



48th Annual Report 2009-10



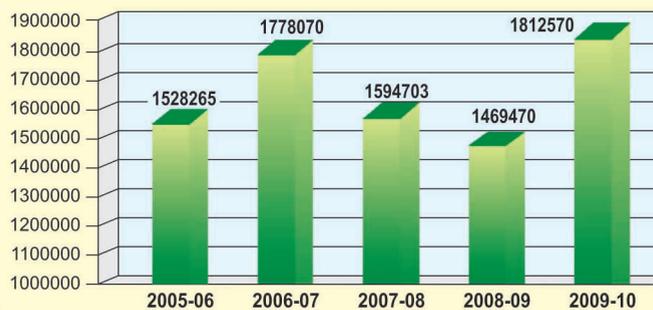
Scaling Newer Heights...



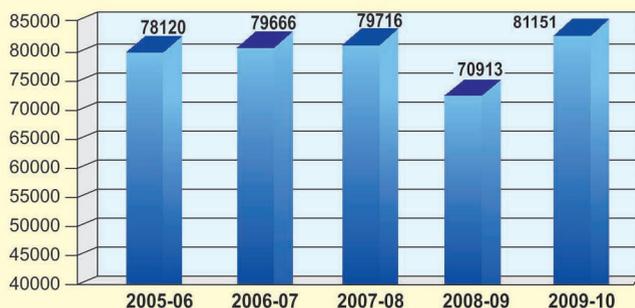
GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

ISO 9001, ISO 14001 & OHSAS 18001 Certified Company Promoted by Govt. of Gujarat

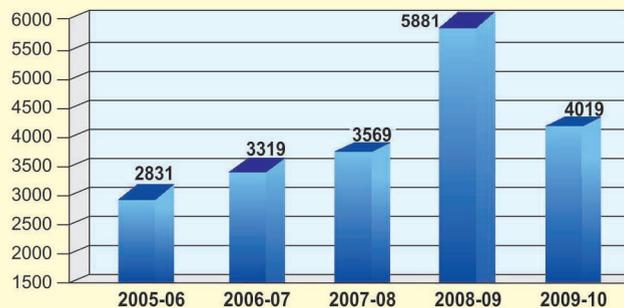
PRODUCTION (FERTILIZERS) in MTs



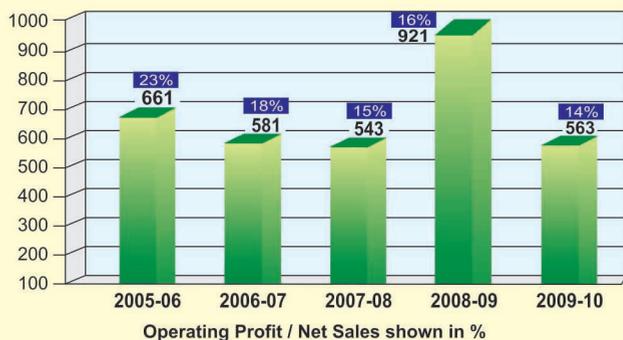
PRODUCTION (CAPROLACTAM) in MTs



NET SALES (Rs. Crores)



OPERATING PROFIT (EBIDTA) (Rs. Crores)



GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

48th ANNUAL GENERAL MEETING

Date : 24th September, 2010
 Day : Friday
 Time : 4.30 p.m.
 Place : Cultural Centre Auditorium
 Fertilizernagar Township
 P. O. Fertilizernagar - 391 750
 District Vadodara

BOARD OF DIRECTORS (As on 31-07-2010)

SHRI A. K. JOTI Chairman
 SHRI D. C. ANJARIA
 PROF. VASANT P. GANDHI
 SHRI AJAY N. SHAH
 SHRI VIJAI KAPOOR
 SHRI P. N. ROY CHOWDHURY
 SHRI M. M. SRIVASTAVA
 SHRI D. J. PANDIAN
 SHRI H. V. PATEL Managing Director

EXECUTIVE DIRECTOR

SHRI H. P. PANDYA

GENERAL MANAGER (FINANCE)

SHRI B. M. BHORANIA

COMPANY SECRETARY & DY. GENERAL MANAGER (LEGAL & INDUSTRIAL RELATIONS)

CS V. V. VACHHRAJANI

BANKERS

Bank of Baroda
 Central Bank of India
 Bank of India
 Dena Bank
 Indian Bank
 Vijaya Bank
 Yes Bank Ltd.
 State Bank of India
 Indian Overseas Bank
 Axis Bank Ltd.
 ICICI Bank Ltd.
 Punjab National Bank

LEGAL ADVISORS AND ADVOCATES

M/s. Nanavati Associates, Advocates, Ahmedabad
 Jaideep B. Verma, Advocate, Vadodara

STATUTORY AUDITORS

M/s. S. C. Bapna & Associates, Vadodara (for 2009-10)
 M/s. Prakash Chandra Jain & Co., Vadodara (for 2010-11)

BRANCH AUDITORS

(Polymers & Fibre Units)
 M/s. Khedkar Shah & Soni, Vadodara

COST AUDITORS

M/s. Diwanji & Associates, Vadodara

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REGISTRARS & SHARE TRANSFER AGENTS

M/s. MCS Limited
 Neelam Apartments, 1st Floor
 88, Sampatrao Colony
 Behind Standard Chartered Bank
 Productivity Road, Vadodara - 390 007

REGISTERED OFFICE

P. O. Fertilizernagar - 391 750
 District Vadodara, Gujarat, India
 Phone : (0265) 2242451/651/751
 Website : www.gsfclimited.com

FOR MEMBERS' ATTENTION

1. The Register of Members and the Share Transfer Books of the Company shall remain closed from Saturday, the 11th September, 2010 to Friday, the 24th September, 2010 (both days inclusive) for the purpose of ascertaining the entitlement for payment of dividend.
2. Dividend, upon its declaration at the meeting, will be paid on Equity Shares of the Company on or after 5th October, 2010, to those members whose names shall appear on the Register of Members of the Company on the Book Closure date.
3. To make the payment of dividend through ECS or to print Bank particulars of the members on the dividend warrants, members are requested to furnish their Bank particulars viz. Name of Bank with its branch and address, Bank A/c. No., 9 Digit MICR Code appearing on the MICR cheque issued by the Bank etc. Please also send a copy of the MICR Cheque together with Bank particulars to the Company latest by 11th September, 2010.
The shareholders who hold shares in electronic form are requested to furnish their Bank particulars as aforesaid to their Depository Participant (DP) by the stipulated date.
4. Members are requested to quote Folio Number or DP ID and Client ID No. (in case of shares held in demat forms) in all correspondence and also to bring with them the Attendance Card which may be submitted at the entrance gate duly signed.
5. Members who are registered under two or more Ledger Folios are requested to write to the Registrars and Share Transfer Agents of the Company for consolidation, giving particulars of such Folios alongwith the relevant Share Certificates.
6. Those members, who have not yet submitted their old share certificates of Rs.100/- face value for exchange of new equity shares of Rs.10/- each, are requested to send the said share certificates to the Registrars & Share Transfer Agents of the Company.
7. Shareholders of erstwhile Gujarat Nylons Ltd. (GNL) who have yet not surrendered their GNL equity share certificate/s are advised to surrender the same immediately to the Registrars & Share Transfer Agents of the Company so as to enable to issue GSFC shares in exchange thereof at the earliest.
8. Members holding shares in the Dematerialised Form are requested to intimate changes, if any, in respect of their Bank details, Mandate instructions, Nomination, Power of Attorney, Change of Address, Change of Name etc. to their Depository Participant (DP).
9. The Company's Equity Shares are listed on the following Stock Exchanges :
 1. Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Tower
25th Floor, Dalal Street, Fort
Mumbai – 400 001
 2. National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor
Plot No.C/1, G Block
Bandra Kurla Complex
Bandra (East)
MUMBAI – 400 051

The Company has paid annual Listing fees to each of the above Stock Exchanges for the financial year 2010-11.
10. **Members are requested to send their queries, if any, at least seven days in advance of the meeting so that the information can be made available at the meeting.**
11. **As a measure of economy, the Company does not distribute the copies of Annual Report at the Meeting. Members, therefore, are requested to bring their copies with them.**

VERY IMPORTANT

- **Members are requested to show their Photo Identity Card at the entry point alongwith original Annual Report for the Financial Year 2009-10 containing the Attendance Slip duly signed by self/ the proxy, failing which the entry to the Annual General Meeting shall be denied.**
- **No bags or belonging shall be permitted to be carried inside the venue of Annual General Meeting.**
- **The Members may kindly note that this is being done for security reasons.**

NOTICE

NOTICE is hereby given that the **Forty-eighth Annual General Meeting** of the Members of the Company will be held at Cultural Centre Auditorium situated at the Registered Office of the Company at P. O. Fertilizernagar - 391750, Dist. Vadodara at **4.30 p.m.** on **Friday, the 24th September, 2010** to transact the following business :

Ordinary Business

1. To receive, consider and adopt the Audited Accounts, Balance Sheet as at 31st March, 2010, Profit & Loss Account for the year ended on that date and the Directors' report and Auditors' report thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri Vijai Kapoor, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri D. J. Pandian, who retires by rotation and being eligible offers himself for re-appointment.
5. To pass the following resolution, with or without modification, as an **Ordinary Resolution** :
 "RESOLVED that the Board of Directors of the Company be and are hereby authorized to fix the remuneration *plus* the traveling and other out of pocket expenses, that is to be paid to the Statutory Auditors and Branch Auditors appointed by the Comptroller and Auditor General of India for audit of accounts of the Company for the Financial Year 2010-11 at the Head Quarters for Baroda Unit and the Sikka Unit and also for audit of accounts of the Polymers Unit and the Fibre Unit of the Company for the Financial Year 2010-11, as may be deemed fit and proper by the Board of Directors in its absolute discretion."

Special Business

6. To consider and if thought fit, to pass the following resolution, with or without modification, as an **Ordinary Resolution** :
 "RESOLVED that Shri M. M. Srivastava who was appointed as an Additional Director of the Company under Section 260 and other applicable provisions, if any, of the Companies Act, 1956, read with the relevant Article/s of the Articles of Association of the Company and who holds such office upto the date of this Annual General Meeting and who is eligible for re-appointment and in respect of whom the Company has received a notice in writing alongwith a deposit of Rs.500/- (Rupees Five hundred only) from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company and shall be liable to retire by rotation."

By Order of the Board

Sd/-

CS V. V. Vachhrajani
Company Secretary &

Dy.Gen.Mgr.(Legal & Industrial Relations)

Place : Fertilizernagar
Date : 31st July, 2010

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
Please bring your copy of Annual Report and attendance card at the meeting. Persons other than members or proxy will not be allowed to attend the meeting.

2. As the Company continue to attract the provisions of Section 619-B read with the provision of Section 619(2) of the Companies Act, 1956, the Comptroller & Auditor General of India has appointed M/s. Prakash Chandra Jain & Co., Chartered Accountants, Vadodara and M/s. Khedkar Shah & Soni, Chartered Accountants, Vadodara respectively as Statutory & Branch Auditors of the Company for the Financial Year 2010-11.

3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.

The particulars of qualification, experience and other directorship etc. of Shri Vijai Kapoor, Shri D. J. Pandian, Shri M. M. Srivastava and Shri A. K. Joti is given in the annexure to this notice.

4. As required under the Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of Central Government) Rules, 1978, the Company hereby inform to its Members that all unpaid/ unclaimed dividends declared for and upto the Financial Year ended 31st March, 1994 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies (Gujarat), Housing Board Building, Opp. Roopal Park Society, Ankur Char Rasta, Naranpura, Ahmedabad - 380 013.

Consequent upon amendment to Section 205-A of the Companies Act, 1956 and introduction of Section 205-C by the Companies (Amendment) Act, 1999, the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the Investors' Education and Protection Fund set up by the Government of India and no payments shall be made, in respect of any such claims, by the Fund. Accordingly, the unclaimed dividends for the financial year ended 31-03-1995 to 31-03-1999 has been transferred to the said fund.

Details of dividend to be transferred to Investors' Education & Protection Fund (IEPF) :

Dividend No.	Financial year	Date of Declaration	Due for transfer to IEPF on
31	2004-05	23-09-2005	23-10-2012
32	2005-06	22-09-2006	22-10-2013
33	2006-07	21-09-2007	21-10-2014
34	2007-08	26-09-2008	26-10-2015
35	2008-09	25-09-2009	25-10-2016

Members who have not yet encashed their dividend warrant(s) for the financial year ended 31-03-2005 to 31-03-2009, are requested to lodge their claims to the Company, without any delay.

5. Relevancy of questions and the order of speakers at the meeting shall be decided by the Chairman.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

In conformity with the provisions of Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all the material facts relating to the Special Business mentioned in the accompanying Notice and should be taken as forming part of the Notice.

Item No. 6

Pursuant to the recommendation of the Govt. of Gujarat, the Board of Directors have, effective from 29-10-2009, appointed Shri M. M. Srivastava, IAS as an Additional Director and who shall hold office upto the date of this Annual General Meeting of the Company.

As required under Section 257, notice has been received by the Company signifying the intention to propose his candidature for the office of Director of the Company together with requisite amount of deposit prescribed.

Shri M. M. Srivastava, besides being a member of the Indian Administrative Service is having vast experience in the field of Management, Corporate Finance & Accounts and Administration, etc. He is an Additional Chief Secretary, Finance Department, Govt. of Gujarat and he is also a Director of other companies. Your Directors, therefore, recommends the passing of the resolution at Item No. 6. The resume of Shri M. M. Srivastava forms part of this annual report.

None of the Directors except Shri M. M. Srivastava, is in any way concerned or interested in the resolution.

By Order of the Board
Sd/-

CS V. V. Vachhrajani
Company Secretary &

Place : Fertilizernagar
Date : 31st July, 2010

Dy.Gen.Mgr.(Legal & Industrial Relations)

ANNEXURE

DETAILS OF DIRECTORS APPOINTED / SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING (IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT)

Name of the Director	Shri Vijai Kapoor, IAS (Retired)		Shri D. J. Pandian, IAS	
Date of Birth	13-09-1938		11-05-1955	
Date of Appointment as a Director of GSFC	15-07-2006		21-01-2010	
Qualification	M.A. (Mathematics), IAS (Retd.)		B.A., M.B.A., IAS	
Expertise	Served in Indian Administrative Service and has later served as Lieutenant Governor of Delhi for 6½ years. He has had rich administrative experience in different walks of Administration and Corporate Affairs.		He is a Senior IAS Officer having vast experience in Policy Making, Public Administration, Management of Corporate Finance & Strategic Planning. During his career, he held various key positions at the State Government and Central Government levels. He has also worked with World Bank in Washington. Presently, he is holding the key position of Principal Secretary (Energy & Petrochemicals Department), Govt. of Gujarat. He has successively managed GSPC group companies for the last 8 years as its Managing Director.	
No. of Shares held in the Company	500 (Jointly with GSIL)		500 (Jointly with GSIL)	
Name of other Companies in which directorship is held	<ol style="list-style-type: none"> 1. Febindia Overseas Private Ltd. 2. Corporate Consultants, New Delhi 		<ol style="list-style-type: none"> 1. Gujarat Urja Vikas Nigam Limited 2. Gujarat State Electricity Corporation Ltd. 3. Gujarat Energy Transmission Corporation Ltd. 4. GSPC Pipavav Power Co. Ltd. 5. Gujarat Industries Power Company Ltd. 6. Gujarat State Energy Generation Ltd. 7. Gujarat Power Corporation Ltd. 8. GSPC Gas Co. Ltd. 9. Gujarat State Petroleum Corporation Ltd. 10. Gujarat Alkalies and Chemicals Ltd. 11. Gujarat Narmada Valley Fertilizers Co. Ltd. 12. Gujarat State Petronet Ltd. 13. Mahaguj Collieries Ltd. 	
Committee position for Audit and Investors' Grievance Committees	Name of the Company	Position in Audit Comm.	Name of the Company	Position in Audit Comm.
	—	—	1. Gujarat Alkalies and Chemicals Limited	Member
	Name of the Company	Position in Investors' Grievance Committee	Name of the Company	Position in Investors' Grievance Committee
	—	—	1. Gujarat State Fertilizers & Chemicals Limited 2. Gujarat Alkalies and Chemicals Limited	Chairman Chairman

ANNEXURE

DETAILS OF DIRECTORS APPOINTED / SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING (IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT)

Name of the Director	Shri M. M. Srivastava, IAS	Shri A. K. Joti, IAS																										
Date of Birth	23-07-1952	23-01-1953																										
Date of Appointment as a Director of GSFC	29-10-2009	19-02-2010																										
Qualification	M.Sc., M.B.A., IAS	B.Sc., M.Sc., IAS																										
Expertise	He is a senior IAS Officer having vast experience in the field of Management, Corporate Finance & Accounts and Administration etc. He held many important positions in the State/Central Government. At present he is an Additional Chief Secretary to the Government of Gujarat, Finance Department.	He is a Senior IAS Officer having vast experience in Policy Making, Public Administration, Management of Corporate Finance & Strategic Planning. During his career, he held various key positions at the State Government and Central Government levels. Presently, he is the Chief Secretary to the Govt. of Gujarat.																										
No. of Shares held in the Company	500 (Jointly with GSIL)	—																										
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DIRECTORS' REPORT

To
The Members,

Your Directors are happy to present the 48th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2010.

A. FINANCIAL RESULTS

(Rs. in Crores)

	Particulars	2009-10	2008-09
1.	Gross Sales	4129.17	6019.19
	Less : Excise Duty Recovered	109.98	138.39
	Net Sales	4019.19	5880.80
2.	Other Income	113.01	71.29
3.	Total Revenue	4132.20	5952.09
4.	Less : Operating Expenses	3569.51	5030.70
5.	Operating Profit	562.69	921.39
6.	Less : Interest	30.62	39.17
7.	Gross Profit	532.07	882.22
8.	Less : Depreciation	140.93	143.04
9.	Prior Period Adjustment	2.02	(0.77)
10.	Profit before taxes	389.12	739.95
11.	Taxation		
	- Current Tax	156.46	330.37
	- Deferred Tax (net)	(21.93)	(91.37)
	- FBT	-	1.50
	- Wealth Tax	0.12	0.12
	- Excess provision for taxation written back	-	(0.03)
12.	Profit after taxes	254.47	499.36
13.	Balance brought forward from last year	47.75	47.35
14.	Amount available for appropriations	302.22	546.71
15.	Out of which, your Directors have proposed appropriation and transfer as under :		
	a) Proposed Dividend on Equity shares	35.86	35.86
	b) Tax on Proposed Dividend	5.96	6.09
	c) General Reserve	170.00	457.00
16.	Leaving a balance in the Profit & Loss Account	90.40	47.76

B. OPERATIONAL PERFORMANCE

Your Company has achieved new heights on the operational front. During the Financial Year (FY) 2009-10, your Company has achieved the ever highest Fertilizer production of 18.13 Lacs MTs surpassing the previous record production of 17.78 Lacs MTs. The production of major Industrial Products like Caprolactam and Ammonia have also touched the ever highest level of 81,151 MTs and 5.06 Lacs MTs respectively during the year surpassing the previous record production of 79,716 MTs and 4.71 Lacs MTs respectively. The production at the Polymers Unit is also higher as compared to the previous year. The higher production of Fertilizers and Industrial Products was due to better capacity utilization of plants, improved maintenance practices and adequate availability of raw materials and intermediates. The Fertilizer sales for the FY 2009-10 was 17.98 Lacs MTs as compared to 13.82 Lacs MTs during the FY 2008-09 thus registering 30% growth. Despite deficient rainfall in the home market of Gujarat and in the primary market of Maharashtra, Rajasthan and Madhya Pradesh, your Company has achieved ever highest sales volume of fertilizers thus surpassing the previous sales record of 16.59 lacs MTs. Your Directors are pleased to inform that inspite of global meltdown, your Company has been able to achieve higher sales volume of its major industrial products due to its aggressive marketing strategy.

DIRECTORS' REPORT (Contd.)

In Fiscal Terms, the Net Sales was Rs. 4019.19 Crores as compared to Rs. 5880.80 Crores during the previous year. This was mainly due to lower prices of Phosphatic Fertilizers like DAP and APS. Similarly, the input prices of Phosphatic fertilizers were also lower which helped in maintaining 14% EBIDTA margin as against 15.67% during the previous year.

The Interest cost has gone down by 22% to Rs. 30.62 Crores in FY 2009-10 as compared to Rs. 39.17 Crores for FY 2008-09. The Profit Before Tax for the FY 2009-10 was Rs. 389.12 Crores as compared to Rs. 739.95 Crores for the FY 2008-09. The Profit After Tax was Rs. 254.47 Crores for the FY 2009-10 as compared to Rs. 499.36 Crores for FY 2008-09.

C. DIVIDEND

Your Directors are happy to recommend a Dividend of Rs. 4.50 per Equity Share (Previous Year – Rs. 4.50 per share) on 7,96,95,506 Equity Shares of Rs. 10/- each for the financial year ended 31st March, 2010. The net outgo on account of Dividend shall be Rs. 4181.94 Lacs including Corporate Dividend Tax. The Dividend shall be paid to those members, whose name shall appear on the Register of Members of the Company on the Book Closure Date i.e. on 11th September, 2010.

D. CURRENT PERFORMANCE

It is heartening to report that during the First Quarter of FY 2010-11, your Company has achieved highest ever Profit Before Tax (PBT) of Rs.160 Crores and Net Profit of Rs.109 Crores in the First Quarter of any financial year. (Previous highest Profit Before Tax Rs.105 Crores and Net Profit Rs.71 Crores in First Quarter of F. Y. 2008-09). The EBIDTA for the Q1 of FY 2010-11 is Rs.198 Crores as compared to Rs.82 Crores in Q-1 of the FY 2009-10 which is higher by 116 Crores(140%).

The sales price realization of major industrial products like Caprolactam and Nylon-6 increased in line with international prices. This, coupled with encouraging Nutrient Based Subsidy (NBS) policy for Potassic & Phosphatic fertilizers introduced by Deptt. of Fertilizers w.e.f. 01-04-10 helped in economic price realization in fertilizers also. However, the Net Sales of your Company during the first quarter of FY 2010-11 stood at Rs.1067 Crores which is lower by Rs.76 Crores as compared to the Net Sales of Rs.1143 Crores during 1st Quarter of FY 2009-10 mainly due to lower production on account of annual turn-around of the plants and consequently lower sales volume.

With the tapping of the cheaper source of working capital finance, the interest cost during the quarter stood at Rs.4 Crores as compared to Rs.9 Crores during corresponding quarter of the previous financial year.

E. LISTING OF SHARES & DEPOSITORIES

The Equity Shares of your Company are listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Ltd. (NSE). As approved by the shareholders, an application for voluntary delisting of Equity Shares from Calcutta Stock Exchange Association Ltd., Kolkatta, was made, however, the approval for delisting is still awaited.

Your Directors wish to state that the Equity Shares of your Company are compulsorily traded in dematerialized form w.e.f. 26/06/2000. Presently, 58.15% of shares are held in electronic/dematerialised form.

F. REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT TO SHAREHOLDERS

Your Company has complied with all the mandatory requirements of Corporate Governance norms as mandated by Clause 49 of the Listing Agreement with Stock Exchanges. A separate report on Corporate Governance together with the Certificate of M/s. S. Samdani & Associates, Company Secretaries, Vadodara forms part of this Annual Report. The Management Discussion and Analysis report also forms part of this Annual Report.

G. FIXED DEPOSITS

Your Directors wish to report that there are 787 fixed deposits aggregating Rs.111.72 Lacs which have remained unclaimed by Depositors, as on 31st March, 2010. Letters reminding them to exercise their option to seek repayment have been sent. Upto and including the date of this report, 451 deposits amounting to Rs. 69.72 Lacs have been repaid.

During the year, the Company has transferred a sum of Rs. 9.18 Lacs being the unclaimed deposits and interest amount thereon to the Investors' Education and Protection Fund as required in terms of Section 205C of the Companies Act, 1956.

DIRECTORS' REPORT (Contd.)

H. INSURANCE

All the properties and insurable interests of the Company, including buildings, plant & machinery and stocks have been adequately insured. Also, as required under the Public Liability Insurance Act, 1991, your Company has taken all the necessary insurance cover.

