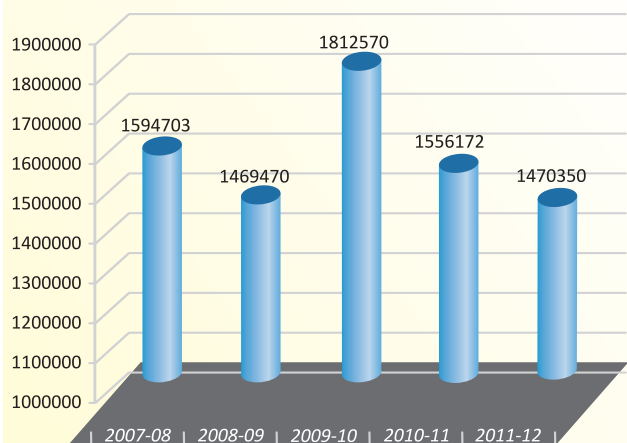




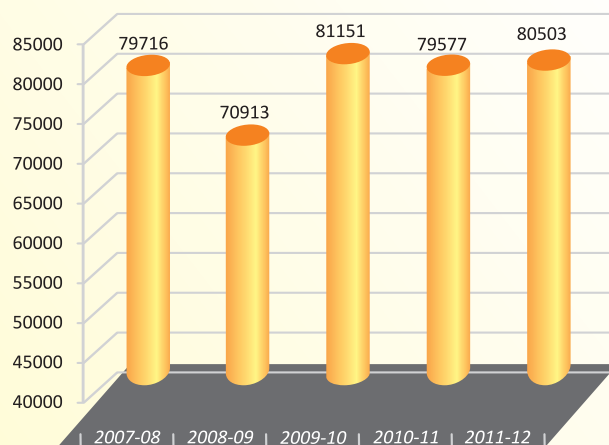
GSFC...
Vaulting
Ambition

PERFORMANCE HIGHLIGHTS

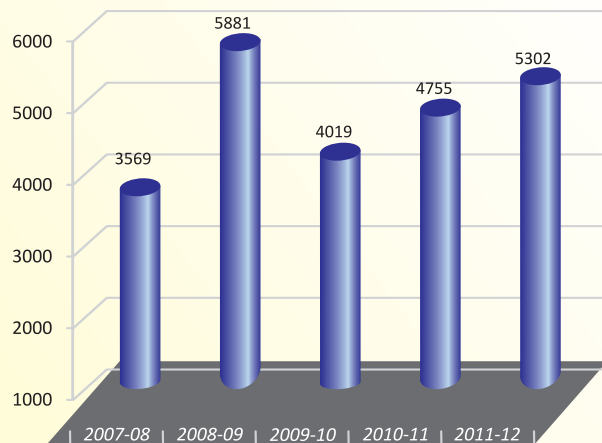
PRODUCTION (FERTILIZERS) (MTs)



PRODUCTION (CAPROLACTAM) (MTs)

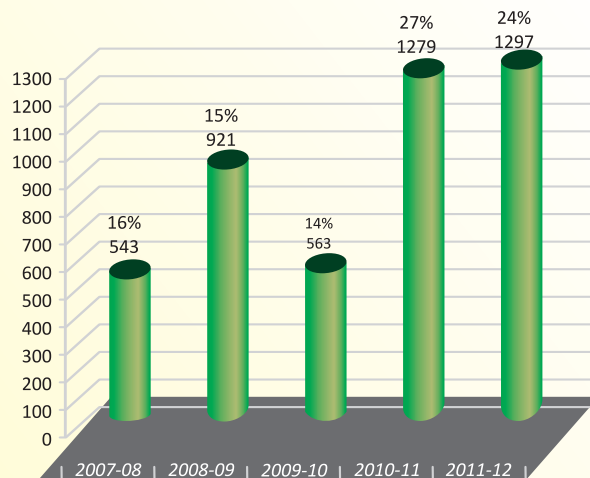


NET SALES (₹ Crores)



OPERATING PROFIT (EBIDTA) (₹ Crores)

Operating Profit/Net Sales Shown In %



GSFC's journey of success, so far can be attributed to its prudent financial management, is reflected in its strong balance sheet whose major highlight is that the company is debt free. Befitting the occasion GSFC has notched up revenue of Rs 5302 Crores, the highest ever profits before and after tax. To commemorate such a strong performance in spite of inclement weather in the global economic horizon, the company has announced a dividend of 75% to its shareholders.

INTEGRATED MANAGEMENT SYSTEM

GSFC has evolved its own unique integrated management system which has won accolades of being the most admired company. Five core values act as crucial pivots around which the system revolves seamlessly. The values are ethics, dedication, management excellence, environment and enhanced social responsibility.

No financial or physical target is beyond the ken of TEAM GSFC. As in the past, the drive along the growth path will be absolute. The new journey will see stronger growth making GSFC a leader in areas that it operates, without, in any way, diluting its core values that have been defined. The Team stands committed to leveraging on its accumulated expertise and experience for achieving higher growth and enhancing stakeholders' value.



SAFETY AND HEALTH

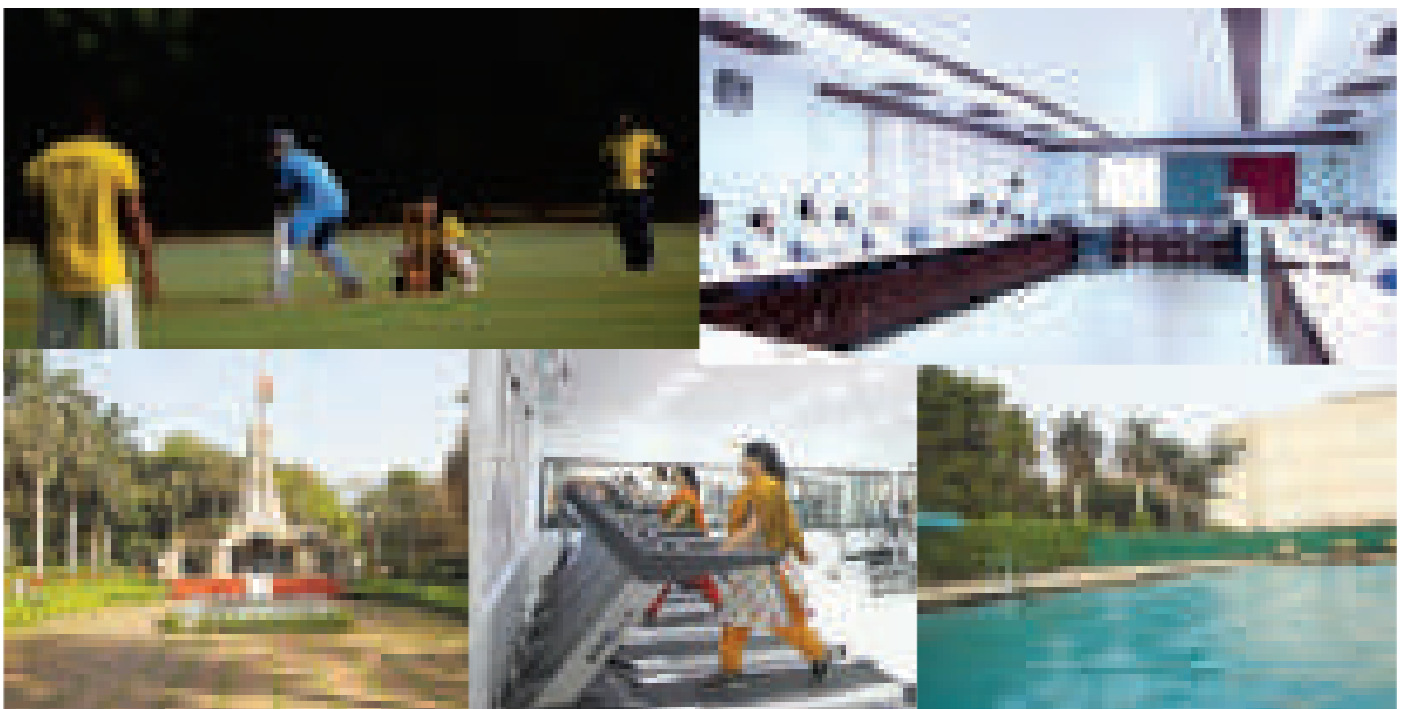
Most of the plants at GSFC Fertilizernagar are more than 25 years old and Risk Assessment of all the installations was carried out in phased manner.

Quantitative Risk Assessment study of all the plants at GSFC is done once again by M/s. PDIL and no non-compliance is observed. Recommendations received from them are being considered for implementation.

HUMAN RESOURCE MANAGEMENT

For business organizations capital and people are the major resources. While capital can be accessed to in many different ways, human resource, which is the most important asset, has to be nurtured and built over long time. GSFC strongly believes that nurturing human skills and managing talent are vital springboards with which company's basic resources could be leveraged upon to achieve the set corporate goals. The company also believes that human resource is its most important asset whose potential needs to be harnessed effectively so that it could deploy right number of people with right skills and attitude in the right place at the right time. The company's approach towards implementing forward-looking policies to train, build and retain talent has paid good dividends and GSFC can boast of having the most agile work force. We call our approach as Genome of Leadership. Our HR initiatives have been successful because they have imbibed in our employees a sense of belonging for GSFC, which is profound. One could perceive a cohesive spirit all round.

Caring for its employees is not confined to precincts of work places. The company has created a conducive and harmonious living environment in its township with easy access to school, medical centre, and open air theatre and shopping complex etc. Swathes of greenery, gardens and trees make the township an enviable habitat.



GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

50TH ANNUAL GENERAL MEETING

Date : 4th August, 2012
 Day : Saturday
 Time : 4.00 p.m.
 Place : Cultural Centre Auditorium
 Fertilizernagar Township
 P. O. Fertilizernagar - 391 750
 District Vadodara

BOARD OF DIRECTORS (As on 19-06-2012)

SHRI A. K. JOTI
 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 ATANU CHAKRABORTY

Chairman

Managing Director

EXECUTIVE DIRECTOR (FINANCE)

SHRI B. M. BHORANIA

ADVISORS

SHRI H. P. PANDYA
 SHRI S. M. NAYAK

GENERAL MANAGERS

SHRI P. GANGULI
 SHRI V. D. NANAVATI
 SHRI G. I. PATEL
 SHRI H. V. KACHHADIA

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.
 Royal Bank of Scotland N.V.

LEGAL ADVISORS AND ADVOCATES

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

STATUTORY AUDITORS

M/s. Prakash Chandra Jain & Co., Vadodara (for F.Y. 2011-12)

COST AUDITORS

M/s. Diwanji & Associates, Vadodara

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REGISTRARS & SHARE TRANSFER AGENTS

M/s. MCS Limited
 Neelam Apartment, 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 21st July, 2012 to Saturday, the 4th August, 2012 (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 and from 13th August, 2012, 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 20th July, 2012.

