Company were operated at over 100% capacity utilization.

Plant	Production (MT)	Capacity Utilization (%)
Ammonia	6,08,279	136.54
Urea	6,96,428	109.35
Formic Acid	20,492	204.93
Acetic Acid	1,55,236	155.24
Ethyl Acetate	52,088	104.18
Weak Nitric Acid (WNA) - I	2,91,183	117.65
Weak Nitric Acid (WNA) - II	1,23,322	123.32
Concentrated Nitric Acid (CNA) – I/II/III	1,21,495	104.74
Ammonium Nitrophosphate (ANP)	1,88,865	132.54
Calcium Ammonium Nitrate (CAN)	44,348	31.12
Aniline	40,473	115.64
Toulene Di-Isocyanate (TDI)	16,317	116.55

Various technical modifications were carried out in Ammonia plant post Ammonia plant Feedstock Conversion from LSHS to Natural Gas (ASGP), which has avoided huge possible losses. With a view to improve overall profitability, low cost gas based ammonia to the tune of 59,215 MT was produced by using Synthesis Gas Generation Unit (SGGU) Shift gas & Methanol purge gas.

The use of Morocco Rock was started successfully in ANP plant for developing an alternate source of Rock phosphate, thus reducing dependency on Rock supplied by M/s JPMC, Jordan without adversely affecting plant operation.

During the year, the company has executed Fuel Supply Agreement with M/s. South Eastern Coalfield Ltd. for higher quantity of 9.12 lacs MT of coal with a view to maximize the consumption of coal in steam generation. Thus, steam cost is reduced by increasing coal based steam generation in BHEL make boilers. Steam Turbine Generators are now operated at 35 MW to reduce cost of power, while Gas Turbine load reduced to 18 MW. Power trading was also resorted to which has given financial benefit.

ISO-14001 and OHSAS-18001 Certifications are valid up to September, 2016. ISO-9001 Certification for ANI-TDI complex is valid up to March, 2015.

Awards/ Recognition:

The company has received following awards/ recognition during the year:

- First Prize for National Energy Conservation Award 2013, in Fertilizer sector from Ministry of Power, Government of India.
- An award from Federation of Indian Chambers of Commerce and Industry for Energy saving in Primary ODCB Recovery Column of Aniline-TDI plant.
- An award from the Fertiliser Association of India for Best Production Performance in Complex Fertilizers NP/NPK.
- (n)Code has received eIndia 2013 Awards (Government to Business Category) for Comprehensive Computerization of Mineral Administration, Department of Mines & Geology, Government of Karnataka.
- (n)Code has also received National Awards in IT Excellence for Process Innovation in IT for Transformation of Mineral & Administration through e-Governance (Geology & Mining) for Department of Mines & Geology, Government of Karnataka.

4.0 PROJECTS UNDER CLEANER PRODUCTION:

The company has in terms of Environment policy, integrated the concept of cleaner production i.e. pollution prevention in its all managerial decisions

and thereby contributing to the global efforts towards combating global warming.

- **N2O Abatement Project in Weak Nitric Acid (WNA) Plant**

This project results into reduction of about 300,000 MT of CO₂ per annum. The project is registered with United Nations Framework Convention on Climate Change (UNFCCC) on 29th October, 2009 as clean development project under the Kyoto protocol.

- **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. These projects have resulted into about 38,000 MT of CO₂ per annum. 9 MW project is registered with UNFCCC on 1st December, 2010 as clean development project under the Kyoto protocol.

- **Co-generation Power & Steam Unit**

The Company has implemented 33 MW Co-generation Power and Steam Unit. The project has resulted into reduction of CO₂ emission by about 300,000 MT per annum.

- **Solar Energy Generation**

The company has, through its CSR wing Narmadanagar Rural Development Society (NARDES), installed Solar Photovoltaic Panels in large open spaces available in company premises, thereby generating 300 KW of clean energy per day. This will result into conservation of energy generated from non-renewable sources.

5.0 OUTLOOK :

In the past few years, the Company adopted the strategy of expanding the capacities of various plants which has resulted into optimum utilization of assets with minimum investment. Business of the company is being consolidated.

Company is continuously looking for growth avenues and has identified certain projects for further expansion in the capacities of various products and for the operational cost reduction.

Chemical Business :

The outlook for Chemical Business is positive given its growth and demand over the past few years. Depending upon market dynamics, the company will explore trading opportunities to meet the growing needs of its valued customers and maintain its existing leadership position.

Looking to the new capacities added recently, the Company has already identified the primary markets abroad (Middle-East, Turkey, Africa and South East Asia) for expanding its footprints globally, thereby ensuring availability of new market for TDI, Ethyl Acetate and other products.

50,000 MTPA TDI Dahej plant of the company has

been completed during the year which is facing the teething problems of stabilization on account of very complex and difficult technology. However, the Management is confident of stabilizing the plant relying on its proven track record of technology absorption, adaption and innovation and technically proficient human resources.

Fertilizer Business :

Monsoon is delayed this year. However, company's fertilizer products have good brand image and sale of fertilizers is expected to be normal.

Raw materials :

- Increase in Natural Gas prices is likely to have impact on margin of the company.
- Company's major Petroleum inputs are being procured on import price parity basis. International prices of Petroleum products have remained range bound in vicinity of their peak levels. It is expected that the prices of these products shall remain range bound during current financial year.
- The prices of indigenous coal have increased by about 25% during FY 2013-14 as compared to prices of FY 2012-13. Further increase in coal prices during the FY 2014-15 can not be ruled out due to increased demand of power sector and volatile prices of imported coal in International market.
- Due to higher inventory of phosphatic fertilizers in the Country and demand-supply gap, the price of rock phosphate has come down by approx. 15% and shall continue to remain in the same range in 2014-15.
- Price of Ammonia is likely to remain range bound in the near future.
- Stable Rupee will help in maintaining cost of imported/import parity raw materials being consumed by the company.

6.0 FINANCIAL PERFORMANCE:

The Company has achieved Highest Ever Net Sales Turnover during the year. The financial highlights for year 2013-14 are as under:

(Rs in Crores)

Particulars	2013-14	2012-13
Net Sales Turnover	4,847.19	4,252.57
Total Income	4,892.24	4,292.95
Earnings before Interest, Depreciation and Tax (EBIDTA)	661.51	633.63
Profit Before Tax (PBT)	423.83	422.40
Profit After Tax (PAT)	292.27	273.11
Book Value per Share (Rs.)	189.52	174.81
Earnings per Share (EPS) (Rs.)	18.81	17.57
Return on Capital Employed (ROCE) (%)	10.16	9.75
Return on Equity (ROE) (%)	9.92	10.05

**7.0 NEW PROJECTS :**

Following projects were completed during the year 2013-14.

Name of Project	Capacity	Zero Date	Completed
Ammonia Plant Feed Stock Conversion Project	Synthesis gas equivalent to 1,120 MT of Ammonia per day	14-12-2009	October, 2013
Toluene Di-Isocyanate (TDI) Dahej plant	50,000 MTPA	01-01-2008	March, 2014

8.0 OPPORTUNITIES & THREATS:**8.1 Opportunities:**

- The company has initiated all necessary actions for setting up a world scale Ammonia-Urea facility at Bharuch and setting up Di-Calcium Phosphate project based on Hydrochloric Acid generated as by-product from TDI plant at Dahej.
- Shortage and high price of major raw materials like Natural gas, Rock Phosphate etc. in India are limiting factors for growth and hence, the company is exploring projects in Countries where such raw materials are available at competitive price.
- Brand image of company's fertilizers continues to be in the premium segment. This will further help consolidate markets in the Primary Marketing Zone in the decontrol scenario.
- It is estimated that apart from manufactured fertilizers, about one lac MT of imported and indigenously sourced fertilizers, mainly DAP, MOP and SSP, will be traded during 2014-15. This will increase the turnover and improve profitability of the company. Trading in pesticides and cattlefeed will also continue.
- The company is the only producer of TDI in SAARC Countries and expanded its capacity by setting up 50,000 MTPA plant at Dahej. As a part of forward integration and synergy, the company is planning to develop and market TDI-MDI blend. This will open a new avenue for business. Production of TM80 (TDI/MDI blend) on regular basis is envisaged for supply in automobile, insulation sectors.
- Huge gap of demand and supply of various chemical products like Methanol & Acetic Acid offers a business opportunity of trading by the company.
- The company has good opportunity for export of their TDI & Ethyl Acetate in Middle East, Africa and Europe.

8.2 Threats, Risks & Concerns:

- The policy and pricing uncertainties on regulatory front relating to natural gas is likely to have impact on operations and margin of the company.
- Due to lower sales realization and non availability of economically priced natural gas, Methanol capacities are operated only when market conditions are favorable.
- Ammonium Nitrate Rules, 2012 regulating production, transport and imports of Ammonium Nitrate are effective from 11th January, 2014 and is applicable to Ammonium Nitrate Melt (AN Melt) and Calcium Ammonium Nitrate (CAN) produced by the company. The manufacture of CAN has been discontinued on account of difficulties in complying Ammonium Nitrate Rules, 2012 up to farm Gate. Consequently, increased availability of AN Melt, through a concerted efforts, have been sold in the market which has improved profitability, obviating the need of manufacturing CAN in which AN Melt was used.
- As company's production capacities by and large remained constant except for TDI, increased demand of products is being met by imports. Thus, the company's market share is gradually reducing.
- 50,000 MTPA TDI Dahej plant has been operative from end March 2014. However, in view of complex and difficult technology, re-start and stabilization of plant is taking time. Looking to the cost of manufacture and prevailing market conditions including price, economic operation of plant currently seems difficult. An Action plan has been drawn and is under implementation for re-start, stabilization and economical operation of the plant.
- While the overall industrialization and economic growth in India provides major opportunities for growth of chemical industry, some severe constraints and obstacles include:
 - Surging of imports from the Asian and Middle Eastern Countries.
 - Increasing number of producers from the Middle East (with a feedstock cost advantage) and China aggressively pursuing Indian markets because of very low tariff levels.
 - Growing menace of dumping generic chemical products.
 - High cost of power, energy, finance and capital equipments in India.

9.0 HUMAN RESOURCE MANAGEMENT :

The Company believes that its Human Resource is its most valued Asset and considers its employees as its Human Capital. It has been the Company's continuous endeavour to create an environment where people excel, have a sense of belongingness to the organisation, in turn giving their best to the organisation, thereby attaining a win - win situation. The Company makes continuous and concerted efforts to groom its human resources to meet with the present and future challenges in the field of Technology and Management functions in the rapidly changing Industrial scenario. To support the growing and expanding business needs, talent acquisition and development at all levels has remained a focus area of the company.

All out development and new initiatives/measures are being undertaken for optimally utilising the potential of the valuable Human Resources available within the company as also acquired from outside by strengthening the internal procedures & systems towards attaining the best of standards/practices.

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. Remaining conscious & focused about the importance of safety, environment and health aspects, the company conducted in-house training programmes on safety awareness, environmental aspects, health awareness, etc. during the year.

In its pursuit towards improving industrial relations, the company's proactive actions have resulted into good, harmonious, cordial and healthy industrial relations throughout the year which has helped in sustainable growth and enrichment of values for the shareholders.

The total strength of human asset of the company as on 31st March, 2014 was 3258.

10.0 INTERNAL CONTROL SYSTEM & ITS ADEQUACY :

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

- The Company has internal audit system which is conducted by a reputed firm of Chartered Accountants so as to cover various operations on continuous basis. The internal audit plans and reports are reviewed by the Management and Audit committee and necessary actions plans are decided, wherever needed.
- The company has exhaustive operational as well as procurement budget system in place. Throughout the year, actual expenses are monitored against budgeted. Variances are analysed and timely corrective actions are taken, when needed.
- The company has sound Management Information system in place to ensure availability of qualitative and quantitative information on operations of the company. This helps to keep operations on its targets.

11.0 CORPORATE SOCIAL RESPONSIBILITY - INITIATIVES :

The Company has always been conscious of its corporate social responsibility. The company, as a part of its Corporate Social Responsibility (CSR) as also with a view to supplement the efforts of Government of Gujarat for the socio-economic development of the State as a whole and of the Bharuch district in particular, has established its CSR wing, Narmadanagar Rural Development Society (NARDES) to plan, design, implement and monitor the developmental projects. To carry forward the company's tradition in most empathetic manner, it has a dedicated team of skilled development professionals from renowned social and rural development institutes of India.

The company is undertaking several initiatives for benefit of villages in Bharuch district particularly in areas of promotion of education, employment enhancing vocational skills, provision of safe drinking water, health care and health awareness etc.

The total CSR expenditure incurred in the year 2013-14 is Rs.126.57 Lacs.

12.0 CAUTIONARY STATEMENT :

The statements in Management Discussion and Analysis describing the company's objectives, expectations or projections, may be forward looking and it is not unlikely that the actual outcome may differ materially from that expressed, influenced by wide variety of factors affecting the business environment and the company's operations. The company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.



REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

BOARD OF DIRECTORS

Composition of the Board

Your Company is managed by a professional Board comprising Nine (9) Directors, of which eight Directors are the Non-executive Directors, constituting more than half of the total strength of the Board. Managing Director 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 Directors on the Board of the Company.

No.	Name of Director	Category
1.	Dr. Varesh Sinha, IAS, Chairman	Promoter, Non-Executive Director, Independent
2.	Shri DJ Pandian, IAS	Promoter, Non-Executive Director, Independent
3.	Dr. Hasmukh Adhia, IAS	Non-Executive Director, Independent
4.	Shri GC Murmu, IAS	Non-Executive Director, Independent
5.	Shri Atanu Chakraborty, IAS	Non-Executive Director, Independent
6.	Dr. TT Ram Mohan	Non-Executive Director, Independent
7.	Prof. Arvind Sahay	Non-Executive Director, Independent
8.	Shri C S Mani	Non-Executive Director, Independent
9.	Dr. Rajiv Kumar Gupta, IAS, Managing Director	Promoter, Executive Director, Non-independent

Changes occurred in the Board of Directors since 1st April, 2013.