I. PROJECTS UNDER CLEAN DEVELOPMENT MECHANISM (CDM)

Your Company has taken up various projects for reducing emission and energy saving. These projects have also been put up for validation and registration under the Clean Development Mechanism. This will help your Company to earn carbon credit under Clean Development Mechanism.

Your Directors are happy to inform that a project on fossil fuel change-over and Wind Mill Power Project of 10 MW have already got registered under CDM.

J. EXPANSION & DIVERSIFICATION

Your Company has taken up conversion of Ammonia-I Plant for production of Methanol based on technology from M/s. Haldor Topsoe, Denmark. M/s. Project & Development India Ltd. has been appointed as consultants for carrying out detailed engineering work for the project. The work relating to the basic design is completed and the detailed engineering and procurement activities for critical and long term delivery items have been taken up. The project is slated to be commissioned in the first quarter of financial year 2011-12. Your Company has also taken up Project of modernisation of Cyclohexanone unit situated at Vadodara.

Your Company has participated in a strategic joint venture Tunisian Indian Fertilizers (TIFERT) in Tunisia with a view to ensure consistent supply of Phosphoric Acid for optimized running of its DAP Plant at Sikka. This project is progressing satisfactorily. The financial closure for the project has been achieved in April, 2009 and the project is expected to go into main stream during the first quarter of Financial Year 2011-12. Further your Company has commissioned 1500 MTPY Urea Phosphate Fertilizer project, which will help in meeting the demand of Water Soluble Fertilizer for micro irrigation system.

Your Company has been conscious for the development of green technology and with a view to translate this into reality, it has commissioned its first 10 MW Wind Mill Power Project at Kutch in March 2008 and added another 12 MW Wind Mill Power Project at Kutch in January 2009. These projects are working satisfactorily and are meeting the Company's captive power requirements as well. Encouraged by the performance of these Wind Mill Power Projects, keeping in mind the additional requirement of power for future and the incentives available from the Government in this regard, your Company is implementing its third Wind Mill Power Project of 18 MW Capacity in the Porbandar District in Gujarat.

Your Directors are pleased to inform that your Company's ambitious plan for setting up larger capacity plants at Dahej replicating its existing Baroda Unit is gaining momentum.

K. INFORMATION REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO AND PARTICULARS OF EMPLOYEES ETC.

Information as 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 is given in Annexure "A" forming part of this report. The Company did not have any employee falling within the purview of Section 217(2A) of the Companies Act, 1956 and hence Particulars of Employees are not included.

L. DIRECTORS

> Chairman :

Upon attaining superannuation, Shri D. Rajagopalan, IAS, retired from the services of Govt. of Gujarat on 31-12-2009 and in his place Shri A. K. Joti, IAS, Chief Secretary to the Govt. of Gujarat has been appointed as Govt. Director and Chairman of the Company w.e.f. 19-02-2010. Your Directors place on record their deep sense of appreciation for the dynamic leadership, valuable contribution and the vision provided by Shri D. Rajagopalan, IAS towards the growth of the Company during his tenure as Chairman.

> Change in Directors :

Shri M. M. Srivastava, IAS, Additional Chief Secretary, Finance Department, Govt. of Gujarat, has been appointed as an Additional Director of the Company w.e.f. 29-10-2009. The Resolution for his appointment as Rotational Director is placed for your approval.

DIRECTORS' REPORT (Contd.)

Shri D. J. Pandian, IAS, Principal Secretary, Energy & Petrochemicals Dept., Govt. of Gujarat has been appointed by the Govt. of Gujarat w.e.f. 21-01-2010, as Rotational Director in the vacancy caused due to transfer of Shri S. Jagadeesan, IAS as Managing Director, Sardar Sarovar Narmada Nigam Ltd.

Pursuant to the provisions of Sections 255 & 256 of the Companies Act, 1956, Shri Vijai Kapoor and Shri D. J. Pandian, IAS shall be liable to retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

Your Directors place on record the valuable contributions made by Shri S. Jagadeesan, IAS during his tenure as Director of the Company.

The appropriate resolutions for re-appointment of Directors are placed for the approval of shareholders.

Your Directors also take this opportunity to welcome the new Directors on the Board of your Company.

M. DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and that no material departures have been made from the same;
- ii) The appropriate accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit of the Company for the period from 1st April, 2009 to 31st March, 2010;
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) The Annual Accounts have been prepared on a "Going Concern" basis.

N. AUDITORS

The provisions of Section 619B of the Companies Act, 1956 continue to apply to your Company. The Comptroller & Auditor General of India (CAG) has appointed M/s. S. C. Bapna & Associates, Chartered Accountants, Vadodara, for the Financial Year 2009-10 and M/s. Prakash Chandra Jain & Co., Chartered Accountants, Vadodara, for the Financial Year 2010-11 for carrying out audit of accounts of the Company at its Corporate Office, Sikka Unit and Baroda Fertilizernagar Plants. M/s Khedkar Shah & Soni, Chartered Accountants, Vadodara have been appointed as Branch Auditors for the audit of accounts of the Company's Polymers Unit and Fibre Unit for the Financial Year 2009-10 and 2010-11. Your Directors recommend the approval of Resolution for fixation of remuneration to the Statutory Auditors and Branch Auditors for the F.Y. 2010-11.

Pursuant to the directive from the Dept. of Company Affairs regarding appointment of Cost Auditor, M/s Diwanji & Associates, Cost Accountants, Vadodara have been appointed as the Cost Auditor for the Financial Year 2010-11. The approval of the Central Government for the said appointment has been received.

Your Company has also appointed M/s. Haribhakti & Co., Chartered Accountants, Mumbai as Internal Auditors for carrying out the Internal Audit for its Baroda Unit and Sikka Unit. M/s. K. N. Mehta & Co., Chartered Accountants, Vadodara and M/s. Parikh, Mehta & Associates, Chartered Accountants, Vadodara have been appointed as Internal Auditors for the Company's Fibre Unit and Polymers Unit respectively.

O. AUDITORS' REPORT

With regard to observations of Statutory Auditors contained in their Report, the Company has provided clarifications in Schedule 22 "Notes on Accounts".

P. ENVIRONMENTAL PROTECTION

Your Directors wish to reiterate that GSFC's business strategies consciously factor in the conservation and prevention of the environment as its supreme goal. There is zero effluent discharge system for the process effluent emanating from the Fertilizer Group of Plants. Your Company has in place two full fledged Effluent Treatment Plants (ETP) and the treated effluents, conforming to Pollution Control Board norms, are discharged into sea through the channel of M/s. Effluent Channel Project Ltd. Your Company is also going for revamping of its Effluent Treatment Plants to increase their treatment capacity. Further the treated sewage arising from the Company's township is used as manure for the gardening and maintenance of green sports pavilion and massive tree plantation. Your Company has latest computerized ambient air monitoring station at the centre of the Complex which monitors the ambient air quality on continuous basis.

DIRECTORS' REPORT (Contd.)

Your Directors are happy to inform that your Company has been conferred with “ICC Aditya Birla Award for Best Responsible Care Committed Company” for the year 2008, 1st prize in Fertilizer Sector in National Energy Conservation Awards – 2009 from Ministry of Power – GOI.

Your Directors are pleased to inform that your Company has won the Gold Trophy of “SCOPE Meritorious Award for Environmental Excellence & Sustainable Development” for the year 2008-09.

As a part of Environment Management System, our conscious efforts are on towards waste minimization, recycling and conservation of natural resources to the maximum possible extent for the protection of environment.

Apart from controlling pollution, your Company maintains 261 Acres of Green Belt Area within GSFC premises and this constitutes more than one third of its total land area. These green belts are the natural abode of variety of birds like peacocks, ducks etc. In the year 2009, your Company has planted around one Lac Banyan, Pipal and Neem trees as a part of its forestation drive. Your Company's encapsulated chalk heap which has been converted into a beautiful garden admeasuring about 14 Hectares is being well maintained.

Q. HUMAN RESOURCES

The strength of your Company lies in its team of competent and motivated personnel. This has made possible for your Company to make significant strides in all areas of its functioning. The Employees have from time to time taken up the challenge to improve upon the performance of its plants through efficiency, productivity and economy. Your Directors are happy to place on record their sincere appreciation for the unstinted efforts and contribution put in by the employees of the Company.

The Company has also continued its endeavor to impart appropriate and relevant training to its employees at various levels with a view to equip them to take up the challenges that are ahead and to enhance their performance in the overall interest of the Company.

The industrial relations remained cordial during the year.

R. ACKNOWLEDGEMENTS

Your Directors place on record their appreciation for the overwhelming co-operation and assistance received from the Government of Gujarat, Government of India, Bank of Baroda and other Banks and agencies. Your Directors also wish to express their gratitude to the investors for their continued support and faith reposed in the Company.

For and on behalf of the Board

Place : Fertilizernagar
Date : 31st July, 2010

Sd/-
A. K. Joti
Chairman

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES, 1988.

A) CONSERVATION OF ENERGY

Measures taken at Baroda Unit :

- 1) **Installation of small capacity make up water pump at Co-Generation – III Plant.**

Due to low load operation requirement, make up water pump was operating at low capacity. Small capacity, low head pump installed in place of high capacity, high head pump to reduce power consumption. It resulted into annual power saving of 1.60 Lacs units (Rs. 6.03 Lacs).

- 2) **Power saving by stopping continuous operation of high capacity Caustic pump (P-1046) in Caprolactam-II Plant.**

A high capacity caustic pump common for continuous and occasional consumers is provided which runs on continuous basis. Small capacity pump for continuous supply to consumers, installed. It resulted into stoppage of higher capacity pump except for occasional running. It resulted into annual power saving of 0.48 Lac units (Rs. 1.81 Lacs).

- 3) **Changing of CT fan blade from Aluminium to FRP-Hollow blades at Ammonia storage Plant.**

Existing Aluminium blades replaced by hollow FRP blades to reduce power consumption. It resulted into annual power saving of 0.32 Lac units (Rs. 1.21 Lacs).

Above mentioned measures resulted into aggregate annual saving at a rate of 2.40 Lacs units (Rs. 9.05 Lacs).

Measures taken at Sikka Unit :

- 1) **Direct supply of Ammonia from Rail/Road tanker to plant in place of Ammonia storage tank.**

Instead of unloading Rail/Road tankers of Ammonia into storage tank, consumption of bulk quantity of NH₃ from Rail/Road tankers started into DAP Plant directly. It resulted into annual power saving of 14.33 Lacs units (Rs. 60.34 Lacs).

- 2) **Separation of instrument air and process air header.**

Modification resulted into lower air losses due to reduction of load on air dryer. This enabled to reduce running hours of air compressor. It resulted into annual power saving of 1.37 Lacs units (Rs. 5.77 Lacs).

- 3) **Energy saving by using Energy efficient lighting sources.**

- Replacing 35 nos. of 160 W MLL lamps by 125 W HPMV lamps resulted into saving of 0.0448 Lac units per annum.
- Replacing 116 nos. 50 W tube lights by 32 W CFL lamps resulted into saving of 0.0754 Lac units per annum.

Above mentioned measures resulted into aggregate annual saving of 0.12 Lac units (Rs. 0.54 Lac).

- 4) **Energy saving by using Natural sunlight.**

Replacement of opaque asbestos sheet at certain interval at Bagging floor shed by transparent FRP sheet and creating openings in building for ventilation has improved illumination at Bagging floor in Bagging Plant resulting into switching off the 12 Numbers of 125 HPMV light points during day time. It resulted into annual power saving of 0.027 Lac units (Rs. 0.11 Lac).

Above mentioned measures resulted into aggregate annual saving at a rate of 15.85 Lacs units (Rs. 66.76 Lacs).

Measures taken at Fiber Unit :

- 1) **Stoppage of one cooling water circulation pump for cooling tower.**

Optimization of process parameters done in NFY production area which had resulted into reduction in load of refrigeration system and in turn allows the stoppage of one cooling water circulation pump. It resulted into annual power saving of 6.9 Lacs units (Rs. 27.32 Lacs).

- 2) **Air supply blower motor replacement in Draw twisting air-conditioning area.**

In Draw twisting air-conditioning plant, 130 KW motor of air supply blower replaced by spare 75 KW motor. It resulted into annual power saving of 0.91 Lac units (Rs. 3.6 Lacs).

- 3) **Primary pump replacement in Brine Refrigeration System.**

Existing low efficiency primary pump in Brine Refrigeration System replaced by energy efficient pump. It resulted into annual power saving of 0.75 Lac units (Rs. 2.97 Lacs).

- 4) **Quench air supply blower pulley replacement for Spinning Line Nos. 1, 4 & 5.**

Pulleys of Motors of Quench air supply blowers of Spinning Line Nos. 1, 4 & 5 are replaced by smaller diameter i.e. from 200 mm dia. to 190 mm dia. and from 290 mm dia to 260 mm dia, respectively. It resulted into annual power saving of 0.75 Lac units (Rs. 2.97 Lacs).

- 5) **Stoppage of supply blower in conditioning area.**

Conditioning Hall A.C. requirement was fulfilled with supply of blower of Draw Twisting area. Due to this, supply blower for conditioning hall area was stopped. It resulted into annual power saving of 0.34 Lac units (Rs. 1.35 Lacs).

- 6) **Quench air supply fan motor replacement in Spinning Line No. 1.**

Existing 55 KW motor for quench air supply fan of Spinning Line No. 1 replaced by 30 KW motor. It resulted into annual power saving of 0.30 Lac unit (Rs. 1.19 Lacs).

- 7) **Stoppage of pressure balancing blower in NFY production area.**

Pressure balancing blower for conditioning air of Spinning Line Nos. 2 & 3 stopped with optimization of differential pressure. It resulted into annual power saving of 0.28 Lac units (Rs. 1.11 Lacs).

- 8) **Boiler feed water pump replacement.**

Existing low efficiency boiler feed water pump for steam boiler No. 1 replaced by high efficiency pump to reduce power consumption. It resulted into annual power saving of 0.18 Lac units (Rs. 0.71 Lac).

- 9) **Nitrogen Circulation Blower motor replacement.**

In Chips drying system of Polymerization unit, existing 18.5 KW motor for Nitrogen Circulation Blower replaced by 15 KW motor. It resulted into annual power saving of 0.16 Lac units (Rs. 0.63 Lacs).

- 10) **Soft water pump replacement.**

Existing low efficiency pump for soft water supply replaced by energy efficient pump. It resulted into annual power saving of 0.065 Lac units (Rs. 0.26 Lac).

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

11) Replacement of potable water pump.

High efficiency pump installed in potable water supply system. It resulted into annual power saving of 0.065 Lac units (Rs. 0.26 Lac).

Above mentioned measures resulted into aggregate annual saving at a rate of 10.70 Lacs units (Rs. 42.37 Lacs).

Measures under consideration at Baroda Unit :

1) Utilization of LP Steam of Ammonia-IV Plant in Co-Gen-III Plant Deaerator.

Presently 14 Bar steam is utilized in Co-Gen-III Plant Deaerator after reducing pressure. LPS at Ammonia-IV Plant is in excess and is being vented. About 6-7 MT/Hr of steam can be utilized in Co-Gen-III Deaerator and to that extent NG consumption for generation of 14 Bar steam can be reduced. This will also reduce steam venting at Ammonia-IV Plant. The anticipated NG saving is 41.6 Lacs SM₃ /Year (Rs. 328.6 Lacs).

2) MP steam generation from HP condensate blow down at Ammonia-IV Plant.

Blow down of HP condensate is being carried out in LP flash drum. As LPS is in excess, it is vented. It is proposed to generate first MPS (37 Bar) and then LPS by flashing HP condensate blow down. It will reduce NG consumption for equivalent steam generation at boiler. This will also reduce steam venting at Ammonia-IV Plant. The anticipated NG saving is 10 Lacs SM₃ /Year (Rs. 75.8 Lacs).

3) Use of H₂ from PSA as fuel in reformer.

It is proposed to use pure H₂ as fuel in reformer which otherwise being flared during no availability of pure NG and Reformer is in running condition. This will reduce NG consumption in Reformer accordingly. The anticipated NG saving is 1.14 Lacs SM₃ for each incident (Rs. 8.97 Lacs).

4) Utilization of Hydrogen bearing off gases of Caprolactam-I Plant in boiler.

The off gases of Benzene hydrogenation section of Capro-I Anone Plant contains about 18% H₂. Provisions for using these off gases as fuel in new boiler (~55 MT/Hr capacity) being erected is made. System is under installation and anticipated annual NG fuel saving is 4.37 Lacs SM₃ (Rs. 34.5 Lacs).

5) Installation of VAHP-2 in CEP-HAS Plant.

While considering sizing of stand by VAHP unit, higher capacity unit is proposed to take load of ANONE AHU having 162 TR capacity operating on electric power. This will reduce power for running A.C. unit making use of excess low pressure steam. The anticipated power saving is 6.80 Lacs units /Year (Rs. 25.6 Lacs).

6) Installation of VAHP in Nylon-6 Plant.

It is considered to install VAHP Unit in Nylon-6 Plant using available steam from Ammonia-IV Plant which is in excess. Anticipated annual power saving is 14.13 Lacs units equivalent to Rs. 53.27 Lacs.

Measures under consideration at Sikka Unit :

1) Use of small capacity, spare air compressor.

Khosla make small capacity air compressor lying spare at Bagging Plant is shifted and being installed at Utility services plant for use in place of higher capacity air compressor during less compressed air requirement. The anticipated annual power saving is 0.46 Lac units (Rs.1.92 Lacs).

Measures under consideration at Fiber Unit :

1) Installation of Variable speed drive screw compressor for Air.

It is planned to install screw compressor equipped with variable speed drive mechanism. The annual saving in power is estimated at 15.0 Lacs units (Rs. 59.4 Lacs).

2) Replacement of existing, inefficient Refrigeration compressors with efficient compressors.

It is planned to replace existing chillers by energy efficient screw type refrigeration compressors for Chilled water as well as Air Compressor unit. The annual saving in power is estimated at 11.0 Lacs units (Rs. 43.56 Lacs).

3) Installation of variable frequency drive system on AHU blowers.

Optimization of air handling units to reduce air flow and cooling load with installation of variable frequency drive mechanism for various blowers. The annual saving of power is estimated at 2.1 Lacs units (Rs. 8.3 Lacs).

Measures under consideration at Polymers Unit :

1) Increasing impeller size of chilled water pump and stopping operation of second pump.

At Polymers Unit, two chilled water pumps are running to cater chilled water requirement of the Unit. It is considered to increase impeller size of one pump and stop operation of second pump. Anticipated annual power saving is 0.56 Lac Units equivalent to Rs. 2.51 Lacs.

B) CONSERVATION OF RAW MATERIALS AND CHEMICALS

Measures taken at Baroda Unit :

1) Diverting CW blow down to Fire water tank.

CW blow down was diverted to Fire water reservoir. It resulted into reduction of Raw water makeup to Fire water reservoir by 400 M³/day, equivalent to Rs.17.7 Lacs/Yr.

2) Recovery of COD bearing effluent generated in Ammonia-IV Plant.

COD bearing streams from CO₂ removal section in Ammonia-IV Plant were getting drained. Scheme commissioned to divert above mentioned streams back to process in place of fresh DMW make up. It resulted into saving of DMW by 2400 M³/Yr, equivalent to Rs.1.52 Lacs/Yr.

Measures taken at Sikka Unit :

1) Installation of scrubber storage transfer system.

Installation of scrubber liquor storage, transfer system at DD-1 unit of Bagging Plant for storage of scrubber liquor generated in bagging Plant during DAP Plant shut down condition & consuming the scrubber liquor during DAP Plant running. In addition to environment improvement, this resulted to material saving of 4.23 MT P₂O₅ +1.72 MT NH₃ annually equivalent to Rs.1.75 Lacs. @ Rs. 34081/MT P₂O₅ and Rs. 17599/MT NH₃.

Measures under consideration at Sikka Unit :

1) Recovery of waste water by using at cooler and tail gas scrubber.

Recovering waste water and using it in cooler and tail gas scrubber in Train A of DAP Plant. This will reduce fresh water make up annual requirement in the plant by 49500 M³. Estimated saving is Rs. 2.23 Lacs/ Yr.

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION

FORM-A

Form for disclosure of particulars with respect to Conservation of Energy : 2009-10

A. POWER AND FUEL CONSUMPTION

PARTICULARS	2009-10	2008-09
1. ELECTRICITY		
(A) PURCHASE		
UNIT : MWH	446118	392605
AMOUNT Rs. in Lacs	16277.14	19248.75
Rate Rs. / KWH	3.65	4.90
(B) Own Generation		
Unit : MWH	140989	162029
KWH Per Ltr. of Fuel/Gas	2.45	2.92
Cost Rs./KWH	3.72	3.28
2. LSHS		
QUANTITY – MTs	6916	5412
Amount Rs. in Lacs	1627.40	1779.33
Average Rate Rs./MT	23530.11	32877.49
3. NATURAL GAS		
Quantity in '000 SM3	551946	145039
Amount Rs. in Lacs	42858.97	11680.71
Average Rate 1000/SM3	7765.07	8053.50

C) TECHNOLOGY ABSORPTION

EFFORTS MADE IN TECHNOLOGY ABSORPTION

As per enclosed FORM – B

D) FOREIGN EXCHANGE USED AND EARNED : 2009-10

Foreign Exchange Outgo :

	Rs. Lacs
(i) C.I.F. VALUE OF IMPORTS	
(a) Raw Materials	134938.35
(b) Stores & Spares	2253.78
(c) Capital Goods	0.00
TOTAL (i)	137192.13
(ii) EXPENDITURE IN FOREIGN CURRENCY	
(a) Interest	369.50
(b) Technical Asstt./Know How	69.77
(c) Others	7579.46
TOTAL (ii)	8018.73
TOTAL (i) + (ii)	145210.86

Foreign Exchange Earned :

	Rs. Lacs
FOB VALUE OF EXPORT OF	
Caprolactam	4604.84
MEK Oxime	2420.60
Nylon – 6	28.07
Ammonium Sulphate	1272.37
Nylon – 6 Chips	7.33
TOTAL	8333.21

B. CONSUMPTION PER UNIT OF PRODUCTION

Sr. No.	Product	Power		Steam		Natural Gas	
		2009-10 KWH	2008-09 KWH	2009-10 MTs	2008-09 MTs	2009-10 SM3	2008-09 SM3
1	Ammonia	329	390	0.972*	0.779*	856	846
2	Sulphuric Acid	34	36	0.803*	0.828*	0.092	0.265
3	Phosphoric Acid	273	236	0.744	1.100	0.628	0.460
4	Urea	185	195	1.544	1.627	-	-
5	DAP	0	75	0.000	0.028	5	5
6	ASP	37	36	0.002	0.003	5	5
7	Melamine	1765	1749	6.789	6.320	328	316
8	Caprolactam (Old)	2328	2424	11.829	11.374	101	92
9	Caprolactam (Exp.)	1315	1397	6.838	7.869	38	33
10	Nylon – 6	988	997	1.939	1.957	-	-
11	ACH	519	612	0.924	1.012	77	115
12	Monomer	699	813	2.936	3.220	-	-
13	MAA	442	569	4.139	4.470	-	-
14	AS	27	33	0.240	0.291	-	-
15	Sheets	1651	1594	7.500	8.265	-	-
16	Pellets	605	569	1.080	1.197	-	-
17	DAP (Sikka Unit)	50	53	0.015	0.017	-	-
18	NPK(12:32:16)(Sikka Unit)	0	56	0.000	0.023	-	-
19	NPK(10:26:26)(Sikka Unit)	0	0	0.000	0.000	-	-
20	Nylon Chips	721	690	-	-	-	-
21	Nylon Filament Yarn	4597	4623	-	-	-	-

* Indicate Export from Plants

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

FORM-B

Form for disclosure of particulars with respect to Technology Absorption : 2009-10

RESEARCH & DEVELOPMENT (R & D)

(1) SPECIFIC AREAS, IN WHICH R&D IS CARRIED OUT :

The areas are Polymers & Fibers, Environment Control & Waste Management, Value added Product(s)/ Derivatives from existing corporate products, specialized agri-inputs for improving quality and yield of agricultural output alongwith conservation of water, support to plant and Marketing for problem solving, Quality & Process Efficiency improvement and assurance, Customization of Products, Corrosion & Material Evaluation, Failure investigation of Components of Plant Equipment & Machinery, Consultancy and Analytical Service to Plants and Outside Agencies.