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. 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).
7. Ministry of Corporate Affairs (MCA) has taken a commendable decision for promoting and implementing "Green Initiative in the Corporate Governance" by permitting

paperless compliances by Companies and has issued Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively clarified that a company would be deemed to have complied with the provisions of Section 53 and 219(1) of the Companies Act, 1956, if documents like notices, annual reports, etc. are sent in electronic form to its Members.

Keeping in view the underlying theme, we also joined the bandwagon and accordingly, the said documents of the Company for the financial year ended March 31, 2011 and onwards are being sent in electronic form to those Members who have registered their e-mail address with their Depository Participant (DP) and made available to the Company by the Depositories.

However, in case a Member wishes to receive a physical copy of the said documents, he is requested to send e-mail to gogreen@gsfcltd.com duly quoting his DP ID and Client ID or the Folio No., as the case may be.

Members holding shares in physical form are requested to submit their e-mail address to the Registrars & Share Transfer Agents of the Company, duly quoting their Folio No. Members holding shares in electronic form, who have not registered their e-mail address with their DP are requested to do so at the earliest, so as to enable the Company to send the said documents in electronic form, thereby supporting the "Green Initiative" taken by MCA and the Company's desire to participate in such initiatives. Please note that the said documents will be uploaded on the website of the Company viz. www.gsfclimited.com and made available for inspection at the Registered Office of the Company during business hours.

8. *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.*
9. *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/Proxy are requested to show their Photo Identity Card at the entry point alongwith the Attendance Slip duly signed by self/the proxy, failing which the entry to the Annual General Meeting shall be denied.**
- **No bag or belonging shall be permitted to be carried inside the venue of Annual General Meeting.**
- **Carrying the Camera as well as photography by a mobile phone inside the venue of Annual General Meeting is strictly prohibited.**
- **The Members may kindly note that this is being done for security reasons.**

NOTICE

NOTICE is hereby given that the **Fiftieth 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 **4.00 PM** on **Saturday, the 4th August, 2012** to transact the following business :

Ordinary Business

1. To receive, consider and adopt the Audited Accounts, Balance Sheet as at 31st March, 2012, Profit & Loss Statement 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 Ajay N. Shah, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Vijai Kapoor, who retires by rotation and being eligible offers himself for re-appointment.
5. To consider and if thought fit, to pass the following resolution with or without modifications, as a **Special Resolution** :

"RESOLVED that pursuant to the provisions of Sections 224, 224A, 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Deloitte Haskins & Sells, Chartered Accountants, Vadodara (Firm Registration No. 117364W) be and are hereby appointed Auditors of the Company, in place of the retiring Auditors, M/s. Prakash Chandra Jain & Co., Chartered Accountants, Vadodara (Firm Registration No. 002438C), to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration (plus taxes), traveling, lodging, boarding and other out of pocket expenses actually incurred by them as may be recommended by the Audit Committee and approved by the Board of Directors of the Company in connection with the Audit of Accounts of the Company's Baroda Unit (Head Quarters) and the Sikka Unit and also for audit of accounts of the Polymers Unit and Fibre Unit of the Company.

Special Business

6. To consider and if thought fit, to pass the following resolution with or without modifications, as an **Ordinary Resolution** :

"RESOLVED that subject to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its consent and approval to the terms and conditions of remuneration and perquisites to Shri Atanu Chakraborty, IAS as Managing Director of the Company as set out in the explanatory statement annexed hereto:"

"FURTHER RESOLVED that the remuneration, benefits and perquisites as set out in the explanatory statement shall be paid and allowed to him as minimum remuneration notwithstanding the absence or inadequacy of profits in any year."

"FURTHER RESOLVED that the Board of Directors is hereby authorized to approve any revision/ modification to the remuneration, perquisites or terms and conditions as may be communicated by the Government of Gujarat from time to time during the currency of his appointment."

"FURTHER RESOLVED that so long as Shri Atanu Chakraborty, IAS functions as the Managing Director of the Company, he shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof."

7. To consider and if thought fit, to pass the following resolution with or without modifications, as an **Ordinary Resolution** :

"RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the provisions of Article 11 of the Articles of Association of the Company and subject to the approvals, consents, permissions and sanctions as may be necessary from the concerned Statutory Authorities, Authorized Equity Share Capital of the Company of 20,00,00,000 (Twenty Crores) Equity Shares of the nominal value of Rs. 10/- each be and are hereby sub-divided into 100,00,00,000 (One hundred Crores) Equity Shares of the nominal value of Rs. 2/- each AND THAT Clause V of the Memorandum of Association and Article 3 of the Articles of Association of the Company be altered accordingly."

NOTICE (Contd.)

“FURTHER RESOLVED THAT pursuant to the sub-division of the Equity Shares of the Company, the issued, subscribed and paid-up Equity Shares of the Company of the face value of Rs. 10/- (Rupees Ten) each, be sub-divided into Five Equity Shares of the face value of Rs. 2/- (Rupees Two) each, as on the Record Date that may be determined by the Board for this purpose.”

“FURTHER RESOLVED THAT the Board of Directors of the Company (“the Board”, which expression shall include a Committee thereof) be and is hereby authorized to issue new share certificates representing the sub-divided equity shares consequent to the sub-division of shares as aforesaid and to do all such acts, deeds, matters and things as may be necessary, for giving effect to the aforesaid resolution, including but not limited to signing and execution of necessary forms, papers, writings, agreements and documents as may be required in this connection and to delegate all or any of the powers therein vested in the Board, to any Committee thereof or to any Director(s) or Company Secretary to give effect to the aforesaid resolution.”

“FURTHER RESOLVED THAT no letter of sub-division shall be issued but the share certificates for the sub-divided new equity shares of Rs. 2/- each be delivered to the shareholders who hold the existing shares in physical form without calling for surrender of the share certificates held by them and the respective beneficiary accounts be credited with the sub-divided new equity shares of Rs. 2/- each for such shareholder who hold the existing shares in dematerialized form.”

8. To consider and if thought fit, to pass the following resolution with or without modifications, as an **Ordinary Resolution** :

“RESOLVED THAT pursuant to the provisions of Section 94 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) existing Clause V of the Memorandum of Association of the Company be and is hereby substituted by the following :-

V. The Authorised Share Capital of the Company is Rs. 360,00,00,000 (Rupees three hundred sixty crores) divided into 100,00,00,000 (One hundred crores) Equity Shares of Rs. 2/- (Rupees two) each and 1,60,00,000 (One crore sixty lacs) Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees hundred) each with the rights, privileges and conditions attaching thereto as may be provided by the Articles of Association of the Company for the time being, with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, guaranteed, qualified or special rights, privileges and conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company.”

9. To consider and if thought fit, to pass the following resolution with or without modifications, as a **Special Resolution** :

“RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) existing Article 3 of the Articles of Association of the Company be and is hereby substituted by the following :-

3. Share Capital: The Share Capital of the Company is Rs. 360,00,00,000 (Rupees three hundred sixty crores) divided into 100,00,00,000 (One hundred crores) Equity Shares of Rs. 2/- (Rupees two) each and 1,60,00,000 (One crore sixty lacs) Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees one hundred) each.”

By Order of the Board

Sd/-

CS V. V. Vachhrajani
Company Secretary &

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

Place : Fertilizernagar
Date : 30th June, 2012

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. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto. The particulars of qualification, experience and other directorship etc. of Shri Ajay N. Shah and Shri Vijai Kapoor is given in the annexure to this notice.

3. As required under the Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of Central Government) Rules, 1978, the Company hereby informs 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
36	2009-10	24-09-2010	24-10-2017
37	2010-11	17-09-2011	17-10-2018

Members who have not yet encashed their dividend warrant(s) for the financial year ended 31-03-2005 to 31-03-2011, are requested to lodge their claims to the Company accordingly, without any delay.

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

ANNEXURE TO THE NOTICE

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

Item No. 5 :

M/s. Prakash Chandra Jain & Co., Chartered Accountants, the Statutory Auditors of the Company will be completing two years tenure at the conclusion of the forthcoming Annual General Meeting (AGM). They were appointed Statutory Auditors at the last AGM. As a measure of good Corporate Governance practice, it is proposed to rotate the Statutory Auditors. It is proposed to appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, Vadodara (Firm Registration No. 117364W) in place of retiring Auditors.

The Company has received a Notice under Section 190 of the Companies Act, 1956 from a Shareholder (DP ID. IN300757 Client ID. 10910919) of the Company proposing M/s. Deloitte Haskins & Sells, Chartered Accountants, Vadodara for appointment as Auditors at the ensuing Annual General Meeting. M/s. Deloitte Haskins & Sells, are a renowned firm of Chartered Accountants and they have wide experience of the Audit of various Companies. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956 and also that they are not otherwise disqualified to be appointed within the meaning of sub-section (3) of Section 226 of the Companies Act, 1956. As per the provisions of Section 224A of the Companies Act, 1956, since the Shareholding of Specified Entities is more than 25% of the subscribed capital of the Company, the appointment of M/s. Deloitte Haskins & Sells, as Auditors of the Company, is required to be made by way of a Special Resolution to be passed by the shareholders of the Company at the Annual General Meeting (AGM) as set out at item no. 5 of the Notice.

Your Directors, therefore, recommend the resolution for appointment of Statutory Auditors and for fixation of remuneration of Statutory Auditors for the F.Y. 2012-13 for your approval.

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

ANNEXURE TO THE NOTICE (Contd.)

Item No. 6 :

As per Govt. of Gujarat Notification No. AIS/35.2011/13/G dated 08.07.2011 followed by Resolution No. G.R. EPD NO. GSF-11-2008-1082-E dated 22.07.2011 Shri Atanu Chakraborty, IAS was appointed as "Government Director" and Managing Director of the Company vice Shri H V Patel, IAS. Shri Atanu Chakraborty, IAS assumed charge on 13.07.2011, as the Managing Director of the Company.

Govt. of Gujarat vide Resolution No. G.R. EPD NO. GSF-11-2008-1082-E dated 07.08.2011 had prescribed the terms and conditions as to remuneration in respect of Shri Atanu Chakraborty, IAS and the same were approved by the Board of Directors.

In terms of Schedule XIII and other applicable provisions of the Companies Act, 1956, the payment of remuneration to Shri Atanu Chakraborty as Managing Director requires the approval of the Shareholders in General Meeting.