No.	Name of Director	Particulars
1.	Shri AM Tiwari, IAS	Nomination withdrawn by Govt. of Gujarat (GOG) as Govt. Director. He relinquished the charge of Managing Director effective 2nd May, 2013.
2.	Dr. Rajiv Kumar Gupta, IAS	Nominated by GOG as Govt. Director and appointed as Managing Director effective 2nd May, 2013.
3.	Shri RK Tripathy, IAS (Retd.)	Tendered resignation as Director effective 7th May, 2013.
4.	Shri DC Anjaria	Retired by rotation at the AGM held on 21st September, 2013.
5.	Dr. Ashok Shah	Tendered resignation as Director w.e.f. 10th June, 2014.

No.	Name of Director	Particulars
6.	Prof. Arvind Sahay	Appointed as Additional Director (Independent Category) w.e.f. 4.8.2014.
7.	Shri C S Mani	Appointed as Additional Director (Independent Category) w.e.f. 4.8.2014.

Number of Board Meetings

During the year 2013-14, Five 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 : 16.5.2013, 5.8.2013, 21.9.2013, 6.11.2013 and 27.1.2014. Requisite quorum was present for all the meetings.

Directors' Attendance Record

Attendance of Directors at the Board Meetings during 2013-14 and at the last Annual General Meeting held on 21st September, 2013.

Name of Director	No. of Board Meetings held during the tenure of Directorship	No. of Board Meetings attended	Attendance at last AGM
Dr. Varesh Sinha, IAS	5	5	Attended
Shri DJ Pandian, IAS	5	3	Not Attended
Dr. Hasmukh Adhia, IAS	5	3	Attended
Shri GC Murmu, IAS	5	2	Not Attended
Shri Atanu Chakraborty, IAS	5	3	Not Attended
Dr. TT Ram Mohan	5	4	Not Attended
Dr. Rajiv Kumar Gupta ¹ , IAS	5	5	Attended
Shri AM Tiwari ² , IAS	-	-	-
Shri RK Tripathy ³ IAS (Retd.)	-	-	-
Shri DC Anjaria ⁴	3	2	Not Attended
Dr. Ashok Shah ⁵	5	5	Attended

1 Nominated w.e.f. 02-05-2013

2 Ceased to be a Director w.e.f. 02-05-2013

3 Ceased to be a Director w.e.f. 07-05-2013

4 Ceased to be a Director w.e.f. 21-09-2013

5 Ceased to be a Director w.e.f. 10-06-2014

Other Directorship / Committee position of Directors

Number of Directorship and Committee position held by the Directors as on 31st March, 2014.

Name of Director	No. of other Directorship*	No. of Committee position held in other companies**	
		As Chairman	As Member
Dr. Varesh Sinha, IAS	6	None	None
Shri DJ Pandian, IAS	14	2	1
Dr. Hasmukh Adhia, IAS	10	1	8
Shri GC Murmu, IAS	9	1	2
Shri Atanu Chakraborty, IAS	9	1	4
Dr. TT Ram Mohan	--	--	--
Dr. Ashok Shah***	1	None	1
Dr. Rajiv Kumar Gupta, IAS	3	None	None

* Other directorship do not include directorship of private limited companies, companies incorporated outside India and companies under Section 25 of the Companies Act, 1956.

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

*** Ceased to be a Director w.e.f. 10-06-2014.

Notes :

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

Information supplied to the Board

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

In addition to the Committees of the Board 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". The Board has also constituted "Nomination & Remuneration Committee" and Corporate Social Responsibility Committee" in terms of the Companies Act, 2013. 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 (as specified in Clause 49 I (C) (ii) of Listing Agreement), 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, 2014 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 for Financial Year 2013-14 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 Three (3) Directors viz. Shri G C Murmu, IAS, Dr. Rajiv Kumar Gupta, IAS and Dr. TT Ram Mohan. Dr. Rajiv Kumar Gupta, IAS, Managing Director is the Executive Director. Shri G C Murmu, IAS and Dr. TT Ram Mohan are Independent Non-executive Directors. Dr. Ashok Shah, who was a Chairman of the Committee, resigned as a Director of the Company w.e.f. 10th June, 2014. All the members of the Committee possess good knowledge of Finance and Accounts. The Company Secretary acts as Secretary to the Audit Committee.

Terms of Reference

The terms of reference of the Audit committee is as per the Listing Agreement with Stock Exchanges read with the provisions of the Companies Act. The terms of reference of Audit Committee *interalia* includes the following :

1. Review of Quarterly and Annual Financial Statements with Management before submission to the Board for approval.
2. Recommendation for appointment, remuneration and terms of appointment of Auditors of the company.
3. Review of the adequacy of Internal Control Systems and procedures.
4. Evaluation of internal financial controls and Risk Management systems.
5. Review of reports furnished by the Internal Auditors.

Number of Meetings

During the financial year 2013-14, Four Meetings of the Audit Committee were held with a time-gap of not more than four months between any two meetings. The dates on which the said meetings were held are : 15.5.2013, 5.8.2013, 6.11.2013 and 27.1.2014. Requisite quorum was present for all the meetings.

Attendance at the Meetings

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

Attendance of each Member at the Audit Committee Meetings held during the year 2013-14.



Name of Member	No. of Meetings held during the tenure of Membership	No. of Meetings Attended
Dr. TT Ram Mohan	4	4
Dr. Rajiv Kumar Gupta ¹ , IAS	3	3
Shri AM Tiwari ² , IAS	--	--
Shri DC Anjaria ³	2	2
Dr. Ashok Shah ⁴	4	4

1 Inducted as a Member w.e.f. 16-05-2013

2 Ceased to be a Member w.e.f. 02-05-2013

3 Ceased to be a Member w.e.f. 21-09-2013.

4 Ceased to be a Member w.e.f. 10-06-2014.

Two Members of the Audit Committee remained present at the last AGM to answer any queries of the shareholders.

Remuneration of Directors

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

Appointment of Managing Director is made by the Board in consultation with the Government of Gujarat and usually he is from IAS Cadre. Managing Director is paid remuneration as per the terms and conditions prescribed and notified by the Government of Gujarat and as determined by the Board of Directors, subject to the approval by shareholders.

Details of remuneration paid to the Directors

Executive Director

Shri AM Tiwari, IAS was appointed Managing Director of the Company effective 14th July, 2011. He relinquished the charge of Managing Director effective 2nd May, 2013. He was paid remuneration / perquisites as per the terms and conditions as prescribed and notified by the Government of Gujarat and as approved by the Shareholders at their Annual General Meeting held on 17th September, 2011.

Dr. Rajiv Kumar Gupta, IAS, Principal Secretary to GOG (Water Supply) Narmada, Water Resources, Water Supply and Kalpsar Department has been appointed to hold the additional charge of the post of Managing Director of the Company effective 2nd May, 2013. No remuneration was paid to Dr. Gupta for holding the additional charge of Managing Director. However, Dr. Gupta may be required to be paid remuneration/ special pay, if any, as may be granted/ conveyed by GOG. An enabling resolution for the purpose has been passed in the last Annual General Meeting held on 21st September, 2013.

Details of remuneration paid to Managing Director during 2013-14 :

(Amount in Rs.)

Name of Managing Director	Salary	Perquisites and allowances	Total
Shri AM Tiwari, IAS *	3,45,079	33,277	3,78,356
Dr. Rajiv Kumar Gupta, IAS **	--	--	--

* Relinquished the charge of Managing Director w.e.f. 02.05.2013

** Appointed as Managing Director w.e.f. 02.05.2013.

Non-Executive Directors

Remuneration of Non-Executive Directors is decided by the Board. Non-Executive Directors are paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and Committees thereof. They are paid sitting fees @ Rs.5,000/- per meeting attended by them.

Details of Sitting Fees paid to the Non-Executive Directors during 2013-14

(Amount in Rs)

No.	Name of Director	Sitting Fees Paid
1.	Dr. Varesn Sinha, IAS	25,000*
2.	Shri DJ Pandian, IAS	40,000*
3.	Shri GC Murmu, IAS	10,000*
4.	Shri Atanu Chakraborty, IAS	15,000*
5.	Dr. Hasrnukh Adhia, IAS	15,000*
6.	Shri DC Anjaria	45,000
7.	Dr. TT Ram Mohan	50,000
8.	Dr. Ashok Shah	1,05,000

* Amount deposited in Government Treasury

Details of equity shares held in the Company by the Non-Executive Directors as on 31st March, 2014

No.	Name of Director	No. of Equity Shares held
1.	Dr. Varesn Sinha, IAS	Nil
2.	Shri DJ Pandian, IAS	Nil
3.	Dr. Hasrnukh Adhia, IAS	500*
4.	Shri GC Murmu, IAS	500*
5.	Shri Atanu Chakraborty, IAS	500*
6.	Dr. TT Ram Mohan	500*
7.	Dr. Ashok Shah	575*

* 500 equity shares held jointly with Gujarat State Investments Ltd as qualification shares.

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

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Shareholder's/Investor's Grievance Committee has been redesignated as "Stakeholders Relationship Committee" in pursuance of the provisions of the Companies Act, 2013.

Composition

The Stakeholders Relationship Committee presently comprises two Directors viz. Shri DJ Pandian, IAS and Dr. Rajiv Kumar Gupta, IAS. Shri DJ Pandian, IAS is the Non-Executive Director and Dr. Rajiv Kumar Gupta, IAS is the Executive Director.

Terms of Reference

The Committee amongst others specifically looks into the issues relating to shareholders such as registration of transfer of shares, issue of share certificates, redressal of shareholders' complaints

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relating to transfer of shares, non-receipt of Annual Reports/ Dividend, etc. This Committee has been delegated authority by the Board to approve transfer/transmission of shares, issue of share certificates etc. With a view to expediting the process of share transfers, the Board has in addition to the Stakeholders Relationship Committee, delegated the power to approve transfer / transmission of shares to the Company Secretary.

Number of Meetings

During the year 2013-14, Eight meetings of the Committee were held. Dates on which the said meetings were held are : 17.4.2013, 15.6.2013, 27.7.2013, 7.9.2013, 6.11.2013, 17.12.2013, 27.1.2014 and 18.3.2014. Requisite quorum was present for all the meetings.

Attendance

Details of meetings attended by the Members during the year 2013-14.

Name of Member	Category of Director	No. of meetings held during the tenure of membership	No. of meetings attended
Dr. Rajiv Kumar Gupta ¹ , IAS	ED & NID	7	7
Shri DJ Pandian ² , IAS	NED & ID	4	3
Shri AM Tiwari ³ , IAS	ED & NID	1	1
Shri DC Anjaria ⁴	NED & ID	4	3
Dr. Ashok Shah ⁵	NED & ID	8	8

1. Inducted as a Member w.e.f. 16.5.2013
2. Inducted as a Member w.e.f. 6.11.2013
3. Ceased to be a Member w.e.f. 02-05-2013
4. Ceased to be a Member w.e.f. 21.9.2013
5. Ceased to be a Member w.e.f. 10-06-2014

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 were 996. As on 31st March, 2014, no complaint was pending redressal, no share transfer was pending registration and no request for dematerialization of shares was pending for confirmation.

General Body Meetings

(a) Annual General Meeting

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

Year	Date	Time & Venue	Special Resolution Passed
2012-13	21.09.2013	At 4:00 PM at the Regd. Office of the Company at Open Air Theatre, Sports Complex, Narmadanagar Township, P.O. Narmadanagar - 392 015. Dist. Bharuch	Reappointment of Statutory Auditors
2011-12	22.09.2012	At 11:00 AM at the Regd. Office of the Company at Open Air Theatre, Sports Complex, Narmadanagar Township, P.O. Narmadanagar - 392 015. Dist. Bharuch	(i) Reappointment of Statutory Auditors (ii) Change of Name of the Company.
2010-11	17.09.2011	At 11:00 AM at the Regd. Office of the Company at Open Air Theatre, Sports Complex, Narmadanagar Township, P.O. Narmadanagar - 392 015. Dist. Bharuch	Appointment of Statutory Auditors

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

(b) Extra-ordinary General Meeting

No extra-ordinary General Meeting of the Members was held during the year 2013-14.

Postal Ballot

No postal ballot was conducted during the year 2013-14. No resolution is proposed to be passed through postal ballot at the forthcoming Annual General Meeting.

DISCLOSURES

Related Party Transactions

The Company has entered into related party transactions as set out in the Notes on Financial Statements, 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 the requirements stipulated by the Regulatory Authorities. No penalty / stricture has been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority on any matter relating to the capital market during the last three years.

Risk Management

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

Reconciliation of Share Capital Audit

In compliance with SEBI (Depositories & Participants) Regulations, 1996, reconciliation of Share Capital Audit was carried out by a qualified Practicing Company Secretary on a quarterly basis for the



purpose of reconciliation of share capital held in Depositories and in physical form with the total issued and listed capital of the Company. The Audit Report issued by the Practicing Company Secretary confirms that the total issued/ listed capital is in agreement with the total number of shares held in physical form and in dematerialized form with NSDL & CDSL. Audit Report of reconciliation of share capital for each quarter is submitted to BSE & NSE, where the company's equity shares are listed and is also placed before the Board.

Code of prevention of Insider Trading Practices

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 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 (CFO) have given Annual Certification on financial reporting and internal controls to the Board in terms of Clause 49 (V) of the Listing Agreement. CEO and CFO have also given quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement.

Subsidiary Companies

The Company does not have a subsidiary company.

Management Discussion & Analysis

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

Means of Communication

- The Company's website www.gnfc.in provides information about the Company. A section on "Shareholders" contained therein gives useful information and allows the investors to access information at their convenience. The Annual Report of the Company is also available on the website in downloadable format.
- Quarterly, Half-yearly and Annual Financial Results are regularly submitted to the Stock Exchanges, published in prominent English and Gujarati daily news-papers and are displayed on the Company's Website.
- The quarterly Shareholding Pattern and the Quarterly Corporate Governance Report are also displayed on the Company's Website.
- Official news releases on significant developments about the Company are also displayed on the Company's website.

- All disclosures to BSE and NSE are made at their designated email IDs and are also filed electronically on NSE Electronic Application Processing System (NEAPS), BSE Listing Centre and on Corporate Filing and Dissemination System (CFDS). Investors can view these information by visiting the websites of BSE and NSE viz, www.bseindia.com and www.nseindia.com.