(2) BENEFITS DERIVED :

(A) Development of New Products :

1. 1500 MTPY capacity plant for R&D developed water soluble fertilizer- Urea Phosphate has been commissioned and put under regular production and 153.08 MTs Urea Phosphate fertilizers was produced and sold.
2. Generation of Bench scale & Pilot scale process data for setting up commercial scale HX Crystal project.
3. Around 156-MTs of 19-19-19, one of the most popular water-soluble fertilizers has been manufactured based on in-house process know-how and released in the market under 'SARDAR NUTRISOL' brand.
4. 56,850-Packets of GOG approved Chelated Micronutrient have been produced based on in-house process know-how and released in the market under 'SARDAR Micro Mix : G-4' brand.
5. Development of Nylon-6 fibers as secondary reinforcement for reinforced concrete. Commercial lot quantity prepared for market seeding purpose.
6. Development, Customization & Commercialization of Flame Retardant Nylon-6 having various levels of FR Rating.
7. Development & commercialization of high impact grade of Nylon-6.
8. Development of new colour formulation for Nylon-6.

(B) Customization & Market support Services, Plant Support Activities :

1. Plant support services rendered by R&D improved operational efficiency of various plants.
2. Testing of initial performance of various catalysts used by the plant provided valuable support to plants in selection and approval of those catalysts.
3. The analytical and microbiology group of R&D is providing critical support to R&D Projects, pilot plant production activities, monitoring of cooling towers of 11 plants, non-routine analysis of plant samples, carrying out experimental work required for trouble shooting in plants and testing of catalyst properties. R&D also develops suitable analytical / microbiological methods to cater to the above requirements.
4. On-line corrosion monitoring and Microbial monitoring of cooling tower water at various plants by R&D resulted in efficient running of plants and cost effective cooling water treatment.

5. Monitoring of Cooling Towers for Biocide Efficacy.
6. Supporting marketing for the entering new market segments, developing new customized polymer products through compounding route for satisfying customers

(3) FUTURE PLAN OF ACTION :

1. Installations of 1200 MTs per year capacity Hydroxyl Amine Sulphate Crystal Plant after completion of required formalities and detail engineering.
2. Trouble shooting and stabilization of the production of Urea Phosphates.
3. To develop new Nylon-6 and acrylic based value added products having synergy with company's existing line and business and associate with marketing for application and technical support and with process plants for commercialization of the developed technologies, quality improvement and assurance for polymer products of the company.
4. To continue to extend support services to the process plants for process trouble shooting, product quality upgradation and improving process efficiency etc..
5. Commercialization of Nylon-6 fiber as secondary reinforcement for Reinforced concrete as well as developing value added Nylon-6 fiber for specialty applications.
6. To provide catalyst testing service to plants to evaluate initial performance of various catalysts before being loaded into the plants.
7. To introduce more FCO approved grades of water-soluble fertilizers under 'SARDAR NUTRISOL' Brand for drip and foliar/soil applications subject to Marketing's approval.

(4) EXPENDITURE ON RESEACH & DEVELOPMENT :

Rs in Lacs

(a) Capital	34.64
(b) Recurring	1288.25
(c) Total	1322.89
(d) Total R & D Expenditure as a percentage of Net Sales	0.33%

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

In house development of process technology for an efficient micro irrigation system compatible fertilizer named Urea Phosphate (nutrient content 17-44-00) was accomplished. The technology has been commercialized with installation of a semi commercial 1500 MT/Year capacity plant based on in house designing and engineering.

GSFC becomes the first company to manufacture Urea Phosphate and get the approval as FCO approved fertilizers in India.

Information regarding technology imported during the last five years : NIL

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

CAUTIONARY STATEMENT

Some of the statements made in this "Management Discussion & Analysis Report" regarding the economic and financial conditions and the results of operations of the Company, the Company's objectives, expectations and predictions may be futuristic within the meaning of applicable laws/regulations. These statements are based on assumptions and expectations of events that may or may not materialize in the future.

The Company does not guarantee that the assumptions and expectations are accurate and/or will materialize. The Company does not assume responsibility to publicly amend, modify or revise the statements made therein nor does it assume any liability for them. Actual performance may vary substantially from that expressed in the foregoing statements. The investors are, therefore, cautioned and are requested to take considered decisions with respect to these matters.

1 MACRO ECONOMIC OVERVIEW

The Financial Year (FY) 2009-10 commenced on a difficult note since there was significant slow down in the economic growth rates especially in the second half of the previous Financial Year (FY) 2008-09. This was a fall out of the financial crisis that started in the industrialized countries and spread to the economies across the world and the Indian economy also experienced a slow down. India's fiscal deficit shot up to the alarming level of 6.8% during the FY 2009-10. There was also a severe drought during 2009-10 which resulted in a negative impact on the growth. The continued recession in the developed world, for the major part of FY 2009-10 meant a sluggish export performance which mellowed the financial flows into the economy. However, gradually, the economy posted some recovery in terms of overall growth and also certain basic fundamentals.

As per the GDP estimates for 2009-10 released by Central Statistical Organization, the growth rate of Gross Domestic Product (GDP) at factor cost at constant prices was found to be 7.2% in 2009-10 as compared to 6.7% in 2008-09. The growth in Industrial & Service sectors was 8.2% and 8.7% respectively as compared to 3.9% and 9.8% in 2008-09. The reversal came despite a negative growth rate of (-) 0.2% in the agricultural output as compared to positive 1.6% in 2008-09. The overall growth rate in the industrial production index showed a significant recovery to 10.4% during the year 2009-10 compared to 2.8% during the previous year. Core infrastructure supportive sectors grew at 5.5% in 2009-10 as compared to 3.0% in 2008-09.

Other sectors also showed significant recovery. The annual growth rate of the mining sector, manufacturing sector and electricity sector during FY 2009-10 was 9.70%, 10.90% and 6.00% respectively as against 2.60%, 2.80% and 2.80% during the corresponding period of the previous year.

The agriculture sector experienced a major set back due to severe drought during kharif season of 2009. The drought as well as floods in some parts of southern India affected the kharif production, especially the rice production. The monsoon played the truant and the country received only 689 mm of rainfall upto September 2009 as compared to the normal rainfall of 892 mm. The overall rainfall deficit was 23% and was the worst in last 37 years. There was severe drought in almost 44% of country's 626 districts. Out of 36 meteorological sub-divisions, rainfall was deficient/ scanty in 23 sub-divisions, normal in 10 and excess in only 3 sub-divisions. The food bowl region of North India also received deficient rainfall. This seriously affected the agricultural production. The food-grain production declined from 234.47 million tons in 2008-09 to 218.19 million tons in 2009-10. Production of wheat in the Rabi season is also expected to be lower by about 3% to 5% due to lower output from Northern states.

The pro-active policies initiated by the Government in providing substantial fiscal stimulus to counter the negative effect of the global slow down paid dividends and though almost the entire world was in the grip of a recession, the Indian economy was a silver lining of positive growth.

The Gujarat state, where all the production units of the Company are located, has shown outstanding economic growth during the last five years with an average annual growth rate of 12.70% in gross state domestic product, surpassing the growth targets of the Planning Commission. The per capita income of Gujarat is Rs. 45,773 as compared to the national average of Rs. 33,283. The state continues to retain the tag of the most industry friendly state of the country. As per Assocham report, Gujarat is at the top in new investments for the calendar year 2009 with investment plans worth Rs. 2.45 Lacs Crores.

Thrust on Agriculture :

The agriculture sector is crucial for India's economy and development and a very important driver of macro economic performance. It is a critical element of the national growth strategy. In line with the process of economic development, the share of the agricultural sector in the GDP has witnessed decline over the years, but even today approximately 52% of the total Indian population depends on the agriculture for livelihood. The Eleventh Five Year Plan lays greater emphasis on the reversal of decline in agricultural growth rates and has identified the areas whereby 4% annual growth

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

could be achieved. Thrust on increasing area under irrigation, favorable terms of trade to farmers, better and cheaper access to credit, more investment in agriculture, use of latest technology including the use of new and specialty fertilizers for application based on soil report would certainly help in giving momentum to the agricultural growth.

Gujarat is the primary market of the Company for selling fertilizers. The programs, including Krushi Mahotsava, implemented by the State Government have helped immensely in improving agriculture and agricultural productivity and this has enabled the Company to sell 9.00 Lacs tons of fertilizers in Gujarat, which is 51% of its national fertilizer sales of 17.78 Lacs tons. In the recent years, the State has emerged to be the fastest growing state in the field of agriculture, with an annual growth rate of 11.20%. The performance of Gujarat in the agricultural sector noted to be the best in the Country. The state has emerged as a major producer of cash crops such as cotton as well as other crops.

Despite adverse economic and rainfall scenario, GSFC was able to sell 17.78 Lacs tons of fertilizers, which is the ever highest sales, thus, surpassing even the record sales of 16.48 Lacs tons of FY 2006-07. Out of the total sales of 7.60 Lacs tons of DAP, GSFC sold 4.77 Lacs tons in Gujarat. GSFC, thus, had the highest market share of 63% in Gujarat for DAP, followed by IFFCO (25%) and Indian Potash (5%). In case of Ammonium Phosphate Sulphate (APS) also, GSFC has the highest market share of 57%, followed by GNFC at 43%.

2 OPPORTUNITIES & THREATS

2.1 Nutrient Based Subsidy Policy :

During the year, in a major move, the Government of India announced the implementation of a Nutrient Based Subsidy (NBS) policy (w.e.f. 01.04.2010) for Phosphatic and Potassic fertilizers. Until March 2009-10, subsidy on P & K products was being paid on the basis of Import Parity Price (IPP) on month to month basis.

Under the new regime of NBS, subsidy which would be paid will be determined on the basis of the quantity of the nutrients. The following subsidy levels were announced :- Nitrogen Rs.23.227/Kg, Phosphorus Rs.26.276/Kg, Potash Rs.24.487/Kg and Sulphur Rs.1.784/Kg. These rates would remain in force for the entire financial year. The selling price of various fertilizers could be determined by the companies/suppliers based on market forces. Thus, under the new NBS regime, there would be a fixed subsidy for products covered under the NBS policy and MRP would be floating. Urea continued under the retention price scheme, however, it's MRP was raised by 10%, i.e. from Rs. 4,830 per MT to Rs. 5,310 per MT (w.e.f. 01.04.2010).

This policy was introduced by the Government of India with a view to encourage balanced use of nutrients and consequently improve agricultural productivity in the country. The policy also sought to bring a check on the level of fertilizer subsidies which had risen to high levels due to raw material costs in the yester years. Additional subsidy was also announced on Boron fortified fertilizers (Rs.300 per Ton) and Zinc fortified fertilizers (Rs. 500 per Ton).

Simultaneously, the imports of major complex fertilizers was opened and placed under Open General License (OGL). However, import of urea remained canalized. Ammonium Sulphate produced indigenously has been covered under subsidy fold, whereas no subsidy is payable on the imported Ammonium Sulphate.

Freight subsidy on decontrolled fertilizers under NBS for rail movement would be paid as per actual claim. The freight for primary road movement would be subject to lower of the actual claim or equivalent rail freight subject to maximum distance of 500 kms.

Manufacturers of customized & mixture fertilizers would get the subsidized fertilizers as an input to manufacture such fertilizers. However, no subsidy will be paid on sales of customized & mixture fertilizers.

2.2 Impact of Nutrient Based Subsidy (NBS) :

Effectively, under the new policy, the Government of India has declared subsidy of Rs. 16,268 per ton which is based on the imported price of DAP inclusive of Freight (i.e.CFR) of USD 500 per ton. If in the international market, price of imported DAP goes below USD 500 per tone, the imports may increase as this will be profitable to the importers. This will add to the competition for indigenous suppliers whose cost of production is based on price of imported Phosphoric Acid (PA) and Ammonia.

The inclusion of import of complex fertilizers such as APS under the open general license may result in increase of their imports. The increased availability of complex fertilizers may enhance the sales of these grades in the country. With this policy change, GSFC's APS (20-20-0-13) will now face competition from imports. It is estimated that 23.00 Lacs Tons of NPK might be imported in the coming 12 months in the country. Area specific as well as soil specific grades may be imported by the importers. On the positive side, this may improve the soil health and may lead to balanced use of fertilizers.

Ammonium Sulphate (AS) has been covered under the NBS subsidy fold. The subsidy announced for AS is Rs. 5,195 per ton. Before announcement of NBS, the MRP fixed by Government of India was high (Rs. 10,350/ MT)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

and had affected its off take in a big way. GSFC has opted out of the subsidy scheme and hence the freight subsidy is not available to GSFC. Now, the primary railway freight on Ammonium Sulphate is admissible.

Since the subsidy is also given on secondary nutrients like Sulphur and Micro nutrients such as Zinc, Boron etc, new fertilizer grades fortified with Zinc & Boron will be developed by the fertilizer companies under the NBS regime.

The price of Phosphatic and Potassic fertilizers has gone up during the year in the range of 6% to 8%. Since Government of India has raised the MRP of Urea by 10%, there will not be much resistance from farmers to absorb this price rise in P & K fertilizers and hence their demand in the market may continue to grow at the present pace.

Since the mixture/customized fertilizer manufacturers will get subsidized raw material, their production will get a boost, especially in state like Maharashtra, where mixture of fertilizers are used in large quantities.

2.3 Raw Material Price Behavior :

The international prices of finished fertilizers & raw materials witnessed an unprecedented rise as well as fall during the FY 2008-09. As per the Fertilizer Market Bulletin, the CFR prices of Phosphoric Acid (PA) which was USD 1789 per ton in April 2008 went up to USD 2310 per ton in August '08. However, since September 2008, the prices started to decline sharply and touched the level of USD 760 per ton. This trend slowed down during FY 2009-10. Average CFR prices of Phosphoric Acid declined from USD 1707 per ton in 2008-09 to USD 580 per ton in 2009-10.

Sulphur prices also experienced a steep rise during 2008-09. Average prices of Sulphur, touched a peak of USD 409 per ton in 2008-09. However, subsequently it declined to USD 95 per ton, while average Rock Phosphate prices declined from USD 350 per ton in FY 2008-09 to USD 115 per ton during FY 2009-10.

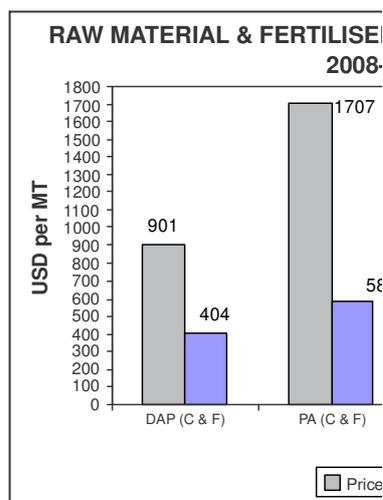
Average price of Ammonia in 2008-09 was USD 458 per ton. It declined in 2009-10 and reached the level of USD 303 per ton, i.e. a decline of 34%. The decline in prices was less as compared to other raw materials.

Average CFR prices of DAP declined from USD 901 per ton to USD 404 per ton in FY 2009-10. Since the subsidy to the DAP manufacturers was paid on Import Parity, the subsidy inflow to GSFC declined in FY 2009-10 as compared to FY 2008-09. Regular supplies of PA and Rock Phosphate to manufacturers at reasonable prices as compared to FY 2008-09 gave a boost to production of DAP in the country including your Company. Production of DAP in the country increased to 42.40 Lacs tons in FY 2009-10 as against 29.90 Lacs tons in FY 2008-09. As a result, the imports declined from 61.90 Lacs tons in 2008-09 to 57.70 Lacs tons in FY 2009-10.

Average Prices of Raw materials and Finished Products

Product	2008-09	2009-10	(USD / MT) % Increase/Decrease
DAP (C & F)	901	404	-55
PA (C & F)	1707	580	-66
Rock Phosphate. (C & F)	350	115	-67
Sulphur (C & F)	409	95	-76
Ammonia (C & F)	458	303	-34

Source: FMB – Various Issues



MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

2.4 Industrial Products :

The year as a whole witnessed consistent growth in demand for Industrial Products as the market was favorable. The improvement witnessed in the second half of the FY 2008-09 continued and the demand remained strong as compared to the previous year. This has helped in increase of both sales volume and realization of all the industrial products, especially Caprolactam, which accounts approx. 49% of total Industrial products sales. The demand across all the end use segments such as automobile, textile, infrastructure, housing and consumer durables, showed an encouraging trend, enabling better market penetration. The Industrial Products net sales turnover for the FY 2009-10 has increased by Rs.75.11 Crores, i.e. registering an increase of 6.33% over FY 2008-09. During the year under review, the rupee remained fairly stable, thus no major impact on this account was observed.

3 BUSINESS SEGMENT UPDATE

Product-wise performance in terms of production and sales for last ten years is tabulated below:

PARTICULARS	Unit	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
PRODUCTION											
FERTILIZERS	MT	1812570	1469470	1594703	1778070	1528265	1392018	1275764	1146668	1360661	1292283
CAPROLACTAM	MT	81151	70913	79716	79666	78120	77150	68489	60004	59546	65051
NYLON-6	MT	8715	8783	8683	9145	7975	8691	7264	5424	5487	6698
MELAMINE	MT	13735	13655	14741	15335	15323	14823	15237	6643	11521	10527
ARGON	000NM3	3464	3183	3129	2912	3105	2245	3029	2756	2785	2218
MONOMER	MT	4597	3469	4156	4449	4053	4739	4472	3586	2665	4012
ACRYLIC SHEETS	MT	687	552	642	664	574	398	498	469	358	745
ACRYLIC PELLETS	MT	1937	1887	2023	2082	1936	1813	2159	2114	2010	2119
NYLON FILAMENT YARN	MT	4433	4498	4705	5169	5779	6069	5159	5311	4084	5850
NYLON CHIPS	MT	4652	5097	5950	4084	4546	3816	3553	2283	2073	3025
SALES											
FERTILIZERS*	MT	1797894	1382463	1602782	1659381	1405491	1373289	1325562	1221559	1330856	1183105
CAPROLACTAM*	MT	62650	53859	59710	63419	60660	57910	52528	46991	47707	60504
NYLON-6	MT	9189	8496	9138	9806	8285	9017	6613	6307	5777	5254
MELAMINE	MT	13695	14115	14804	15563	16717	15373	13417	10619	10062	17462
ARGON	000NM3	3464	3184	3138	2911	3111	2251	3033	2759	2817	2179
MONOMER*	MT	2282	1374	1706	2090	1762	2976	1610	1309	828	1315
ACRYLIC SHEETS	MT	696	584	598	692	590	460	588	600	555	503
ACRYLIC PELLETS	MT	1883	1916	2038	2178	1890	2012	1938	2149	2361	1909
NYLONE FILAMENT YARN	MT	4081	4740	4391	4788	5619	5493	4948	5251	3964	5404
NYLON CHIPS	MT	4596	5500	5737	4095	4312	4133	3324	2351	2048	2642

*excluding captive consumption

3.1 Turnover :

In the Year 2009-10, turnover of the Company (including trading activities) was Rs. 4019.19 Crores as against Rs. 5880.80 Crores in 2008-09. The reduction in turnover, despite increase in the volume was mainly due to lower prices of Phosphatic fertilizers, i.e. DAP and APS. The sale of fertilizers was Rs. 2740.45 Crores. For industrial products, the Company registered net sales of Rs.1149.46 Crores as compared to Rs. 1057.10 Crores in the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

The following table depicts the proportion of Fertilizer products segment and Industrial Products Segment in the net sales of the Company during the last two years:-

	2009-10		2008-09	
	Rs. Crores	%	Rs. Crores	%
Fertilizers segment	2869.73	71.40	4823.70	82.02
Industrial Products Segment	1149.46	28.60	1057.10	17.98
Total	4019.19	100.00	5880.80	100.00

3.2 Exports :

MEK-Oxime and Caprolactam are the main export products of your Company. During the F.Y. 2009-10, the export of Caprolactam was to the tune of 4896 MTs as against 4955 MTs in F.Y. 2008-09. MEK-Oxime has been exported to about 40 countries and the export quantity was 2337 MTs in 2009-10 compared to 2695 MTs in 2008-09. The decrease is mainly attributed to the slump demand particularly from European Union.

4 OUTLOOK FOR 2010-11

Under the NBS policy, subsidy is fixed on a per kg of nutrient basis for the whole year covering Phosphatic and Potassic fertilizers. The sale price is allowed to be free but these fertilizers are on OGL for imports. Thus, the MRP of these products is expected to change according to the raw material prices as well as the finished product prices in the international market. There is, however, an informal pressure from the Government on the industry to keep the fertilizer prices to the farmers under control. The NBS policy may increase the volatility in the profit margins of the Fertilizer Companies. The cost efficient players will be better placed to combat the impact of this volatility. Industry has welcomed this policy. However, the real implications would be known only over a period of time.

GSFC has got a good product mix but considering the NBS policy opportunity of encouraging the use of NP/NPK fertilizers, your Company needs to have the facilities to produce DAP and NP/NPK grades at Sikka. This is being considered by your Company.

The subsidy on micro-nutrient fortified fertilizers encourages, fertilizer manufacturers to undertake the production of such fertilizers. Your Company is also examining the possibilities to manufacture such special fertilizers.

Given the great emphasis on agriculture in the Union Budget 2010-11, with measures such as easy access to credit, extra emphasis on irrigation and micro irrigation, rural infrastructure and soil testing, there may be significant growth opportunities.

Farmers of Gujarat generally prefer indigenous fertilizers to imported fertilizers. Besides the demand for NP/NPK products, demand of DAP is likely to continue at the present level or grow. Considering your Company's presence in these potential markets and its significant brand preference, there may not be much difficulty in selling DAP. The inclusion of Ammonium Sulphate in the subsidy fold will significantly help your Company to increase its sales volume. Your Company has well established market for APS and since subsidy is given on the Sulphur content, the policy will have a favorable impact on the Company.

5 RISK MANAGEMENT

Your Company is exposed to various types of risks associated with the fertilizers and chemicals business. This includes the fluctuation in the input prices and changes in pricing policy by the Govt. of India. Volatility in fuel prices also has impact on the profitability of the Company. The availability of natural gas continues to be of prime importance for production of fertilizers.

While the prices of the raw materials of viz. Ammonia, Sulphur and Phosphoric Acid are rising in the international market, the price of DAP has started softening. With fixed subsidy and floating MRP, markets may experience frequent changes in the price of domestic Phosphatic fertilizers. In the current scenario, good and widely distributed rainfall, smooth and comparatively cheaper availability of raw materials and the timely reimbursement of subsidy by the Govt. of India would be of prime importance for the Company to sustain its operations profitably.

Given this scenario, the Company is focusing on efficiency improvement, higher production levels, efficiencies in raw material procurement, reduction in marketing and distribution costs, production of various complex grades and proper product/segment market strategies to maximize the sales and achieve better contribution from its product basket.

6 DISCUSSION ON FINANCIAL PERFORMANCE

During the year 2009-10, your Company generated Rs.553 Crores cash from its operations before accounting for changes in the working capital and realized Rs.393 Crores through sales of fertilizer bonds issued by the Government. The Company has financed new capital expenditure of Rs.153 Crores and invested Rs.236 Crores in other Companies.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

At the end of Financial Year 2008-09, the Company has net borrowings of Rs.688 Crores and has parked surplus fund amounting to Rs.558 Crores.

The Company was able to reduce the average cost of borrowing from 7.25% during last year (FY 2008-09) to 4.81% during the year under report (FY 2009-10), through judicious mix of different sources of short term borrowings.

The Company continued to maintain a healthy credit rating of 'PR1+' for short term borrowings and 'Care AA' for long term borrowings from CARE and 'F1+' for short term borrowing and 'AA' with 'stable' outlook from FITCH.

The earning per share of the Company is Rs. 31.93 in 2009-10 as compared to Rs. 62.66 in 2008-09. The Debt Equity Ratio at the end of FY 2009-10 was 0.32:1 as compared to 0.17:1 at end of FY 2008-09. The book value per share as on March 31, 2010 was Rs. 269 as compared to Rs. 242 on March 31, 2009.

7 PROMOTIONAL ACTIVITIES

Your Company is a leader in banana tissue culture plants in the State of Gujarat since the year 1995. It is also producing and marketing different types of Bio-fertilizers since the year 1984 and Biotech products since 2006. Your Company also produces and markets certified seeds of notified hybrids and varieties having disease and pest resistance which have been developed in-house.

With a view to improve soil health, your Company analyzes a large number of soil and water samples and provides recommendations for balanced use of NPK along with micro nutrients, use of soil amendments and judicious use of water for maintaining the health of soil.