The terms and conditions of remuneration and perquisites paid/payable to Shri Atanu Chakraborty are as follows:

- (1) **Period :**
Initial period of two years w.e.f. 13.07.2011 i.e. the date he assumed the charge of the Managing Director or till his services are withdrawn by the State Government, whichever is later.
- (2) **Pay :**
During the period of deputation, Shri Atanu Chakraborty, IAS will be eligible to draw his pay in the grade of Principal Secretary to Government (i.e. Rs. 67,000 - 3% - Rs. 79,000) by virtue of equation of the post of Managing Director, Gujarat State Fertilizers & Chemicals Ltd., Vadodara with the IAS Cadre post of Principal Secretary to Govt. vide GAD Resolution No. AIS/35.2011/13/G dtd.08-07-2011.
- (3) **Dearness Allowance :**
Shri Atanu Chakraborty, IAS will be eligible to draw Dearness Allowance at such rate as the Central Government may prescribe from time to time.
- (4) **City Compensatory Allowance :**
Shri Atanu Chakraborty, IAS will be eligible to draw City Compensatory Allowance as per the rules applicable to the IAS officers working in connection with the affairs of the State.
- (5) **House Rent Allowance :**
Shri Atanu Chakraborty, IAS would be required to pay 10% of the pay plus DA/ DP and CCA or the prescribed license fee for similar class of accommodation in the State Government, whichever is lower.
- (6) **Transfer T.A./Joining Time :**
Shri Atanu Chakraborty, IAS will be entitled to Transfer T.A. and Joining Time, both on joining the post on deputation and on reversion under the rules of organization to which he is deputed and which shall not be inferior to the relevant provisions of the AIS Rules. The expenditure on this account will be borne by the Company.
- (7) **TA/DA for journey on duty :**
Shri Atanu Chakraborty, IAS will be paid Traveling Allowance and Daily Allowance by the Company under the Rules of the Company for the journey undertaken by him in connection with the official work of the Company. While undertaking foreign visits by the official, the instruction contained in GAD Circular No. AIS/1099/1720/G dated 17-04-99 as amended from time to time, will be applicable for the purpose of drawl of per diem and in other matters.
- (8) **Medical facilities :**
The Company shall afford to Shri Atanu Chakraborty, IAS, the medical services facilities as per the Rules of the Company but shall not be inferior to those admissible to an All India Service Officer of his rank and seniority under the All India Services (Medical Attendance) Rules, 1954.
- (9) **Leave and Pension :**
During the period of deputation, Shri Atanu Chakraborty, IAS will continue to be governed by the All India Services (Leave) Rules, 1955 and the All India Services (DCRB) Rules, 1958. The entire expenditure in respect of leave taken during and at the end of deputation shall be borne by the Company.
- (10) **Provident Fund :**
During the period of the foreign service, Shri Atanu Chakraborty, IAS will continue to subscribe to the All India Services (Provident Fund) Scheme/Contributory Provident Fund Scheme to which he was subscribing at the time of proceeding on foreign service in accordance with the rules of such Fund/Scheme.
- (11) **Conduct, Discipline and Appeal Rules :**
During the period of foreign service, Shri Atanu Chakraborty, IAS shall continue to be governed by the All India Services (Conduct) Rules, 1968 and the All India Services (Discipline & Appeal) Rules, 1969.
- (12) **Leave Travel Concession :**
The Company shall allow Leave Travel Concession to Shri Atanu Chakraborty, IAS as admissible to him under the All India Services (LTC) Rules, 1975. The whole expenditure in this regard will be borne by the Company.

ANNEXURE TO THE NOTICE (Contd.)

(13) Disability Leave :

The Company will be liable to pay leave emoluments in respect of disability leave, if any, granted to Shri Atanu Chakraborty, IAS on account of any disability incurred in and through foreign service even though such disability manifests itself after termination of foreign service. The relevant AIS Rules will be applicable in such cases.

(14) Leave Salary / Pension Contribution :

Shri Atanu Chakraborty, IAS shall not be permitted to join any Pension Schemes of the Company under any circumstances. The entire expenditure in respect of pension and leave salary contributions for the period of deputation shall be borne by the Company failing which by the officer himself.

The Company will pay to the Government, the leave salary and pension contributions at the rates in force from time to time in accordance with the orders issued by the President under FR 116. The payment of these contributions must be paid annually within 15 days from the end of each financial year or at the end of Foreign Service, if deputation expires before the end of a financial year. Delayed payment will attract liability of payment of interest in the terms of the instructions contained in the Ministry of Finance's Notification No. F.1-(1)-E III/83 dated the 10th August, 1983, as amended from time to time. Pending intimation of the rates of Leave Salary and Pension Contributions by the Accountant General, Gujarat, Rajkot / Ahmedabad, the Company shall pay Leave Salary and Pension contribution provisionally at the prescribed rates.

(15) Group Insurance :

Shri Atanu Chakraborty, IAS will be governed by the All India Services Group Insurance Rules, 1981. The amount deducted from his salary as per prescribed rates as subscription towards the Central Government Employees' Group Insurance Scheme, 1980 shall be remitted to the concerned Accountant General, Gujarat, Rajkot / Ahmedabad by the Company. If at any time the recovery of subscription falls in arrears, the same shall be recovered with interest admissible under the Scheme on the accretions to the saving fund.

(16) Residuary Matters :

In all matters relating to conditions of service and benefits/facilities and perquisites in the Company not covered by items 1 to 15 above, Shri Atanu Chakraborty, IAS shall be governed by the provisions of AIS (Conditions of Service Residuary Matters) Rules.

The above mentioned terms and conditions would be applicable till Shri Atanu Chakraborty, IAS remains on deputation with the Company. On reversion from deputation, he will be governed by the relevant rules laid down for All India Services Officers.

The remuneration and perquisites payable to Shri Atanu Chakraborty, IAS are in accordance with Schedule XIII to the Companies Act, 1956. Your Directors recommend this resolution for your consent and approval.

The above terms and conditions may be treated as an abstract of the terms and conditions of appointment of Shri Atanu Chakraborty, IAS for the purpose of Section 302 of the Companies Act, 1956.

None of Directors, except Shri Atanu Chakraborty, IAS, is concerned or interested in the said resolution.

Item No. 7, 8 and 9 :

At present, the Equity Shares of the Company are listed on the Stock Exchange Mumbai (BSE) and National Stock Exchange of India Limited (NSE) and they are actively traded in BSE and NSE. In order to enhance the liquidity in the capital market, widen shareholder base and to make the shares affordable to small investors, the Board of Directors at its meeting held on 30.05.2012, considered it desirable to sub-divide the existing nominal value of the equity shares of the Company from the present Rs. 10/- each into five equity shares of Rs. 2/- each.

Shareholders attention is also invited to the fact that in view of the forgoing, the existing Capital Clause V of the Memorandum of Association and Article 3 of the Articles of Association of the Company also need relevant amendment to give effect to the sub-division of the equity shares.

None of the Directors of the Company is interested in the resolution, except to the extent of their shareholding, if any, in the Company.

A copy of the Memorandum and Articles of Association of the Company together with the proposed amendments is available for inspection by members of the Company at its Registered Office during its business hours on all working days.

Your Directors recommend the said resolutions for your approval.

By Order of the Board

Sd/-

CS V. V. Vachhrajani

Company Secretary &

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

Place : Fertilizernagar

Date : 30th June, 2012

ANNEXURE

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

Name of the Director	Shri Ajay N. Shah	Shri Vijai Kapoor, IAS (Retired)
Date of Birth	08-07-1966	13-09-1938
Date of Appointment as a Director of GSFC	15-07-2006	15-07-2006
Qualification	Ph.D. in Economics, University of Southern California, Los Angeles; B. Tech in Aeronautical Engineering from I.I.T., Bombay	M.A. (Mathematics), IAS (Retd.)
Expertise	He has rich consultancy experience of varied nature in the field of Finance and won many prestigious awards relating to Risk Management, Certified Financial Planning etc. during his career.	Served in Indian Administrative Service and has later served as Lieutenant Governor of Delhi for 6½ years. He has had rich administrative experience of varied nature.
No. of Shares held in the Company	500 (Jointly with GSIL)	500 (Jointly with GSIL)
Name of other Companies in which directorship is held	1. Centre for Monitoring Indian Economy Pvt. Ltd. 2. National Securities Clearing Corporation 3. The Clearing Corporation of India Ltd. 4. Ascent Capital Advisers India Pvt. Ltd.	1. Fabindia Overseas Private Ltd. 2. Vertical Infra Development Pvt. Ltd.
Committee position for Audit and Investors' Grievance Committees	Name of the Company	Position in Audit Committee
	_____	_____
	1 Gujarat State Fertilizers & Chemicals Ltd.	Member
	_____	_____
	Name of the Company	Position in Investors' Grievance Committee
	_____	_____
	_____	_____
	_____	_____

DIRECTORS' REPORT

To
The Members,

Your Directors are happy to present the 50th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2012.

A. FINANCIAL RESULTS

(₹ in Crores)

	Particulars	2011-12	2010-11
1.	Gross Sales	5510.50	4925.49
	Less : Excise Duty Recovered	208.67	170.44
	Revenue from Operations	5301.83	4755.05
2.	Other Income	162.08	101.20
3.	Total Revenue	5463.91	4856.25
4.	Less : Operating Expenses	4167.19	3577.66
5.	Operating Profit	1296.72	1278.59
6.	Less : Finance Cost	20.08	19.86
7.	Gross Profit	1276.64	1258.73
8.	Less : Depreciation	129.20	146.40
9.	Exceptional Item	(34.09)	—
10.	Profit before Taxes	1113.35	1112.33
11.	Taxation		
	- Current Tax	312.71	308.34
	- Deferred Tax (net)	43.07	54.62
12.	Profit after Taxes	757.57	749.37
13.	Balance brought forward from last year	134.94	90.41
14.	Amount available for Appropriations	892.51	839.78
15.	Out of which, your Directors have proposed Appropriation and Transfer as under :		
	a) Proposed Dividend on Equity shares	59.77	55.79
	b) Tax on Proposed Dividend	9.70	9.05
	c) General Reserve	610.00	640.00
16.	Leaving a balance in the Profit & Loss Account	213.04	134.94

B. OPERATIONAL PERFORMANCE

Your Directors are pleased to report that your Company has achieved highest ever Profit Before Tax (PBT) of Rs. 1113 Crores and Net Profit (Profit After Tax) of Rs. 758 Crores in the year 2011-12. (Previous highest PBT of Rs. 1112 Crores & PAT of Rs. 749 Crores in FY 2010-11).

Your Company has achieved the sales turnover for the year ended March 31, 2012 of Rs. 5302 Crores, which registered a growth of 12% over the previous financial year's turnover of Rs. 4755 Crores. Your Company achieved this higher sales turnover as a result of better price realization in both the business segments viz. Fertilizer and Industrial Products.

The EBIDTA has also increased from 1278.59 Crores to Rs. 1296.72 Crores. The finance cost has increased nominally from Rs. 19.86 Crores in previous year to Rs. 20.08 Crores in F Y 2011-12.

C. DIVIDEND

Your Directors are happy to recommend a dividend @ 75%, i.e. Rs.7.50 per Equity Share (Previous Year - 70%, i.e. Rs. 7.00 per share) on 7,96,95,506 Equity Shares of Rs.10/- each for the financial year ended 31st March, 2012. The net outgo on account of Dividend shall be Rs.6946.81 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 21/07/2012.