COMPLIANCE

Mandatory Requirement

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

Adoption of Non-mandatory requirement

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

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Day	: Friday
Date	: 26th September, 2014
Time	: 2.30 P.M.
Venue	: At the Registered Office of the Company at Open Air Theatre, Sports Complex, Narmadanagar Township, P.O. Narmadanagar-392 015, Dist. Bharuch, Gujarat.

Financial Year : 1st April to 31st March.

Financial Calendar : (Tentative)

Results for the Quarter ending on will be announced by

- 30th June, 2014	: 14th August, 2014
- 30th September, 2014	: 14th November, 2014
- 31st December, 2014	: 14th February, 2015
- 31st March, 2015	: 30th May, 2015

Book Closure

Closure of Register of Members : Saturday, the 23rd August, 2014 to Wednesday, the 27th August, 2014. (both days inclusive) for the payment of dividend.

Dividend Payment : Dividend of Rs.3.50 per equity share will be paid on or after 30th September, 2014, subject to the approval by the Shareholders at the Annual General Meeting.

Corporate Identity No. (CIN) : L24110GJ1976PLC002903

Listing :

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

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

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

Listing Fees to Stock Exchanges

The Company has already made payment of Annual Listing Fees for the year 2014-2015 to NSE and BSE.

Custodial Fees to Depositories

The Company has paid custodial fees for the year 2014-15 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 BSE Ltd., Mumbai is **"500670"** and at National Stock Exchange of India Ltd., Mumbai, is **"GNFC EQ"**.

Stock Market Price Data :

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

(Amount in Rs.)

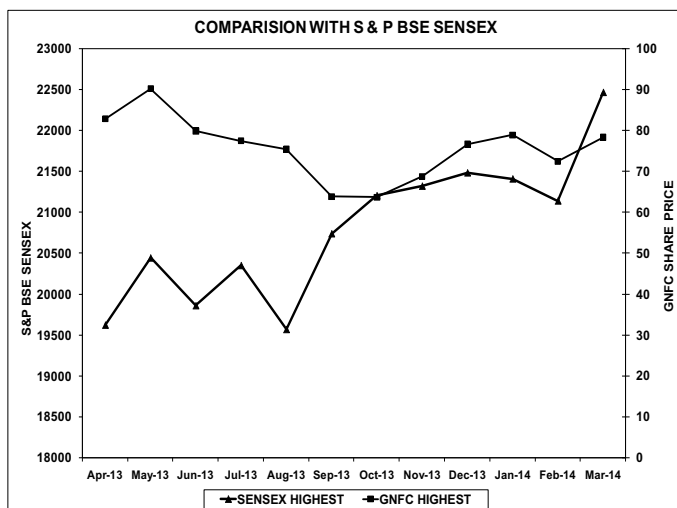
MONTH	BSE		NSE	
	High	Low	High	Low
April, 2013	82.85	71.50	83.00	71.80
May, 2013	90.20	76.10	90.55	76.10
June, 2013	79.90	72.50	79.75	72.30
July, 2013	77.50	72.10	77.50	72.15
August, 2013	75.45	59.75	74.45	59.50
September, 2013	63.95	59.25	70.00	59.05
October, 2013	63.80	59.50	63.50	59.30
November, 2013	68.80	61.10	69.00	61.50
December, 2013	76.70	64.70	76.55	64.75
January, 2014	78.95	69.50	78.95	69.70
February, 2014	72.50	68.50	72.70	67.75
March, 2014	78.40	69.20	78.65	69.40

Stock Performance : 2013-14

STOCK PERFORMANCE VS S&P BSE SENSEX

MONTH	SENSEX HIGHEST	GNFC HIGHEST
April, 2013	19622.68	82.85
May, 2013	20443.62	90.20
June, 2013	19860.19	79.90
July, 2013	20351.06	77.50
August, 2013	19569.20	75.45
September, 2013	20739.69	63.95
October, 2013	21205.44	63.80
November, 2013	21321.53	68.80
December, 2013	21483.74	76.70
January, 2014	21409.66	78.95
February, 2014	21140.51	72.50
March, 2014	22467.21	78.40

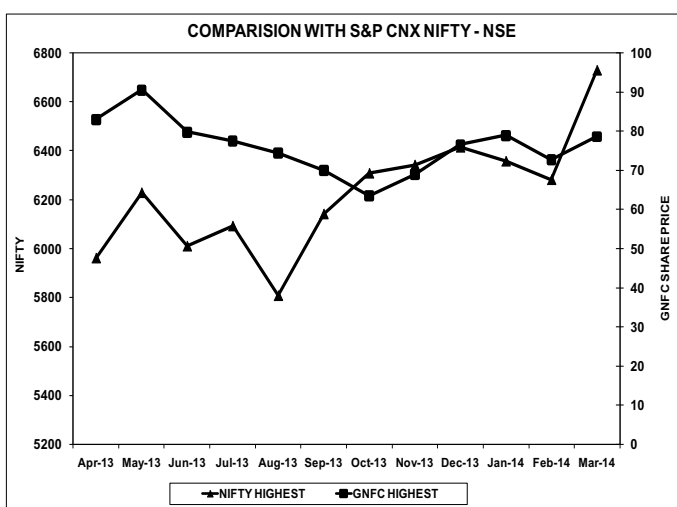
Performance of the Company's shares on BSE in comparison to S&P BSE Sensex



STOCK PERFORMANCE VS S&P CNX NIFTY

MONTH	NIFTY HIGHEST	GNFC HIGHEST
April, 2013	5962.30	83.00
May, 2013	6229.45	90.55
June, 2013	6011.00	79.75
July, 2013	6093.35	77.50
August, 2013	5808.50	74.45
September, 2013	6142.50	70.00
October, 2013	6309.05	63.50
November, 2013	6342.95	69.00
December, 2013	6415.25	76.55
January, 2014	6358.30	78.95
February, 2014	6282.70	72.70
March, 2014	6730.05	78.65

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




Investors' Services:

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

Share Transfer System:

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

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

Distribution of Shareholding as on 31st March 2014

Category of Equity Shares	No. of Share holders	% to total Share holders	No. of Shares	% to Total Equity Capital
1 to 250	229845	91.307	1,61,76,136	10.408
251 to 500	12411	4.930	46,55,617	2.996
501 to 1000	5158	2.049	40,46,236	2.603
1001 to 2000	2250	0.894	34,15,662	2.198
2001 to 3000	713	0.283	18,26,482	1.175
3001 to 4000	303	0.120	10,90,962	0.702
4001 to 5000	265	0.105	12,57,966	0.809
5001 to 10000	414	0.164	29,96,287	1.928
10001 and above	370	0.147	11,99,53,435	77.181
Total	251729	100.000	15,54,18,783	100.000

Shareholding Pattern of the Company as on 31st March, 2014

No.	Holders	Total No of Shares	% of Total Equity Capital
1	Promoters & Promoters Group	6,40,06,713	41.183
2	Mutual Funds & UTI	33,10,552	2.130
3	Banks/ Financial Institutions & Insurance Companies	2,45,79,587	15.815
4	Foreign Institutional Investors (FIIs)	1,58,52,588	10.200
5	NRIs / OCBs	32,19,350	2.071
6	Bodies Corporate	50,99,220	3.281
7	Co-operative Societies	3,52,614	0.227
8	Indian Public	3,87,79,985	24.953
9	Shares in Pool A/c (As reported by Depositories)	96,934	0.062
10	Shares held by Custodians and against which Depository Receipts have been issued	1,21,240	0.078
	Total	15,54,18,783	100.00

Dematerialisation of Shares & Liquidity:

As on 31st March, 2014, 92.31% of the shares were held in dematerialised form and remaining shares in physical form. The equity shares of the Company are permitted to be traded only in dematerialised form, as notified by SEBI.

Unclaimed Shares held in Unclaimed Suspense Account:

In compliance of Clause 5All of the Listing Agreement, the details of shares held in Unclaimed Suspense Account as on 31st March, 2014 are mentioned below :

No.	Particulars	No. of Shareholders	No. of Shares
(i)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year.	4171	171059
(ii)	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year.	27	1324
(iii)	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year.	22	1126
(iv)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year.	4149	169933

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

Outstanding GDRs:

As on 31st March, 2014, 24,248 GDRs were outstanding, which represent 121,240 equity shares. There are no other outstanding instruments convertible into equity shares in future.

Plant Locations :

All the manufacturing Plants of the Company are located at the Registered Office situated at P.O. Narmadanagar - 392 015, Dist. Bharuch. The Company has set up a 50,000 MTPA TDI-II Project at P.O. Dahej - 392 130, Taluka - Vagra, Dist. Bharuch.

Activities in the area of Information Technology (IT) are being carried out at the Registered Office as also at the Infotower established by the Company at Ahmedabad at GNFC INFOTOWER, 3rd Floor, Bodakdev, Gandhinagar-Sarkhej Highway, Ahmedabad - 380 054.

Address for Correspondence :

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

Investor Service Centre
Secretarial & Legal Department
Gujarat Narmada Valley Fertilizers & Chemicals Ltd
'Narmada House', Corporate Office,
P.O. Narmadanagar - 392 015, Dist. Bharuch.
Phone : 02642 - 662227 / 662208
Telefax : 02642 - 247084 E-mail : investor@gnfc.in

Exclusive E-mail ID for redressal of Investors' Complaints

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

Sub : Compliance with Code of Conduct - Financial Year 2013-14

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 : 21st June, 2014

DR. RAJIV KUMAR GUPTA, IAS
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 & CHEMICALS LIMITED

We have examined the compliance of conditions of Corporate Governance by **GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED** (CIN: L24110GJ1976PLC002903) for the year ended on 31st March, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

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

We state that as at 31st March, 2014, no investor grievance was pending for a period of one month against the Company as per the records maintained by the Company and presented to Shareholders'/Investors' Grievance Committee.

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

For Arvind Gaudana & Company,
(Company Secretaries)

Place : Bharuch
Date : 16th August, 2014

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



ADDITIONAL INFORMATION FOR SHAREHOLDERS

Green Initiative

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

Members are requested to register / update their e-mail address with their Depository Participant (in case shares are held in demat form) or with the Company (in case shares are held in physical form).

Annual Report of the Company for FY 2013-14 will be displayed on the Company's website: www.gnfc.in

Nomination Facility

The Companies Act, 2013, provides facility for making nomination by shareholders in respect of their shares. Such nomination facilitates transmission of shares from the name of deceased shareholder to his / her nominee without going through the time consuming and cumbersome process of obtaining succession certificate / probate of the Will. **It would be in the interest of shareholders holding shares in single name to make such nomination without delay.** Nomination will have to be made in the prescribed form which 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.

Dividend

(i) Payment of Dividend

The Board of Directors of the Company has recommended a dividend of Rs.3.50 (35%) per equity share of the Company for the financial year ended 31st March, 2014, subject to the approval by shareholders at the Annual General Meeting (AGM). The dividend, if approved, will be paid on or after 30th September, 2014.

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

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 23rd August, 2014 to Wednesday, the 27th August, 2014, (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, 2014, 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 22nd August, 2014; 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 22nd August, 2014.

(iv) Unclaimed Dividend

The Dividend for the years 1994-95 to 2005-06, 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.**

The details relating to the unclaimed and unpaid dividend for the years 2006-07 to 2012-13 have been uploaded on the website of the company : www.gnfc.in

(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 *
24th unpaid dividend - 2006-2007	22-09-2007	14-10-2014
25th unpaid dividend - 2007-2008	25-09-2008	05-10-2015
26th unpaid dividend - 2008-2009	24-09-2009	05-10-2016
27th unpaid dividend - 2009-2010	24-09-2010	01-10-2017
28th unpaid dividend - 2010-2011	17-09-2011	23-09-2018
29th unpaid dividend - 2011-2012	22-09-2012	30-09-2019
30th unpaid dividend - 2012-2013	21-09-2013	30-09-2020

* 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.

Payment of dividend through National Electronic Clearing Service (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 has been **given on Page No. 43 of this Annual Report** and the same is also available on the Company's website : www.gnfc.in.

E-Voting

Pursuant to Section 108 of the Companies Act, 2013, read with Rules framed there under and Clause 35B of the Listing Agreement, the Company is providing the facility to the Members to exercise their right to vote by electronic means through CDSL in respect of the businesses to be transacted at this AGM. The Company has fixed **1st August, 2014 as the cut-off date** for determining the voting rights of shareholders. The E-voting will commence at 9.00 A.M. on 20-09-2014 and will end on 22-09-2014 at 6.00 P.M.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the

purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, 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 account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable



in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).