Sardar Agri-net cell of your Company has equipped farmers of Gujarat with excellent knowledge base on new technologies for various crops for improving cultivation and productivity. It does dissemination of information throughout the year. Your Company has organized three regular and one re-orientation Farm Youth Training Programs during the year to promote high-tech agri-concepts amongst the farmers, who are now decision makers.

Publication of 'KRISHI JIVAN', a unique monthly magazine having one of the highest circulation, fosters disseminating knowledge to farmers on various activities of agriculture and acts as a link for transfer of technology from "lab" to "land".

8 SAFETY, HEALTH AND ENVIRONMENT

Your Company has won the prestigious "International Safety Award – 2009" for the 3rd Consecutive Year from the world's renowned advisory body- British Safety Council, U.K. This award is conferred for taking significant leaps in the field of Health & Safety.

Your Company continues to give special attention and priority to the Safety & Health of its employees. GSFC Baroda Unit has achieved 443 Reportable Accident Free Days between the period from 13/09/2008 and 30/11/2009, thus surpassing its own previous record of 288 days accident free operations. This is the best performance ever since the Company's inception. GSFC is not complacent with this achievement and targets to break even this record.

Your Company was conferred the prestigious "ICC Aditya Birla Award for Best Responsible Care Committed Company for the year 2008" at Mumbai on 4th December, 2009. GSFC is the first fertilizer Company to receive this award.

Your Company has taken initiative for BS EN 16001:2009 "Energy Management System Certification". This system will put your Company on the path of improvement in the field of energy efficiency and to reduce Green House Gases (GHGs) emission through systematic management of energy.

Your Company is periodically imparting training to young villagers from surrounding villages on the hazards and risk associated with the chemicals that are being handled by it. Every year around 150 villagers are trained on various topics including emergency preparedness and safety procedures followed by GSFC and the role of villagers during emergencies.

Your Company is also conscious about the environment and the ecological balance and is promoting horticultural activities. It has taken the initiative to make GSFC more green by planting a large number of trees such as Banyan, Pipal, and Neem, thus also supporting the initiative of Govt. of Gujarat in this direction.

For encouraging the urban population to increase greenery and maintaining the ecological balance, your Company has sponsored Fruit, Flower & Vegetable shows in association with Baroda Agri Horti Committee and also sponsored Flower Shows in association with Society for Clean Environment (SOCLEEN). It has participated in the competitions and won accolades and appreciation.

9 HUMAN RESOURCES

Regarding this, the shareholders are requested to refer to point no. Q on page no. 11 of the Directors report which forms the part of this Annual Report.

For and on behalf of the Board

Sd/-

A. K. Joti
Chairman

Place : Fertilizernagar
Date : 31st July, 2010

CORPORATE GOVERNANCE REPORT

(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)

1 THE PHILOSOPHY

Good Governance is all about commitment to values and ethical business conduct. It is also about managing an organization, its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Proper, accurate and timely disclosure of information regarding the affairs of the company, its financial position, performance, ownership and governance is an indispensable part of the philosophy of Corporate Governance.

Our Perspective for Good Governance :

The Company's Corporate Governance philosophy rests on the following canons :

- 1 Follow laws of the land, not only in letter, but also in spirit.
- 2 Candid and truthful disclosure of information.
- 3 Understanding distinction between personal conveniences and Company's resources and properties.
- 4 Management is not the Owner, it is the Trustee to its stakeholders.

The Company's Corporate Governance Policy emanates from the very basics of the Shareholders' own institution (Company) which they own, no matter what number of shares they hold. The apex think tank of the Company viz. the Board of Directors believes that there should be proper admixture of responsibility and accountability of the Board vis-à-vis its vital ingredients like Consumers, Investors, Employees and Regulators.

The Company firmly believes and proclaims that the shareholders are the very cause of and the ultimate beneficiaries of its business and are the epicenter to its all round growth.

Our Endeavor :

The Board of Directors of the Company are proud to assert that much before the formal code on Corporate Governance, in its present form, was thought of, GSFC was following it in its literal sense.

The enhancement of Shareholders' value was, is and shall continue to remain GSFC's top-most priority.

The Company is managed and controlled through a professional Board. The Chairman of the Company is a Non- Executive Director, however half of the Board comprises of Independent Directors. In fact, the Board of GSFC consists of entirely non-executive Directors except the Managing Director, who is the Executive Director. The Company's Board comprises of eminent professionals who brings with them considerable vision, expertise and experience in their respective fields which is a vital catalyst for the Company's growth.

The Company confirms to the requirements of revised clause 49 of Listing Agreement.

All the Committees of the Board like Shares / Debentures Transfer and Investors' Grievance Committee, Finance-cum- Audit Committee, etc. that is required to be constituted under the code of corporate governance, have been constituted and are functioning effectively.

Code of Business Conduct and Ethics :

The Code of Conduct generally encompasses acceptable pattern of behavior expected from Company's Directors and Senior Management Team with a view to maintain highest standards of Professionalism and Ethics. *Inter-alia*, the code should include honesty and integrity in transactions affecting the Company, conflict of interest, insider trading, protection of assets, communication etc.

The Board of Directors of the Company has formally adopted the code of conduct at its meeting held on 28-01-2005. The code has been made applicable to the Board of Directors and also to the Senior Officers of the Company, i.e. all the members of the Internal Management Committee of the Company.

The Company firmly believes and accepts that this code of conduct cannot be expected to remain static and it would need constant improvisation from time to time and as per moral, cultural and ethical sense of values encountered by the Company with passage of time.

2 BOARD OF DIRECTORS

Composition and Category of Directors :

The strength of the Board of Directors as on 31st March, 2010 was nine, its composition is tabulated below :

	Name of Director	Category
1	Shri A. K. Joti, IAS, Chairman	Promoter, Non-executive, Non-independent, Non-rotational Director
2	Shri H. V. Patel, IAS, Managing Director	Promoter, Executive, Non-independent, Non-rotational Director
3	Shri D. C. Anjaria	Non-executive, Independent, Rotational Directors
4	Prof. Vasant P. Gandhi	
5	Shri Ajay N. Shah	
6	Shri Vijai Kapoor	
7	Shri P. N. Roy Chowdhury, IAS	
8	Shri M. M. Srivastava, IAS	
9	Shri D. J. Pandian, IAS	

CORPORATE GOVERNANCE REPORT (Contd.)

In all, seven meetings of the Board of Directors of the Company were held during the Financial Year 2009-10 as detailed below :

Sr. No.	Dates of Board meeting	Board strength	No. of Directors present
1	17-06-2009	8	5
2	04-07-2009	8	4
3	28-07-2009	8	3
4	25-09-2009	8	5
5	29-10-2009	8	8
6	21-01-2010	9	5
7	30-03-2010	9	6

The details relating to the names and categories of the Directors on the Board, their attendance during FY 2009-10 at the Board Meetings and the 47th Annual General Meeting, their Chairmanship / Membership in the Committees on various companies is given below :

Sr. No.	Name	Category	No. of Equity shares of the Company held by him	No. of Meetings attended	Attendance at the last AGM	No. of other Directorships/ Memberships	No. of Committees in which Chairman/ Member (Including GSFC Ltd.)
							Chairman(*) Member(*)
1	Shri A. K. Joti Chairman w.e.f. 19-02-10	Nominee of GOG (As promoter) Non-Executive Director	-	1	N.A.	5	-
2	Shri D. C. Anjaria	Non-Executive Independent Director	@790	6	Yes	6	5
3	Prof. Vasant P. Gandhi	Non-Executive Independent Director	@500	4	Yes	2	-
4	Shri Ajay N. Shah	Non-Executive Independent Director	@500	2	No	3	-
5	Shri Vijai Kapoor	Non-Executive Independent Director	@500	3	Yes	1	-
6	Shri P. N. Roy Chowdhury	Non-Executive Independent Director	@761	2	No	3	-
7	Shri M. M. Srivastava w.e.f. 29-10-09	Non-Executive Independent Director	@500	2	N.A.	8	-
8	Shri D. J. Pandian w.e.f. 21-01-10	Non-Executive Independent Director	@500	1	N.A.	13	2
9	Shri H. V. Patel Managing Director	Nominee of GOG (As promoter) Executive Director	-	7	Yes	9	1

@ Holding 500 Equity Shares in joint account with Gujarat State Investments Ltd. as qualification shares and balance in personal capacity.

(*) In accordance with Clause 49, Memberships/Chairmanships of only the Audit Committee and Shareholders'/Investors' Grievance Committee of all Public Limited Companies including GSFC have been considered.

None of the Directors is a member in more than ten committees or is a Chairman in more than five committees, across all companies in which he is a Director.

Details of Director who ceased during FY 2009-10 :

Name	Category	No. of Board meetings held during his tenure	No. of Meetings attended	No. of Membership on the Board of other Companies	Whether attended last AGM held on 25/09/09
Shri D. Rajagopalan Chairman Upto 19-02-10	Nominee of GOG (As promoter) Non-Executive Director	7	6	N.A.	Yes
Shri S. Jagadeesan Upto 21-01-10	Non-Executive/ Independent Director	5	3	N.A.	No

Notes : (i) None of the Directors is related to any other Director.
(ii) None of the Directors has any business relationship with the Company.
(iii) None of the Directors received any loans and advances from the Company during the year.

In addition to the Audit Committee viz., Finance-cum-Audit Committee and Shareholders' Committee viz. Shares-cum-Debentures Transfer and Investors' Grievance Committee, as required to be constituted under the code of Corporate Governance, the Board has constituted four more committees viz. Project Committee, Personnel Committee, Remuneration Committee and Advisory Committee to deal with the specialized issues.

CORPORATE GOVERNANCE REPORT (Contd.)

Disclosure regarding appointment / reappointment of Directors at the Annual General Meeting :

W.e.f. 19-02-2010, Shri A. K. Joti, IAS, has been appointed as the Government of Gujarat Nominee Director & Chairman of the Company vice Shri D. Rajagopalan, consequent upon his retirement from the services of the Govt. of Gujarat.

Shri S. Jagadeesan, IAS was transferred from Energy & Petrochemicals Dept., and hence he resigned from the Directorship of the Company and in the vacancy so caused, Shri D. J. Pandian, IAS was appointed as a Director of the Company w.e.f. 21-01-2010.

Shri M. M. Srivastava, IAS, has been appointed as an Additional Director of the Company w.e.f. 29-10-2009.

Shri Vijai Kapoor and Shri D. J. Pandian shall retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. The brief resume of Directors appointed during the year and under re-appointment at the 48th Annual General Meeting is annexed to the Notice convening the 48th Annual General Meeting, which forms the part of this Annual Report.

Code of Conduct :

The Company has laid down a code of conduct for all its Board Members and Senior Management Personnel to avoid any conflict of interest. The confirmation to the adherence of the Code of Conduct for the Financial Year 2009-10 in the form of declaration is received from all the Directors and Members in the Senior Management of the Company, to whom such code is applicable.

The Board of Directors have noted the adherence to the code of conduct. The code of conduct of the Company is available on the Company's web-site viz. www.gsfclimited.com.

Availability of Information to the Board of Directors :

The Board of Directors of the Company is apprised of all the relevant and significant information and developments pertaining to the Company's business and this facilitate them to take timely corporate decisions. The comprehensive management reporting systems are in place which encompass preparation and reporting of operating results by divisions, other business developments etc. Their reviews are being carried out by senior management and the Board at its Meeting/s.

The Board of Directors has complete access to all the information that is within the Company. At the meetings of the Board, the senior executives and if required, even functional Managers, who can provide in-depth insight into the agenda items, are being invited.

All the mandatory information that is required to be placed before the Board of Directors and as required under Annexure - I A to Clause 49 is placed before the Board of Directors as and when the occasion arise.

Apart from matters that require mandatory Board approval, following matters are also put up for information to the Board, as and when the occasion arise :

- 1 Quarterly and Annual Operating Performance, plans, budgets and updates.
- 2 Minutes of all committee meetings are put up for noting and Circular Resolution, if any.
- 3 General Notice of interest for Board Members.
- 4 Information on recruitment and remuneration of senior officers just below the Board level and also Company Secretary, including their appointment or removal, if any.
- 5 Materially important litigations, show cause notices, demand, prosecution and penalty notices.
- 6 Fatal or serious accidents or dangerous occurrences having bearing on the safety and welfare of employees and property of the Company.
- 7 Future expansion plans, their progress and action plan for achievement thereof.

A certificate of compliance with all the applicable laws to the Company is being put up to the Board at its every meeting.

COMMITTEES OF THE BOARD

3 AUDIT COMMITTEE

The Finance-cum-Audit Committee presently comprises of five Directors and all of them are the Independent and Non- Executive Directors. All the members of the Committee have wide knowledge and experience in the field of Corporate Finance and Accounts. The scope of the activities of the said Committee is as set out in Clause 49 II(D) of the Listing Agreements with Stock Exchanges read with Section 292-A of the Companies Act, 1956.

Major terms of reference of the committee are :

- 1 To review the Company's Financial Reporting Process and its financial statements.
- 2 To review the accounting and financial policies and practices.
- 3 To review the adequacy of Internal Control Systems.
- 4 To review the Company's Financial and Risk Management Policies and ensure compliance with regulatory guidelines.
- 5 To review reports furnished by the internal and statutory auditors.

CORPORATE GOVERNANCE REPORT (Contd.)

During the Financial Year 2009-10, seven meetings of Finance- cum-Audit Committee were held i.e. on 07-04-2009, 16-06-2009, 25-07-2009, 24-09-2009, 29-10-2009, 21-01-2010 and 30-03-2010. The Composition of the Audit Committee and the attendance details are as under :

Sr. No.	Name of the Member	Category	No. of meetings held during the tenure of Directors	No. of meetings attended
1	Shri D. C. Anjaria (Chairman of the Committee)	Independent Non-Executive	7	7
2	Prof. Vasant P. Gandhi	Independent Non-Executive	7	6
3	Shri Ajay N. Shah	Independent Non-Executive	7	3
4	Shri P. N. Roy Chowdhury	Independent Non-Executive	7	1
5	Shri M. M. Srivastava *	Independent Non-Executive	2	1

* w.e.f. 29/10/2009

The Finance - cum - Audit Committee meetings are usually attended by the Head of Finance Department. Managing Director is also invited to attend the meetings as a Special Invitee. The Internal Auditors, Statutory Auditors, Cost Auditors and Branch Auditors are also invited to attend the meetings as and when required. The Company Secretary acts as Secretary to the Committee.

Shri D.C. Anjaria, Chairman of the Finance-cum-Audit Committee remained present at the last Annual General Meeting held on 25-09-2009.

4 REMUNERATION POLICY & DETAILS OF REMUNERATION

(a) The remuneration of the Directors is decided by the Board of Directors, keeping in view the provisions of the Articles of Association of the Company and the Companies Act, 1956 subject to such approvals from shareholders as and when necessary. The Managing Director of the Company is appointed from amongst the Directors nominated by the Government of Gujarat, who is a Senior Officer of Indian Administrative Service (IAS Cadre). He is being paid remuneration applicable to his scale in the Government and in line with the terms & conditions prescribed by the Govt. of Gujarat. The remuneration to the Whole Time Director if any, is decided by the Board. The Company pays sitting fee @ Rs. 5,000 per meeting to the Directors. No sitting fees however is being paid to Managing Director. The details of the remuneration paid to the Directors during the financial year 2009-10 are as under :

Name	Salary & allowances	Perquisites	Sitting Fees	(Rupees) Total
Shri A. K. Joti (Chairman w.e.f. 19-02-2010)	-	-	5,000	(*) 5,000
Shri D. Rajagopalan (Chairman upto 19-02-2010)	-	-	25,000	(*) 25,000
Shri D. C. Anjaria	-	-	75,000	75,000
Prof. Vasant P. Gandhi	-	-	80,000	80,000
Shri Ajay N. Shah	-	-	30,000	30,000
Shri Vijai Kapoor	-	-	25,000	25,000
Shri P. N. Roy Chowdhury	-	-	15,000	(*) 15,000
Shri S. Jagadeesan	-	-	45,000	(*) 45,000
Shri H. V. Patel	10,89,045	3,31,255	-	14,20,300
Managing Director				
Shri D. J. Pandian	-	-	5,000	(*) 5,000
Shri M. M. Srivastava	-	-	15,000	(*) 15,000

(*) Deposited in the Govt. Treasury.

The Company currently does not have any Stock Option Plan in place.

(b) Remuneration Committee :

There is also a Remuneration Committee of Directors in place. As on 31-03-2010 it consist of following Directors viz. (1) Shri D. C. Anjaria, as Chairman, (2) Shri P. N. Roy Chowdhury, (3) Shri D. J. Pandian and (4) Shri M. M. Srivastava. All the members of the Remuneration Committee are Independent and Non-Executive Directors.

During the financial year 2009-10, no business warranted the holding of the meeting of the Remuneration Committee.

5 SHARES-CUM-DEBENTURES TRANSFER AND INVESTORS' GRIEVANCE COMMITTEE

As a measure of good Corporate Governance and accepting the shareholders as their esteemed customers, the Company has well designed Investors' Grievance Redressal System. The average time taken for grievance redressal is very less and

CORPORATE GOVERNANCE REPORT (Contd.)

the Committee monitors the investors' grievance redressal periodically. On the date of this report there are no major complaints pending, which needs redressal to the satisfaction of the shareholders. Also there are no cases of share transfers pending except those which are under sellers' notice/court cases under injunction order, if any.

With a view to facilitate and ensure timely transfer, transmission, transposition etc. the Board of Directors has delegated the authority in favor of Company Secretary/Dy. Company Secretary upto 1,000 shares per transfer request and the authority for approval of more than 1,000 shares per transfer request has been delegated to the Managing Director.

The report on various issues concerning the shareholders such as issue of share certificates, redressal of shareholders' complaints etc. is being periodically placed before the Committee.

The jurisdiction of the Committee encompasses the following areas :

- Timely transfer of Shares and Debentures.
- Dematerialisation and/or Rematerialisation of shares.
- Transmission of Shares/Deletion of Name in case of death of the shareholder/s.
- Issue of duplicate shares/debentures certificate in case of lost/misplaced/torn/mutilated ones.
- Timely redressal of complaints pertaining to non-receipt of dividends, interests on debentures, redemption amount of Non Convertible Debentures/Partly Convertible Debentures redeemed etc.
- Any other related issue/s.

During the year 2009-10, four meetings of the Committee were held on 04-07-2009, 25-09-2009, 21-01-2010 and 30-03-2010. As on 31-03-2010, the Committee comprised of Shri D. J. Pandian, Chairman of the Committee, Prof. Vasant P. Gandhi and Shri H. V. Patel.

The details of Committee members and their attendance at the Committee meetings during the Financial Year 2009-10 are furnished below :

Sr. No.	Name of the Member	No. of meetings held during the tenure of Directors	No. of Meetings attended
1	Shri S. Jagadeesan (upto 21.01.2010)	2	1
2	Prof. Vasant P. Gandhi	4	3
3	Shri H. V. Patel	4	4
4	Shri D. J. Pandian (w.e.f. 21.01.2010)	1	-

(a) Name of the Non-Executive Director heading the Committee : Shri D. J. Pandian

(b) Name and Designation of Compliance Officer : Shri V. V. Vachhrajani
Company Secretary &
Dy. General Manager (Legal & Industrial Relations)

All the shares received for Transfer/Transmission/Transposition/Split/Consolidation etc. are processed and dispatched within the period not exceeding one month and a half-yearly Certificate from a Practicing Company Secretary to that effect is being obtained pursuant to Clause 47 of the listing agreement.

The following table highlights the details of the complaints received during the FY 2009-10 and their status as on date. It is further reported that as on 31-03-2010 there are no outstanding complaints pertaining to and received during the FY 2009-10 :-

- (c) No. of complaints received from Shareholders/Investors during the financial year 2009-10 : 52
- (d) No. of complaints not redressed to the satisfaction of shareholders/investors : Nil
- (e) No. of applications received for transfers/transmissions/transposition of shares during the financial year 2009-10 : 852
- (f) No. of pending requests for share transfers, transmissions and transposition of shares as on 31-03-2010 : Nil

As mandated by SEBI, the Quarterly Secretarial Audit, highlighting the reconciliation of total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) vis-à-vis the total issued and listed capital is being carried out by the Practicing Company Secretary. This Audit confirms that the total issued and paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with the two depositories viz. the NSDL and the CDSL.

As on 31st March, 2010 total 4,63,08,626 Equity Shares representing 58.11% of the total no. of Shares were dematerialised.

CORPORATE GOVERNANCE REPORT (Contd.)

Other Committees of the Board :

➤ Project Committee :

A Project Committee having following details is in place, to review and recommend to the Board on the various new projects and also to review the projects under expansion and matters related thereto :

Sr. No.	Name	No. of meetings held during the tenure of Directors	No. of Meetings attended
1	Shri S. Jagadeesan (Chairman of the Committee)(upto 21.01.2010)	3	3
2	Shri P. N. Roy Chowdhury	3	-
3	Shri Ajay N. Shah	3	1
4	Shri Vijai Kapoor	3	2
5	Prof. Vasant P. Gandhi	3	2
6	Shri H. V. Patel	3	3
7	Shri D. J. Pandian (Chairman of the Committee) (w.e.f. 21.01.2010)	-	-

➤ Personnel Committee :

The Company also has a Personnel Committee having following details is in place to formulate personnel policies, negotiate wage settlement, etc. During the F.Y. 2009-10, two meeting of the Personnel Committee were held i.e. on 04.04.2009 and 30.07.2009.

Sr. No.	Name	No. of meetings held during the tenure of Directors	No. of Meetings attended
1	Shri S. Jagadeesan (Chairman of the Committee)(upto 21.01.2010)	2	2
2	Shri D. C. Anjaria	2	2
3	Prof. Vasant P. Gandhi	2	1
4	Shri H. V. Patel	2	2
5	Shri D. J. Pandian (Chairman of the Committee) (w.e.f. 21.01.2010)	-	-

➤ Advisory Committee :

The Company also has an Advisory Committee consisting of three Directors viz. Shri D. C. Anjaria, Prof. Vasant P. Gandhi and Shri H. V. Patel. During the F.Y. 2009-10, no meeting of this Committee was held.

6 GENERAL BODY MEETINGS

➤ Date & Venue of the last three Annual General Meetings :

Date	Venue	Time	No. of Special Resolutions passed*
21-09-2007	Registered Office : at Cultural Center Auditorium situated at P.O. Fertilizernagar – 391750, Dist. Vadodara	0900 Hrs.	No Special Resolution
26-09-2008	Registered Office : at Cultural Center Auditorium situated at P.O. Fertilizernagar – 391750, Dist. Vadodara	0930 Hrs.	No Special Resolution
25-09-2009	Registered Office : at Cultural Center Auditorium situated at P.O. Fertilizernagar – 391750, Dist. Vadodara	0900 Hrs.	No Special Resolution

* No resolutions were passed through Postal Ballot at aforesaid meetings.

7 DISCLOSURES

There are no materially significant related party transaction made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc. which may have potential conflict with the interest of the Company at large. Adequate disclosure regarding related party transactions is contained in the Annual Accounts of the Company in Item No. 14 at "Scheduled-22-Notes on Accounts" and the same forms a part of this Annual Report.

There are no non compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

The Company complied with all the mandatory requirements of Clause 49 of the Listing Agreement on Code of Corporate Governance. The Board of Directors has approved the Code of Conduct and Ethics for the Directors and the Senior Management of the Company.

CORPORATE GOVERNANCE REPORT (Contd.)

CEO Certification :

The Managing Director (CEO) of the Company has certified the compliance of Code of Conduct in respect of the Financial Year 2009-10 by the Board Members & Senior Management and the said certificate forms part of this report.

The Company has also adopted non-mandatory requirements like constitution of Remuneration Committee. Statutory Compliance of all applicable Laws is being made by the Company and is reported to the Board in its every meeting.

Further in preparation of the financial statements, all those Accounting Standards that are applicable have been complied with by the Company.

Risk Management :

Considering the nature of business and the plant processes, it was felt necessary to engage an expert who should advise the Company on the entire process of risk identification and the steps that may be required to mitigate those risks. The Company has appointed a Consultant viz. M/s. Vibhakar J. Trivedi & Co., Chartered Accountants, Ahmedabad, to advise on setting up a procedure for risk identification, its minimization, its mitigation/control and to periodically report it to the Board. The process of risk identification including policy on the foreign exchange risk management is in progress.