D. SUB-DIVISION OF SHARES

Your Directors are pleased to inform you that the Equity shares of the Company are proposed to be sub-divided from the face value of Rs.10/- per share to Rs. 2/- per share. Suitable resolutions in this regard have been included in the notice convening the Annual General Meeting.

DIRECTORS' REPORT (Contd.)

Your Directors also wish to inform that as a result of sub-division of shares the liquidity of Company's shares would increase in the market. It would also broad base the distribution of shareholding as it tends to attract small investors. Your Directors recommended the passing of the said resolutions.

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, 96.37% 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 & Analysis report also forms part of this Annual Report.

G. FIXED DEPOSITS

During the year 2011-12, your Company has not accepted / renewed any Fixed Deposit. Your Directors wish to report that there are 311 Fixed Deposits aggregating Rs. 41.61 Lacs which have remained unclaimed by Depositors, as on 31st March, 2012. Letters reminding them to exercise their option to seek repayment have been sent. Upto and including the date of this report, 104 deposits amounting to Rs. 13.17 Lacs have been repaid.

During the year, the Company has transferred a sum of Rs. 8.24 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.

H. INSURANCE

All the properties and insurable interests of the Company, including the 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 submitted for validation and registration under the Clean Development Mechanism. This would help your Company to earn Carbon Credit.

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, while the Wind Mill Projects of 12 MW, 18 MW and 33 MW are under advance stage of registration process for availing carbon credit.

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. have been appointed as consultants for carrying out detailed engineering work for the project. The project is under execution and it is slated to be commissioned in the second quarter of F.Y. 2012-13. Your Company has also taken up modernization of Cyclohexanone unit at Vadodara.

Your Company has participated in a strategic Joint Venture with 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. The Project is delayed due to political turmoil in Tunisia and it is now expected to be commissioned by the 2nd quarter of F.Y. 2012-13.

Your Company has been conscious of the development of Green technology and has translated this into reality by setting up total 123.4 MW Wind Mill Power Projects in the Saurashtra & Kutch Region. These projects are working satisfactorily and are meeting Company's captive power requirements as well as selling surplus power to the State Grid.

DIRECTORS' REPORT (Contd.)

Your directors also wish to inform that for additional 15,000 MTPA Nylon-6 capacity at Vadodara Unit, the technology tie up has been made with M/s. Lurgi, Germany, who is one of the most renowned technology suppliers for Polyamides and the project is planned to be operational in the last quarter of F.Y. 2013-14.

Your directors are pleased to inform that the Company has ambitious plans for setting up large capacity fertilizers & petrochemicals complex at Dahej for which land acquisition and technology search are almost completed. Your directors are also happy to inform that the Company has decided to take forward the capacity expansion in the DAP, Sulphuric Acid and Phosphoric Acid at Sikka Unit and has ambitious plans to add capacity of Water Soluble Fertilizers, Customized Fertilizers & Bio-fertilizers.

SETTING UP OF A WHOLLY OWNED SUBSIDIARY FOR AGROTECH BUSINESS :

The Company's growth depends on diversification and expansion of the existing facilities in related areas. Headway has been made in planning the activities related to bio-fertilizers, bio-fungicides, tissue culture, flori-culture, greenhouse technology, cold-storage chain, plant growth promoters etc. at Vadodara.

To take care of investment in new schemes, your company has promoted and incorporated a new company in the name and style of **GSFC Agrotech Limited**. It will be wholly owned subsidiary of your company. The business blue print for the same is under preparation.

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 does not have any employee falling within the purview of Section 217(2A) of the Companies Act, 1956 and hence such Particulars of Employees are not included.

L. DIRECTORS

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

The appropriate resolutions for appointment/reappointment of Directors are placed for the approval of shareholders.

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 & 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, 2012 and of the profit of the Company for the period from 1st April, 2011 to 31st March, 2012;
- 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

Your Directors wish to inform that M/s. Prakash Chandra Jain & Co., Chartered Accountants, the Statutory Auditors of the Company will be completing two years tenure at the conclusion of the forthcoming Annual General Meeting (AGM). They were appointed Statutory Auditors at the last AGM. As a measure of good Corporate Governance practice, it is proposed to rotate the Statutory Auditors. It is therefore recommended to appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, Vadodara (Firm Registration No. 117364W) in place of retiring Auditors. M/s. Deloitte Haskins & Sells are a renowned firm of Chartered Accountants and they have wide experience of the Audit of various Companies.

Your Directors recommend the approval of Resolution for appointment and fixation of remuneration to the new Statutory Auditors.

Pursuant to the directive from the Ministry of Corporate Affairs regarding appointment of Cost Auditor, M/s. Diwanji & Associates, Cost Accountants, Vadodara have been appointed as the Cost Auditor for Fertilizers, Chemicals and Nylon of the Company for the Financial Year 2012-13. The Cost Auditor for the F.Y. 2010-11 was also M/s. Diwanji & Associates, Cost Accountants, Vadodara and the Cost Audit Report was filed on 23.09.2011(i.e. four days before the stipulated date of 27.09.2011).

DIRECTORS' REPORT (Contd.)

Your Company has also appointed M/s. Haribhakti & Co., Chartered Accountants, Mumbai as Internal Auditors for carrying out the Internal Audit of its Vadodara Unit and Sikka Unit for F.Y. 2011-12. 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 Polymers and Fibre Units respectively.

O. AUDITORS' REPORT

There are no comments/observations from the Statutory Auditors and hence no clarifications need be given on their clean report.

P. ENVIRONMENTAL PROTECTION

Environment control division has taken all round care for meeting all statutory requirements while disposing-off effluents, solid wastes and air emissions.

Bio-diversity study within and around GSFC complex was carried out by Gujarat Ecology Society (recognized by Ministry of Science & Technology), which indicates considerable improvement in the environment on account of various steps taken by GSFC for abatement of pollution.

Considering enhancement of Production activities of Caprolactam plants and upcoming projects like Methanol, Nylon-6 Chips etc., actions for revamping of effluent treatment facilities are in progress.

To monitor real time concentration of pollutants, scheme for installation of 4 nos. of additional "Online Ambient Air Quality Monitoring Stations" at four sides of the premises and GAS Detectors in different plants is under implementation.

GSFC has received renewal of Consolidated Consent and Authorization (CCA) vide Order No. AWH-44254 dated 16/11/2011, valid upto 06/06/2016 and complied with relevant statutory requirements.

GSFC was conferred Safety Award-2010 Certificate of Appreciation from NSCI, Mumbai and also prestigious 'Gujarat State Safety Award 2010' in the form of Certificate of Honor from Gujarat Safety Council and Director Industrial Safety & Health for achieving 3 million man-hours without any accident among Category - I Group A Industries.

Most of the plants at GSFC Fertilizernagar are more than 25 years old and Risk Assessment of all the installations was carried out in phased manner. Quantitative Risk Assessment study of all the plants at GSFC is done once again by M/s. PDIL and no major non-compliance is observed. A few recommendations made by them are being considered for implementation.

For up-gradation of fire fighting facilities to take care of any eventuality as well as extension of support to nearby industries, 06 nos. of new fire tenders have been purchased.

Q. HUMAN RESOURCES

Your Directors are happy to acknowledge that with the competent, motivated and cost conscious personnel, the Company made significant strides in its operations. The employees have been able to meet the challenges from time to time to improve upon the performance of its plants through efficiency, productivity and economy. Your Directors are happy to place on record their appreciation for the sincere efforts and contributions made by the employees of the Company.

Your directors wish to inform that the Company has introduced production, productivity & profitability linked incentive scheme for participation of employees towards higher productivity. Your company has recently concluded a wage settlement for the Vadodara Unit and an agreement to this effect has been signed with Employees Union.

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 : 30th June, 2012

Sd/-
A. K. Joti
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Annexure "A"

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

A) CONSERVATION OF ENERGY

Measures taken at Fertilizernagar, Vadodara :

1) Supply of Brine from Caprolactam-I Plant to 3250 MTPY MEKO Plant.

In place of dedicated chilled water unit for MEKO plant, supply of brine to MEKO plant from Capro-I plant started based on margin availability in Capro-I brine system. This resulted into stoppage of Chilled water unit. It resulted into annual power saving of 2.40 Lacs unit (Rs. 9.00 Lacs).

2) Provision of New Cooling Water Pump in AS-I plant.

In place of old, inefficient and higher capacity C.W. pump, new, energy efficient and of adequate capacity C.W. pump installed for AS-I plant D-part operation. It resulted into annual power saving of 4.95 Lacs unit (Rs. 18.54 Lacs).

3) Retubing of Ammonia condensers in Syn. Loop and Ammonia refrigeration section of A-IV plant.

After service life of more than 10 years, many tubes of Ammonia condensers in Syn. loop were plugged to tackle leakage problem. Identical replacement of Ammonia condensers carried out. Where as retubing with SS 304 in place of C.S. tubes carried out in Ammonia Condensers of Refrigeration loop. Both actions resulted into better cooling and therefore less loading on Ammonia Refrigeration compressors. It resulted into annual power saving of 75.30 Lacs unit (Rs. 282.30 Lacs).

4) Use of less Nos. of Bag conveyors in ASP Bagging.

About 6 conveyors (3.7 KW motor rating) replaced with 2 Nos. of improved design conveyors driven by motor of 7.5 KW rating. Use of improved designed conveyors, use of energy efficient and adequate sized motors resulted into annual power saving of 1.00 Lacs unit (Rs. 3.74 Lacs).

5) Impeller trimming in 4.5K CT pump at Urea plant.

During energy audit, it was observed that, process requirement of 3.5 kg/Cm²g pressure was maintained by throttling of 4.5K CT pump discharge sluice gate valve as its design pressure was 5.0 Kg/Cm²g. Looking to the margin available in head, impeller trimming carried out to reduce power consumption. It resulted into annual power saving of 8.00 Lacs unit (Rs. 30.00 Lacs).

6) Installation of Hollow FRP blades in 4.5K Cooling tower, Urea plant and in Melamine-II plant.

Replacement of old FRP blades to aerodynamically efficient Hollow FRP blades carried out in 4.5K CT Fan-1 and in CT Fan-1&2 of Melamine-II plant. It resulted into aggregate annual power saving of 0.92 Lacs unit (Rs. 3.46 Lacs).

7) Provision of Flow control valve on Sulphuric acid (SA) supply to AS-II plant.

SA to AS-II plant was supplied from SA supply common header. SA was received in SA tanks and again pumped to AS plant. As SA supply common header pressure was adequate, control valves were provided on SA feed line and direct supply of SA to AS plant started. This enabled stoppage of SA feed pumps at AS plant. It resulted into annual power saving of 0.24 Lacs unit (Rs. 0.90 Lacs).

8) Replacement of Screw Compressor Ammonia Condenser (792101) of AST Plant.