- (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on

31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For DELOITTE HASKINS & SELLS

Chartered Accountants

(Firm Registration No. 117365W)

Gaurav J. Shah

Partner

Place : Gandhinagar

Date : 15-05-2014

(Membership No. 35701)

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business / activities / results, clauses (xiii) and (xiv) of CARO are not applicable.
- (ii) In respect of the Company's fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of the Company's inventories:
- (a) As explained to us, the inventories were physically verified during the year by the Management and a firm of Chartered Accountants at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in such internal control system.
- (vi) According to the information and explanations given to us and to the best of our knowledge and belief, there are no contracts or arrangements required to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposits during the year from public within the meaning of provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and rules made thereunder.
- (viii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (ix) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(x) According to the information and explanations given to us in respect of statutory dues:

- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income Tax, Sales Tax / VAT, Service Tax, Excise Duty and Cess which have not been deposited as on 31st March, 2014 on account of disputes are given below:

Name of Statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount (Rs. In Lacs)
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	A.Y. 2011-12	221.76
Central Excise & Customs Act, 1944	Excise Duty	CESTAT	2005-06	1.01
		CESTAT	1997 to 2002	118.99
		CESTAT	2004-05	0.18
		CESTAT	2003 to 2007	3.30
		Supreme Court	2003-04	558.98
		Supreme Court	2004-05	10.44
	Service Tax	CESTAT	2004 to 2007	38.22
		CESTAT	2007 to 2012	5,430.14
Central Sales Tax Act, 1956	Central Sales Tax	Gujarat Value Added Tax Tribunal	2007-08	1,293.55
		Joint Commissioner of Commercial Tax	2008-09	1,168.57
		Joint Commissioner of Commercial Tax	2009-10	9.62

- (xi) The Company does not have accumulated losses as at 31st March, 2014 and has not incurred cash losses during the financial year ended as on that date and in the immediately preceding financial year.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company has no outstanding dues to financial institutions or debenture holders.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xvi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- (xvii) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xviii) The Company has not issued any debentures during the year.
- (xix) The Company has not raised money by way of public issue during the year.
- (xx) To the best of our knowledge and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

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

Gaurav J. Shah
Partner

Place : Gandhinagar
Date : 15-05-2014

(Membership No. 35701)

**BALANCE SHEET AS AT 31ST MARCH, 2014**

	NOTE NO.		31-03-2014	31-03-2013
EQUITY AND LIABILITIES:				
Shareholders' Funds:				
Share Capital	1	15,541.88		15,541.88
Reserves and Surplus	2	2,79,014.41		2,56,152.01
			2,94,556.29	2,71,693.89
Deferred Income:				
Grant from Government of India	3		1,18,373.24	0.00
Non-current Liabilities:				
Long-Term Borrowings	4	1,67,186.92		1,81,867.13
Deferred Tax Liabilities (Net)	5	33,640.72		23,582.72
Long-Term Provisions	6	8,760.38		9,391.22
			2,09,588.02	2,14,841.07
Current Liabilities:				
Short-Term Borrowings	7	1,67,817.61		1,01,197.32
Trade Payables	8	29,403.17		22,077.20
Other Current Liabilities	9	96,125.48		79,403.60
Short-Term Provisions	10	11,111.00		12,985.15
			3,04,457.26	2,15,663.27
TOTAL			9,26,974.81	7,02,198.23
ASSETS:				
Non-current Assets:				
Fixed Assets:				
	11			
Tangible Assets		4,85,286.17		1,79,590.75
Intangible Assets		2,063.02		1,157.49
Capital Work-in-Progress		2,325.19		2,75,245.29
		4,89,674.38		4,55,993.53
Non-Current Investments	12	13,214.90		12,984.02
Long-Term Loans and Advances	13	26,967.74		11,966.82
Other Non-current Assets	14	85,102.88		2.58
			6,14,959.90	4,80,946.95
Current Assets:				
Inventories	15	82,458.64		63,699.33
Trade Receivables	16	1,45,472.38		1,17,699.09
Cash and Bank Balances	17	17,342.48		22,119.31
Short-Term Loans and Advances	18	25,500.75		17,733.55
Other Current Assets	19	41,240.66		0.00
			3,12,014.91	2,21,251.28
TOTAL			9,26,974.81	7,02,198.23
Significant Accounting Policies				
Notes on Financial Statements				
The accompanying Notes are an integral part of the financial statements				

For and on behalf of the Board of Directors,

R. A. Shah
Executive Director & CFOR. B. Panchal
Company SecretaryDr. Rajiv Kumar Gupta
Managing DirectorDr. Varesh Sinha
ChairmanPlace : Gandhinagar
Date : 15-05-2014Dr. Ashok Shah
DirectorD.J. Pandian
DirectorAS PER OUR REPORT OF EVEN DATE
For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 117365W)Place : Gandhinagar
Date : 15-05-2014**Gaurav J. Shah**
Partner
Membership No. : 35701

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

			(Rs. in Lacs)
	NOTE NO.	2013-14	2012-13
INCOME:			
Revenue from Operations:			
Sale of Products		5,08,961.03	4,42,447.59
Sale of Services		6,109.23	6,176.66
	44 & 45	5,15,070.26	4,48,624.25
Less: Excise Duty		30,351.45	23,367.20
		4,84,718.81	4,25,257.05
Other Income	20	4,505.32	4,037.93
Total Revenue		4,89,224.13	4,29,294.98
EXPENDITURE:			
Cost of Materials Consumed	21	2,98,658.86	2,46,832.41
Purchases of Stock-in Trade	45	8,885.42	8,193.51
Change in Inventories of Finished Goods,			
Stock-in-Process and Stock-in-Trade	22	(3,872.58)	(4,032.75)
Employee Benefits Expense	23	25,348.67	25,725.50
Finance Costs	24	9,237.12	6,268.37
Depreciation and Amortization Expense	25	14,531.46	14,855.49
Other Expenses	26	94,051.95	89,212.94
Total Expenses		4,46,840.90	3,87,055.47
Profit Before Tax		42,383.23	42,239.51
Tax Expense:			
Current Tax		8,793.00	13,462.00
MAT Credit Entitlement		(5,695.00)	0.00
Deferred Tax		10,058.00	1,467.00
		13,156.00	14,929.00
Profit for the year		29,227.23	27,310.51
Earnings per Equity Share of face value of Rs. 10/- each			
Basic & Diluted (in Rs.)	27	18.81	17.57
Significant Accounting Policies			
Notes on Financial Statements	1 to 54		
The accompanying Notes are an integral part of the financial statements			

R. A. Shah
Executive Director & CFO
Place : Gandhinagar
Date : 15-05-2014

R. B. Panchal
Company Secretary

Dr. Rajiv Kumar Gupta
Managing Director
Dr. Ashok Shah
Director

Dr. Varesb Sinha
Chairman
D.J. Pandian
Director

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

Place : Gandhinagar
Date : 15-05-2014

Gaurav J. Shah
Partner
Membership No. : 35701



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

		(Rs. in Lacs)	
Particulars	2013-14	2012-13	
A. Cash flow from operating activities:			
Net Profit before Taxation & extraordinary items	42,383.23		42,239.51
Adjustments for:			
- Depreciation/ Amortization	17,732.22	14,855.49	
- Foreign exchange loss/(gain)	690.96	1,059.57	
- Forward Contract Net loss/(gain)	182.00	810.06	
- Interest income	(579.09)	(802.57)	
- Dividend income	(432.26)	(271.90)	
- Finance costs	9,237.12	6,268.37	
- (Profit)/Loss on sale of Fixed Assets (Net)	(4.83)	7.23	
- (Profit)/Loss on sale of Investments (Net)	(455.54)	0.00	
- Provision for Expenses on Abandoned Project	0.00	79.80	
- Provision for Doubtful Advances	0.00	200.00	
	26,370.58		22,206.05
Operating Profit before Working Capital Changes	68,753.81		64,445.56
Adjustment for:			
- Trade and other receivables	(1,62,668.73)	(44,140.80)	
- Inventories	(18,759.31)	(3,778.85)	
- Trade and other payables	125,086.83	(22,869.61)	
- Provisions	(2,741.15)	4,045.66	
	(59,082.36)		(66,743.60)
Cash Generated from/ (Used in) Operations	9,671.45		(2,298.04)
- Income Tax paid (Net of Refund)	(8,562.51)		(13,729.27)
Net Cash Generated from/ (Used in) Operating Activities	1,108.94		(16,027.31)
B. Cash Flow from Investing Activities:			
- Purchase of Fixed Assets	(40,591.01)	(78,611.24)	
- Sale of Fixed Assets	26.40	43.39	
- Interest received	579.09	802.57	
- Dividends received	432.26	271.90	
- Purchase of Investments	(1,105.00)	(3,227.76)	
- Sale of Investments	1,329.66	0.00	
- Increase in Unclaimed Dividend Accounts	(13.12)	(24.13)	
- Investment in bank deposits (having original maturity of more than three months)	(150.00)	(109.03)	
- Maturity of bank deposits (having original maturity of more than three months)	108.02	97.69	
Net Cash (Used in) Investing Activities	(39,383.70)		(80,756.61)
C. Cash Flow from Financing Activities:			
- Proceeds from Short Term Borrowings	2,70,173.08	1,16,104.61	
- Repayment of Short Term Borrowings	(2,03,823.19)	(62,463.60)	
- Proceeds from Long Term Borrowings	37,350.00	1,38,703.00	
- Repayment of long term borrowings	(36,564.47)	(73,917.57)	
- Finance Costs paid	(27,160.38)	(22,438.43)	
- Dividend paid (Including Dividend Tax)	(6,351.71)	(6,298.69)	
- Forward Contract Net gain / (loss)	(182.00)	(810.06)	
Net Cash flow from Financing Activities	33,441.33		88,879.26
Net increase/ (decrease) in cash and cash equivalents	(4,833.43)		(7,904.66)
Cash and cash equivalents at the beginning of period	21,280.24		29,184.90
Cash and cash equivalents at the end of period	16,446.81		21,280.24

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

For and on behalf of the Board of Directors,

R. A. Shah
Executive Director & CFO

R. B. Panchal
Company Secretary

Dr. Rajiv Kumar Gupta
Managing Director

Dr. Varesb Sinha
Chairman

Place : Gandhinagar
Date : 15-05-2014

Dr. Ashok Shah
Director

D.J. Pandian
Director

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

Place : Gandhinagar
Date : 15-05-2014

Gaurav J. Shah
Partner
Membership No. : 35701

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

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the Act of 1956 / 2013, as applicable. The financial statements have been prepared under the historical cost convention on an accrual basis except otherwise stated. The accounting policies have been consistently applied by the Company.

Use of estimates:

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

2. Fixed Assets:

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

3. Depreciation:

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

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

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

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

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

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 Statement of Profit and Loss.

Operating Lease:

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

7. Investments:

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

8. Inventories:

Inventories are valued as follows:

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

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

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

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

b. Conversion:

Foreign currency monetary items are reported using the closing



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

c. Exchange Differences:

The net gain or loss on account of exchange rate differences arising on settlement or restatement of foreign currency transactions for foreign currency monetary items are recognized as income or expenses of the period in which they arise except exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset which are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the Company treats a foreign currency monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.

d. Forward Exchange Contracts not intended for trading or speculation purposes:

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is recognized as income or as expense for the year. Any gain/ loss arising on forward contracts which are long-term foreign currency monetary items is recognized in accordance with c. above.

10. Revenue Recognition:

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

a. Sale of goods:

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

Sales, net of sales tax/ VAT and discounts, comprise of sale of goods and services, excise duty and claims preferred on the Government of India for retention price reimbursement on fertilizers and admissible claims for change in retention price on account of variation in the costs. The excise duty collected on sales is shown by way of further deduction from sales.

Urea and ANP Product Subsidy:

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

Urea and ANP Freight Subsidy:

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

b. Sale of Services:

Income from services rendered is recognized as and when the services are rendered based on the agreement/ arrangement with the concerned parties.

c. Other Income:

Interest:

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

Dividends:

Revenue is recognized when the right to receive the dividend is established.

Other Income:

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

Insurance claims:

Revenue is recognized on actual receipt basis.

11. Government Grants:

Government Grant is recognized when there is reasonable assurance that the conditions attached to them will be complied with. Government Grant received/ receivable related to depreciable assets are treated as deferred income which is recognized in the Statement of Profit and Loss on a systematic and rational basis over the useful life of the related asset. Such allocation to income is made over the period and in proportion in which depreciation on related asset is charged.

12. Borrowing Costs:

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

13. Export Benefits:

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

14. Retirement Benefits:

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

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

c. Short term compensated absences are provided for on basis 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 Statement of Profit and Loss and are not deferred.

15. Taxation:

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

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

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

Minimum Alternative tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period i.e., the period for which MAT Credit is allowed to be carried forward. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

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16. Provisions:

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

17. Earnings Per Share:

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

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

18. Cash and Cash Equivalents:

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

19. Segment Reporting Policies:

Identification of segments:

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

Allocation of Common Costs:

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

Unallocated items:

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

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

NOTE - 1

(Rs. in Lacs)

	31-03-2014	31-03-2013
SHARE CAPITAL:		
Authorised:		
25,00,00,000 Equity Shares of Rs.10/- each	25,000.00	25,000.00
(31-03-2013: 25,00,00,000 Equity Shares)		
Issued:		
15,54,18,783 Equity Shares of Rs.10/- each fully paid	15,541.88	15,541.88
(31-03-2013: 15,54,18,783 Equity Shares)		
Subscribed and Paid up:		
15,54,18,783 Equity Shares of Rs.10/- each fully paid up	15,541.88	15,541.88
(31-03-2013: 15,54,18,783 Equity Shares)		
TOTAL	15,541.88	15,541.88

(I) Terms/ Rights attached to Equity shares:

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

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

	As at 31-03-2014		As at 31-03-2013	
Name of the Shareholder	No. of Shares	% of total Equity Capital	No. of Shares	% of total Equity Capital
Gujarat State Investments Ltd.	3,32,24,546	21.38	3,32,24,046	21.38
Gujarat State Fertilizers & Chemicals Ltd.	3,07,79,167	19.80	3,07,79,167	19.80
Life Insurance Corporation of India	1,40,83,612	9.06	1,40,83,612	9.06
Fidelity Puritan Trust- Fidelity Low Priced Stock Fund	1,10,00,000	7.08	57,64,512	3.71

(III) Reconciliation of the number of shares outstanding:

	As at 31-03-2014	As at 31-03-2013
No. of Shares	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	15,54,18,783	15,54,18,783
Add: Equity Shares issued during the year	0	0
Less: Equity Shares cancelled during the year	0	0
Equity Shares at the end of the year	15,54,18,783	15,54,18,783

NOTE - 2

(Rs. in Lacs)

RESERVES AND SURPLUS:

Capital Reserve:

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

As per the last Balance Sheet	63.83	63.83
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NOTE - 2 (Continued)

(Rs. in Lacs)

	31-03-2014	31-03-2013
Securities Premium Account:		
As per the last Balance Sheet	31,330.67	31,330.67
General Reserve:		
As per the last Balance Sheet	1,85,308.84	1,55,309.55
Add : Transferred from Surplus in the Statement of Profit and Loss	30,000.00	30,000.00
Less: Rounding Difference of Dividend	0.70	0.71
	2,15,308.14	1,85,308.84
Surplus in the Statement of Profit and Loss:		
As per the last Balance Sheet	39,448.67	48,502.29
Add : Profit for the year	29,227.23	27,310.51
Less: Appropriations:		
Transfer to General Reserve	30,000.00	30,000.00
Proposed Equity Dividend [per share Rs. 3.50 (previous year: Rs.3.50)]	5,439.66	5,439.66
Tax on Proposed Equity Dividend	924.47	924.47
	32,311.77	39,448.67
TOTAL	2,79,014.41	2,56,152.01