8 MEANS OF COMMUNICATION

Apart from furnishing the copies of the Unaudited Quarterly & Half Yearly Results and Audited Annual results to all the Stock Exchanges where the shares of the Company are listed, the Company also publishes the results at least in one English newspaper and one vernacular newspaper.

The Company's financial results are timely sent to the Stock Exchanges so that they are available on their website. The financial results of the Company and other information pertaining to the Company are available on the Company's website www.gsfclimited.com. The Company also supplies copies of its financial results to the investors free of cost, if requested for, and simultaneously they are also made available on the Company's website. The Management Discussion & Analysis Report shall form as a part of the Directors' Report to shareholders.

The Company has voluntarily adopted the procedure of getting the Compliance of Code on Corporate Governance audited on quarterly basis (instead of annual certification required under clause 49 of the listing agreement) and a Certificate to that effect together with the quarterly compliance report has been submitted to Stock Exchange(s) as follows:

Quarterly Report for the quarter ended	Date of submission to Stock Exchange(s)
30-06-2009	14-07-2009
30-09-2009	12-10-2009
31-12-2009	11-01-2010
31-03-2010	08-04-2010

As required by the amended Clause 47(f) of the Listing Agreement, the Company has designated an email account specifically for investor service and the same is displayed on the website of the Company. Investors may lodge their complaints at vishvesh@gsfc ltd.com.

9 GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting :

As is indicated in the notice convening the 48th Annual General Meeting, the 48th AGM of the Company will be held on Friday the 24th September, 2010 at 4.30 P.M. at the Cultural Centre Auditorium situated at P.O. Fertilizernagar – 391750, Dist. Vadodara (Registered Office of the Company).

b) Financial Calendar :

The financial year of the Company is from 1st April to 31st March. The tentative financial calendar is given below :

Unaudited Results for Quarter ending June 30, 2010	Latest by 14 th August, 2010
Unaudited Results for Quarter ending September 30, 2010	Latest by 14 th November, 2010
Unaudited Results for Quarter ending December 31, 2010	Latest by 14 th February, 2011
Unaudited Results for Quarter ending March 31, 2011; OR	Latest by 15 th May, 2011
In case Company takes Audited Results for the whole Financial Year.	Latest by 30 th May, 2011

c) Book closure date :

The Register of Members of the Company shall remain closed from Saturday, the 11th September, 2010 to Friday, the 24th September, 2010 (both days inclusive).

d) Dividend payment date :

Within 30 days from the date of declaration (AGM Date) i.e. 24th September, 2010.

CORPORATE GOVERNANCE REPORT (Contd.)

e) (i) Listing of Equity Shares :

The Equity Shares of the Company are listed at the following stock exchanges :

Sr.No.	Name of the Exchange	Scrip Code
01	Bombay Stock Exchange Limited	500690
02	National Stock Exchange of India Limited	GSFC - EQ

An application for delisting of Equity Shares from Calcutta Stock Exchange (CSE) has been made to CSE and their approval is yet not received. The Annual Listing Fees in respect of Bombay Stock Exchange Limited and National Stock Exchange of India Limited for the FY 2009-10 has been paid by the Company.

(ii) Demat ISIN Number in NSDL & CDSL for Equity shares : INE026A01017.

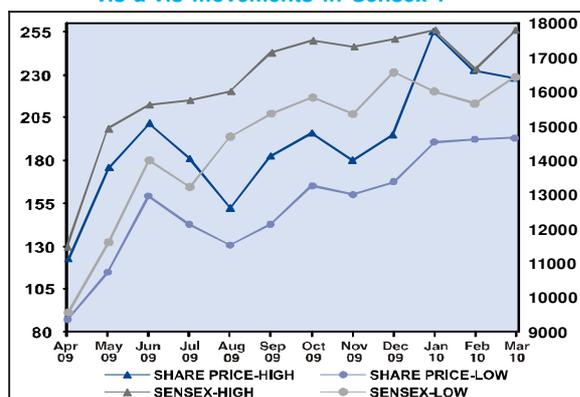
(iii) Stock Market Data :

High - Low share price performance in comparison to broad-based indices - BSE Sensex and NSE Nifty :

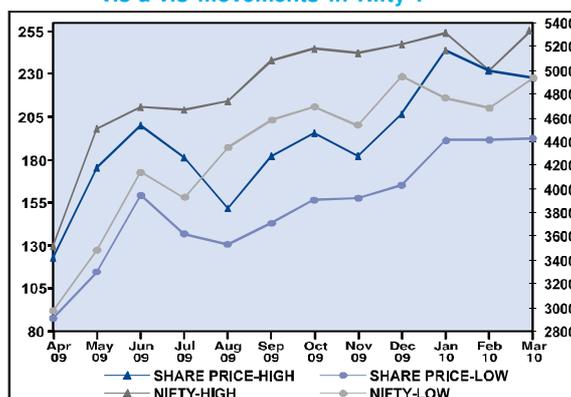
Month & Year	BSE				NSE			
	GSFC's Share Price (Rs.)		Sensex		GSFC's Share Price (Rs.)		Nifty	
	High	Low	High	Low	High	Low	High	Low
April 09	123.00	87.10	11,492.10	9,546.29	123.00	87.40	3,517.25	2,965.70
May 09	175.95	115.00	14,930.54	11,621.30	175.60	114.50	4,509.40	3,478.70
June 09	197.00	159.20	15,600.30	14,016.95	200.00	159.50	4,693.20	4,143.25
July 09	180.80	143.00	15,732.81	13,219.99	181.00	136.70	4,669.75	3,918.75
Aug. 09	151.90	130.15	16,002.46	14,684.45	151.70	130.50	4,743.75	4,353.45
Sept.09	182.95	142.80	17,142.52	15,356.72	182.05	143.00	5,087.60	4,576.60
Oct. 09	196.00	165.10	17,493.17	15,805.20	196.00	156.95	5,181.95	4,687.50
Nov.09	180.00	160.20	17,290.48	15,330.56	182.00	158.00	5,138.00	4,538.50
Dec.08	194.90	166.20	17,530.94	16,577.78	207.00	165.00	5,221.85	4,943.95
Jan.10	255.00	190.50	17,790.33	15,982.08	244.00	191.25	5,310.85	4,766.00
Feb.10	232.40	192.00	16,669.25	15,651.99	232.00	191.25	4,992.00	4,675.40
Mar.10	227.85	193.10	17,793.01	16,438.45	228.00	192.00	5,329.55	4,935.35

The following graphical presentations depict the movement of monthly high/low prices of Company's Shares on BSE and NSE vis-à-vis the movements in the Sensex and Nifty during the period from April 2009 to March 2010 :

> Company's Share Price Movements on BSE vis-à-vis movements in Sensex :



> Company's Share Price Movements on NSE vis-à-vis movements in Nifty :



f) Share Transfer System and Registrars & Share Transfer Agents of the Company :

The entire share transfer process, physical as well as dematerialised, is being handled by the Company's Registrar and Share Transfer Agents viz. MCS Ltd., situated at 1st Floor, Neelam Apartment, 88, Sampatrao Colony, Alkapuri, Vadodara - 390 007. Share Transfer in physical form can be lodged either with the Registrars & Share Transfer Agents OR at the Registered Office of the Company. Share Transfer requests received are attended within fortnight. All requests for de-materialisation/re-materialisation of shares are processed and confirmation is sent to the depositories by the Registrars & Share Transfer Agents of the Company generally within 15 days from the date of the receipt thereof.

The Company representatives regularly visit the office of the Registrars and Share Transfer Agents to monitor, supervise and ensure that there are no unusual delays or lapses in the system.

CORPORATE GOVERNANCE REPORT (Contd.)

g) Distribution of Shareholding as on 31st March, 2010 :

> Pattern of Shareholding (Category wise) :

Category	No. of Shares	% to Total Capital
State Financial Corporations & its Associates	3,06,59,981	38.47
Public Financial Institutions and Insurance Companies	1,88,97,285	23.71
Companies & Banks	1,48,32,409	18.61
Individuals, Co-operative Societies & Banks	1,53,05,831	19.21
Total	7,96,95,506	100.00

> Pattern of Shareholding (Shareholding wise) :

Category (No. of Shares)	No. of Shareholders	%	No. of Shares	%
From To				
Upto 500 Shares	89,803	95.95	59,28,302	7.44
501 – 1000	2,101	2.25	15,83,968	1.99
1001 – 2000	875	0.94	12,92,323	1.62
2001 – 3000	263	0.28	6,58,893	0.83
3001 – 4000	114	0.11	4,06,993	0.51
4001 – 5000	83	0.09	3,83,136	0.48
5001 – 10000	148	0.16	11,05,602	1.39
10001 & above	205	0.22	6,83,36,289	85.74
TOTAL	93,592	100.00	7,96,95,506	100.00

- > 58.11% of the Equity Shares have been Dematerialised till 31/03/2010. The Company's Equity Shares are to be compulsorily dealt in dematerialised form since 26/06/2000 and the ISIN no. of the Company's Equity Shares is INE026A01017.
- > The Company has paid the Annual Custody Charges to National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) for the year 2009-10.
- > Dividend @ Rs. 4.50 per share has been recommended by the Board of Directors on the Equity Shares which shall be paid/ distributed within a period of 30 days from the date of the 48th Annual General Meeting upon its approval by Shareholders in the ensuing 48th Annual General Meeting.
- > **Unit wise Plant locations :**

The Company's Units are located as follows :

Baroda Unit	:	P.O. Fertilizernagar – 391 750, Dist. Vadodara.
Polymers Unit	:	Nandesari GIDC, Dist. Vadodara.
Fibre Unit	:	Kuwarda, Dist. Surat.
Sikka Unit	:	Moti Khawdi, Dist. Jamnagar

h) Address for Correspondence :

The shareholders may send their communications at the registered office of the Company at the following address :

Company Secretary & Dy. General Manager (Legal & Industrial Relations)

Gujarat State Fertilizers & Chemicals Limited
P.O. Fertilizernagar - 391 750, Dist. Vadodara
Tel. Nos. 0265-2242451/2242651/2242751
Fax No. 0265-2240966/2240119
E-mail: vishvesh@gsfcltd.com
Website: www.gsfclimited.com

Or

Registrars & Transfer Agents for Equity Shares of the Company

M/s. MCS Limited (Unit - GSFC)
Neelam Apartments, 1st Floor,
88, Sampatrao Colony, Behind Standard Chartered Bank,
Productivity Road, Vadodara - 390 007
Tel. Nos. 0265-2339397/2314757 Fax No. 0265-2341639
E-mail mcsbaroda@yahoo.com

CORPORATE GOVERNANCE REPORT (Contd.)

Certificate of compliance with the Code of Conduct by all Board Members & Sr. Management of the Company

I hereby certify that all the Board Members & Members of Sr. Management of the Company have complied with the Code of Conduct as approved by the Board of Directors of the Company.

Date : 15th April, 2010
Place : Fertilizernagar

Sd/-
H. V. Patel
Managing Director

AUDITORS' CERTIFICATE

To the Shareholders,

We have examined the compliance of the conditions of Corporate Governance by Gujarat State Fertilizers & Chemicals Limited for the year ended 31st March, 2010 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 Company's management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2010, no grievances are pending for the period of exceeding one month against the Company as per the records maintained by the Company and presented to the Shares/Debentures Transfer and 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.

Sd/-
S. Samdani
Practicing Company Secretary
S. Samdani & Associates
Company Secretaries
C. P. No. 2863

Date : 31st July, 2010
Place : Vadodara

FINANCIAL HIGHLIGHTS OF TEN YEARS

PARTICULARS	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
(Rs. in Crs.)										
OPERATING RESULTS										
GROSS INCOME	4132	5952	3649	3413	2940	2670	2182	1887	2002	2111
GROSS PROFIT	530	883	500	496	579	395	187	(86)	49	138
DEPRECIATION	141	143	142	143	142	143	145	142	137	132
PROFIT/(LOSS) BEFORE TAX	389	740	358	353	437	252	42	(228)	(88)	* 6
TAX	135	241	120	86	143	114	(132)	-	(21)	-
PROFIT/(LOSS) AFTER TAX	254	499	238	267	294	138	174	(228)	(67)	* 6
EXCEPTIONAL ITEMS	-	-	-	-	-	-	-	(163)	19	-
PROFIT/(LOSS) AFTER TAX & EXCEPTIONAL ITEMS	254	499	238	267	294	138	174	(391)	(48)	* 6
DIVIDEND	36	36	36	36	36	12	-	-	-	-
DIVIDEND TAX	6	6	6	6	5	2	-	-	-	-
RETAINED EARNINGS	213	457	196	225	253	124	174	(391)	(48)	* 6
(Rs. in Crs.)										
SOURCES & APPLICATION OF FUNDS										
SOURCES OF FUNDS										
SHARE CAPITAL	80	80	80	80	80	80	80	80	80	113
RESERVES & SURPLUS	2064	1852	1394	1285	1060	808	671	437	828	1177
LOANS	687	324	559	965	1086	1159	1391	1470	1473	1519
DEFERRED TAX LIABILITY (NET)	150	171	263	326	336	233	138	272	272	-
	2981	2427	2296	2656	2562	2280	2280	2259	2653	2809
APPLICATION OF FUNDS										
FIXED ASSETS (GROSS)	3413	3266	3147	3073	3037	3023	3031	3060	3029	3023
DEPRECIATION	2150	2013	1874	1737	1583	1441	1305	1162	1023	911
FIXED ASSETS (NET)	1263	1253	1273	1336	1454	1582	1726	1898	2006	2112
INVESTMENTS	425	606	221	139	130	129	121	127	134	138
CURRENT ASSETS (NET)	1293	568	802	1181	977	567	428	226	505	549
MISC.EXP. (to the extent not w/off)	-	-	-	-	1	2	5	8	8	10
	2981	2427	2296	2656	2562	2280	2280	2259	2653	2809
(Rupees)										
AMOUNT PER SHARE										
SALES	504	738	448	416	355	327	264	230	245	255
EARNING	32	63	30	33	37	17	22	(49)	(6)	* 1
CASH EARNING	47	69	44	50	68	47	23	(31)	8	* 17
EQUITY DIVIDEND	4.50	4.50	4.50	4.50	4.50	1.50	-	-	-	-
BOOK VALUE	269	242	185	171	143	111	94	64	113	156
MARKET PRICE : HIGH	255	216	370	251	208	135	74	41	27	41
LOW	87	61	141	142	103	40	14	13	8	19

* After adjusting exceptional item of Rs. 224.02 Crores against General Reserves

Auditors' Report

To the Members of Gujarat State Fertilizers & Chemicals Limited, Vadodara

1. We have audited the attached Balance Sheet of Gujarat State Fertilizers & Chemicals Limited as at 31st March, 2010 and the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto in which are incorporated the accounts of the Polymers Unit and Fibre Unit of the Company, audited by another firm of Chartered Accountants. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Attention is drawn to Note No. 9 of Schedule 22 regarding providing of the difference between the estimated rate and the base rate of concession on DAP and Complex fertilizers of Rs. 5389 lacs pending notification of final rate of concession by Government of India.
5. Further to our comments in the Annexure referred to above, we report that :
 - (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the Balance Sheet, the Profit and Loss Account 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 Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (e) On the basis of written representations received from certain directors of the Company and from the management in respect of other directors exempted vide General Circular No. 8/2001-CLV dated 22/03/2002 issued by Ministry of Law, Justice and Company Affairs, Department of Company Affairs and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts *read with para 4 above* give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **S. C. BAPNA & ASSOCIATES**
Chartered Accountants
Firm Registration No. 115649W

Jaiprakash Gupta
Partner
Membership No. 088903

Place : Gandhinagar
Date : 27-05-2010

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our Report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of its fixed assets.
- (b) As explained to us, all major items of fixed assets were physically verified by the Management at the end of the year, in accordance with the regular programme of verification which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancy was noticed on such physical verification.
- (c) The Company has not disposed off any substantial part of its fixed assets during the year as would affect its going concern status.
- (ii) (a) In our opinion, physical verification of inventory has been conducted by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventory followed by the Management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of records of inventory, in our opinion, the Company is maintaining proper records of inventory. No material discrepancy was noticed on physical verification of the inventory.
- (iii) (a) As per the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (b) As per the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and with regard to the sale of goods and services.
During the course of audit, we have not observed any continuing failure to correct major weakness in Internal Control System.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the Register maintained under that Section;
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 58A and 58AA or any other relevant provision of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975 with regard to the deposits accepted from the public. We are informed by the management that, no order has been passed by the Company Law Board or National Company Law Tribunal, Reserve Bank of India or any court or any other tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (ix) (a) According to the information given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues and the Company had no arrears of such outstanding statutory dues as at 31st March, 2010 for a period more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the Company had no disputed outstanding statutory dues as at 31st March, 2010, except as enumerated here under :

Nature of the Dues	Amount (Rs. in Lakhs)	Forum where dispute is pending
Excise & Custom Duties	478.65	Up to Tribunal
	8.36	High Court
Sales Tax	1580.16	Up to Tribunal
Income Tax	3736.73	C.I.T. (Appeals)
	1.51	ITAT

- (x) The Company does not have any accumulated losses as at 31st March, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

(Contd.)

Annexure to the Auditors' Report (Contd.)

- (xi) As per the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks or debenture holders during the year.
- (xii) As per the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company does not deal or trade in shares, securities, debentures and other investments.
- (xv) In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by other from banks or financial institutions are not prejudicial to the interest of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- (xvii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been utilized for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year under review.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under review.

For **S. C. BAPNA & ASSOCIATES**
Chartered Accountants
Firm Registration No. 115649W

Jaiprakash Gupta
Partner

Place : Gandhinagar
Date : 27-05-2010

Membership No. 088903

Comments of the Comptroller and Auditor General of India under Section 619(4) read with Section 619B of the Companies Act, 1956 on the accounts of Gujarat State Fertilizers & Chemicals Limited, Vadodara for the year ended 31 March 2010.

The preparation of financial statements of **Gujarat State Fertilizers & Chemicals Limited, Vadodara** for the year ended 31 March 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 27 May 2010.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of **Gujarat State Fertilizers & Chemicals Limited, Vadodara** for the year ended 31 March 2010. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the statutory auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 619(4) read with Section 619B of the Companies Act, 1956.

For and on behalf of the
Comptroller & Auditor General of India

Place : Ahmedabad
Date : 16.06.2010

Dhiren Mathur
ACCOUNTANT GENERAL

Balance Sheet as at 31st March, 2010

		(Rs. in lakhs)	
	Schedule	As At 31st March, 2010	As At 31st March, 2009
SOURCES OF FUNDS			
Shareholders' Funds :			
Share Capital	1	7969.55	7969.55
Reserves and Surplus	2	<u>206442.62</u>	<u>185177.61</u>
		214412.17	193147.16
Loan Funds :			
Secured Loans	3	17475.11	15478.94
Unsecured Loans	4	<u>51283.15</u>	<u>16920.56</u>
		68758.26	32399.50
Deferred Tax Liability		28217.12	31221.65
Deferred Tax Assets		<u>(13246.65)</u>	<u>(14058.48)</u>
(Refer Note 6(b) of Schedule-22)		14970.47	17163.17
Total		<u>298140.90</u>	<u>242709.83</u>
APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	5	323159.55	321531.90
Less: Depreciation		<u>215011.20</u>	<u>201300.04</u>
Net Block		108148.35	120231.86
Capital work in progress		1164.52	2050.73
Projects under execution		<u>17025.55</u>	<u>3043.85</u>
		126338.42	125326.44
Investments	6	42498.24	60608.69
Current Assets, Loans and Advances :			
Inventories	7	61109.69	74558.46
Sundry Debtors	8	62157.86	48067.87
Cash and Bank Balances	9	6011.79	3813.84
Loans and Advances	10	<u>81090.50</u>	<u>19873.50</u>
		210369.84	146313.67
Less: Current Liabilities and Provisions :			
Current Liabilities	11	42172.09	46896.16
Provisions	12	<u>38893.51</u>	<u>42642.81</u>
		81065.60	89538.97
Net Current Assets		129304.24	56774.70
Total		<u>298140.90</u>	<u>242709.83</u>
Pre-operative Expenses	20		
Significant Accounting Policies	21		
Notes on Accounts	22		

B. M. Bhorania
General Manager (Finance)

V. V. Vachhrajani
Company Secretary

Gandhinagar
27th May, 2010

H. V. Patel
Managing Director

A. K. Joti
Chairman

Vasant P. Gandhi
D. C. Anjaria
D. J. Pandian
Directors

As per our attached Report of even date

For **S. C. Bapna & Associates**
Chartered Accountants
Firm Registration No. 115649W

Gandhinagar
27th May, 2010

Jaiprakash Gupta
Partner
Membership No.088903

Profit and Loss Account for the year ended 31st March, 2010

		(Rs. in lakhs)	
	Schedule	For the year ended 31st March, 2010	For the year ended 31st March, 2009
INCOME			
Sales	13	412917.02	601918.56
Less : Excise Duty recovered on Sales		<u>10997.73</u>	<u>13838.97</u>
Net Sales		401919.29	588079.59
Other Income	14	<u>11300.98</u>	<u>7129.62</u>
Total		413220.27	595209.21
EXPENDITURE			
Materials, Manufacturing & Operating Expenses	15	293572.10	434243.24
Personnel Expenses	16	29018.94	38901.60
Administration, Marketing & Other Expenses	17	23923.35	31094.39
Purchase of Finished Products		2644.18	2762.24
Interest :			
On Debentures / Bonds and Fixed Loans		577.71	1330.47
Others		<u>2484.13</u>	<u>2586.49</u>
		3061.84	3916.96
Depreciation		<u>14093.17</u>	<u>14303.88</u>
Sub Total		366313.58	525222.31
(Increase)/Decrease in Stock of Finished products, Trading Goods and Stock-in-Process	18	<u>7792.27</u>	<u>(3931.10)</u>
Total		374105.85	521291.21
Profit before Tax & Prior Period Adjustments		<u>39114.42</u>	<u>73918.00</u>
Prior Period Adjustments (Net)	19	<u>(202.50)</u>	<u>76.86</u>
Profit before Taxes		38911.92	73994.86
Provision for Taxation :			
Wealth Tax		12.00	12.00
Current Income Tax		15646.28	33037.26
Fringe Benefit Tax		0.00	150.00
Deferred Tax (net)		<u>(2192.70)</u>	<u>(9137.00)</u>
		13465.58	24062.26
Excess Provision for Taxation written back		<u>0.76</u>	<u>3.76</u>
		<u>13464.82</u>	<u>24058.50</u>
Profit after Taxes		25447.10	49936.36
Balance brought forward from last year		4775.66	4735.24
Less : Balance reduced due to rounding off difference on Dividend & Dividend Tax		<u>0.15</u>	<u>0.15</u>
		4775.51	4735.09
Amount available for appropriations		<u>30222.61</u>	<u>54671.45</u>
APPROPRIATIONS			
Proposed Dividend on Equity Shares		3586.30	3586.30
Tax on Proposed Dividend		595.64	609.49
Transferred to General Reserve		<u>17000.00</u>	<u>45700.00</u>
Balance carried to Balance Sheet		<u>9040.67</u>	<u>4775.66</u>

(Contd.)

Profit and Loss Account for the year ended 31st March, 2010 (Contd.)