To improve the performance and reliability of Ammonia condenser; C.S. tubes replaced with SS tubes. Better

cooling resulted into less discharge pressure of Screw compressor and therefore less power consumption. It resulted into annual power saving of 4.00 Lacs unit (Rs. 15.00 Lacs).

9) Utilization of excess air from New PSA based IG-IV Plant.

Due to availability of excess air from new Centrifugal compressor of IG-IV plant and looking to the maintenance problem faced by various reciprocating compressors and higher power consumption of the same, IA supply to grid started by operating Centrifugal compressor. Stoppage of various reciprocating compressor reduced maintenance cost besides resulting into annual power saving of 11.44 Lacs unit (Rs. 42.90 Lacs).

10) Utilization Additional Connection of I.A. Line from 6" dia. I.A. Header to Capro-I Plant.

Instrument air pressure was required to be maintained at higher value to meet requirement of higher pressure at Capro-I plant only. Looking to the high pressure drop offered by the system, a new 3" dia. connection provided from 6"dia. header passing through Capro-I plant. Due to additional source of IA, pressure drop across main supply header reduced. To that extent, IA supply pressure at Utility end could be reduced. Lower discharge pressure of compressor resulted into annual power saving of 7.20 Lacs unit (Rs. 27.00 Lacs).

Above mentioned measures resulted into aggregate annual saving at a rate of 115.45 Lacs units (Rs. 432.84 Lacs).

Measures taken at Sikka Unit :

1) Energy saving by using Energy efficient lighting sources.

Energy efficient lighting was implemented, which resulted into annual power saving of 2.60 Lacs units, resulted into aggregate annual saving of Rs. 13 Lacs.

Measures taken at Fibre Unit :

1) Quench air supply blower pulley replacement for Spinning Line 4 & 5.

Quench air supply blower pulley of 235 mm dia replaced by 216 mm dia pulley for spinning line 4 & 5. Annual power saving of 0.53 Lacs units (Rs. 2.72 Lacs).

2) Quench air supply blower pulley replacement for Spinning Line 1.

Quench air supply blower pulley of 180 mm dia replaced by 160 mm dia pulley for spinning line 1. Annual power saving of 0.16 Lacs units (Rs. 0.82 Lacs).

3) Replacement of existing effluent transferring pump with energy efficient pump at Polymerization section effluent pit

Pump replacement resulted into saving of power by 0.06 Lacs units (Rs. 0.31 Lacs).

4) Replacement of existing jockey fire pump with new energy efficient pump.

Pump replacement resulted into saving of power by 0.21 Lacs units (Rs 1.10 Lacs).

Above mentioned measures resulted into aggregate annual saving at a rate of 0.96 Lacs units (Rs. 4.95 Lacs).

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

Measures taken at Polymers Unit :

- 1) **Utilization of capacity of Sheet Plant.**
Sheet Plant was running in two shifts only since last 15 years. It was made operational in all three shifts to reduce the cost of production. It resulted into annual power saving of 4.08 Lacs Unit and annual steam saving of 3060 MT (Rs. 87.00 Lacs).
- 2) **Overhauling of compressors and pumps.**
Based on recommendation of Energy Audit conducted, total 2 nos. of Air compressors, 4 nos. of brine compressors and 2 nos. of C.W. pumps overhauled, as same were operated at lower efficiency. One inefficient brine compressor replaced with new & efficient one. It resulted into aggregate annual power saving of 2.55 Lacs units (Rs. 14.05 Lacs).
- 3) **Operational sequence change of 6 nos. of aerators of ET Plant.**
Operational sequence of working of aerators changed as per dissolved oxygen content analysis of effluent. It resulted in power saving of 0.55 Lacs Units annually. (Rs. 3.00 Lacs).
- 4) **Replacement of old lightings with energy efficient lightings and use of efficient AC units.**
About 100 nos. of 50W tube light are replaced with 22W CFL lamps. About 6 nos. of old & inefficient AC units replaced with efficient AC units. It resulted into aggregate annual power saving of 0.22 Lacs units (Rs. 1.22 Lacs).

Above mentioned measures resulted into annual saving of 7.40 Lacs units power and 3060 MTs of steam. Aggregate annual saving is Rs. 105.27 Lacs.

Measures under consideration at Fertilizernagar, Vadodara :

- 1) **Replacement of Combustion Air Pre heater for energy improvements, A-III plant.**
Existing air preheater will be replaced by efficient one to preheat combustion air more by reducing flue gas temperature from 205°C to 150°C. This will reduce NG fuel requirement in Reformer. The anticipated annual NG saving is 1.97 Lacs SM³ (Rs. 23.60 Lacs).
- 2) **Replacement of Semi lean solution pumps P-0302R, at A-IV plant.**
Even after carrying out trimming of pump, generated head is higher than required. Scheme for replacement of the existing pump with suitable head pump is under consideration. The anticipated annual power saving is 1.84 Lacs unit (Rs. 6.90 Lacs).
- 3) **Installation of small capacity C.W. pump, at A-IV plant.**
With power generation unit in operation, required C.W. circulation rate of 24000 M³/Hr is met by operating three nos. of C.W. pumps of 10000 M³/Hr capacity. Out of these three pumps, two pumps run at full capacity while third pump is operated in throttled condition, which is inefficient operation. Scheme is under consideration to install additional small capacity CW pump and to run it at full capacity. Running of adequate capacity C.W. pump at optimum efficiency will result into power saving. The anticipated annual power saving is 48.80 Lacs unit (Rs. 183 Lacs).
- 4) **Trimming of Semi lean solution pump (P0301A) impeller, at A-IV plant.**
The pump is developing higher head than required. The impeller of the pump will be trimmed during next annual shutdown. The anticipated annual power saving is 6.86 Lacs unit (Rs. 25.73 Lacs).

- 5) **Heat recovery from Blow down condensate, at A-IV plant.**

At present, blow down condensate at 156°C is diverted to Cooling tower basin. A scheme for recovery of heat from 156°C to 85°C is under process. The anticipated more generation of LPS is ~12000 MT per annum, which will annually produce additional power by 14.85 Lacs unit (Rs. 55.70 Lacs).

- 6) **Installation of Benzene Preheater in Benzene Hydrogenation Section of Capro-I Plant.**

It is proposed to preheat benzene by utilizing heat energy, which otherwise is being diverted to cooling water. This will result in to NG saving in furnace as benzene is heated upto reaction temperature by utilizing NG as heat source. The anticipated annual NG saving is 1.00 Lacs SM³ (Rs.12.00 Lacs).

- 7) **Replacement of Cooling Water Pumps in Nylon-6 Plant.**

As existing C.W. pumps are running with low efficiency, consuming more power. Scheme is under progress to replace the pumps with higher efficiency pumps to reduce power consumption. The anticipated annual power saving is 3.20 Lacs unit (Rs. 12.00 Lacs).

Measures under consideration at Fibre Unit :

- 1) **Replacement of existing chillers by energy efficient non CFC based chillers.**

Existing CFC based centrifugal compressor chillers replacement with non CFC based improved and efficient chillers will be carried out. The anticipated annual power saving is 11.00 Lacs Units (Rs. 57.00 Lacs).

- 2) **Installation of variable speed drive screw air compressor.**

It is planned to install screw air compressor equipped with variable frequency drive mechanism. The anticipated annual power saving is 16.50 Lacs Units (Rs. 84.00 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 will be carried out. The anticipated annual power saving is 2.20 Lacs units (Rs.11.20 Lacs).

- 4) **Installation of energy efficient pump for B-350 monomer circulation pump.**

Replacement of existing pump with energy efficient pump is under commissioning stage. The anticipated annual power saving is 1.28 Lacs Units (Rs. 6.50 Lacs).

Measures under consideration at Polymers Unit :

- 1) **Reduction of natural gas consumption for steam generation.**

To reduce natural gas consumption, boiler operation optimization is under consideration. Anticipated annual saving of NG is 0.31 lacs SM³ (Rs. 10.50 Lacs).

B) CONSERVATION OF RAW MATERIALS AND CHEMICALS

Measures taken at Polymers Unit :

- 1) **Chemical treatment started at Cooling Towers.**

Proper chemical treatment in Cooling tower started. It resulted into annual saving of 14600 M³ DMW, (Rs. 10.50 Lacs).

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 : 2011-12

A. POWER AND FUEL CONSUMPTION

PARTICULARS	2011-12	2010-11
1. ELECTRICITY		
(A) PURCHASE		
UNIT : MWH	243397	329983
AMOUNT Rs. in Lacs	13819	14669
Rate Rs. / KWH	5.67	4.45
(B) Own Generation		
Unit : MWH	197848	195294
KWH Per Ltr. of Fuel/Gas	2.37	2.51
Cost Rs./KWH	3.12	2.84
2. LSHS		
QUANTITY – MTs	3907	5137
Amount Rs. in Lacs	1762	1411
Average Rate Rs./MT	45108	27466
3. NATURAL GAS		
Quantity in '000 SM ³	571450	540382
Amount Rs. in Lacs	59582	48809
Average Rate 1000/SM ³	10426.46	9032.28

C) TECHNOLOGY ABSORPTION

EFFORTS MADE IN TECHNOLOGY ABSORPTION

As per enclosed FORM – B

D) FOREIGN EXCHANGE USED AND EARNED : 2011-12

Foreign Exchange Outgo :

(i) C.I.F. VALUE OF IMPORTS	Rs. Lacs
(a) Raw Materials	153748.29
(b) Stores & Spares	1763.21
(c) Capital Goods	129.22
TOTAL (i)	155640.72
(ii) EXPENDITURE IN FOREIGN CURRENCY	
(a) Interest	190.50
(b) Technical Asstt./Know How	73.44
(c) Others	587.62
TOTAL (ii)	851.56
TOTAL (i) + (ii)	156492.28
Foreign Exchange Earned :	
FOB VALUE OF EXPORT OF	Rs. Lacs
Caprolactam	10662.91
MEK Oxime	3312.22
Anhydrous Ammonia	246.68
Cyclohexane	261.46
Nylon-6	17.13
TOTAL	14500.40

B. CONSUMPTION PER UNIT OF PRODUCTION

Sr. No.	Product	Power		Steam		Natural Gas	
		2011-12 KWH	2010-11 KWH	2011-12 MTs	2010-11 MTs	2011-12 SM ³	2010-11 SM ³
1	Ammonia	271	309	-0.557*	0.580*	852	845
2	Sulphuric Acid	36	36	-0.809*	0.780*	0.084	0.079
3	Phosphoric Acid	253	266	0.694	0.792	1.760	2.461
4	Urea	181	189	1.552	1.588	-	-
5	ASP	33	35	0.013	0.005	4	5
6	Melamine	1692	1758	7.241	7.014	345	341
7	Caprolactam (Old)	2212	2270	10.409	10.960	87	84
8	Caprolactam (Exp.)	1336	1307	7.049	6.949	21	22
9	Nylon – 6	935	912	1.670	1.835	-	-
10	ACH	554	560	1.028	0.926	67	63
11	Monomer	741	751	2.820	2.951	-	-
12	MAA	416	449	3.696	4.133	-	-
13	AS	25	30	0.415	0.217	-	-
14	Sheets	1482	1693	7.610	7.342	-	-
15	Pellets	628	703	0.849	1.084	-	-
16	DAP (Sikka Unit)	57	56	0.016	0.018	-	-
17	Nylon Chips	759	682	-	-	-	-
18	Nylon Filament Yarn	4707	4518	-	-	-	-

* Indicate Export from Plants

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

FORM-B

Form for disclosure of particulars with respect to Technology Absorption : 2011-12

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 along with 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.