NOTE - 3

DEFERRED INCOME:

Grant from Government of India

As per the last Balance Sheet	0.00	0.00
Add: Addition during the year (**)	1,21,574.00	0.00
Less: Depreciation transferred to Statement of Profit and Loss	3,200.76	0.00
	1,18,373.24	0.00
TOTAL	1,18,373.24	0.00

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

**NOTE - 4**

(Rs. in Lacs)

	31-03-2014	31-03-2013
LONG-TERM BORROWINGS:		
Rupee Term Loans From Banks (Secured)	1,17,640.64	1,31,124.45
Foreign Currency Term Loan From Bank (Secured)	19,546.28	17,942.30
Rupee Term Loan From Bank (Unsecured)	0.00	800.38
Rupee Term Loan From other (Unsecured)	30,000.00	32,000.00
TOTAL	1,67,186.92	1,81,867.13

a. Security details:

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

b. Repayment details:

- (i) Rupee term loans from banks of Rs. 1,15,453 lacs carries interest @ 11.50% p.a. (floating) payable on monthly basis. The loan is repayable in quarterly installments starting from 30.09.2012 and ending on 30.06.2017.
- (ii) Rupee term loans from banks of Rs. 77,300 lacs carries interest @ 10.25%-11.00% p.a. (floating) payable on monthly basis. The loan is repayable in quarterly installments starting from 31.12.2013 and ending on 30.09.2021.
- (iii) Foreign currency term loan from bank carries interest @ 6 month Euribor plus 1.98% payable on half yearly basis. The loan is repayable in half yearly installments starting from 01.10.2014 and ending on 01.04.2020.
- (iv) Unsecured rupee term loan from bank is against assignment of security held by the Company towards outstanding of House Building Advance given to its employees and carries interest @ 10.30 % p.a. (floating) payable on monthly basis. The loan is repayable in quarterly installments starting from 31.12.2009 and ending on 30.9.2014.
- (v) Unsecured rupee term loan from other of Rs. 10,000 lacs carries interest @ 9.50 % p.a. (floating) payable on quarterly basis. The loan is repayable in quarterly installments starting from 06.12.2013 and ending on 07.03.2016.
- (vi) Unsecured rupee term loan from other of Rs. 30,000 lacs carries interest @ 9.50% p.a. (floating) payable on quarterly basis. The loan is repayable in quarterly installments starting from 20.12.2013 and ending on 21.09.2015.
- (vii) Unsecured rupee term loan from other of Rs. 20,000 lacs carries interest @ 9.50% p.a. (floating) payable on quarterly basis. The loan is repayable in quarterly installments starting from 23.09.2014 and ending on 23.12.2016.

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

Depreciation	37,583.23	28,235.57
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Less: Assets:**Arising on account of timing differences in:**

Provision for Doubtful Debts / Advances / Loans	598.18	598.18
Provision for Leave Encashment & Bonus	3,344.33	3,834.31
Foreign Exchange Variance	0.00	220.36
	3,942.51	4,652.85
TOTAL	33,640.72	23,582.72

NOTE - 6**LONG-TERM PROVISIONS:****Provision for Employee Benefits:**

Provision for Leave Encashment on Retirement	7,992.81	8,653.37
Provision for Post Retirement Medical Benefits	767.57	737.85
	8,760.38	9,391.22
TOTAL	8,760.38	9,391.22

NOTE - 7

(Rs. in Lacs)

	31-03-2014	31-03-2013
SHORT-TERM BORROWINGS:		
Loans Payable on Demand :		
From Bank- Cash Credit and Overdraft Accounts	52,385.47	47,305.96
From Other	305.00	305.00
	52,690.47	47,610.96
Deposits:		
Short-Term Deposit from Other	20,000.00	40,000.00
Other Loans and Advances:		
Short-Term Loans and Advances from Banks	89,846.50	9,963.43
Buyers' Credit in Foreign Currency from Banks	5,280.64	3,622.93
	95,127.14	13,586.36
TOTAL	1,67,817.61	1,01,197.32

Out of the above:

Secured Borrowings	94,231.97	57,269.39
Un-secured Borrowings	73,585.64	43,927.93

- (i) Short term borrowings from banks as Cash Credit and Overdraft accounts of Rs. 52,385.47 lacs (31-03-2013: Rs. 47,305.96 lacs) and Short-Term Loans and Advances from Banks of Rs. 6,245 lacs (31-03-2013: Rs. Nil) are secured by first charge by way of hypothecation of stocks and book debts and all other movables, both present and future and further secured by second charge by way of mortgage on all immovable properties. These charges are ranking pari-passu among the working capital lenders.
- (ii) Short term borrowings from banks as Short-Term Loans and Advances of Rs. 35,601.50 lacs (31-03-2013: Rs. 9,963.43 lacs) are secured by hypothecation of assets, for which charge is to be created. The said charge on the hypothecated assets shall rank as first pari passu charge inter se the member banks of SBI consortium.

NOTE - 8**TRADE PAYABLES:**

Trade Payables	29,403.17	22,077.20
(Refer Note-35)		
TOTAL	29,403.17	22,077.20

NOTE - 9**OTHER CURRENT LIABILITIES:****Current Maturities of Long-Term Borrowings:**

Rupee Term Loans From Banks (Secured)	30,830.60	26,960.60
Foreign Currency Term Loan From Bank (Secured)	1,758.46	0.00
Rupee Term Loan From Bank (Unsecured)	799.72	1,600.00
Rupee Term Loan From other (Unsecured)	22,000.00	8,000.00
	55,388.78	36,560.60

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

Interest Accrued but not Due on Borrowings	1,379.71	1,833.21
Investor Education and Protection Fund: (*)		
Unclaimed Dividends	744.17	731.05
Other Payables:		
Statutory Dues	346.41	1,149.93
Advances from Customers	2,196.56	1,590.52
Payables on purchase of Fixed Assets	32,402.97	33,871.41
Others	3,666.88	3,666.88
	38,612.82	40,278.74
TOTAL	96,125.48	79,403.60

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

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NOTE - 10

		(Rs. in Lacs)
	31-03-2014	31-03-2013
SHORT-TERM PROVISIONS:		
Provision for Employee Benefits:		
Provision for Leave Encashment on Retirement	3,125.45	2,878.41
Provision for Post Retirement Medical Benefits	33.51	23.97
Provision for Gratuity Benefits	0.00	2,366.89
	3,158.96	5,269.27

NOTE - 10 (Continued)

		(Rs. in Lacs)
	31-03-2014	31-03-2013
Other Provisions :		
Provision for Taxation / Fringe Benefit Tax	1,57,065.43	1,48,266.76
Less: Advance Tax and Tax Deducted at Source	1,55,477.52	1,46,915.01
	1,587.91	1,351.75
Provision for Proposed Equity Dividend	5,439.66	5,439.66
Provision for Tax on Proposed Equity Dividend	924.47	924.47
	6,364.13	6,364.13
TOTAL	11,111.00	12,985.15

NOTE - 11

FIXED ASSETS :

(Rs. in Lacs)											
Sr. No.	COST				DEPRECIATION / AMORTIZATION				IMPAIRMENT		
	As on 01-04-2013	Additions / Adjustments	Deductions/ Adjustments	As on 31-03-2014	Upto 01-04-2013	For the year	Deductions/ Adjustments	Upto 31-03-2014	Loss Upto 31-03-2014	NET BLOCK As on 31-03-2014	As on 31-03-2013
I Tangible Assets:											
(a) Lease Hold Land	22,241.62	0.00	0.00	22,241.62	233.53	233.54	0.00	467.07	0.00	21,774.55	22,008.09
(b) Free Hold Land	2,490.21	0.00	0.00	2,490.21	0.00	0.00	0.00	0.00	0.00	2,490.21	2,490.21
(c) Buildings	14,400.76	28,078.46	0.00	42,479.22	5,113.04	403.41	(30.44)	5,546.89	0.00	36,932.33	9,287.72
(d) Plant and Equipment	3,57,048.39	2,82,306.43	7.27	6,39,347.55	2,16,017.22	16,546.50	6.94	2,32,556.78	477.96	4,06,312.81	1,40,553.21
(e) Furniture and Fixtures	1,797.74	556.89	39.74	2,314.89	1,267.42	115.86	38.73	1,344.55	0.00	970.34	530.32
(f) Vehicles	470.03	79.20	18.50	530.73	170.23	43.44	6.89	206.78	0.00	323.95	299.80
(g) Office Equipment	993.26	57.22	13.86	1,036.62	482.52	43.35	7.37	518.50	0.00	518.12	510.74
(h) Roads, Culverts & Compound Wall	3,143.14	2,579.14	0.00	5,722.28	446.45	55.69	0.00	502.14	0.00	5,220.14	2,696.69
(i) Railway Sidings	376.99	0.00	0.00	376.99	358.14	0.00	0.00	358.14	0.00	18.85	18.85
(j) Water Supply & Drainage System	2,354.86	9,718.76	0.00	12,073.62	1,632.02	67.11	0.00	1,699.13	0.00	10,374.49	722.84
	4,05,317.00	3,23,376.10	79.37	7,28,613.73	2,25,720.57	17,508.90	29.49	2,43,199.98	477.96	4,84,935.79	1,79,118.47
II Intangible Assets:											
(Other than internally generated)											
(a) Goodwill	1,688.99	0.00	0.00	1,688.99	1,688.99	0.00	0.00	1,688.99	0.00	0.00	0.00
(b) Softwares	1,812.85	69.54	0.00	1,882.39	1,442.81	127.69	(2.12)	1,572.62	0.00	309.77	370.04
(c) Licences	1,396.53	1,055.05	0.00	2,451.58	609.08	89.25	0.00	698.33	0.00	1,753.25	787.45
	4,898.37	1,124.59	0.00	6,022.96	3,740.88	216.94	(2.12)	3,959.94	0.00	2,063.02	1,157.49
III Tangible Assets given on Lease:											
(a) Buildings	537.38	0.00	145.96	391.42	112.07	6.38	30.44	88.01	0.00	303.41	425.31
(b) Plant and Equipments	939.37	0.00	0.00	939.37	892.40	0.00	0.00	892.40	0.00	46.97	46.97
	1,476.75	0.00	145.96	1,330.79	1,004.47	6.38	30.44	980.41	0.00	350.38	472.28
TOTAL	4,11,692.12	3,24,500.69	225.33	7,35,967.48	2,30,465.92	17,732.22	57.81	2,48,140.33	477.96	4,87,349.19	1,80,748.24
As on 31-03-2013	3,76,910.92	35,138.89	357.69	4,11,692.12	2,15,917.50	14,855.49	307.07	2,30,465.92	477.96	1,80,748.24	

Notes:

- Additions to Fixed Assets during the year include **Rs. 3.82 Lacs** (previous year : Rs. Nil) used for research and development.
- Additions during the year include borrowing cost of **Rs. 47,862.94 Lacs** (previous year : Rs. 143.33 Lacs) pertaining to the borrowings related to qualifying assets as defined under AS 16 "Borrowing Costs".
- Borrowing cost of **Rs. 17,469.74 Lacs** for the year (previous year Rs. 16,460.35 Lacs) pertaining to the borrowings related to qualifying assets as defined under AS 16 "Borrowing Costs" has been treated as capital expenditure.
- Leasehold Land pertains to the costs incurred for Leasehold Land in possession of the Company as a Licensee, pending completion of formalities for execution of the lease agreement for a term of 99 years.
- Feed Stock Conversion Project from 'LSHS / FO' to 'Gas' acquired under Government's policy for reimbursement of project cost to the Company over a period of five years from the date of commercial production, have been capitalized on 01.10.2013. Accordingly, Fixed Assets includes additions of assets amounting to Rs. 1,25,294.00 Lacs represented by capital grant of Rs. 1,21,574.00 Lacs as contemplated in Note - 3 earlier.



NOTE - 12

(Rs. in Lacs)

31-03-2014 31-03-2013

**NON-CURRENT INVESTMENTS:
(at cost unless otherwise stated)**

(a) Investments in Equity Instruments:

Non-Trade Investments:

(In fully paid up Equity Shares-Quoted)

75,00,000	Gujarat State Fertilizers & Chemicals Ltd. of Rs.2/- each	1,503.75	1,503.75
17,59,996	Gujarat Alkalies & Chemicals Ltd. of Rs.10/- each	2,427.28	2,427.28
80,00,000	Gujarat State Petronet Ltd. of Rs. 10/- each	1,000.00	1,000.00
0	Videocon Industries Ltd. of Rs.10/- each (31-03-2013: 1,26,000 shares)	0.00	756.00
0	IDBI Bank Ltd. of Rs.10/- each (31-03-2013: 1,99,808 shares)	0.00	162.34
0	Indian Oil Corporation Ltd. of Rs.10/- each (31-03-2013: 3,60,000 shares)	0.00	421.13
0	Dena Bank of Rs.10/- each (31-03-2013: 50,330 shares)	0.00	15.10
		4,931.03	6,285.60

(In fully paid up Equity Shares-Unquoted)

2,15,43,200	Gujarat State Petroleum Corporation Ltd. of Re.1/- each	1,349.99	1,349.99
42,000	Bharuch Enviro Infrastructure Ltd. of Rs.10/- each	4.20	4.20
20,000	Gujarat Venture Finance Ltd. of Rs.10/- each	2.00	2.00
12,50,000	Gujarat Green Revolution Co. Ltd. of Rs. 10/- each #	125.00	125.00
50,000	GSPC Gas Co. Ltd. of Rs. 10/- each	5.00	5.00
18,39,60,000	Gujarat Chemical Port Terminal Co. Ltd. of Re. 1/- each \$	4,941.00	4,941.00
3,60,50,000	Bhavnagar Energy Co. Ltd. of Rs. 10/- each @ (31-03-2013: 2,50,00,000 shares)	3,605.00	2,500.00
1,35,30,000	Bharuch Dahej Railway Co. Ltd. of Rs. 10/- each @	1,353.00	1,353.00
		11,385.19	10,280.19

(b) Investments in Mutual Funds:

Non-Trade Investments:

(In fully paid up Units - Quoted)

46,200	UTI-Equity Fund of Rs.10/-each (31-03-2013: 2,69,180 units)	7.02	40.90
		16,323.24	16,606.69
	Less: Provision for Diminution in Value of Investments	3,108.34	3,622.67
	TOTAL	13,214.90	12,984.02
	Aggregate Book Value of Unquoted Investments (net of provision)	8,283.79	7,178.79
	Aggregate Book Value of Quoted Investments (net of provision)	4,931.11	5,805.23
	Aggregate Market Value of Quoted Investments	13,259.08	15,103.40

Associate Company

\$ Refer Note-32 regarding restrictions on disposal.