	Schedule	For the year ended 31st March, 2010	For the year ended 31st March, 2009
Profit after Taxes (Rs. in lakhs)		25447.10	49936.36
Number of Equity Shares		79695506	79695506
Basic and Diluted Earnings per Share (Rs.)		31.93	62.66
Nominal value per Share (Rs.)		10.00	10.00
Pre-operative Expenses	20		
Significant Accounting Policies	21		
Notes on Accounts	22		
B. M. Bhorania <i>General Manager (Finance)</i>	H. V. Patel <i>Managing Director</i>	A. K. Joti <i>Chairman</i>	
V. V. Vachhrajani <i>Company Secretary</i>		Vasant P. Gandhi D. C. Anjaria D. J. Pandian Directors	
Gandhinagar 27th May, 2010			As per our attached Report of even date
			For S. C. Bapna & Associates Chartered Accountants Firm Registration No. 115649W
			Jaiprakash Gupta Partner Membership No.088903
Gandhinagar 27th May, 2010			

Cash Flow Statement for the year ended 31st March, 2010

	For the year ended 31st March, 2010	(Rs. in lakhs) For the year ended 31st March, 2009
[A] Cash Flow From Operating Activities		
Profit before tax	38911.92	73994.86
Adjustment for :		
Depreciation	14085.53	14287.02
Interest charged	3061.84	3916.96
Interest received on deposit with Companies	(1818.37)	—
Loss on Fixed Assets Sold/Written Off	30.27	543.69
Profit on Sale of Fixed Assets	(15.72)	(3.25)
Income from Investments	(1594.29)	(1975.14)
Profit/Loss on Sale of Investments	292.46	(79.97)
Write off of Bad Debts/Advances	—	40.00
Provision for Doubtful Debts/Advances	254.13	197.85
Provision for diminution in value of investments	2067.30	5950.73
	<u>16363.15</u>	<u>22877.88</u>
Operating Profit before Working Capital Changes	55275.07	96872.74
Adjustment for :		
Inventories	13448.77	(12153.51)
Trade and Other Receivables	(21735.13)	4708.85
Current Liabilities and Provisions	(4551.90)	17790.98
	<u>(12838.26)</u>	<u>10346.32</u>
Cash Generated from Operations	42436.81	107219.06
Direct Taxes Paid	(17514.34)	(24420.03)
Net Cash From Operating Activities	24922.47	82799.03
[B] Cash Flow From Investing Activities		
Purchase of Fixed Assets	(15325.04)	(11666.96)
Sale of Fixed Assets	212.98	(1239.29)
Purchase of Investments	(23596.40)	(52513.26)
Sale of Investments	39347.09	8167.74
Deposits with Companies	(55800.00)	0.00
Interest Received	1818.37	14.91
Dividend Received	1594.29	1970.17
Net Cash from Investing Activities	<u>(51748.71)</u>	<u>(55266.69)</u>
Total c/f.	<u>(26826.24)</u>	<u>27532.34</u> (Contd.)

Cash Flow Statement for the year ended 31st March, 2010 (Contd.)

	For the year ended 31st March, 2010 (26826.24)	(Rs. in lakhs) For the year ended 31st March, 2009 27532.34
Total b/f.		
[C] Cash Flow From Financing Activities		
Proceeds from Borrowings	36358.76	(23477.34)
Interest Paid	(3169.88)	(4278.86)
Dividend Paid	(3555.18)	(3556.30)
Tax on Dividend Paid	(609.51)	(609.51)
Net Cash used in Financing Activities	<u>29024.19</u>	<u>(31922.01)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS [A+B+C]	2197.95	(4389.67)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3813.84</u>	<u>8203.52</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>6011.79</u></u>	<u><u>3813.84</u></u>

B. M. Bhorania
General Manager (Finance)

V. V. Vachhrajani
Company Secretary

Gandhinagar
27th May, 2010

H. V. Patel
Managing Director

A. K. Joti
Chairman

Vasant P. Gandhi

D. C. Anjaria

D. J. Pandian

Directors

As per our attached Report of even date

For **S. C. Bapna & Associates**
Chartered Accountants
Firm Registration No. 115649W

Jaiprakash Gupta
Partner
Membership No.088903

Gandhinagar
27th May, 2010

Schedules Forming Part of Balance Sheet

SCHEDULE - 1 SHARE CAPITAL

	As At 31st March, 2010	(Rs. in lakhs) As At 31st March, 2009
Authorised :		
1,60,00,000 Redeemable Cumulative Preference Shares of Rs.100 each	16000.00	16000.00
20,00,00,000 Equity Shares of Rs.10 each	20000.00	20000.00
	<u>36000.00</u>	<u>36000.00</u>
Issued :		
7,98,24,370 Equity Shares of Rs.10 each	7982.44	7982.44
	<u>7982.44</u>	<u>7982.44</u>
Subscribed :		
7,98,13,937 Equity Shares of Rs.10 each	7981.39	7981.39
	<u>7981.39</u>	<u>7981.39</u>
Paid-up :		
7,96,95,506 Equity Shares of Rs.10 each	7969.55	7969.55
	<u>7969.55</u>	<u>7969.55</u>
Total	<u><u>7969.55</u></u>	<u><u>7969.55</u></u>
1,18,431 Equity Shares forfeited and amount transferred to Capital Reserve in earlier years		

Notes :

Out of the Equity Shares mentioned above :

- (a) Under the scheme of amalgamation with the Company
 - (i) 5,86,390 shares of Rs.10 each were issued to the shareholders of erstwhile Polymers Corporation of Gujarat Limited.
 - (ii) 18,57,600 shares of Rs.10 each were issued to the shareholders of erstwhile Gujarat Nylons Limited.
- (b) 3,12,41,915 shares of Rs.10 each were issued as fully paid-up bonus shares by capitalisation of Reserves and Share Premium Account.

Schedules Forming Part of Balance Sheet

SCHEDULE - 2 RESERVES AND SURPLUS

(Rs. in lakhs)

	Balance as at 1st April, 2009	Additions	Deductions	Balance as at 31st March, 2010	Balance as at 31st March, 2009
Capital Reserve I	7.56	—	—	7.56	7.56
Capital Reserve II	1248.77	—	—	1248.77	1248.77
Capital Redemption Reserve	3335.00	—	—	3335.00	3335.00
Share Premium Account	30524.02	—	—	30524.02	30524.02
General Reserve	145286.60	17000.00 (a)	—	162286.60	145286.60
Total Reserves	180401.95	17000.00	—	197401.95	180401.95
Profit and Loss Account	4775.66	25447.10	21182.09	9040.67	4775.66
Total	185177.61	42447.10	21182.09	206442.62	185177.61
(31-03-2009)	(139364.24)	(102957.89)	(57144.52)	(185177.61)	(139364.24)

(a) Transferred from Profit & Loss account

SCHEDULE - 3 SECURED LOANS

(Rs. in lakhs)

	As At 31st March, 2010	As At 31st March, 2009
From Banks :		
i) Cash Credit	17473.45	15477.68
ii) Interest accrued and due on above	1.66	1.26
Total	17475.11	15478.94

Note :

The Credit Facility from Banks is secured by hypothecation of stock of raw materials, finished products, packing materials, general stores, spares, book debts etc. of the Company.

SCHEDULE - 4 UNSECURED LOANS

(Rs. in lakhs)

	As At 31st March, 2010	As At 31st March, 2009
1] Fixed Deposits	706.12	1652.12
2] Other Loans :		
(i) Commercial Papers	10000.00	—
(ii) Under acceptance-cum-bill discounting facility	40577.03	15268.44
Total	50577.03	15268.44
	51283.15	16920.56

(Of the above, Rs. 51121.10 lakhs are payable during the next twelve months)

Schedules Forming Part of Balance Sheet

SCHEDULE - 5 FIXED ASSETS

(Rs. in lakhs)

Sr. No.	Assets	Gross Block			Depreciation		Net Block		
		As at 1-4-2009	Additions/ Adjustments	Deductions/ Adjustments	As at 31-3-2010	For the year 2009-10	Upto 31-3-2010	As at 31-3-2010	As at 31-3-2009
1	Land-Freehold	551.59	0.00	0.12	551.47	—	—	551.47	551.59
2	Land-Leasehold	165.39	0.00	0.00	165.39	6.80	9.97	155.42	162.22
3	Buildings (Including Roads, Culverts & Compound Walls)	10950.61	130.08	196.91	10883.78	171.48	4154.53	6729.25	6966.60
4	Railway Sidings	1597.70	0.00	0.00	1597.70	60.27	968.08	629.61	689.88
5	Plant & Machinery	303290.87	1963.17	340.62	304913.42	13714.60	206253.64	98659.78	110430.77
6	Furniture, Fittings & Equipments	3025.10	90.52	27.28	3088.34	104.62	2164.89	923.45	939.90
7	Vehicles	237.10	42.76	33.21	246.65	16.83	107.23	139.42	115.22
8	Library Books	84.39	1.63	3.76	82.26	2.14	55.73	26.54	27.22
9	Computer Software	100.76	1.38	0.00	102.14	16.43	77.18	24.96	40.01
10	Assets retired from use & held for disposal	1528.40	0.00	0.00	1528.40	—	1219.95	308.45	308.45
	Total	321531.91	2229.54	601.90	323159.55	14093.17	215011.20	108148.35	120231.86
	(31st March 2009)	(313131.79)	(8825.87)	(425.75)	(321531.91)	(14303.86)	(201300.03)	(120231.88)	
11	Capital Work in Progress				1164.52	—	—	1164.52	2050.73
12	Projects under execution				17025.55	—	—	17025.55	3043.85
	Total				341349.62	14093.17	215011.20	126338.42	125326.44

Notes :

- The Company has acquired land through Government and also through direct negotiations. The entire land is in possession of the Company. In respect of portion of land for which the Company has still not received the award/sale deed, the advance paid to land owners have been treated as land. In respect of other portion of land acquired through direct negotiations, compensation has been paid at the negotiated price. The Company also holds possession of a portion of land for which no amount has been paid in absence of receipt of awards.
- The Company has leased a portion of its land to Bank of Baroda for bank premises at Fertilizernagar and Sikka, and Gas Authority of India Ltd. (GAIL) for establishment of CNG pumping station.
- Buildings include Rs.0.02 lakh being the value of shares in Co-operative Housing Societies.
- Cost of equipment against which Government subsidy is received are shown net of subsidy.
- Assets retired from use and held for disposal at item No. 10 are stated at cost or realisable value whichever is lower. No depreciation has been charged on these assets after its retirement.
- Projects under execution includes Rs. 3081.70 Lakhs (previous year Rs. 2141.24 lakhs) being expenses pending allocation (Refer Schedule-20-Pre-Operative Expenses) & project advance of Rs. 534.35 lakhs (previous year Rs. 902.60 lakhs).
- Pending taking over of physical possession and the execution of lease deed of the land allotted to the Company by Guj. Indus. Development Corporation (GIDC) at Dahej-II Industrial Estate, the payment Rs. 8098.72 lakhs to GIDC has been included in "Projects under execution" (Previous year Nil).

Schedules Forming Part of Balance Sheet

SCHEDULE - 6 INVESTMENTS

				(Rs. in lakhs)	
				As At	As At
				31st March, 2010	31st March, 2009
A. LONG TERM INVESTMENTS	Nos.	Face Value Rs.			
1. GOVERNMENT SECURITIES (Unquoted)					
National Savings Certificates (Matured but not realised)			0.36		0.36
2. TRADE INVESTMENTS					
(i) Quoted :					
a) Fully paid Equity Shares of -					
Gujarat Narmada Valley Fertilizers Co. Ltd.	3,07,79,167	10	5838.81	5838.81	
Gujarat Industries Power Company Ltd.	2,23,62,784	10	3649.59	3649.58	
Gujarat Alkalies & Chemicals Ltd.	16,55,040	10	827.52	827.52	
			10315.92		10315.91
(ii) Unquoted :					
a) Fully paid Equity Shares of -					
Indian Potash Limited	11,25,000	10	60.50	60.50	
Gujarat Chemical Port Terminal Co. Ltd.	2,29,70,000	10	2297.00	2297.00	
Less : Provision for Diminution in value of investment			<u>-2067.30</u>	0.00	
			229.70	2297.00	
Add : Subscribed during the year, pending allotment	9,96,61,575	1	<u>996.62</u>	0.00	
			1226.32	2297.00	
Gujarat Green Revolution Company Ltd.	12,50,000	10	125.00	125.00	
Effluent Channel Project Ltd.	14,302	10	0.00	0.00	
Bhavnagar Energy Company Ltd. (60,00,000 shares subscribed during the year)	70,00,000	10	700.00	100.00	
Tunisian Indian Fertilizers (TIFERT s.a.) (TND denotes Tunisian Dinar) (Call money of Rs. 4514.77 lakhs paid during the year)	33,75,000	10 (TND)	12024.77	4829.85	
			14136.59	7412.35	
b) Partly paid Equity Shares of -					
Tunisian Indian Fertilizers (TIFERT s.a.) (TND denotes Tunisian Dinar) (Fully paid during the year)	20,25,000	10 (TND)	0.00	2680.15	
					10092.50
3. OTHER INVESTMENTS					
(i) Quoted :					
a) Fully paid Equity Shares of -					
GRUH Finance Limited	1,00,000	10	29.50	29.50	
Industrial Development Bank of India	5,49,440	10	446.42	446.42	
Mangalore Chemicals & Fertilizers Ltd.	5,79,000	10	38.45	38.45	
Gujarat State Financial Corporation	9,35,600	10	187.12	187.12	
Less : Provision for Diminution in value of investment			<u>-187.12</u>	-187.12	
			0.00	0.00	
			514.37		514.37
Total c/f.			24967.24		20923.14 (Contd.)

Schedules Forming Part of Balance Sheet

SCHEDULE - 6 INVESTMENTS (Contd.)

(Rs. in lakhs)

	Nos.	Face Value Rs.	As At 31st March, 2010 24967.24	As At 31st March, 2009 20923.14
(ii) Unquoted :				
a) Fully paid Equity Shares of -				
Gujarat Data Electronics Limited	1,15,000	10	11.50	11.50
Less : Provision for Diminution in value of investment			<u>-11.50</u>	<u>-11.50</u>
			0.00	0.00
Gujarat Venture Finance Limited	60,000	10	6.00	6.00
Biotech Consortium India Limited	50,000	10	5.00	5.00
Gujarat State Petroleum Corporation Limited (5,00,000 shares (including 2,50,000 Bonus shares) of Rs.10/- each and split into 50,00,000 shares of Rs.1/- each)	50,00,000	1	25.00	25.00
Add: Subscribed during the year	1,85,00,000	1	<u>14985.00</u>	0.00
			15010.00	<u>25.00</u>
GSPC Gas Company Limited	1,00,000	10	10.00	10.00
Add: Subscribed during the year, pending allotment	90,78,800	10	<u>2500.00</u>	0.00
			2510.00	<u>10.00</u>
			17531.00	46.00
B. CURRENT INVESTMENTS				
1. GOVERNMENT SECURITIES (Unquoted)				
a) 6.20% Fertilizers Companies GOI Special Bonds-2022 (Sold during the year)	2,58,28,400	100	0.00	25828.40
b) 6.65% Fertilizers Companies GOI Special Bonds-2023 (Sold during the year)	2,02,81,800	100	0.00	20281.80
			<u>0.00</u>	<u>46110.20</u>
Less : Provision for Diminution in value of investment			<u>0.00</u>	<u>-6470.65</u>
			0.00	39639.55
Total			<u>42498.24</u>	<u>60608.69</u>
Aggregate Value of Unquoted Investments			31667.95	49778.41
Aggregate Value of Quoted Investments			10830.29	10830.28
Market Value of Quoted Investments			64720.48	30434.57

SCHEDULE - 7 INVENTORIES

Stores and Spare-parts (Including Loose Tools Rs. 19.83 lakhs - previous year Rs. 18.57 lakhs)			19799.50	17608.03
Raw Materials			22166.92	30014.08
Finished Goods :				
Finished Products			12395.27	20081.21
Trading Goods			<u>482.29</u>	70.56
			12877.56	20151.77
Stock-in-Process *			<u>6265.71</u>	6784.58
			19143.27	26936.35
Total			<u>61109.69</u>	<u>74558.46</u>

* Includes Loose (unpacked) products
Rs. 4619.93 lakhs (previous year Rs. 5029.79 lakhs)

Notes :

- (1) Inventories as taken, valued and certified by the Management.
- (2) For mode of valuation refer Schedule 21 - Significant Accounting Policies.

Schedules Forming Part of Balance Sheet

SCHEDULE - 8 SUNDRY DEBTORS

(Rs. in lakhs)

	As At 31st March, 2010	As At 31st March, 2009
Over Six Months		
Secured - Good **	1270.24	1390.93
Unsecured - Good *	21223.99	2924.40
- Doubtful	<u>3870.31</u>	<u>3804.95</u>
	26364.54	8120.28
Less : Provision	<u>3870.31</u>	<u>3804.95</u>
	22494.23	4315.33
Others (Considered Good)		
Secured **	109.64	596.10
Unsecured	<u>39553.99</u>	<u>43156.44</u>
	39663.63	43752.54
Total	<u>62157.86</u>	<u>48067.87</u>

* includes subsidy from Government of India amounting to Rs. 15760.76 lakhs (previous year Rs. 409.06 lakhs)

** Secured by way of first/second charge on assets and cash security from debtors.

SCHEDULE - 9 CASH AND BANK BALANCES

Cash, Cheques & Stamps on hand *	31.50	7.80
Remittances in transit	—	6.61
With Scheduled Banks :		
In Current Accounts (including Rs. 113.26 lakhs of unpaid dividend accounts and Rs. Nil in Saving Accounts) (previous year Rs. 83.68 lakhs and Rs. Nil respectively)	1035.37	539.65
In Collection Accounts	4829.89	2826.40
In Short Term Deposit Accounts	<u>115.03</u>	<u>433.38</u>
	5980.29	3799.43
Total	<u>6011.79</u>	<u>3813.84</u>

* Includes balances in Savings Bank Accounts opened in names of the authorised representatives of the Company in respect of Imprest Accounts.

SCHEDULE - 10 LOANS AND ADVANCES

Secured (Considered Good)		
Loans to employees for construction/ purchase of houses and vehicles (including interest accrued)	7233.12	6513.80
Unsecured (Considered Good)		
Advances recoverable in cash or in kind or for value to be received (including interest accrued)	<u>10820.89</u>	<u>13235.50</u>
Total c/f.	<u>10820.89</u>	<u>13235.50</u>
	7233.12	6513.80

(Contd.)

Schedules Forming Part of Balance Sheet

SCHEDULE - 10 LOANS AND ADVANCES (Contd.)

		(Rs. in lakhs)	
	As At 31st March, 2010	As At 31st March, 2009	
Total b/f.	10820.89	7233.12	13235.50
Deposits with Excise, Customs and other Government Departments	131.28		71.60
Deposits with Limited Companies/Financial Institutions (including interest accrued)	55852.65		52.60
Advance payment of Tax (net of provision)	7052.57		—
Unsecured (Considered Doubtful)			
Advances to other Companies	105.21		105.21
Advances recoverable in cash or in kind or for value to be received	163.74		163.74
	74126.34		13628.64
Less: Provision for Doubtful Advances	268.96		268.95
	73857.38		13359.70
Total	81090.50		19873.50

SCHEDULE - 11 CURRENT LIABILITIES

1. Sundry Creditors (Refer Note 5 of Schedule-22)	36223.95	40781.78
2. Advances from Customers	1624.94	1595.98
3. (a) Unpaid Dividends *	148.43	117.18
(b) Unpaid matured deposits *	111.72	100.60
(c) Interest accrued on 3(a) to 3(b) above *	—	0.10
	260.15	217.88
4. Other Liabilities	3793.75	3923.18
5. Interest accrued but not due on loans	269.30	377.34
Total	42172.09	46896.16

* These figures do not include any amounts, due and outstanding to be credited to Investor Education and Protection Fund.

SCHEDULE - 12 PROVISIONS

Proposed Dividend	3586.30	3586.30
Tax on Proposed Dividend	595.64	609.49
Employee Benefits *	34711.57	34616.19
Provision for taxation (net of Adv. Tax and TDS)	0.00	3830.83
Total	38893.51	42642.81

* Refer Note No. 12(b) of Schedule 22.

Schedules Forming Part of Profit and Loss Account

SCHEDULE - 13 SALES

	Quantity MTs	2009-10 Rs. Lakhs	Quantity MTs	2008-09 Rs. Lakhs
Manufacturing Operations				
(A) Baroda Unit & Sikka Unit :				
Baroda Unit :				
Urea	278375	23562.55	234110	24983.68
Ammonium Sulphate	278211	23104.61	229472	23107.82
Di-ammonium Phosphate	1	-176.57	62364	34508.99
Ammonium Phosphate Sulphate	293115	36751.23	199853	44750.41
Total Baroda Unit	849702	83241.82	725799	127350.90
Sikka Unit :				
Di-ammonium Phosphate	948170	190795.01	614593	324457.20
NPK (12:32:16)	21	7.91	42067	17398.24
NPK (10:26:26)	—	0.09	4	0.91
Total Sikka Unit	948191	190803.01	656664	341856.35
Total Fertilizers	1797893	274044.83	1382463	469207.25
Caprolactam	62650	61460.89	53859	51225.12
Cyclohexanone	7512	5835.27	5615	3900.44
Nylon-6	9219	12073.19	8496	10710.15
Melamine	13695	9065.15	14115	10154.10
MEK Oxime	2820	3113.24	3244	4058.53
Argon Gas (NM ³)	3464099	766.14	3184194	999.96
Ammonia	45521	6360.12	24748	5171.92
Nitric Acid	10362	787.52	8933	637.76
Sulphuric Acid	22519	501.43	14340	1139.96
Phosphoric Acid	1718	944.92	2039	1155.14
Cyclohexane	2975	1529.56	3700	2067.57
Oleum	6007	184.96	2939	288.65
Other Items		2764.93		2461.58
		379432.15		563178.13
(B) Polymers Unit's Products :				
Methyl Methacrylate Monomer	2282	2112.52	1374	1416.93
Polymethyl Methacrylate Sheets	696	1052.94	584	873.62
Polymethyl Methacrylate Pellets	1883	2265.22	1916	2219.53
Methacrylic Acid	1097	1298.57	696	772.54
Acetone Cyano Hydrine	205	157.83	172	169.97
Others		3.04		4.44
		6890.12		5457.03
(C) Fibre Unit's Products :				
Nylon Filament Yarn	4081	7314.78	4740	7990.31
Nylon Chips	4601	5892.73	5500	7001.96
		13207.51		14992.27
Trading Activities				
(Refer Annexure-I (B))		2389.51		4452.16
Sales (Net of Excise Duty)		401919.29		588079.59
Excise Duty Recovered		10997.73		13838.97
Total		412917.02		601918.56

Schedules Forming Part of Profit and Loss Account

SCHEDULE - 14 OTHER INCOME

	2009-10	2008-09
Rent	60.71	45.61
Income from Long Term Investments (Gross) :		
Dividend : Trade	1564.46	1945.36
Others	29.83	24.81
(Tax deducted at source Nil)(previous year Nil)	<u>1594.29</u>	<u>1970.17</u>
Interest : Others	0.00	4.97
(Tax deducted at source Nil)(previous year Nil)	<u>1594.29</u>	<u>1975.14</u>
Interest on Advances, Deposits and others (gross)	5105.81	2719.57
(Tax deducted at source Rs. 440.93 lakhs)		
(previous year Rs. 124.56 lakhs)		
Recoveries for services rendered	83.08	56.25
Insurance claims	242.28	123.93
Profit on sale of Investments	—	79.97
Profit on sale of Fixed Assets	15.72	3.25
Variation in Exchange Rates	2315.54	—
Excess provision no longer required	128.79	726.12
Miscellaneous	1754.76	1399.78
Total	<u><u>11300.98</u></u>	<u><u>7129.62</u></u>

SCHEDULE - 15 MATERIALS, MANUFACTURING AND OPERATING EXPENSES

Raw Materials Consumed :		
Opening Stock	30014.08	20275.84
Add : Purchases	235936.98	392832.04
	<u>265951.06</u>	<u>413107.88</u>
Less : Closing Stock	22166.92	30014.08
	<u>243784.14</u>	<u>383093.80</u>
Electricity and Fuel	30189.78	30690.25
Water	1537.83	1366.90
Stores and Spares Consumed	3779.91	3994.81
Packing Expenses	5603.39	5129.81
Insurance	612.11	571.43
Repairs and Maintenance :		
Buildings	370.08	319.81
Plant & Machinery	6788.13	8929.04
Others	667.86	534.98
	<u>7826.07</u>	<u>9783.83</u>
Excise Duty (Net)	238.87	(387.59)
Total	<u><u>293572.10</u></u>	<u><u>434243.24</u></u>

SCHEDULE - 16 PERSONNEL EXPENSES *

Salaries, Wages and Bonus	20162.83	18217.82
Contribution to Provident, Gratuity and Superannuation (Pension) Funds (Including provisions)	4058.58	15214.47
Welfare Expenses	4797.53	5469.31
Total	<u><u>29018.94</u></u>	<u><u>38901.60</u></u>