(2) BENEFITS DERIVED :

(A) Development of New Products :

- i. Work for setting up 1200 MT capacity HX Sulphate Crystal plant is initiated after successful generation of Pilot Scale data. Mechanical completion and commissioning of plant is expected to be completed in current FY.
- ii. 1500 MTPY Urea Phosphate plant reactor is expected by end of May 2012. Subsequently, production of Urea Phosphate-water soluble fertilizer will be resumed in new reactor set up.
- iii. After successful production of various grades of Water Soluble Fertilizers (WSF) and Micronutrient at R&D pilot plant, process for setting up 30,000 MTPY production plant for these grades has been initiated. Tender Inquiry is floated for setting up this new project on turnkey basis. The plant is expected to be ready for production in FY 2013-14.
- iv. Around 314.01 MT 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.
- v. 1,07,000 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.
- vi. Development of polymer coated urea as a controlled release fertilizer has been taken up. Initial testing job is awarded to Anand Agriculture University.
- vii. Market seeding of newly developed GUJCON - PRF and GUJCON - CRF Nylon 6 staple fiber products is under progress in construction industry.
- viii. Development, Customization & Commercialization of high impact glass fiber reinforce grade of Nylon-6.

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

- i. Plant support services rendered by R&D improved operational efficiency of various plants.
- ii. Testing of initial performance of various catalysts used by the plant to provide valuable support to plants in selection and approval of those catalysts.
- iii. 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.
- iv. 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.

- v. Monitoring of Cooling Towers for Biocide Efficacy.
- vi. Support to plants through replacement of input materials by better quality and cost effective alternate materials for production of different Nylon 6 grades.
- vii. Know-how for production of Nylon 6 compounding grades from waste chips for improved quality and economics provided to plant.

(3) FUTURE PLAN OF ACTION :

- i. 30000 MTPY capacity Water soluble fertilizers project construction and commissioning.
- ii. Stabilization of production of 1500 MTPY Urea Phosphate plant.
- iii. Construction of HX Sulfate Crystal plant having capacity of 1200 MTPY and its commissioning in current Financial Year.
- iv. To continue to extend support services to the process plants for process trouble shooting, product quality up-gradation, and improving process efficiency etc.
- v. To provide catalyst testing service to plants through evaluation of initial performance of various catalysts and assurance of same prior to use in plant processes.
- vi. To introduce more FCO approved Water Soluble Fertilizer grades under SARDAR NUTRISOL brand for drip and foliar/ soil applications as per Market requirements.
- vii. Product quality optimization, scale up and field trials of Polymer coated urea product.
- viii. To continue market seeding of Nylon-6 fiber as Secondary reinforcement for Reinforced concrete as well as development of new value added Nylon-6 fiber products for specialty applications.
- ix. To develop new Nylon-6 polymer based value added products having synergy with company's existing line of business, and to 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) EXPENDITURE ON RESEARCH & DEVELOPMENT :

	Rs. in Lacs
(a) Capital	00.00
(b) Recurring	1356.53
(c) Total	1356.53
(d) Total R & D Expenditure as a percentage of Net Sales	0.26%

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

In house technology :

In house development of process technology for Hydroxylamine Sulfate Crystal product was accomplished. The technology is being commercialized through setting up commercial scale 1200 MTs / Year capacity plant based on in house designing and engineering. The project is at implementation stage.

Imported technology :

For Methanol and Cyclohexanone modernization - Capro-II Plant technology is imported and is under process of implementation.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1 MACRO ECONOMIC OVERVIEW

The Indian Economy is estimated to grow at the rate of 6.9% in 2011-12 as compared to the growth of 8.4% during 2010-11. With the good performance of Agriculture & Services, domestic economical downtrend could be attributed to the weakened industrial growth. Overall growth in the Index of Industrial Production during April-January 2011-12 was 4.0% as compared to 8.3% during 2010-11. Inflation, as measured by wholesale price index, was high during most of the portions of the current fiscal year. Due to weak manufacturing activity and rising costs, revenue of the country has been lesser than what was anticipated. With higher expenditure outgo as compared to the budget, a downslide is expected on the fiscal side. The other factors which can be attributed to the slowdown are global crises, especially the euro-zone crisis, the sluggish growth in the countries like USA, stagnation in Japan and the hardening crude prices. However, the growth outlook for the Indian economy appears to be promising.

The south west monsoon rains, the lifeline of agricultural production, was excellent during June-September, 2011. The cumulative rainfall received in the country as a whole was 898.80 mm which is 2% above the average. Out of 36 meteorological subdivisions, cumulative rainfall was excess/normal in 33 sub-divisions and deficient/scanty in the 3 subdivisions. The rainfall spread as well as distribution was good. Most parts of the country received good rainfall and it led to a rise in ground water reserve and it helped the Rabi crops. This gave the boost to the food grain production which increased from 244.78 million tonnes in 2010-11 to an all time record level of 250.42 million tonnes in 2011-12.

Thrust on Agriculture :

Agriculture, the mainstay of the Indian Economy, is a vital driver for macro-economic performance and is equally a critical element for the growth strategy. The GDP growth in agriculture sector during the year 2011-12 was 2.5% as compared to 7.0% during 2010-11. The approach paper to the Twelfth Five Year Plan emphasizes the need to multiply our efforts to achieve 4% average growth in agriculture sector. Thrust on soil testing, increasing area under irrigation, favorable terms of trade to farmers, access to better & cheaper credit, more investment in agriculture, use of latest farm technology, fertilizer use efficiency, use of new and tailor made specialty/customised fertilizers for application based on soil report would certainly help in increasing agricultural production.

Gujarat is the primary market for selling fertilizers manufactured by your Company. The programs implemented by the State Government have helped immensely in improvising the agricultural productivity and this has enabled the Company to sell 7.64 lacs tonnes of fertilizers in Gujarat which constitutes 53% of its total all India fertilizer sale of 14.41 lacs tonnes. The State has emerged as the fastest growing state in the field of agriculture. The performance of Gujarat in the agricultural sector has been one of the best in the Country. As a result of Krushi Mahotsav and other initiatives of Gujarat Government, it has emerged as one of the major producers of food grains and cash crops. Gujarat Green Revolution Company Ltd. has covered 4.75 lacs hectares under drip irrigation in the state of Gujarat since 2005.

GSFC sold 14.41 lacs tonnes of Fertilizers, as against last year sales of 15.69 lacs tonnes, a decline of 8% mainly due to lower production of DAP at Sikka for want of Phosphoric Acid, a raw material. Out of the total sales of 5.43 lacs tonnes of DAP, your company sold 3.19 lacs tonnes in Gujarat. Thus, GSFC has the highest market share of 49% in Gujarat, followed by IFFCO (24%) and Indian Potash Ltd (10%). In case of Ammonium Phosphate Sulphate (APS) also, GSFC has the highest market share of 46% in Gujarat, followed by GNFC at 37%.

2 OPPORTUNITIES & THREATS

2.1 Nutrient Based Subsidy Policy :

Effective from 1.4.2011, Department of Fertilizer, Govt. of India (GOI) revised the NBS rates and has fixed Rs. 27.153/Kg for Nitrogen, Rs. 32.338/Kg for Phosphorus, Rs.26.758/Kg for Potash and Rs.1.677/Kg for Sulphur. These rates remained in force for the whole financial year. The selling prices of various fertilizers were free for determination by the companies/suppliers based on market forces. Urea, however, continued under statutory price control.

Implementation of Nutrient based policy w.e.f. 01.04.2010 has encouraged farmers to use fertilizers as per the nutrient requirements. This policy has manifold advantages.

It has promoted the balanced nutrient application which helps in restoring the soil health. Farmers have started using complex fertilizers. Subsidy on Zinc & Boron fortified fertilizers gave the boost to their consumption by farmers.

GOI also declared that secondary freight from last point to retailing point will be given separately. Secondary freight for the P & K fertilizers will be paid in line with the "Uniform Freight" applicable for Urea. Freight for direct road movement (primary movement) would be subject to lower of actual claim and equivalent rail freight. Freight rates for different slab of distance have been announced by DOF. Government of India is continuously monitoring implementation Mobile based Fertilizer Monitoring System (MFMS).

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

2.2 Areas of Concern :

Due to political unrest in Middle East & African countries, supply of raw materials, especially, Phosphoric Acid (PA) & Rock Phosphate, got affected during FY 2011-12 and this has impacted the production of fertilizers in the country.

CFR price of PA in the international market which was \$830/MT in Q4 of FY 2010-11 went up to \$1080/MT in third quarter of 2011-12. The price of imported Sulphur & Ammonia also rose substantially up till third quarter of 2011-12. Weakening Rupee against USD added to the woes of manufacturers & importers. This had the impact on the prices of finished products in case of domestically produced & imported Phosphatic & Potassic fertilizers & MRP of DAP touched the level of Rs. 18000-20000/MT. Demand from farmers' side reduced substantially. Thus, lower demand from farmers' side & huge imports created a glut in the market. There was a huge stock of DAP & NPK fertilizers. The Market witnessed price & credit war and almost all manufacturers/importers passed on huge credit/ discount and distribution margin to traders to off-load the material. The stock of DAP/NPK as on 31 March 2012 was 13.25 lacs MTs. Almost the same quantum was lying unsold in the field godowns. Besides this, huge quantum is lying with dealers/retailers and at ports.

Rising crude oil prices resulting in increase of diesel prices is also impacting the road freight.

2.3 Raw Material Price Behavior :

The international prices of finished fertilizers & raw materials witnessed a spurt during FY 2011-12 as compared to 2010-11. The average CFR prices of Phosphoric Acid (PA) which was USD 791 per ton during 2010-11 went up to USD 1018 (+29%) per ton during 2011-12.

Sulphur prices experienced a steep hike during 2011-12. The average price of Sulphur, which was oscillating around \$172/MT has gone upto \$225/MT, witnessing an increase of 31%. The average Rock Phosphate prices also increased from \$145/MT to \$186/MT. Ammonia prices also increased by 29% during 2011-12 as compared to 2010-11. Declining Rupee-Dollar parity also made imports costly.