@ Refer Note-33 regarding restrictions on disposal.

NOTE - 13

(Rs. in Lacs)

31-03-2014 31-03-2013

LONG-TERM LOANS AND ADVANCES:

Unsecured- Considered Good:

Capital Advances	9,410.29	890.15
Security Deposits	1,888.23	1,318.22
Advances recoverable in cash or in kind or for value to be received	4.23	33.96
MAT Credit Entitlement	5,695.00	0.00
Other Loans and Advances:		
Loans to Employees	9,388.89	9,167.79
Loans to Other Companies (Refer Note-34)	200.00	200.00
Balance with Central Excise, Customs and Other Government Departments etc.	381.10	356.70
	26,967.74	11,966.82

Unsecured- Considered Doubtful:

Advances recoverable in cash or in kind or for value to be received	321.01	321.01
Less: Provision for Doubtful of Recovery	321.01	321.01
	0.00	0.00
Other Loans and Advances:		
Balance with Central Excise, Customs and Other Government Departments etc.	200.00	200.00
Less: Provision for Doubtful of Recovery	200.00	200.00
	0.00	0.00
TOTAL	26,967.74	11,966.82

Loans to Employees include amounts due from:

(i) Employees who have mortgaged / hypothecated their Buildings and Vehicles to the Company	8,332.74	7,953.83
(ii) An officer of the Company	0.21	0.33

NOTE - 14

OTHER NON-CURRENT ASSETS:

Capital Grant Recoverable from Government of India (#)	85,101.80	0.00
Long-Term Trade Receivables (Unsecured):		
Outstanding for period exceeding six months from due date:		
Receivables- Considered Doubtful	53.51	53.55
Less: Provision for Receivables- Considered Doubtful	53.51	53.55
	0.00	0.00
Bank Deposits with more than 12 months original maturity (**)	1.08	2.58
TOTAL	85,102.88	2.58

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

(**) Pledged with Government Authorities

Annual Report 2013-2014**NOTE - 15**

	(Rs. in Lacs)	
	31-03-2014	31-03-2013
INVENTORIES:		
(Valued at lower of Cost and Net Realisable Value)		
Raw Materials	18,346.67	14,361.01
(Includes in transit Rs. 4,365.46 lacs 31-03-2013: Rs. 65.92 lacs)		
Stock-in-Process	10,380.47	7,243.12
Finished Goods	11,466.75	10,833.69
(Includes in transit Rs. 1,474.75 lacs 31-03-2013: Rs. 1,815.33 lacs)		
Stock-in-Trade	311.44	209.27
Stores and Spares (including coal)	41,953.31	31,052.24
(Includes in transit Rs. 413.11 lacs 31-03-2013: Rs. 271.96 lacs)		
TOTAL	82,458.64	63,699.33

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

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

Receivables- Considered Good	928.04	506.74
Subsidy and other Claims		
Receivables- Considered Good	20,215.16	16,635.85
	21,143.20	17,142.59

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

Receivables- Considered Good	22,680.92	17,103.36
Subsidy and other Claims		
Receivables- Considered Good	1,01,648.26	83,453.14
	1,24,329.18	1,00,556.50
TOTAL	1,45,472.38	1,17,699.09

NOTE - 17**CASH AND BANK BALANCES:****Cash and Cash Equivalents****Balances with Banks:**

Current Accounts	6,431.84	1,052.70
Bank Deposits with less than 3 months original maturity	10,000.00	20,211.00
Cash on hand	14.97	16.54
	16,446.81	21,280.24

Other Bank Balances

Unclaimed Dividend Accounts	744.17	731.05
-----------------------------	--------	--------

Bank Deposits ():**

With more than 3 months but less than 12 months original maturity	150.00	107.96
With more than 12 months original maturity	1.50	0.06
	151.50	108.02
TOTAL	17,342.48	22,119.31

(**) Pledged with Government Authorities

1.50 108.02

NOTE - 18

	(Rs. in Lacs)	
	31-03-2014	31-03-2013
SHORT-TERM LOANS AND ADVANCES:		
Unsecured- Considered Good		
Advances recoverable in cash or in kind or for value to be received	5,701.35	1,309.18
Other Loans and Advances:		
Advances with Suppliers	2,021.17	1,107.31
Loans to Employees	1,795.58	1,714.66
Share Application Money	0.00	125.00
Prepaid Expenses	894.40	724.19
Balance with Central Excise, Customs and Other Government Departments etc.:		
CENVAT Credit Receivable	5,876.81	4,577.23
VAT Credit Receivable	3,525.59	3,303.05
Service Tax Credit Receivable	2,486.88	1,604.10
Deposits	3,198.97	3,268.83
	19,799.40	16,424.37
TOTAL	25,500.75	17,733.55

Loans to Employees include amount due from:

(i) Employees who have mortgaged/ hypothecated their Buildings and Vehicles to the Company	1,073.57	1,010.64
(ii) An officer of the Company	0.13	0.13

NOTE - 19**OTHER CURRENT ASSETS:**

Capital Grant Recoverable from Government of India (**)	36,472.20	0.00
Interest and other charges Recoverable from Government of India	4,768.46	0.00
TOTAL	41,240.66	0.00

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

NOTE - 20

	(Rs. in Lacs)	
	2013-14	2012-13
OTHER INCOME:		
Interest Income:		
On Bank Deposits	17.31	417.95
On Employee Loans	349.58	319.18
Others	212.20	65.44
	579.09	802.57
Income from Long Term Investments:		
Dividend	432.26	271.90
Share of Profit	0.00	0.50
	432.26	272.40
Rent	676.49	680.25
Gain on cancellation of Forward Contracts	0.00	0.76
Profit on Sale of Investments (Net)	455.54	0.00
Profit on Sale of Assets (Net)	4.83	0.00
Excess Provision of Doubtful Debts Written Back	10.13	7.40
Insurance Claims	41.34	363.59
Miscellaneous Income	2,305.64	1,910.96
TOTAL	4,505.32	4,037.93



NOTE - 21		(Rs. in Lacs)	
		2013-14	2012-13
COST OF MATERIALS CONSUMED:			
Raw Materials Consumed (Refer Note- 46)		2,98,658.86	246,832.41
TOTAL		2,98,658.86	246,832.41

NOTE - 22			
CHANGE IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS AND STOCK-IN-TRADE:			
Opening Stock:			
Finished Goods	10,833.69		6,556.96
Stock-in-Process	7,243.12		6,703.55
Stock-in-trade	209.27		992.82
		18,286.08	14,253.33
Less : Closing Stock:			
Finished Goods	11,466.75		10,833.69
Stock-in-Process	10,380.47		7,243.12
Stock-in-trade	311.44		209.27
		22,158.66	18,286.08
TOTAL		(3,872.58)	(4,032.75)

NOTE - 23			
EMPLOYEE BENEFITS EXPENSE:			
Salaries, Wages and Bonus	19,789.07		17,094.61
Contribution to provident and other funds	1,548.25		5,174.30
Welfare Expenses	4,147.41		3,671.33
		25,484.73	25,940.24
Less:			
Salary Recoveries from outside Agencies	6.78		10.63
Employee Benefits Expense relating to R & D Activities	129.28		204.11
		136.06	214.74
TOTAL		25,348.67	25,725.50

NOTE - 24			
FINANCE COSTS:			
Interest Expenses	8,853.85		5,217.74
Bank Charges & Commission	261.95		220.13
Exchange Difference considered as an adjustment to Borrowing Cost	109.50		827.93
Other Borrowing Costs	11.82		2.57
TOTAL	9,237.12		6,268.37
Finance costs does not include amounts:			
a. treated as capital expenditure relating to qualifying assets	17,469.76		16,460.35
b. treated as receivable from Govt. of India under Government policy for feed stock conversion project from LSHS/FO to Gas	4,768.46		0.00

NOTE - 25			
DEPRECIATION AND AMORTIZATION EXPENSES:			
Depreciation / Amortization on Tangible Assets	17,515.28		14,656.74
Amortization on Intangible Assets	216.94		198.75
	17,732.22		14,855.49
Less: Transfer from Deferred Income	3,200.76		0.00
TOTAL	14,531.46		14,855.49

NOTE - 26		(Rs. in Lacs)	
		2013-14	2012-13
OTHER EXPENSES:			
Power, Fuel and Other Utilities		51,124.06	43,878.70
Stores, Chemicals and Catalysts		5,094.89	4,673.55
Packing Expenses		5,648.72	5,328.96
Insurance		3,019.90	3,298.02
Repairs and Maintenance to:			
Buildings	1,500.16		999.18
Plant and Machinery	6,662.17		6,799.02
Others	369.33		396.83
		8,531.66	8,195.03
Materials Handling Expenses at Factory		623.53	577.45
Laboratory Expenses		64.37	97.43
Research & Development Expenses:			
Personnel Expenses	129.28		204.11
Consumables and Spares	15.84		25.81
Power and Fuel	3.74		3.96
		148.86	233.88
(Increase)/ Decrease of Excise Duty on Inventory		44.85	425.27
Lease Rent		0.90	1.57
Other Operating Expenses		1,259.39	640.44
Outward Freight and Other Charges		9,667.51	10,824.42
Selling Expenses		167.35	415.61
Selling Commission to Other Selling Agents		32.90	14.46
Consignment and Entry Tax		1,949.48	1,386.56
Rates and Taxes		293.80	422.46
Rent		730.41	536.29
Printing, Stationery, Postage, Telegrams, Telephones & Advertisement		513.30	609.46
Traveling and Conveyance Expenses		346.31	583.63
Vehicle Running and Maintenance Expenses		170.07	158.62
Fire fighting, Safety and Security Expenses		447.01	414.93
Conference, Seminar, Subscription & Membership Fees		126.97	143.67
Professional and Consultation Charges		264.20	363.17
Purchase of Services		320.07	460.94
Miscellaneous Expenses		3,083.98	3,065.87
Loss on Sale of Fixed Assets (Net)		0.00	7.23
Provision for Expenses on Abandoned Project		0.00	79.80
Directors' Sitting Fees		3.95	5.95
Auditors' Fees (including service tax)		64.94	45.14
Donations & Contributions towards CSR		126.57	1,313.61
Premium on Forward Contracts		182.00	810.82
Provision for Doubtful Debts/ Advances		0.00	200.00
TOTAL		94,051.95	89,212.94

27. Earnings Per Share:				
	Unit	2013-14		2012-13
Net profit after tax	Rs. in Lacs	29,227.23		27,310.51
Weighted average number of equity shares of nominal value of Rs. 10/- each in calculating basic Earnings Per Share	Nos.	15,54,18,783		15,54,18,783
Basic and Diluted Earnings Per Share	Rs.	18.81		17.57

	(Rs. in Lacs)	
	2013-14	2012-13
28. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	4,011.88	30,978.25
29. Other Commitments:		
(i) The Company is committed to invest a further sum of Rs. 2,320 lacs (31-03-2013: Rs. 2,975 lacs) in the equity share capital of Bhavnagar Energy Co. Ltd. (BECL) as per the terms of the Shareholders' Agreement. The Company is also committed to grant subordinate debt of Rs. 540 lacs (31-03-2013: Rs. Nil) to BECL in the manner and in the form as may be finalized by the promoters with BECL.		
(ii) Export obligation on account of benefit of concessional rate of Custom duty availed under EPCG license scheme on imports of capital goods is Rs. 51,069 lacs (31-03-2013:Rs. 56,055 lacs).		
30. Contingent Liabilities not provided for:		
(i) Claims against the Company not acknowledged as debts (mainly on account of water charges)	2,964.63	2,804.61
(ii) Claims in respect of employees'/ contract labour matters	Amount not ascertainable	
(iii) Income tax assessment orders contested	2,389.17	1,605.70
(iv) Demands in respect of Central Excise Duty, Service Tax and VAT as estimated by the Company	9,439.04	8,157.82
In respect of the above, the expected outflow will be determined at the time of final resolution of the dispute.		
31. Statement of Profit and Loss includes:		
(a) In the item of Sales (which is net of Rebate and Discounts):		
(i) Subsidy from Government of India under the Retention Price Scheme and Nutrient Based Subsidy (NBS) Scheme	1,59,693.29	1,53,916.05
(ii) Reimbursement of expenses in respect of Imported Fertilizers	0.00	774.77
(b) Payments to Auditors: As auditor		
(i) Statutory Audit Fees	19.38	16.85
(ii) Tax Audit Fees	3.65	2.86
(iii) Other services for Certification work etc.	10.47	10.29
(iv) Reimbursement of Expenses	2.43	1.48
(v) Income Tax Assessment work & Retainership	29.00	13.66
(c) Payments to Cost Auditor:		
(i) Cost Audit Fees	2.81	2.81
(ii) Reimbursement of Expenses	0.27	0.21
(d) Foreign Exchange Rate Differences-Loss/(Gain)	690.96	1,059.57
32. As one of the promoters of Gujarat Chemical Port Terminal Company Ltd. (GCPTCL), the Company has given undertaking to ICICI Bank for not to transfer, assign, dispose off, pledge, charge, or create any lien or in any way encumber Company's existing or future shareholding in the GCPTCL in favour of any person so long as money remains due by GCPTCL to ICICI Bank or till the project is duly completed, whichever is later.		
33. The Company has entered into a Shareholders' Agreement for its investments in the equity share capital of Bhavnagar Energy Co. Ltd. (BECL) and Bharuch Dahej Railway Co. Ltd. (BDRCL). The agreement with regard to the equity investment in BECL, inter alia, includes terms whereby the Company's investment in the equity		

share capital of BECL is subject to restrictions as regards transfer of shares upto the date of successful commercial operations of BECL. Similarly, the agreement with regard to the equity investment in BDRCL, inter alia, includes terms whereby the Company's investment in the equity share capital of BDRCL is subject to lock in period restrictions. As per the said terms, the Company cannot transfer any part of the equity shares acquired pursuant to the agreement for a period of four years from the date of commercial operations of BDRCL.