* Refer Note 10, 12 and 13 of Schedule-22

Schedules Forming Part of Profit and Loss Account

SCHEDULE - 17 ADMINISTRATION, MARKETING AND OTHER EXPENSES

	2009-10	2008-09
(Rs. in lakhs)		
Administration Expenses		
Insurance-General	374.42	330.18
Rates and Taxes	196.27	166.25
Printing, Stationery, Postage, Telephones, Telex etc.	186.64	223.05
Brokerage on Deposits	0.04	4.54
Letter of Credit/Guarantee Commission, Bank Charges	683.63	817.42
Variation in Exchange Rates	—	5665.46
Premium on forward contract	190.50	602.62
Traveling and Conveyance (Including tour expenses of Directors Rs. 8.78 lakhs) (Previous year Rs. 10.68 lakhs)	64.89	86.51
Vehicle running & maintenance (net) including hire charges	229.21	223.98
Directors' Fees	3.20	2.65
Auditors' Remuneration (Refer Note 11 of Schedule-22)	12.99	12.26
Cost Auditors' Fees	0.74	0.76
Rent	8.24	8.57
Subscriptions, Membership Fees etc.	41.36	28.09
Legal, Professional and Consultancy charges	227.87	293.27
Research and Development expenses	156.47	71.15
Loss on fixed assets sold/discarded	30.27	53.30
Loss on sale of investments	292.46	—
Provision for Diminution in value of Investments	2067.30	6470.65
Obsolete spares and other items written off	248.10	92.66
Provision for Doubtful Debts/Advances	254.13	197.85
Write off of Bad Debts/Advances	—	40.00
Expenditure on abandoned project written off	—	490.39
Miscellaneous	1475.86	1833.13
	6744.59	17714.74
Marketing Expenses		
Marketing expense reimbursement, Demonstration, Extension services and Publicity etc.	968.17	833.67
Expenses on Depots-cum-Farm Information Centers, Warehouses, Area/Regional Offices etc. and Products' Transportation, Loading & Unloading charges	14463.12	11311.99
Commission to Selling Agents	449.95	451.38
Cash Rebate on Sales	481.49	381.93
	16362.73	12978.97
Other Expenses		
Effluent and pollution control expenses	481.42	188.62
Laboratory Expenses	85.38	78.94
Fire Fighting and Safety Services	66.04	82.12
Compensation/Assistance	0.15	12.00
Donations and Contributions	183.04	39.00
	816.03	400.68
Total	23923.35	31094.39

Schedules Forming Part of Profit and Loss Account

SCHEDULE - 18 (INCREASE)/DECREASE IN STOCK OF FINISHED PRODUCTS TRADING GOODS AND STOCK-IN-PROCESS

	2009-10	2008-09
(Rs. in lakhs)		
Opening Stock		
Finished Products	20081.21	16701.39
Trading Goods	70.56	1341.01
Stock-in-Process	6784.58	4962.85
	26936.35	23005.25
Less : Opening Stock-trading goods transferred to raw material stock	0.81	—
Less : Closing Stock		
Finished Products	12395.27	20081.21
Trading Goods	482.29	70.56
Stock-in-Process *	6265.71	6784.58
	19143.27	26936.35
(Increase) / Decrease	7792.27	(3931.10)

* Includes Loose (unpacked) products Rs. 4619.93 lakhs (previous year Rs. 5029.79 lakhs)

SCHEDULE - 19 PRIOR PERIOD ADJUSTMENTS (NET)

(A) Income		
Sales	92.96	2.89
Other Income	(0.33)	2.07
Total	92.63	4.96
(B) Expenditure		
Raw Materials consumed	0.42	14.66
Electricity and Fuel	(4.30)	(0.14)
Stores and Spares consumed	33.14	1.57
Insurance	(0.33)	0.28
Repairs and Maintenance	1.73	1.08
Salaries, Wages, Bonus & Welfare Expenses	0.11	(0.52)
Administration, Marketing and Other Expenses	(4.26)	1.02
Purchase of Finished Products	276.26	—
Interest	—	(72.99)
Depreciation	(7.64)	(16.86)
Total	295.13	(71.90)
Net (A-B)	(202.50)	76.86

SCHEDULE - 20 PRE-OPERATIVE EXPENSES

	Balance as on 1-4-2009	For the year 2009-10	Amount transferred to Capital Accounts/ Adjustments	Balance as on 31-3-2010
1. Letter of Credit/Guarantee Commission and Bank charges	17.56	7.39	—	24.95
2. Legal, Professional and Consultancy Charges	482.64	—	—	482.64
3. Miscellaneous expenses	1641.04	933.07	—	2574.11
Total	2141.24	940.46	—	3081.70
(31st March 2009)	(981.70)	(1649.93)	(490.39)	(2141.24)

Schedules Forming Part of Accounts

SCHEDULE - 21 SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation and presentation of financial statements :

The financial statements have been prepared and presented to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The significant accounting policies have been consistently applied by the Company.

2. Capital Expenditure :

- (a) Fixed Assets acquired and constructed are stated at historical cost including attributable cost for bringing the asset to its intended use and includes amount added on revaluation of fixed assets of Polymers Unit at the time of merger.
- (b) Assets under erection/installation of the existing projects are shown as "Capital Work in Progress" (excluding advances and inventory lying at stores). Capital expenditure and project stores (including advances) for on going projects are shown as "Projects under execution" in the Schedule of Fixed Assets.
- (c) In the absence of availability of specific original cost in respect of a part of assets capitalised under turn-key contracts, the original value of such asset written / disposed off is estimated on the basis of its current cost adjusted for price and technological factors.
- (d) Major cost of civil works required as plant and machinery supports, on the basis of technical estimates, is considered as Plant & Machinery.
- (e) Advances paid for the purchase/acquisitions of land in possession of the Company are included in the cost of land.
- (f) Renewals and replacements are either capitalised or charged to revenue as appropriate, depending upon the nature and long term utility of such renewals and/or replacements.
- (g) Intangible Assets :
Intangible assets are stated at cost.

3. Borrowing Cost :

Borrowing cost of the funds borrowed for the qualifying asset is capitalised till the date of commencement of commercial production. Other borrowing cost is charged to revenue.

4. Depreciation and Amortization :

Depreciation on Fixed Assets is provided on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on additions to fixed assets and assets disposed off/discarded is charged on monthly pro-rata basis. Depreciation on commissioning of plants and other assets of new projects is charged for the days they are actually put to use. Exchange variation adjusted in the carrying cost of the fixed assets is amortized over the residual life of the assets.

Leasehold land, other than that on perpetual lease, is amortized over the life of the lease.

Intangible assets are amortized over their estimated economic lives but not exceeding ten years on a straight line basis.

5. Impairment of Assets :

The Company makes assessment to find out whether there are any indications for impairment of assets as provided in the Accounting Standard stipulated by the Institute of Chartered Accountants of India. If any such indications are available then further process as per the Accounting Standard is carried out by the Company and necessary adjustments in the books of the accounts are made accordingly.

6. Foreign Currency Transactions :

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Assets and liabilities related to foreign currency transactions remaining unsettled at the year-end are translated into rupee at the contract rates, when covered by forward cover contracts and at the year-end exchange rates in other cases. The exchange difference arising on foreign currency transactions including gain or loss arising due to cancellation of forward cover contracts are recognised in the profit and loss account except those relating to fixed assets acquired prior to 01.04.2004 which are adjusted to the carrying cost of the fixed assets.

7. Investments :

Current investments are carried at the lower of cost or quoted/fair value. Long term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of long term investments.

8. Inventories :

- (a) Raw materials, stores and spares are valued at weighted average/FIFO cost. Cost of stores and spares items is based on the purchase order price and the difference, if any, between the invoice value and the purchase order price is charged to consumption. Stores returns, non-standard/obsolete items are valued at assessed or realisable value below cost. Imported raw material lying at port is valued at cost based on the Bill of Lading quantity.
- (b) Finished products and stock in process are valued at lower of weighted average cost or net realisable value. Value of stock of finished products lying at depots, warehouses, consignment stockists, other parties and stocks remaining out of inter-unit transfers is inclusive of transportation cost. Stock of trading items is valued at lower of cost or realisable value.
- (c) Consumable stores categorised separately with an annual consumption of less than Rs. 10,000/- per item are charged to Profit & Loss Account at the time of purchase at Baroda Unit. At Polymers Unit, sundry consumable items are charged to Profit & Loss

Schedules Forming Part of Accounts

Account as and when procured, while at Sikka and Fibre Units such items are charged to Profit & Loss Account as and when consumed.

- (d) Freight on indigenous stores & spares are directly charged to Profit & Loss Account.

9. Revenue Recognition :

- (a) Sales :

Sales of industrial products are accounted on the dispatch basis except export sales, which are recognised on the basis of bill of lading. Sales of fertilizers are accounted for on the basis of issue of release orders. Subsidy and equated freight on fertilizers are accounted on accrual basis as and when the order notified by for the same is available with the Company from the Government of India.

- (b) Other Income :

The amounts receivable from various agencies are accounted for on accrual basis except interest on delayed payments, refunds from customs & excise authorities, insurance claims (other than marine claims), etc. where it is not possible to ascertain the income with reasonable accuracy or in absence of finality of the transaction.

10. Employee Benefits :

- (i) Short-term employee benefits :

Short term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

- (ii) Post Employment benefits :

Post employment benefits comprise of gratuity, superannuation for the eligible employees of all the four units of the Company and medical benefit for eligible employees of Baroda unit of the Company. Post employment benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable using actuarial valuation carried out as at the end of the year in accordance with the revised Accounting Standard 15 (revised 2005) on 'Employee Benefits' issued by the Institute of Chartered Accountants of India.

The company has set up separate recognized Provident Fund trusts for all the units of the Company. Contributions paid/payable for Provident Fund of eligible employees is recognized in the Profit and Loss Account each year. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the interest rate notified by Government.

The Company also contributes to a government administered Family Pension Fund on behalf of its employees.

- (iii) Other long term employee benefits :

Other long term employee benefits comprise of leave encashment. The Company accounts for Leave Encashment Liability on the basis of actuarial valuation carried out as at the end of the year.

- (iv) Actuarial gains and losses in respect of post employment and other long-term benefits are charged to the profit and loss account.

11. Prior Period Adjustments :

In respect of the transactions pertaining to the period prior to the current accounting year, the Company follows the practice in conformity with the Accounting Standard.

12. Prepaid Expenses :

Expenses incurred but pertaining to subsequent period (except those not exceeding Rs. 50,000/- in each case, which are accounted through respective revenue accounts) are accounted as 'Prepaid Expenses'.

13. Research and Development :

Capital expenditure on Research & Development activities is included in Fixed Assets to the extent it has alternative economic use. Revenue expenditure pertaining to research activity is charged under respective account heads in the Profit & Loss Account.

14. Taxation :

Provision for Current income tax is based on the estimated taxable income for the period in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date and is recognised on timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets, subject to consideration of prudence, are recognised and carried forward only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Provision for Wealth Tax is made in accordance with the provisions of the Wealth Tax Act, 1957.

15. Segment Reporting :

The Company has identified two reportable business segments i.e. Fertilizer products and Industrial products. The Company operates mainly in Indian market and there are no reportable geographical segments.

16. Provisions, Contingent Liabilities and Contingent Assets :

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of a past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes on accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

Schedules Forming Part of Accounts

SCHEDULE - 22 NOTES ON ACCOUNTS

1. Contingent Liabilities not provided for :

	2009-10	2008-09		2009-10	2008-09
	Rs. in lakhs			Rs. in lakhs	
(a) Disputed Excise Duty and Customs Duty (net of provision).	487	478	Company, Tunisian Indian Fertilizers S.A., Tunisia (TIFERT) upto 15% of the amount due and outstanding.	9256	Nil
(b) Disputed demand of Sales Tax and Interest on Turnover Tax & Purchase Tax against which the Company has preferred appeals.	1580	1004	2. Estimated amount of contracts remaining to be executed on capital accounts, net of advances.	12063	5984
(c) Claims by Statutory Corporations and others disputed and not acknowledged as debt.	4208	4666	3. (a) ONGC had submitted an application in Civil Court before Civil Judge (S.D.) Baroda for the recovery of gas price difference. The Company has challenged the same. However, as per the legal opinion, the aforesaid application for recovery is not tenable in law in the said Civil Misc. Application.		
(d) Claim by ONGC for royalty on gas.	81	81	(b) Pending decision of Ministry of Petroleum and Natural Gas and Ministry of Fertilizers with regard to demanded higher price of gas by Oil & Natural Gas Commission (ONGC) for the period from 1982 to 29-1-1987, the Company has provided and continued for the liability at the prices notified by Central Government in 1987 (net of amount recoverable through Retention Price Scheme and others). The Company is contingently liable for the price difference of Rs. 671 lakhs (net of amount recoverable) between the demanded higher price and the liability accounted for.		
(e) Claims by employees/ex-employees pending before courts.	Not ascertainable		(c) The Company has filed a Petition in the Hon'ble High Court of Gujarat to ensure uninterrupted gas supply from GAIL on which Hon'ble High Court has ordered to maintain status quo for gas supply.		
(f) The Industrial Tribunal, Vadodara vide its award dated 27/01/2009 in reference (IT) No.88/1999 directed the Company to pay to the concerned employees 50% of the amount calculated by working out double the amount qua the extra hours relating to the overtime done by concerned employee i.e. Supervisors and Sr. Supervisors during the period from 01/01/2001 to 31/03/2009. It has further been directed that the aforesaid would be effective upto March-2009 and thereafter if the concerned employees i.e. Supervisors and Sr. Supervisors are made to work overtime then in that situation such overtime wages would have to be paid at double the rate. The Industrial Tribunal's award has been challenged by the Company in the Hon'ble High Court of Gujarat and the Hon'ble High Court has granted Ad-interim relief thereby stayed the implementation, operations and execution of the award dated 27/01/2009. The Company has not provided liability at this juncture as the matter can be proceeded, if required, on merit at both the High Court and Supreme Court stages.	839	839	4. (a) As one of the promoters of the Gujarat Industries Power Company Ltd.(GIPCL), the Company has given undertaking to Industrial Development Bank of India (IDBI), Power Finance Corporation Ltd. (PFC) and Gujarat Industrial Investment Corporation Ltd. (GIIC) for non disposal of and non creation of a charge against the Company's investment in the shares of the said company during the pendency of loans given to GIPCL by IDBI, PFC and GIIC.		
(g) The Company has provided sponsor's Guarantee towards the borrowing of the joint venture			(b) As one of the promoters of the Gujarat Chemical Port Terminal Company Limited (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.		
			(c) The ordinary shares of Tunisian Indian Fertilizers S.A., Tunisia (TIFERT) held by the Company and		

Schedules Forming Part of Accounts

included under Investment (Schedule-6) have been pledged to secure the obligations of TIFERT to their lenders.

(d) As per the Security and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation 2009 ("ICDR Regulations"), the Company has given consent for lock-in of its shareholding of equity shares in Gujarat State Petroleum Corporation Ltd. for a period of one year or for such other time as may be required from the date of allotment of Public Issue.

5. The Sundry Creditors in Schedule-11 includes Rs. 184.49 lakhs (previous year Rs. 207.36 lakhs) due to Micro, Small and Medium Enterprises and Rs.36039.46 lakhs due to other creditors. 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. 184.49 lakhs and no interest due thereon is remaining unpaid as on 31st March, 2010. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

6. (a) No provision has been considered necessary towards the income tax demand of Rs. 5387 lakhs for the assessment years 1987-88, 1992-93, 1997-98, 1999-2000, 2004-05, 2005-06 and 2008-09 as the same is disputed in appeals and the Company is hopeful of succeeding in the said appeals.

(b) Deferred Taxation: (Rs. in lakhs)

	As on 31-03-10	As on 31-03-09	Difference
A] Deferred Tax Liability :			
1. Depreciation	28217.12	31221.65	-3004.53
	<u>28217.12</u>	<u>31221.65</u>	<u>-3004.53</u>

B] Deferred Tax Assets :

1. Expenses allowable for tax purpose when paid	10680.83	10526.15	154.68
2. Provision against receivables, Advances and Investments	2565.82	3532.33	-966.51
	<u>13246.65</u>	<u>14058.48</u>	<u>-811.83</u>

C] Net Deferred Tax Liability/(Assets)(A-B) 14970.47 17163.17 -2192.70

7. Extra Duty Deposits equivalent to 5% of CIF value levied on consignments of Caprolactam Expansion Project and capitalised is subject to adjustment on final assessment by special valuation branch of Customs Department.

8. The Company established Sikka Jetty at its own cost, which is in operation since 1987. After due discussion with Gujarat Maritime Board (GMB), a consensus was arrived at establishing ownership of jetty with GSFC. Thereafter, in terms of resolution passed by GMB, the ownership of

the jetty at Sikka was transferred to the Company. However, during 1994, GMB has reversed its earlier decision not supported by resolution and contended that the ownership of the jetty rests with GMB. The Company has made representation to the appropriate authority with regard to the ownership of the jetty with the Company.

The matter of deciding the status of Jetty was under examination at GMB & Government of Gujarat levels since long back. Various meetings were also held and after due diligence on the matter, it is decided by the Board of GMB supported by a resolution to assign the status of Captive Jetty to Sikka Jetty and the Company has to sign Captive Jetty Agreement with GMB. The matter is under discussion with GMB authorities. Pending finalization of the Captive Jetty Agreement, no provision is considered necessary in respect of various claims against the Company and counter-claims of the Company (both the amounts not determined).

At present the Company is in possession of the Jetty and continues to be the owner of the Jetty till the Captive Jetty Agreement is signed.

9. Pending notification by Government of India of final rates of concession from July 2009 onwards on DAP & Complex Fertilizers, the Company has accounted downward impact of Rs. 5389 lakhs as difference between the estimated final rate of concession and the base rate of concession.

10. Details of Managerial Remuneration :

	2009-10	2008-09
	(Rs. in lakhs)	
Salary	10.89	16.14
Other Perquisites *	0.01	0.02
Pension Contribution	1.87	0.56
Leave Salary Contribution	1.43	0.45
TOTAL	<u>14.20</u>	<u>17.17</u>
* Includes Monetary value of Perquisites	0.00	0.01

11. The break-up of payment to Auditors is as under :

	2009-10	2008-09
	(Rs. in lakhs)	
(a) Audit Fees (including fees to Branch Auditors Rs. 0.63 lakh (previous year Rs. 0.55 lakh)	4.63	4.05
(b) In other capacity in respect of :		
Tax Audit fees	1.10	1.10
Other services	7.14	7.03
(c) Reimbursement of expenses (including Rs. 0.12 lakh paid to Branch Auditors) (previous year Rs. 0.05 lakh)	0.12	0.08
	<u>12.99</u>	<u>12.26</u>

Schedules Forming Part of Accounts

12. Disclosures pursuant to Accounting Standard - 15 (Revised) "Employee Benefits" :

(a) The Company operates post employment and other long term employee benefits defined plans as follows:

- | | |
|-------------|--|
| I Funded | II Unfunded |
| i. Gratuity | i. Leave Encashment Benefit |
| ii. Pension | ii. Post Retirement Medical Benefit Scheme (PRMBS) |

(b) Details of funded & unfunded plans are as follows : (Rs. in lakhs)

Description	2009-10		2008-09	
	Pension		Gratuity	
1. Changes in Present Value of obligation :				
a. Obligation as at the beginning of the year	31461.78	23395.62	13989.24	11051.08
b. Current Service Cost	661.08	530.10	286.29	279.97
c. Interest Cost	2516.95	1897.54	1111.44	880.02
d. Actuarial (Gain)/Loss	(874.60)	7816.60	965.40	3117.64
e. Benefits Paid	(2665.68)	(2178.08)	(1128.59)	(1339.47)
f. Obligation as at the end of the year	31099.55	31461.78	15223.78	13989.24
The defined benefit obligation as at 31.03.2010 is	Funded	Funded	Funded*	Funded*
* unfunded in case of certain employees				
2. Changes in Fair Value of Plan Assets :				
a. Fair Value of Plan Assets as at the beginning of the year	17142.36	16157.55	4536.27	4983.42
b. Expected return on Plan Assets	1539.78	1504.47	402.64	414.77
c. Actuarial Gain/(Loss)	—	—	—	—
d. Contributions	2187.51	1658.42	890.67	342.17
e. Benefits Paid	(2665.68)	(2178.08)	(934.23)	(1204.09)
f. Fair Value of Plan Assets as at the end of the year	18203.98	17142.36	4895.35	4536.27
3. Amount Recognised in the Balance Sheet :				
a. Fair Value of Plan Assets as at the end of the year	18203.98	17142.36	4895.35	4536.27
b. Present Value of Obligation as at the end of the year	(31099.55)	(31461.78)	(15223.78)	(13989.24)
c. Amount recognised in the Balance Sheet	(12895.57)	(14319.42)	(10328.43)	(9452.97)
4. Expense recognised during the year :				
a. Current Service Cost	661.08	530.10	286.29	279.97
b. Interest Cost	2516.95	1897.54	1111.44	880.02
c. Expected return on Plan Assets	(1539.78)	(1504.47)	(402.64)	(414.77)
d. Actuarial (Gain)/Loss	(874.60)	7816.60	965.40	3117.64
e. Expense recognised during the year	763.65	8739.77	1960.49	3862.86
5. Investment Details of Plan Assets :				
Administered by LIC of India	100%	100%	100%	100%
6. Assumptions :	31.03.2010	31.03.2009	31.03.2010	31.03.2009
a. Discount Rate (per annum)	8%	8%	8%	8%
b. Estimated Rate of return on Plan Assets (per annum)	9.50%	9.45%	9.50%	9.45%

(Contd.)

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(b) Details of funded & unfunded plans are as follows :

Description	(Rs. in lakhs)			
	2009-10 Leave	2008-09 Encashment	2009-10 PRMBS	2008-09 PRMBS
1. Changes in Present Value of obligation :				
a. Obligation as at the beginning of the year	9128.68	6498.54	1721.32	1695.35
b. Current Service Cost	26.99	327.17	225.00	114.00
c. Interest Cost	56.69	493.46	129.00	136.00
d. Actuarial (Gain)/Loss	1677.51	3149.51	(102.62)	(54.00)
e. Benefits Paid	(1173.83)	(1340.00)	(201.16)	(170.03)
f. Obligation as at the end of the year	9716.03	9128.68	1771.54	1721.32
The defined benefit obligation as at 31.03.2010 is	Unfunded	Unfunded	Unfunded	Unfunded
2. Amount Recognised in the Balance Sheet :				
a. Fair Value of Plan Assets as at the end of the year	—	—	—	—
b. Present Value of Obligation as at the end of the year	(9716.03)	(9128.68)	(1771.54)	(1721.32)
c. Amount recognised in the Balance Sheet	(9716.03)	(9128.68)	(1771.54)	(1721.32)
3. Expense recognised during the year :				
a. Current Service Cost	26.99	327.17	225.00	114.00
b. Interest Cost	56.69	493.46	129.00	136.00
c. Expected return on Plan Assets	—	—	—	—
d. Actuarial (Gain)/Loss	1677.51	3149.51	(102.62)	(54.00)
e. Expense recognised during the year	1761.19	3970.14	251.38	196.00
The expense is disclosed in Schedule 16 "Personnel Expenses", Pension & Gratuity are disclosed in line item-Contribution to Provident Fund and provision to Gratuity and Superannuation (Pension) Funds, Leave Encashment is disclosed in line item - Salaries, Wages and Bonus and PRMBS is disclosed in line item - Welfare Expenses.				
4. Assumptions :				
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
a. Discount Rate (per annum)	8%	7%	8%	7%
b. Estimated Rate of return on Plan Assets (per annum)	N.A.	N.A.	N.A.	N.A.

(c) The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

(d) Provident Fund contributions are made to Trusts administered by the Company. The interest rate payable to the members of the Trusts shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. Having regard to the assets of the Fund managed by the Trusts and the return on the investments, the Company does not expect any deficiency in the foreseeable future.

Schedules Forming Part of Accounts

13. In the matter of Contract labourers, various issues regarding permanency and equal pay for equal work are under litigation and pending before Hon'ble High Court and before the Industrial Tribunal. To amicably resolve these issues, the Company and the Chemical Mazdoor Panchayat Union has executed a Memorandum of Understanding and accordingly has estimated and provided for the liability for Rs. 3736.68 lakhs in the 'Personnel Expenses' Schedule 16.