The rise in raw material prices in the international market had an impact on finished DAP prices also. Average DAP prices till December 2010 was \$566/MT, which had gone upto \$679/MT. After December 2011, average CFR DAP prices started to decline and touched the level of \$540-550/MT. All India import of DAP during FY 2011-12 (April-Feb.) was 68.79 lacs MTs as compared to 74.10 lacs MTs during 2010-11. Sales of DAP also declined from 111 lacs MTs in FY 2010-11 to 107 lacs MTs in FY 2011-12.

Average CFR Prices of Raw Materials and Finished Products (\$ / MT)

Product	2010-11	2011-12	% Increase/Decrease
DAP	589	652	+11
PA	791	1018	+29
Rock Phosphate	145	186	+28
Sulphur	172	225	+31
Ammonia	401	517	+29

Source: FMB – Various Issues

3 INDUSTRIAL PRODUCTS

The Financial Year 2011-12 witnessed a robust beginning. The prices of major Industrial Products touched new heights in the first half of the year which has resulted into better realization for Caprolactam, Nylon-6 Chips and Ammonia. The macro-economic environment witnessed a slow down during the second half of the year and the prices of our Industrial Products declined correspondingly. However, the depreciation of Rupee, which has been almost 4% during the year, has facilitated better price realization for most of the Industrial products sold on import price parity. The net sales of Industrial Products for the year 2011-12 have increased by 17% as compared to the year 2010-11, despite a dismal business environment during the second half of the year. The demand across all the user segments like automobiles, textiles, infrastructure, housing and consumer durables etc have witnessed a decline during the year under review. Inflation continued to remain high for most parts of the year before coming down to single digit.

The macro economic environment continues to remain damp and prices of key Industrial Products mainly Caprolactam, which accounts for almost 50% of the total sales turnover of the Industrial products, have registered a sharp decline. A depression has been declared for Europe and the Chinese economy is also faltering, the US is yet to come out of its recession and hence profitability and margin across the globe are likely to get affected with reduced consumption. While we may be able to achieve sales volume, the margins for most of the Industrial Products are likely to remain under pressure. Albeit, sales turnover is likely to be maintained at 2011-12 levels with the addition of new Methanol capacity towards the middle of the year.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

EXPORTS :

MEK Oxime and Caprolactam are the main products being exported by the Company. During FY 2011-12, the export of Caprolactam was 7878 MTs as against 4419 MTs in FY2010-11. The increase in export volume is mainly due to domestic demand constraints for Caprolactam particularly in Q3 of 2011-12. MEK Oxime has been exported to about 30 countries and the export quantity was 1865 MTs in 2011-12 as against 2288 MTs in 2010-11. The decline in export of MEK Oxime is due to raw material constraints during H1 of FY 2011-12 as well as weak demand in Europe, our key export destination.

4 THE COMPANY'S FINANCIAL PERFORMANCE

Your Directors are pleased to present, in the Table below, a brief highlights of Company's financial performance:

Particulars	Rs. Crores	Increase over previous year
Sales Turnover	5302	+12%
EBIDTA	1297	+1%
Profit Before Tax	1113	-
Net Profit (PAT)	758	+1%

As can be seen, your Company has attained new heights in financial performance and this has improved across all the key performance parameters. The sales turnover achieved for the year ended March 31, 2012 was Rs. 5302 Crores, which registered a growth of 12% over the previous year. The EBIDTA increased by 1% from 1278.59 Crores to Rs. 1296.72 Crores. The Profit before tax is Rs. 1113.35 Crores and the Profit after tax is Rs. 757.57 Crores.

The Company has recorded highest ever Net Profit of Rs. 757.57 Crores which is higher by Rs. 8.20 Crores compared to Rs. 749.37 Crores in the previous year 2010-11. This has resulted into Earning per Share (EPS) of Rs. 95.06 as against Rs. 94.03 during the year 2010-11.

Your Directors have recommended 75% dividend aggregating Rs. 69 Crores including Dividend Distribution Tax. Thus, the retained earnings of Rs. 688 Crores have increased the net-worth of your Company from Rs. 2829 Crores at the close of previous year to Rs. 3517 Crores during 2011-12.

At the end of the financial year 2011-12, the Company had the borrowing of Rs. 617 Crores as against Rs. 392 Crores as on March, 31, 2011. During the year, the Company has parked surplus funds amounting to Rs. 871 Crores with Banks in Short Term Deposit. Your Directors are pleased to inform that your Company continues to be a debt free Company.

Your Company maintains 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.

5 Business Segment Update

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

PARTICULARS	Unit	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
PRODUCTION											
FERTILIZERS	MT	1470350	1556172	1812570	1469470	1594703	1778070	1528265	1392018	1275764	1146668
CAPROLACTAM	MT	80503	79577	81151	70913	79716	79666	78120	77150	68489	60004
NYLON-6	MT	8914	9464	8715	8783	8683	9145	7975	8691	7264	5424
MELAMINE	MT	15279	13938	13735	13655	14741	15335	15323	14823	15237	6643
ARGON	'000NM ³	3270	3327	3464	3183	3129	2912	3105	2245	3029	2756
MONOMER	MT	4287	4547	4597	3469	4156	4449	4053	4739	4472	3586
ACRYLIC SHEETS	MT	876	721	687	552	642	664	574	398	498	469
ACRYLIC PELLETS	MT	2046	1710	1937	1887	2023	2082	1936	1813	2159	2114
NYLON FILAMENT YARN	MT	3910	4361	4433	4498	4705	5169	5779	6069	5159	5311
NYLON CHIPS	MT	5103	5399	4652	5097	5950	4084	4546	3816	3553	2283

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

PARTICULARS	Unit	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
SALES											
FERTILIZERS*	MT	1441232	1571500	1797894	1382463	1602782	1659381	1405491	1373289	1325562	1221559
CAPROLACTAM*	MT	63082	61770	62650	53859	59710	63419	60660	57910	52528	46991
NYLON-6	MT	8756	9623	9189	8496	9138	9806	8285	9017	6613	6307
MELAMINE	MT	15283	13319	13695	14115	14804	15563	16717	15373	13417	10619
ARGON	'000NM ³	3272	3327	3464	3184	3138	2911	3111	2251	3033	2759
MONOMER*	MT	2036	2292	2282	1374	1706	2090	1762	2976	1610	1309
ACRYLIC SHEETS	MT	726	728	696	584	598	692	590	460	588	600
ACRYLIC PELLETS	MT	1993	1855	1883	1916	2038	2178	1890	2012	1938	2149
NYLON FILAMENT YARN	MT	3319	4033	4081	4740	4391	4788	5619	5493	4948	5251
NYLON CHIPS	MT	5251	5251	4596	5500	5737	4095	4312	4133	3324	2351

*excluding captive consumption

6 TURNOVER

In the Year 2011-12, turnover of the Company (including trading activities) was Rs. 5302 Crores as against Rs. 4755 Crores in 2010-11. The increase in turnover was due to higher sales of both fertilizer and industrial products. The sale of fertilizers was Rs.3632 Crores and for Industrial Products, the Company registered net sales of Rs. 1670 Crores as compared to Rs. 1462 Crores in the previous year.

The following table highlights the distribution of Fertilizer Products v/s Industrial Products in the net sales of the Company during the last two years :

Particulars	2011-12		2010-11	
	Rs. Crores	%	Rs. Crores	%
Fertilizers segment	3631.78	68.50	3292.80	69.25
Industrial Products Segment	1670.05	31.50	1462.25	30.75
Total	5301.83	100.00	4755.05	100.00

7 OUTLOOK FOR 2012-13

With the announcement of NBS policy and with fixation of subsidy on per Ton basis for the whole year on Phosphatic/Potassic Fertilizers, the maximum retail price of the product will get altered as per the raw material prices in the international market. Announcement of Nutrient based Policy by the Govt. of India (GOI) may increase the volatility in the profit margins of the Fertilizer Industry. The cost efficient players will be better placed to combat the impact of this volatility. NBS policy on P & K fertilizers has been well received by all stake holders and the availability of fertilizers has also improved.

Cut throat competition in case of DAP/NPK fertilizers may continue during the first quarter of 2012-13 in the wake of prevailing glut situation & huge stock of fertilizers in the market. Market conditions will become normal with good monsoon only.

GSFC has got a good product mix but considering the NBS policy encouraging the use of NP/NPK grades, your Company needs to have the facility to produce DAP and NP/NPK grades at Sikka simultaneously. This is being considered by your Company. To increase the market share, your Company has planned to set up a trading desk and the Company has planned to import about 2.00 lacs MTs of DAP & substantial quantity of Muriate of Potash (MoP).

With subsidy on micro-nutrient fortified fertilizers, fertilizer manufacturers have started production of such fertilizers. Your Company is also examining the possibilities to manufacture such types of customized fertilizers.

In the Union Budget – 2012-13, Government of India has allocated sufficient funds for development of rural infrastructure. Easy access to credit, extra emphasis on irrigation and micro- irrigation, rural infrastructure and soil testing etc. would afford growth opportunities to the agriculture sector. The extension of NBS regime to cover urea is under active consideration of the Government.

Department of Fertilizers, GOI, in its notification dated 29th March, 2012 has mentioned that no freight reimbursement shall be made on account of secondary movement of P & K fertilizers. In addition to this, fertilizer suppliers have to ensure FOR delivery upto retail points. This move will increase the freight cost and ultimately marketing cost.

Generally farmers of Gujarat prefer indigenous Fertilizers to imported material. Besides NP/NPK products, demand of "Sardar DAP" is likely to continue at the present level. Considering your Company's presence in potential markets and its enjoying better brand preference, there may not be much problem in selling available quantity of DAP. Your Company has planned to open more than 50 depots in Gujarat. This will increase the market presence and thus enhance the availability of fertilizers to farmers.

In anticipation of good monsoon during FY 2012-13, your Company expects to sell 3.75 lacs MTs of fertilizers during Q1 of FY 2012-13.

8 RISK MANAGEMENT

Fluctuation in input prices, changes in Government policy, lesser availability of natural gas, fluctuation in foreign exchange and availability of raw materials in the international market has an impact on profitability of the Company.

In the International Market, while the prices of Ammonia, Sulphur and Phosphoric Acid are rising, DAP prices are also rising. Now, with fixed subsidy and floating MRP, market may experience frequent changes in the price of domestic Phosphatic Fertilizers depending upon the cost of production of the manufacturers. In the current scenario, good and widely distributed rainfall, smooth & comparatively cheaper availability of raw materials and timely reimbursement of subsidy by the Govt. of India would be the prime catalysts for the Company to sustain its operations profitably.

In the above likely scenario, the Company is focusing on the efficiency improvement with higher production levels, efficiencies in raw material procurement, increased availability through imports, reduction in marketing & distribution costs, production of various complex grades at Sikka and proper product/segment strategies to maximize the sales to achieve better contribution from its product basket.