34. Long-Term Loans and Advances include interest bearing unsecured loan of **Rs. 160.00 Lacs** (31-3-2013: Rs. 160.00 lacs) to Gujarat Chemical Port Terminal Company Ltd.

35. As per the provisions of "The Micro, Small And Medium Enterprises Development Act, 2006", the principal amount payable to Micro, Small and Medium enterprises is Rs. 726.92 Lacs (31-3-2013: Rs. 541.27 Lacs) The payments to Micro, Small and Medium undertakings have been made within the prescribed time limit/ date agreed upon with supplier and hence no interest is payable for delayed payments. These amounts have been included in Trade Payables.

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

36. Related Party Disclosures:

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

Key Management Personnel: (Rs. in Lacs)

Name of the Person	Designation	Remuneration	2013-14	2012-13
Dr. Rajiv Kumar Gupta, IAS	Managing Director *	-	-	-
Shri A.M. Tiwari, IAS	Managing Director **	3.78	19.89	

* For full period of 2013-14 and part period of 2012-13

** For full period of 2012-13 and part period of 2013-14

Company under Significant Influence: (Rs. in Lacs)

Name of the Company	Nature of Transactions	Amount	2013-14	2012-13
Gujarat Green Revolution Co. Ltd.	Sale of Goods & Services	10.73	6.61	
	Receipts towards Outstanding	10.20	6.60	
	Closing Balance	1.01	0.48	

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

(Rs. in Lacs)

2013-14 2012-13

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

Amount recognized in the Balance Sheet in respect of leave liability **11,118.26** 11,531.78

Amount recognized in Salary, Wages and Employee Benefits in the Statement of Profit and Loss in respect of leave liability **(543.01)** 1,388.59

Principal Actuarial Assumptions at the Balance Sheet date:

Discount rate	9.39%	8.00%
Future Salary escalation	5.00%	5.00%
Mortality Table	Indian	Indian
	Assured	Assured
	Lives	Lives
	Mortality	Mortality
	(2006-08)	(2006-08)
	Ultimate	Ultimate

(B) Defined Contribution Plan:

Amount recognized as an expense as Contribution to Provident Fund and Pension Fund **2,340.89** 2,494.81

(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	
		2013-14	2012-13	2013-14	2012-13
I	Expense recognized in the Statement of Profit & Loss for the year				
1	Current Service Cost	668.36	554.00	53.06	46.07
2	Interest Cost	1,260.26	1,086.45	60.95	53.53
3	Expected return on plan assets	(1,164.62)	(1,132.62)	-	-
4	Actuarial (Gain)/ Losses	(1,467.82)	2,259.92	(44.73)	95.66
5	Total expenses (Includes Gratuity expenses Capitalized)	(703.82)	2,767.75	69.28	195.26
		88.82	88.26	-	-
II	Net Assets / (Liabilities) recognized in the Balance Sheet				
1	Present value of Defined Benefit Obligation as at Balance Sheet Date	14,972.04	15,753.31	801.08	761.82
2	Fair value of plan assets as at Balance Sheet Date	15,688.85	13,386.42	-	-
3	Funded status [Surplus / (Deficit)]	716.81	(2,366.89)	(801.08)	(761.82)
4	Net assets / (Liability) as at Balance Sheet Date	716.81	(2,366.89)	(801.08)	(761.82)
III	Change in Obligation during the year				
1	Present value of Defined Benefit Obligation at the beginning of the year	15,753.31	13,169.15	761.82	600.82
2	Current Service Cost	668.36	554.00	53.06	46.07
3	Interest Cost	1,260.26	1,086.45	60.95	53.53
4	Actuarial (Gains) / Losses	(1,273.05)	2,320.52	(44.73)	95.66
5	Benefit Payments	(1,436.84)	(1,376.81)	(30.02)	(34.26)
6	Present value of Defined Benefit Obligation at the end of the year	14,972.04	15,753.31	801.08	761.82
IV	Change in fair value of plan Assets during the year				
1	Plan assets at the beginning of the year	13,386.42	13,170.01	-	-
2	Expected return on plan assets	1,164.62	1,132.62	-	-
3	Contribution by employer	2,379.89	400.00	-	-
4	Actual benefit paid	(1,436.84)	(1,376.81)	-	-
5	Actual Gains / (Losses)	194.76	60.60	-	-
6	Plan assets at the end of the year	15,688.85	13,386.42	-	-
7	Actual return on plan assets	1359.38	1,193.22	-	-

(Rs. In Lacs)

Sr. No.	Particulars	Gratuity		Post Employment Medical Benefit	
		2013-14	2012-13	2013-14	2012-13
V	Actuarial Assumptions:				
1	Discount Rate	9.39%	8.00%	9.27%	8.25%
2	Expected rate of return on plan assets	8.70%	8.70%	-	-
3	Mortality / pre-retirement	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	-	-
4	Medical Inflation rate	-	-	4.00%	4.00%
5	Salary Escalation	5.00%	5.00%	-	-
6	Attrition Rate	2.00%	2.00%	-	-
Estimates of future salary increases has been done considering the general trend in inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.					
VI	Nature and extent of investment details of plan assets:				
	Insurer managed fund	100%	100%	-	-

(Rs. In Lacs)

Sr. No.	Particulars	Post Employment Medical Benefit	
		1% Increase	1% Decrease
1	Positive/ (Negative) effect on Defined Benefit Obligation, if Medical Inflation rate is changed	(83.86)	101.53

(Rs. In Lacs)

Sr. No.	Particulars	Gratuity				
		2013-14	2012-13	2011-12	2010-11	2009-10
1	Defined Benefit Obligation	14,972.04	15,753.31	13,169.15	11,757.23	10,987.45
2	Plan Assets	15,688.85	13,386.42	13,170.01	11,847.49	10,790.54
3	Surplus/ (Deficit)	716.81	(2,366.89)	0.86	90.26	(196.91)
4	Experience adjustment on plan liabilities (gain) / loss	13.05	1,166.87	148.15	194.03	406.79
5	Experience adjustment on plan assets (loss) / gain	194.76	60.60	135.65	(0.95)	112.16

(Rs. In Lacs)

Sr. No.	Particulars	Post Employment Medical Benefit				
		2013-14	2012-13	2011-12	2010-11	2009-10
1	Defined Benefit Obligation	801.08	761.82	600.82	552.32	509.10
2	Experience adjustment on plan liabilities (gain)/loss	87.87	134.66	(12.46)	(10.13)	116.57

The Company expects to contribute **Rs. 980.99 lacs** towards Gratuity Benefit in the year 2014-15 (Previous year: Rs. 958.16 lacs).

38. Operating Lease:

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

(Rs. in Lacs)

	2013-14	2012-13
Future minimum lease payments:		
Not later than one year	95.13	119.87
Later than one year and not later than five years	0.00	87.22
Later than five years	0.00	0.00
TOTAL	95.13	207.09

39. Capitalization of exchange differences:

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

In accordance with the above stated amendment to AS 11, the Company has capitalized exchange loss, arising on long-term foreign currency loan and payables, amounting to **Rs. 4,196.15 lacs** (Previous year: Rs. 708.62 lacs) to the cost of Capital Work in Progress (CWIP). The Company has also capitalized exchange gain, arising on long-term foreign forward contract, undertaken to fully hedge the foreign currency loan, amounting to **Rs. 3,362.44 lacs** (Previous year: Rs. 185.72 lacs) to the cost of CWIP.

40. The Scheme of Arrangement and Demerger for transfer of V-SAT/ISP Gateway Business of the Company to ING Satcom Ltd., an unlisted Company against cash consideration of Rs.6 crore, was approved by the Board of Directors at its meeting held on July 31, 2010 and further approved by the shareholders, secured creditors and unsecured creditors of the Company at their respective meetings held on 31.8.2011 in pursuance of the directions given by Hon'ble High Court of Gujarat.

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

On approval to the Scheme as aforesaid, a Company Petition was filed before Hon'ble High Court of Gujarat for its sanction to the said Scheme. Hon'ble High Court of Gujarat sanctioned the Scheme of Arrangement and Demerger of V-SAT and ISP Gateway Business Division/ Undertaking to ING Satcom Limited, an unlisted Company vide its Common Oral Order dated June 15, 2012. The Company received from the Hon'ble High Court of Gujarat, the certified copy of drawn up Order sanctioning the Scheme of Arrangement and Demerger of V-SAT and ISP Gateway Business Division/

Undertaking to ING Satcom Limited, an unlisted Company. The Company physically filed the Order(s) with the Registrar of Companies, Gujarat on 16th August, 2012.

Subsequent to the Order passed by the Hon'ble High Court of Gujarat, sanctioning the Scheme of Demerger, two separate applications for transfer of V-SAT and ISP Gateway Licenses standing in the name of the Company to the name of Transferee Company viz. ING Satcom Limited have been submitted to Department of Telecommunications (DOT) on 31st January, 2013.

As per the legal opinion obtained from Legal Consultant, though the Scheme has been sanctioned by the Hon'ble High Court of Gujarat and has become effective on 16.8.2012, the Scheme is subject to and conditional upon the approval of the Government Authorities for transfer of Licence of V-SAT from GNFC to ING Satcom Limited. Hence, no accounting treatment in respect of Demerger Scheme is given in the books of account of the Company for the year ended 31.03.2014.

Necessary accounting treatment will be given in the books of account of the Company on transfer of Licenses in the name of ING Satcom Ltd. by the competent authorities, which is in progress.

41. 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.

42. Segment Information:

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

43. Financial information about the primary business segments for the year ended 31st March, 2014:

(Rs. in Lacs)

	Fertilizers		Chemicals		Others		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
A REVENUE:								
External Sales Revenue	2,38,334.26	2,41,360.67	2,66,892.37	1,99,590.93	9,843.63	7,672.65	5,15,070.26	4,48,624.25
Intersegment Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	2,38,334.26	2,41,360.67	2,66,892.37	1,99,590.93	9,843.63	7,672.65	5,15,070.26	4,48,624.25
Less Excise Duty	1,373.37	1,019.81	28,964.15	22,329.06	13.93	18.33	30,351.45	23,367.20
Net Revenue	2,36,960.89	2,40,340.86	2,37,928.22	1,77,261.87	9,829.70	7,654.32	4,84,718.81	4,25,257.05
B RESULT:								
Segment result - profit/(loss)	7,401.82	13,528.26	39,144.61	32,086.20	2,353.26	2,670.28	48,899.69	48,284.74
Other Income							4,521.83	3,667.11
Unallocable Expenses							(1,801.17)	(3,443.97)
Operating profit							51,620.35	48,507.88
Finance Costs							(9,237.12)	(6,268.37)
Profit before tax							42,383.23	42,239.51
Provision for income tax (including deferred tax)							(13,156.00)	(14,929.00)
Net profit							29,227.23	27,310.51
C OTHER INFORMATION:								
Capital Employed:								
Segment assets	4,44,846.07	2,87,976.11	3,24,763.40	2,77,746.59	7,181.87	5,510.52	7,76,791.34	5,71,233.22
Segment liabilities	(1,49,712.80)	(34,485.44)	(15,924.74)	(14,408.33)	(2,337.58)	(1,545.90)	(1,67,975.12)	(50,439.67)
Other unallocable corporate assets							150,183.47	1,30,965.01
Other unallocable corporate liabilities							(4,64,443.40)	(3,80,064.67)
Total capital employed	2,95,133.27	2,53,490.67	3,08,838.66	2,63,338.26	4,844.29	3,964.62	2,94,556.29	2,71,693.89
Capital assets/ expenditure incurred during the year:								
Capital assets including capital work in progress	11,708.04	63,825.96	34,485.24	41,920.32	73.03	626.53	46,266.31	1,06,372.81
Other unallocable capital expenditures							5,168.32	17,371.09
TOTAL	11,708.04	63,825.96	34,485.24	41,920.32	73.03	626.53	51,434.63	1,23,743.90
D Segment depreciation	2,766.57	2,789.22	8,730.00	9,125.15	3,034.89	2,941.12	14,531.46	14,855.49
E Non cash expenses other than depreciation							0.00	279.80



44. Sales and Closing Stock :

(Rs. in Lacs)

Products (Manufactured) and Services	Sales (*)		Closing Stock as on	
	2013-14	2012-13	31-03-2014	31-03-2013
Urea	36,279.98	36,432.95	3,184.67	2,267.71
Ammonium Nitro Phosphate	26,250.62	28,486.76	1,373.64	987.56
Calcium Ammonium Nitrate	8,497.79	14,190.05	0.00	1,466.94
Methanol	31,331.29	12,664.66	2,458.06	360.57
Formic Acid	9,986.14	8,906.03	74.04	182.49
Acetic Acid	46,460.62	46,434.00	599.19	1,365.21
Concentrated Nitric Acid	11,946.46	9,329.78	173.15	69.38
Aniline	54,087.38	47,046.53	896.91	825.25
Toluene Di-Isocyanate	30,699.95	32,197.98	578.85	1,566.03
Ethyl Acetate	30,707.22	7,046.49	1,733.99	1,218.09
Liquid Ammonia	6,032.16	1,385.92	2,660.43	1,835.13
Loose Urea in Silo	-	-	6,569.59	5,072.91
By-products and Others	47,179.85	34,599.51	1,544.70	859.54
Fertilizers and Freight Subsidy	1,59,693.29	1,53,916.05	-	-
IT related Services	6,109.23	6,176.66	-	-
TOTAL	5,05,261.98	4,38,813.37	21,847.22	18,076.81