14. Related Party Disclosures :

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

1. Relationship :

- (a) Associate Company :
Effluent Channel Project Ltd.
- (b) Joint Venture :
Tunisian Indian Fertilizers, S.A. (TIFERT)
- (c) Directors and their relatives :

Shri H. V. Patel - Managing Director

2. Details of transactions with related parties :

(i) Details relating to parties referred to in 1(a) above :

Sr. No.	Nature of Transaction	Value for the year (previous year)	Outstanding As on 31.3.10 (as on 31.3.09 year)
		(Rs. in lakhs)	(Rs. in lakhs)
1.	Usage of effluent channel	472.30 (178.98)	— (—)
2.	Investments in equity shares (at cost) (14,302 shares of Rs.10 each)	— (—)	0.00 (0.00)

(ii) Details relating to parties referred to in 1(b) above :

Sr. No.	Nature of Transaction	Rs. in lakhs (previous year)
1.	Reimbursement receivable	4.34 (7.17)
2.	Guarantees given	0.00 (26366.63)
3.	Contribution towards Equity	4514.77 (6309.26)

(iii) Details relating to parties referred to in 1(c) above :

Sr. No.	Nature of Transaction	Rs. in lakhs (previous year)
1.	Remuneration to Managing Director	14.20 (17.17)

15. As on 31st March, 2010, the Company is holding 15% shares in a Joint Venture Company, Tunisian Indian Fertilizers, S.A. (TIFERT), incorporated in Tunisia and the proportionate share in the Assets, Liabilities, Income and Expenditure as per the latest Audited Accounts of TIFERT for the year ended on 31st December 2008 is as under :

	Rs. in lakhs	
	31-12-08	31-12-07
Assets	7300.82	1313.01
Liabilities	539.80	133.15
Income	210.03	78.25
Expenditure	159.38	99.27

16. Balance of certain creditors and debtors/advances are subject to confirmation/reconciliation and consequential adjustments, if any.

17. Segment Information :

(Rs. in lakhs)

	For the year ended on 31.03.2010	For the year ended on 31.03.2009
--	----------------------------------	----------------------------------

i) PRIMARY SEGMENT INFORMATION :

A] SEGMENT REVENUE :

1. Total Segment Revenue :		
a) Fertilizer Products	286973.12	482369.78
b) Industrial Products	114946.17	105709.82
TOTAL	401919.29	588079.60
2. Inter Segment Revenue	0.00	0.00
3. External Revenue (1 - 2) :		
a) Fertilizer Products	286973.12	482369.78
b) Industrial Products	114946.17	105709.82
TOTAL	401919.29	588079.60

B] RESULT :

1. Segment Result :		
a) Fertilizer Products	19201.46	73836.19
b) Industrial Products	22278.06	4600.94
TOTAL	41479.52	78437.13
2. a) Unallocated Income	7095.43	3786.01
b) Unallocated Expenses	-6601.17	-4311.32
3. Operating Profit (B1 + B2)	41973.78	77911.82
4. Interest expenses	-3061.84	-3916.96
5. Provision for Taxation :		
Wealth Tax	-12.00	-12.00
Current Income Tax	-15646.28	-33037.26
FBT	0.00	-150.00
Deferred Tax (net)	2192.70	9137.00
Excess tax provision w.back	0.76	3.77
6. Net Profit	25447.12	49936.37

C] OTHER INFORMATION :

1. Segment Assets :		
a) Fertilizer Products	193283.75	209303.58
b) Industrial Products	100316.96	81907.30
TOTAL	293600.71	291210.88
2. Unallocated corporate Assets	85605.78	41037.92
3. Total Assets	379206.49	332248.80

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17. Segment Information (Contd.) : (Rs. in lakhs)

	For the year ended on 31.03.2010	For the year ended on 31.03.2009
4. Segment Liabilities :		
a) Fertilizer Products	47051.32	62511.85
b) Industrial Products	22182.02	19865.00
TOTAL	69233.34	82376.85
5. Unallocated corporate Liabilities	95560.98	56724.78
6. Total Liabilities	164794.32	139101.63
7. Capital Expenditure :		
a) Fertilizer Products	49.53	9654.29
b) Industrial Products	5675.96	2604.93
c) Corporate Capital Expenditure	8997.66	-265.64
TOTAL	14723.15	11993.58
8. Depreciation :		
a) Fertilizer Products	9207.99	9148.78
b) Industrial Products	4662.07	4935.65
c) Unallocated corporate Depreciation	223.10	219.45
TOTAL	14093.16	14303.88
9. Non-Cash Expenses :		
a) Fertilizer Products	2545.95	16522.15
b) Industrial Products	2444.90	6915.11
c) Unallocated non-cash expenses	2067.30	490.39
TOTAL	7058.15	23927.65

ii) SECONDARY SEGMENT INFORMATION :

The Company operates mainly in Indian market and there are no reportable geographical segments.

iii) OTHER DISCLOSURES :

1. The Products and Services covered under each business segment is as under :

Fertilizer Products :

Urea, Ammonium Sulphate, Di-ammonium Phosphate, Ammonium Phosphate Sulphate, NPK (12:32:16)(10:26:26), traded fertilizer products etc.

Industrial Products :

Caprolactam, Nylon-6, Nylon Filament Yarn, Nylon Chips, Melamine, Polymer products, traded industrial products etc.

2. Segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segment and amounts allocated on reasonable basis.

18. Previous year's figures have been regrouped wherever necessary.

19. Additional information pursuant to the relevant provisions of paragraphs 3 and 4 of Part-II of Schedule-VI to the Companies Act, 1956 is as per Annexure-I.

20. Balance sheet abstract and company's general business profile in terms of Part-IV of Schedule-VI to the Companies Act, 1956 is as per Annexure-II.

Signatures to Schedules 1 to 22 :

B. M. Boronia
General Manager (Finance)

V. V. Vachhrajani
Company Secretary

Gandhinagar
27th May, 2010

H. V. Patel
Managing Director

A. K. Joti
Chairman

Vasant P. Gandhi
D. C. Anjaria

D. J. Pandian
Directors

As per our attached Report of even date

For **S. C. Bapna & Associates**
Chartered Accountants
Firm Registration No. 115649W

Jaiprakash Gupta
Partner
Membership No.088903

Gandhinagar
27th May, 2010

Schedules Forming Part of Accounts

ANNEXURE - I

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

(A) Capacities, Production and Stock

Year 2009-10

Product	Unit	Licenced Capacity Per Annum	Installed Capacity Per Annum	Production		Opening Stock		Closing Stock		Value of Closing Stock Rs. in lakhs		
				2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2007-08
1. Ammonia	MT	150000	150000 c	9	4007	0	0	0	0	0.00	0.00	0.00
2. Ammonia Expansion	MT	445500	445500 c	506010	382165	5762	18629	18420	5762	1534.45	653.25	1832.65
3. Urea	MT	364000	364000	278579	237261	7579	4553	7591	7579	483.15	739.25	342.34
4. Ammonium Sulphate Phosphate or Di-ammonium Phosphate	MT	256000	108000 or 108000	288398	207060	7379	254	2641	7379	255.19	1016.00	26.18
5. Caprolactam	g	70000	70000	81151	70913	1281	2179	2308	1281	2104.01	1116.22	2006.01
6. Ammonium Sulphate (Caprolactam)	g	202000	196000	269949	249397	67156	47327	58806	67156	3508.45	5142.14	3209.81
7. Nylon-6 Chips	MT		d 7000	8838	8808	625	313	273	625	329.55	582.25	371.87
8. Sulphuric Acid	MT	132000	132000 e	123040	144130	8834	10757	12436	8834	163.74	221.00	395.77
9. Styrene Acrylonitrile	MT	500	300	-	-	0	0	0	0	0.00	0.00	0.00
10. Melamine	MT		d 15000	13735	13655	19	476	58	19	34.70	38.12	239.24
11. MEK Oxime	MT		d 4450	2780	3400	332	176	292	332	238.67	290.65	112.16
12. Methyl Methacrylate Monomer	MT	5000	5000 c	4597	3469	279	60	78	279	64.38	288.39	50.15
13. Polymethyl Methacrylate Sheets	MT	2000	2000	687	552	91	123	79	91	102.59	119.00	141.03
14. Polymethyl Methacrylate Pellets	MT	1500	1500	1929	1872	125	134	170	125	193.73	157.38	141.64
15. Ammonium Sulphate (Polymers)	MT	10000	10000	12772	9369	135	2420	1645	135	61.65	7.11	81.67
16. Acetone Cyano Hydrine	MT	5150	5150 c	6584	4851	224	61	412	224	216.46	137.51	35.77
17. Methacrylic Acid	MT	500	500	1093	680	7	24	4	7	3.53	8.28	22.51
18. 1A) DAP (A+B TRAIN) 1B) DAP (C TRAIN)	MT	150000 f	150000 f 396000	922323	623382	33877	25069	7788	33877	1392.61	7688.39	3862.61
2) APS	MT		f f	0	0	0	33	0	0	0.10	0.10	2.68
3) NPK	MT			0	42030	24	44	2	24	3.43	9.53	11.93
19. Synthetic Filament Yarn Incl. industrial Yarn/Tyre Cord	MT	6000	6000	4433	4497	491	1013	495	491	770.37	622.11	1535.71
20. Nylon Chips - Fibre	MT	2000	2000	4652	5097	245	665	293	245	353.83	205.86	702.65
21. Others										566.46	1024.20	691.88
										12395.27	20081.21	16701.39

a] Installed capacities and projects under execution are as certified by the Managing Director.

b] Quantities of production & stock of the products other than Ammonia, Sulphur Dioxide, Oleum, Sulphuric Acid, Monomer, Acetone Cyano Hydrine are in packed form. Caprolactam production is inclusive of molten caprolactam.

c] Mainly for captive consumption.

d] Licence not applicable/exempt from compulsory licencing.

e] Production and Stock of Oleum & Sulphur Dioxide obtained from the Plant are expressed in terms of Sulphuric Acid.

f] Licenced and installed capacities of A+B trains are in terms of P₂O₅, whereas installed capacity of C train is in terms of DAP. However the production and stock of all the trains are in terms of DAP/fertilizers and in packed form. APS & NPK also produce from Sikka DAP plants.

g] Information at Sl. No. 5 & 6 includes Caprolactam and Ammonium Sulphate produced from "Caprolactam (Expansion Phase I)".

(B) Stocks, Purchases and Sales of Trading Items

2009-10 (2008-09)	Opening Stock		Purchases		Sales		Closing Stock		Shortages
	MT	Rs. Lakhs	MT	Rs. Lakhs	MT	Rs. Lakhs	MT	Rs. Lakhs	MT
Potash	149	6.65	23555	1052.56	13438	627.71	10265	458.62	0.82
	(186)	(8.25)	(7845)	(334.10)	(7882)	(367.85)	(149)	(6.65)	(-)
Urea	1	0.06	0	0.00	0	0.00	0	0.00	1.35
	(2151)	(104.02)	(0)	(0)	(2147)	(107.65)	(1)	(0.06)	(3.02)
DAP	0	0.00	0	0.00	0	0.00	0	0.00	
	(49)	(4.64)	(0)	(0)	(49)	(4.78)	(0)	(0.00)	

(Contd.)

Schedules Forming Part of Accounts

ANNEXURE - I (Contd.)

(B) Stocks, Purchases and Sales of Trading Items (Contd.)

2009-10 (2008-09)	Opening Stock		Purchases		Sales		Closing Stock		Shortages MT
	MT	Rs. Lakhs	MT	Rs. Lakhs	MT	Rs. Lakhs	MT	Rs. Lakhs	
Gibberellic Acid		0.00 (2.15)		0.00 (0.00)		0.00 (5.13)		0.00 (0.00)	
Pesticides		15.27 (15.66)		93.40 (109.83)		106.01 (125.00)		11.31 (15.27)	
Seeds		45.22 (89.84)		414.41 (624.21)		552.66 (719.90)		1.29 (45.22)	
Zinc Sulphate		1.31 (4.30)		126.58 (26.57)		128.73 (33.81)		9.83 (1.31)	
Eco Green		0.00 (1.33)		0.00 (2.73)		0.00 (3.48)		0.00 (0.00)	
VAM		0.00 (0.19)		0.00 (0.00)		0.00 (0.31)		0.00 (0.00)	
Solar Cooker (nos.)	15 (15)	0.23 (0.23)	—	—	—	—	15 (15)	0.23 (0.23)	
Imported Ammonia	3 (1339)	0.81 (357.51)	0 (1000)	0.00 (195.70)	0 (2336)	0.00 (583.92)	0 (3)	0.00 (0.81)	3 MT captive use
Imported Nylon-6	2.54 (2.54)	1.01 (1.00)	0 (112)	0.00 (131.93)	0 (112)	0.00 (141.83)	2.54 (2.54)	1.01 (1.00)	
Imported Melamine	0 (420)	0.00 (266.59)	1617 (1560)	957.23 (760.91)	1617 (1980)	974.40 (1379.87)	0 (0)	0.00 (0.00)	
Imported Methanol	—	—	0 (3034)	0.00 (570.28)	0 (3024)	0.00 (506.87)	—	—	0 (10.98)
Imported Phenol	0 (793)	0.00 (485.30)	0 (0)	0.00 (5.98)	0 (793)	0.00 (471.76)	0 (0)	0.00 (0.00)	
Total		70.56 (1341.01)		2644.18 (2762.24)		2389.51 (4452.16)		482.29 (70.55)	

(C) Raw Materials Consumption

	Unit	2009-10		2008-09	
		Quantity	Value Rs. in lakhs	Quantity	Value Rs. in lakhs
Baroda Unit					
Rock Phosphate	MT	193265	14304.12	226005	17480.33
Sulphur	MT	176520	7811.97	172168	33333.65
Gas	'000 SM ³	401891	31166.39	296163	24537.13
Benzene	MT	91472	37814.40	82266	35477.29
MEK	MT	2328	1216.18	2912	2292.60
Phosphoric Acid	MT	4981	1430.42	—	—
Sulphuric Acid	MT	4067	31.41	2267	17.42
Others			122.10		—
			93896.99		113138.42
Polymers Unit					
Acetone	MT	4642	2141.61	3425	1747.01
Hydrocyanic Acid	MT	2168	271.03	1633	204.12
Methanol	MT	1869	253.77	1392	275.97
Sulphuric Acid	MT	3518	33.79	1042	14.46
Monomer	MT	0	0.00	454	419.13
Others			5.27		3.73
			2705.47		2664.42
Sikka Unit					
Ammonia	MT	150215	21025.57	116776	25581.17
Phosphoric Acid	MT	424783	124482.62	304254	238338.20
Sulphuric Acid	MT	12895	150.16	455	5.02
MOP	MT	0	0.00	10989	2392.44
Others			1136.27		714.05
			146794.62		267030.88
Fibre Unit					
Chopped glass	MT	410	266.97	346	198.24
Others			120.09		61.84
			387.06		260.08
Total			243784.14		383093.80

Schedules Forming Part of Accounts

ANNEXURE - I (Contd.)

(D) Value of Imported and Indigenous Raw Materials and Spare Parts consumed and percentage thereof to total consumption

	2009-10		2008-09	
	Rs. in lakhs	%	Rs. in lakhs	%
Raw Materials				
Imported	147947.11	60.69	273172.87	68.44
Indigenous	95837.03	39.31	125978.10	31.56
	243784.14	100.00	399150.97	100.00
Spare Parts				
Imported	1050.63	33.94	1284.92	36.01
Indigenous	2045.06	66.06	2283.43	63.99
	3095.69	100.00	3568.35	100.00

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

	2009-10	2008-09
	Rs. in lakhs	Rs. in lakhs
Raw Materials	134938.35	274744.28
Spare Parts	2253.78	1874.71
Capital Goods	0.00	840.08

(F) Expenditure in Foreign Currency

	2009-10	2008-09
	Rs. in lakhs	Rs. in lakhs
(on payment basis)		
Interest	369.50	1098.92
Technical Assistance / Know-how	69.77	285.16
Others	7579.46	1819.26

(G) Remittance of dividend in Foreign Currency

	—	—
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(H) Earnings in Foreign Exchange

F.O.B. value of Exports	8333.21	7259.96
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ANNEXURE - II

PART-IV BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	1121
State Code	04
Balance Sheet Date	31-03-2010

II. Capital raised during the year

(Amount in Rs. Thousands)	
Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

III. Position of Mobilisation and Deployment of Funds

(Amount in Rs. Thousands)	
Total Liabilities	Total Assets
37920650	37920650
Sources of Funds	
Paid up Capital	Reserves & Surplus
796955	20644262
Secured Loans	Unsecured Loans
1747511	5128315
Net Deferred Tax	
1497047	

Application of Funds

Net Fixed Assets	Investments
12633842	4249824
Net Current Assets	Misc. Expenditure
12930424	NIL
Accumulated Losses	
NIL	

IV. Performance of Company

(Amount in Rs. Thousands)	
Turnover and Other Income	Total Expenditure
41322027	37430835
Profit Before Tax	Profit After Tax
3891192	2544710
Earning per Share in Rs.	Dividend Rate %
31.93	45%

V. Generic Names of Three Principal Products/ Services of Company (as per monetary terms)

Item Code No. (ITC Code)	Product Description
310200	CHEMICAL FERTILIZERS
293300	CAPROLACTAM
540200	NYLON FILAMENT YARN



Gujarat State Fertilizers & Chemicals Limited

P.O. Fertilizernagar – 391 750, Dist. Vadodara, Gujarat

Dear Shareholders,

Sub: Payment of Dividend through National-ECS

The Company extends the ECS facility to the shareholders. In this system, the investor's bank account would be directly credited with the dividend amount. Payment of dividend through ECS facilitates speedy credit, avoids postal delay, loss in transit or fraudulent encashment. In case of remittance through ECS, an intimation of the dividend payment would be sent to the shareholder. This facility is provided at no extra cost to the shareholder.

As per RBI notification, w.e.f. 1st October, 2009, the remittance of money through ECS is replaced by National Electronic Clearing Service (NECS). The advantages of NECS over ECS includes faster credit of remittance to beneficiary's account and coverage of more bank branches. NECS essentially operates on the new and unique bank account numbers allotted by the banks post implementation of Core Banking Solutions (CBS).

This new bank account number (mostly more than 10 digits) should be intimated by the shareholders to their Depository Participant along with a photocopy of a cheque pertaining to the concerned account, if not already done so far. If you do not provide your new account number allotted after implementation of CBS by your bank to your DP, please note that NECS to your old account may either be rejected or returned.

Shareholders holding shares in physical form desirous of using this facility are requested to submit ECS Form (The Form is printed on the backside of this page) along with a photocopy of a cheque or a blank cheque duly cancelled pertaining to the concerned account, to the Company's Registrars and Share Transfer Agents M/s. MCS Limited, Neelam Apartments, 1st Floor, 88, Sampatrao Colony, Behind Standard Chartered Bank, Productivity Road, Vadodara – 390 007.



Electronic Clearing Service (ECS) Form

Folio No. :

Telephone No. :

STD Code Tel. No.

M/s. MCS Limited

Unit : Gujarat State Fertilizers & Chemicals Limited
Neelam Apartments, 1st Floor,
88, Sampatrao Colony,
Behind Standard Chartered Bank,
Productivity Road, Vadodara – 390 007

Dear Sirs,

I request you to register ECS mandate against my account as under :

1. Name of the Sole/First Shareholder :
2. Name of the Bank :
3. Address of the Bank :
:
:
4. Account Type : Savings / Current / Cash Credit
5. Account No. as appearing on the Cheque issued by the Bank :
6. 9 Digit Code No. of the Bank as appearing on the MICR Cheque issued by the Bank :

I hereby declare that the particulars given are correct and complete. If the payment transaction through NECS is delayed or not affected at all due to incomplete or incorrect information of for any reasons, I would not hold the Company or the Registrars & Share Transfer Agents responsible.

Place : _____

Date : _____

Signature of the Sole/First Shareholder

Encl. A Photo copy of the cheque/ a blank cheque duly cancelled.



GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

ATTENDANCE CARD

I/We

Folio No.	
*D.P. I.D.	
*Client I.D.	

hereby record my/our presence at the **FORTY EIGHTH ANNUAL GENERAL MEETING** of the Company held at **Cultural Centre Auditorium** situated at its Registered Office at **P. O. Fertilizernagar, District Vadodara, at 4.30 p.m. on Friday, the 24th September, 2010.**

Signature of the member/proxy/
representative attending the meeting _____

- Notes : (i) Please handover this Attendance Card at the entrance to the place of meeting.
(ii) Only Members and in their absence, duly appointed proxies will be allowed for the meeting. Please avoid bringing non-members/children to the meeting.



GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

P O Fertilizernagar - 391 750 Dist. Vadodara

PROXY FORM

I/We _____

of _____ being a member/members of the above named company, hereby appoint

_____ of

_____ failing him/her _____ of

_____ as my/our proxy to vote for me/us and on my/our behalf at the

FORTY EIGHTH ANNUAL GENERAL MEETING of the Company to be held at **4.30 p.m. on Friday, the 24th September,**

2010 and at any adjournment thereof.

Signed by the said

Date _____

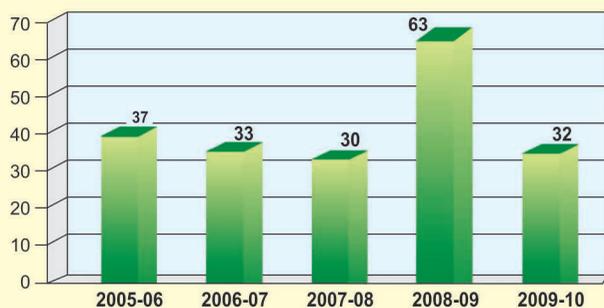
30 Paise
Revenue
Stamp

Folio No.	
*D.P. I.D.	
*Client I.D.	

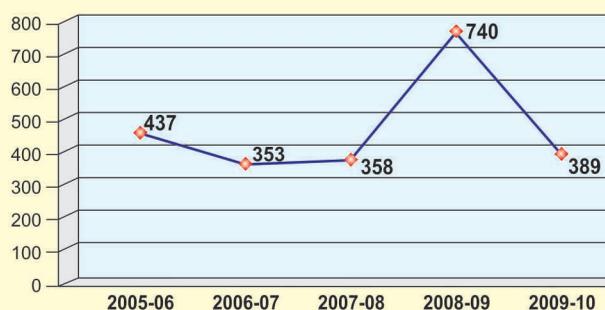
Note : The Proxy Form must reach at the Company's Registered Office not later than 48 hours before the time of the meeting.

* Applicable only in case of investors holding shares in Electronic form.

EARNING PER SHARE (Rupees)

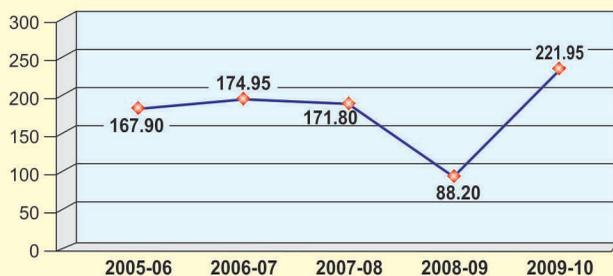


PROFIT BEFORE TAX (Rs. Crores)

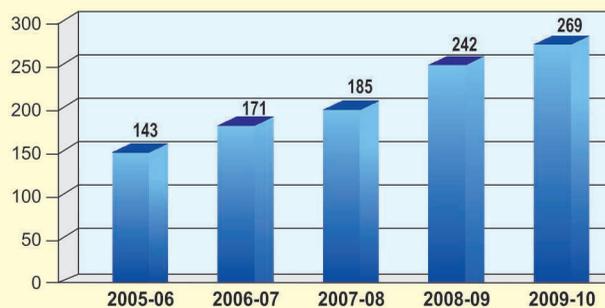


MARKET PRICE PER SHARE (Rs.)

(as on 31st March of respective year)



BOOK VALUE PER SHARE



BOOK-POST



"License to post on pre-payment of postage in cash"
License No. G1/Temp/009/Mails/10-11 granted by
the Chief Postmaster General, Gujarat Circle,
Ahmedabad - 380 001, which is valid upto 15/09/2010.
Posting made from Mail Business Centre, Navrangpura,
Ahmedabad-380 009.

To,



CRYSTAL : (079) 26424188-89

If undelivered, please return to:

GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

ISO 9001, ISO 14001 & OHSAS 18001 Certified Company Promoted by Govt. of Gujarat

P. O. Fertilizernagar - 391 750 - 02, Dist.: Vadodara, Gujarat.

www.gsflimited.com