(*) Inclusive of Excise Duty collected

45. Goods Traded:

(Rs. in Lacs)

Products (Traded)	Purchases		Sales		Closing Stock as on	
	2013-14	2012-13	2013-14	2012-13	31-03-2014	31-03-2013
Imported Urea	-	4,823.97	28.09	4,757.27	3.82	30.04
Single Super Phosphate	86.55	849.00	93.29	869.23	-	-
Di-Ammonium Phosphate	880.69	-	893.60	-	4.06	-
Imported Muriate of Potash	305.79	(47.64)	302.83	471.64	11.11	-
Imported Methanol	4,428.65	1,159.19	4,726.61	1,209.48	-	-
Imported Acetic Acid	132.63	370.68	135.50	425.60	-	-
Imported TDI	-	170.40	-	174.10	-	-
PKI & Data Centre	2,915.90	861.62	3,490.21	1,127.17	286.52	174.50
Others	135.21	6.29	138.15	1.62	5.93	4.73
Reimbursement of Exp. for Imported Fertilizers	-	-	-	774.77	-	-
TOTAL	8,885.42	8,193.51	9,808.28	9,810.88	311.44	209.27

46. Raw Materials Consumed :

(Rs. in Lacs)

	2013-14	2012-13
LSHS & HVFO (Feed Stock)	65,686.91	1,47,307.85
Natural Gas	1,61,873.73	40,722.39
Rock Phosphate	14,331.40	15,168.27
Liquid Ammonia	349.76	2,366.12
Methanol	3,108.73	637.79
Ethanol	13,142.90	3,730.64
Benzene	30,915.48	27,531.11
Toluene	8,489.92	8,563.53
Chlorine	315.48	30.87
Raw Materials for others	444.55	773.84
TOTAL	2,98,658.86	2,46,832.41

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

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

	2013-14		2012-13	
	Rs. in Lacs	%	Rs. in Lacs	%
Raw Materials :				
Imported	17,310.20	5.80	15,810.55	6.41
Indigenous	2,81,348.66	94.20	2,31,021.86	93.59
TOTAL	2,98,658.86	100.00	2,46,832.41	100.00
Components & Spares :				
Imported	2,801.91	42.06	2,939.88	43.24
Indigenous	3,860.26	57.94	3,859.14	56.76
TOTAL	6,662.17	100.00	6,799.02	100.00

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

(Rs. in Lacs)

	2013-14	2012-13
(i) Raw Materials and Fuel	18,097.83	30,256.75
(ii) Spares	2,620.33	1,897.75
(iii) Capital goods	3,416.45	4,348.88

49. Expenditure in Foreign Currency (Accrual Basis):

(i) Engineering, Licence and Know-how fees - Capital Nature	2,003.96	365.93
(ii) Engineering, Licence and Know-how fees - Revenue Nature	1.85	76.86
(iii) Travelling, Journal, Membership fees, Interest etc.	113.52	503.47

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

(i) Number of Shareholders	482	468
(ii) No of Shares held by them on which Dividend was due	4,04,544	3,97,923
(iii) Year to which Dividend relates	2012-13	2,011-12
(iv) Amount remitted (Net of Tax) (Rs. in Lacs)	14.16	13.93

51. Earnings in Foreign Currency (Accrual Basis):

(i) Export of goods on FOB basis	7,239.60	2,851.31
(ii) Technical consultancy & other fees	0.00	105.38

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

(I) Amounts Payable in Foreign Currency :

Particulars	As on 31-03-2014		As on 31-03-2013	
	Rs.in Lacs	Amount in FC	Rs.in Lacs	Amount in FC
Payables for Import	2,163.10	Euro 25,94,893	2,826.55	Euro 40,27,575
Payables for Import	179.95	JPY 3,05,00,000	176.90	JPY 3,05,00,000
Payables for Import	507.43	USD 8,40,811	147.52	USD 2,69,994
Payables for Import	6.36	GBP 6,332	5.24	GBP 6,332
Payables for Import	4.52	CHF 6,606	0.09	CHF 165
Payables for Import	133.86	SGD 2,78,360	--	--

(II) Amounts Receivable in Foreign Currency :

Particulars	As on 31-03-2014		As on 31-03-2013	
	Rs.in Lacs	Amount in FC	Rs.in Lacs	Amount in FC
Receivables for Export	675.08	USD 11,26,390	551.91	USD 10,23,458

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

(I) Amounts Payable in Foreign Currency :

Particulars	As on 31-03-2014		As on 31-03-2013	
	Rs.in Lacs	Amount in FC	Rs.in Lacs	Amount in FC
ECB	21,304.74	Euro 2,58,00,000	17,942.30	Euro 2,58,00,000
Buyers Credit	5,280.63	USD 87,86,875	3,622.93	USD 66,60,500
Interest accrued but not due	11.09	USD 18,623	11.24	USD 20,657

(II) Interest rate swaps :

Particulars	As on 31-03-2014		As on 31-03-2013	
	Notional Amount Rs.in Lacs	Notional Amount in FC	Notional Amount Rs.in Lacs	Notional Amount in FC
Hedge against exposure to variable interest outflow on loan. Swap to pay fixed interest @ ranging from 9.52% p.a. to 9.74% p.a. and receive a variable interest @ 6 month EURIBOR plus 1.98% on notional amount	17,584.57	Euro 2,58,00,000	17,584.57	Euro 2,58,00,000

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

R. A. Shah
Executive Director & CFO

R. B. Panchal
Company Secretary

For and on behalf of the Board of Directors,
Dr. Rajiv Kumar Gupta
Managing Director

Dr. Varesb Sinha
Chairman

Place : Gandhinagar
Date : 15-05-2014

Dr. Ashok Shah
Director

D.J. Pandian
Director

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

Place : Gandhinagar
Date : 15-05-2014

Gaurav J. Shah
Partner
Membership No. : 35701



FOR MEMBERS' ATTENTION

(I) SOME IMPORTANT NOTES :

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

(II) REGARDING ANNUAL REPORT / ANNUAL GENERAL MEETING

1. The company has separately sent to the Members Notice of AGM together with its Annexure, evoting particulars, Attendance Slip and Proxy Form through Regd. post/courier. Kindly bring Attendance Slip and 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 from **12.30 P.M.** onwards as the meeting is scheduled to be held at **2.30 P.M.**
3. Only Members and in their absence, duly appointed proxies will be allowed for the Meeting.

NATIONAL ELECTRONIC CLEARING SERVICE (NECS) MANDATE FORM

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

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

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

Dear Sir / Madam,

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

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

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

Date :

Signature of first / sole shareholder / Beneficial Owner

Notes :

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



NOTE

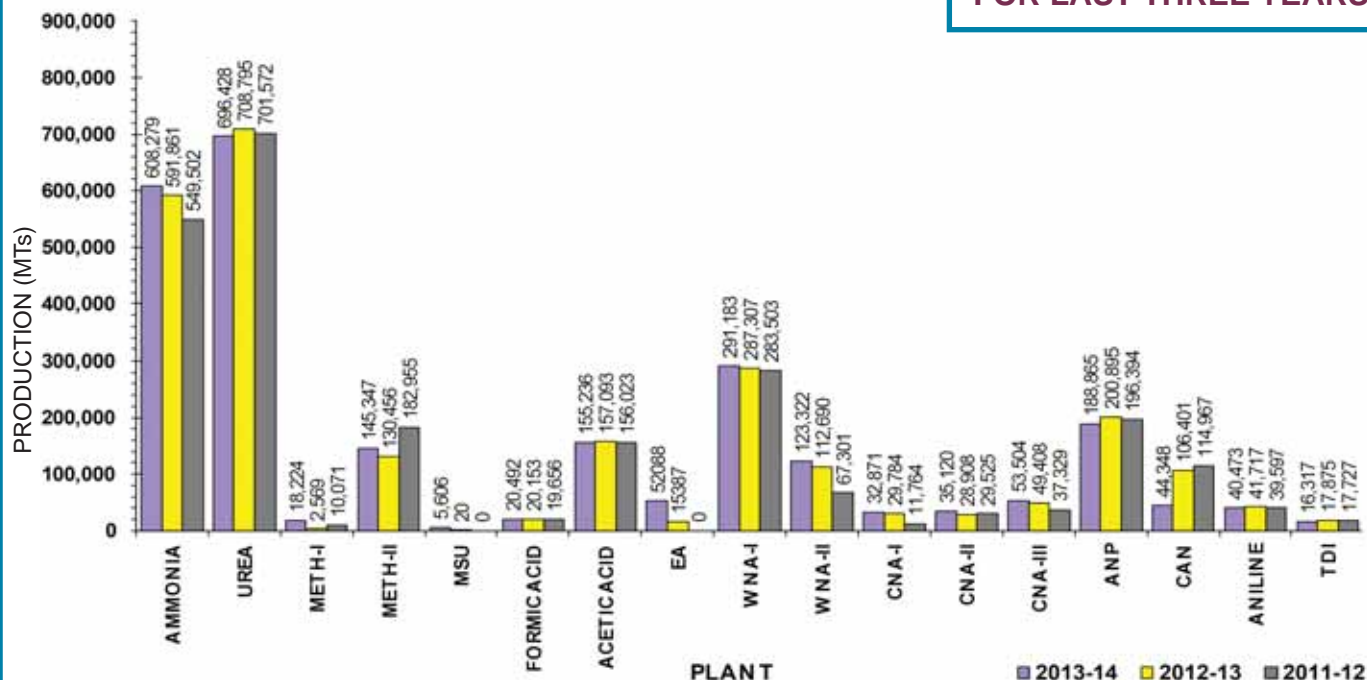
INDUSTRIAL PRODUCTS PROFILE

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

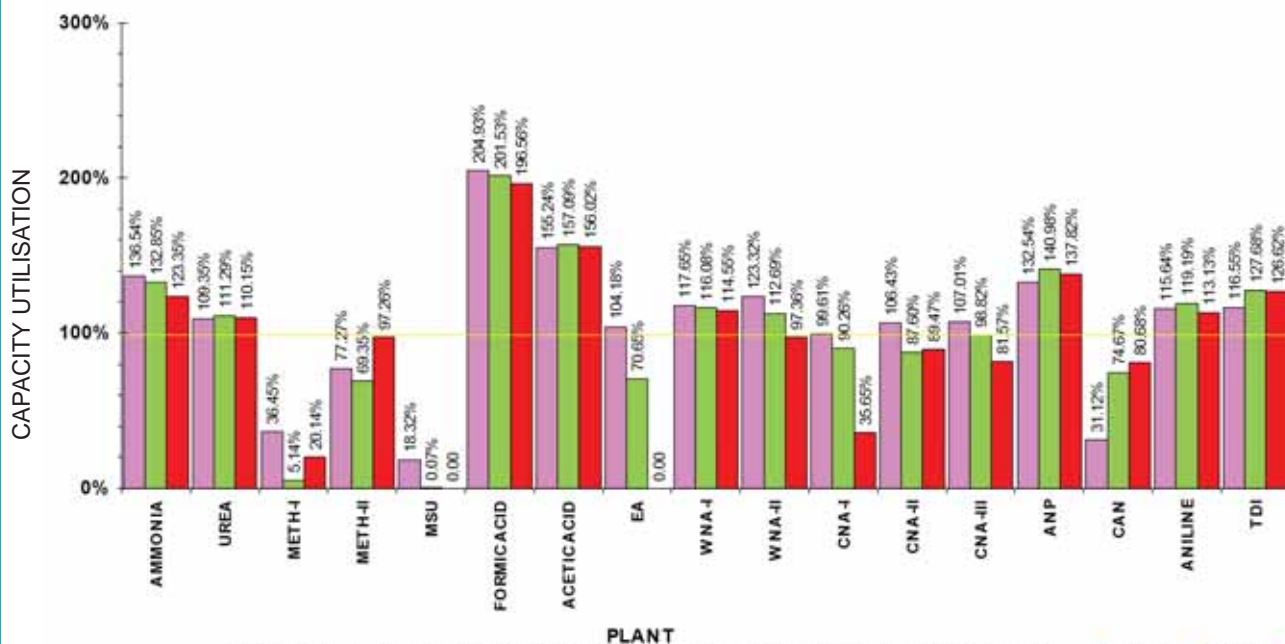
BY PRODUCTS

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

PRODUCTION FOR LAST THREE YEARS



CAPACITY UTILISATION FOR LAST THREE YEARS

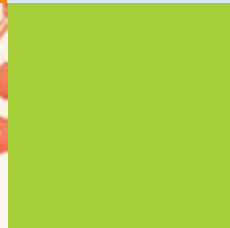
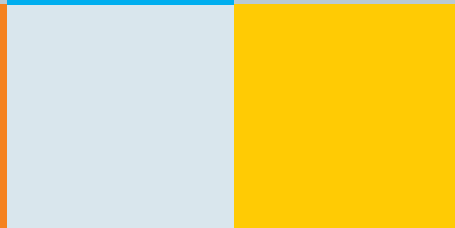
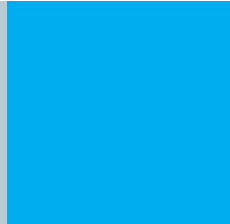
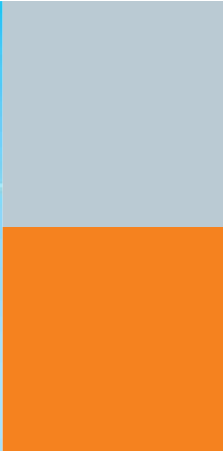


Lower capacity utilisation below 100% is mainly due to cost economics or lower demand of that product.

National Energy Conservation Award 2013



GNFC has been awarded First Prize for National Energy Conservation Award 2013, in Fertilizer Sector by the Ministry of Power, Government of India. The Award was given to Managing Director – GNFC, **Dr. Rajiv Kumar Gupta, IAS** at the hands of Hon'ble President of India **Shri Pranab Mukherjee** during Award Ceremony on **16th December 2013** at Vigyan Bhavan, New Delhi. **Shri Jyotiraditya Scindia**, the then Minister of State, Ministry of Power graced the occasion.



To,

BOOK-POST



If undelivered please return to :

Gujarat Narmada Valley Fertilizers & Chemicals 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