To control the financial risks associated with the Foreign Exchange/ Currency rate movements and their impact on raw material prices, the Company has put in place a sophisticated Foreign Exchange Risk Management System.

9 RESEARCH AND PROMOTIONAL ACTIVITIES

Your Company is producing and marketing different types of Biofertilizers like Azotobacter, Azospirillum, Rhizobium & Phosphate Solubilizing Bacteria since 1984. It is a leader in Banana Tissue Culture plants in the State of Gujarat since 1995 and providing laboratory produced Lacs of disease resistant banana tissue culture plants, with uniform quality to the farmers to get better yield. Since 2006, it is also producing and marketing Cereal Protein Hydrolysate based Biotech products. Your Company is also in business of certified seeds of notified hybrids and varieties having disease and pest resistance.

Your company has state-of-the-art Soil & Water Testing Laboratory since 1969 to guide the farmers for judicious & balanced use of fertilizers, micronutrients as well as soil amendments like Gypsum by testing their soils which facilitate maintenance of soil fertility & soil health. Your company has also analyzed large number of soil samples to help in the mission of Govt. of Gujarat for providing Soil Health Card to each farmer. One Mobile Soil Testing cum Audio-visual Van is also operated to provide soil and water testing services at the doorstep of the farmers.

Sardar Agrinet Cell of your Company is well equipped with effectively and efficiently organized telecommunication infrastructure, computer support and human resources for instant response to farmers queries in local language. Through the available set up, the Subject Matter Specialists (SMS) interact with farmers, understand their problems and answer the queries. It is imparting to the farmers of Gujarat the valuable knowledge based on new technologies for various crops for improving cultivation and productivity.

Your Company is organizing regular and re-orientation Farm Youth Training Programs since 1986 in coordination with Agriculture Universities of Gujarat to educate the young generation of Farming Community regarding new developments/ technology in Agriculture and also motivate them to adopt them for increasing farm productivity. It organizes four regular & one re-orientation Farm Youth Training Programs every year to promote high-tech agri-concepts amongst the farmers, who are now decision makers.

Your company is publishing agricultural monthly magazine of 'Krishi Jivan' since 1968 in local language. It is one of the highest (83,000) circulating magazines having 38,000 Life Members. It provides latest agriculture information to farmers based on scientific developments and acts as a link for transfer of technology from 'Lab to Land'.

Your Company is concerned about the environment and ecological balance and in its endeavor, it is contributing through tree plantation, garden development & maintenance etc. with an objective to turn GSFC 'Green to Greener' and thus also supporting the initiative of Govt. of Gujarat in this direction.

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

With a view to focus more on Agro Inputs, your company has recently formed a new subsidiary company viz. GSFC Agrotech Limited. Initially, it will take up production activities of Liquid Biofertilizers, Cereal Protein Hydrolysate based Biotech Products & Banana Tissue Culture Plants.

10 SAFETY, HEALTH AND ENVIRONMENT

During the year under review, GSFC was conferred Safety Award-2010 Certificate of Appreciation from NSCI, Mumbai and also the prestigious 'Gujarat State Safety Award 2010' in the form of Certificate of Honor from Gujarat Safety Council and Director Industrial Safety & Health for achieving three Million man-hours without any accident among Category-I Group A Industries.

Most of the plants at GSFC Fertilizernagar are more than 25 years old and Risk Assessment of all the installations was carried out in a phased manner in the past. Quantitative Risk Assessment study of all the plants at GSFC was done once again by M/s. PDIL and no major non-compliance is observed. Some of the recommendations received from them are being considered for implementation.

For up-gradation of fire fighting facilities to take care of any eventuality as well as extension of support to nearby industries, 6 nos. of new fire tenders has been purchased.

11 HUMAN RESOURCES

On this topic, the shareholders are requested to refer to point Q on page no. 12 of the Directors Report which forms the part of the Annual 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 above. The investors are, therefore, cautioned and are requested to take considered decisions with respect to these matters.

For and on behalf of the Board

Place : Fertilizernagar
Date : 30th June, 2012

Sd/-
A. K. Joti
Chairman

Data sources : Websites of (1) Ministry of Finance, Department of Economic Affairs, (2) Ministry of Fertilizers & Chemicals, Department of Fertilizers, Govt. of India, (3) Govt. of Gujarat, (4) FAI, New Delhi, (5) Economic Survey- 2011-12, (6) Fertilizer Market various Bulletins and (7) A special issue on Vibrant Gujarat 2011.

CORPORATE GOVERNANCE REPORT

(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)

1 THE PHILOSOPHY

Corporate governance is about commitment to values and ethical business conduct by an organization. This includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the company is an integral part of corporate governance. This enhances public understanding of the structure, activities and policies of an organization. Consequently, the organization is able to attract and retain investors, and enhance their trust and confidence.

We believe that sound corporate governance is critical for enhancing investor's trust and seek to attain business goals with integrity. Our Board exercises its fiduciary responsibilities in the widest sense of the term.

Our disclosures always seek to attain the best practices followed. We also endeavor to enhance 'Stakeholders value and respect minority rights in all our business decisions with a long term perspective.

Our corporate governance philosophy is based on the following principles:

1. Satisfying the spirit of law and not just the letter of law.
2. Transparency and maintenance of a high degree of disclosure levels.
3. Make a clear distinction between personal conveniences and corporate resources.
4. Communicating effectively, in a truthful manner, about how the Company is run internally.
5. Comply with the Law of Land.
6. Having a simple and transparent corporate structure driven solely by business needs.
7. Firm belief that Management is the trustee of the shareholders' capital and not the owner.

The Board of Directors ('the Board') is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interests of all our Stakeholders. We believe that an active, well-informed and independent Board is imperative for ensuring highest standards of corporate governance.

The Company is having an appropriately constituted Board, with each Director bringing in key expertise in their respective professional arena. The Chairman of the Company is a Non-Executive Director. More than half of the Board consists of Independent Directors. In fact, the Board of GSFC comprises of entirely non-executive Directors except the Managing Director, who is an Executive Director.

There is a proactive flow of information to the members of the Board and the Board Committees enabling discharge of fiduciary duties effectively. The Company has full-fledged systems and processes in place for internal controls on all operations, risk management and financial reporting. Providing of a timely and accurate disclosure of all material, operational and financial information to the stakeholders is a practice followed by the Company. The Company confirms to the requirements of Clause 49 of the Listing Agreement.

All the Committees of the Board like Shares / Debentures Transfer and Investors' Grievance Committee, Finance-cum-Audit Committee etc. that are constituted under the Code of Corporate Governance, have been functioning effectively.

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 the Senior Officers of the Company, i.e. all the members of the Internal Management Committee of the Company. The code includes honesty and integrity in all the transactions concerning the Company, conflict of interest, insider trading, protection of assets, communication etc. The Company firmly believes and accepts that this code of conduct cannot be expected to remain static and therefore, it would need continuous improvisation as per moral, cultural and ethical sense of values encountered by the Company with the passage of time.

2 BOARD OF DIRECTORS

☛ Composition and Category of Directors :

The strength of the Board of Directors as on 31st March, 2012 was nine; its composition is tabulated below :

	Name of Directors	Category
1	Shri A. K. Joti, IAS, Chairman	Promoter, Non Executive, Non Independent, Non Rotational Director
2	Shri Atanu Chakraborty, 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, six meetings of the Board of Directors of the Company were held during the Financial Year 2011-12 as detailed below :

Sr. No.	Dates of Board meeting	Board strength	No. of Directors present
1	27-05-2011	9	6
2	28-07-2011	9	8
3	17-09-2011	9	5
4	20-10-2011	9	5
5	27-01-2012	9	7
6	22-03-2012	9	7

The details relating to the names and categories of the Directors on the Board, their attendance during F.Y. 2011-12 at the Board Meetings and the 49th Annual General Meeting, their Chairmanship / Membership in the Committees of other 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	Nominee of GOG (As promoter) Non-Executive Director	-	6	Yes	5	-	-
2	Shri D. C. Anjaria	Non-Executive Independent Director	@790	6	Yes	6	3	2
3	Prof. Vasant P. Gandhi	Non-Executive Independent Director	@500	6	Yes	1	-	3
4	Shri Ajay N. Shah	Non-Executive Independent Director	@500	3	No	4	-	1
5	Shri Vijai Kapoor	Non-Executive Independent Director	@500	4	Yes	2	-	-
6	Shri P. N. Roy Chowdhury	Non-Executive Independent Director	@761	-	No	-	-	1
7	Shri M. M. Srivastava	Non-Executive Independent Director	@500	5	No	9	-	5
8	Shri D. J. Pandian	Non-Executive Independent Director	@500	2	No	14	2	1
9	Shri H. V. Patel Managing Director (upto13-07-11 forenoon)	Nominee of GOG (As promoter) Executive Director	-	1	N.A.	N.A.	N.A.	N.A.
10	Shri Atanu Chakraborty Managing Director (w.e.f.13-07-11 afternoon)	Nominee of GOG (As promoter) Executive Director	-	5	Yes	10	2	4

@ 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.

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.

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

Shri Ajay N. Shah and Shri Vijai Kapoor shall retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. The brief resume of Directors under appointment / re-appointment at the 50th Annual General Meeting is annexed to the Notice convening the 50th Annual General Meeting, which forms an integral part of this Annual Report.

CORPORATE GOVERNANCE REPORT (Contd.)

☛ 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 2011-12 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 has 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 - IA to Clause 49 is placed before the Board of Directors should the occasion arise.

Apart from the 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 in 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 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 to 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.

During the Financial Year 2011-12, six meetings of Finance-cum-Audit Committee were held i.e. on 25-05-2011, 27-07-2011, 16-09-2011, 20-10-2011, 25-01-2012 and 22-03-2012. 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	6	6
2	Prof. Vasant P. Gandhi	Independent Non-Executive	6	6
3	Shri Ajay N. Shah	Independent Non-Executive	6	1
4	Shri P. N. Roy Chowdhury	Independent Non-Executive	6	-
5	Shri M. M. Srivastava	Independent Non-Executive	6	-

CORPORATE GOVERNANCE REPORT (Contd.)

The Finance - cum - Audit Committee meetings are usually attended by the Head of Finance Dept. Managing Director is also invited to attend the meetings as a Special Invitee. The Internal Auditors, Statutory Auditors, Cost Auditors and Branch Auditors are 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 i.e. 49th Annual General Meeting held on 17-09-2011.

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 the 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 and other Non-Executive Directors of the Company, if any, is decided by the Board. The Company pays sitting fee @ Rs. 5,000 per meeting to the Directors. No sitting fee is being paid to Managing Director. The details of the remuneration paid to the Directors during the financial year 2011-12 are as under :

Name	Salary & allowances	Perquisites	Sitting Fees	(Rupees)
				Total
Shri A. K. Joti, Chairman	-	-	30,000	(*) 30,000
Shri D. C. Anjaria	-	-	70,000	70,000
Prof. Vasant P. Gandhi	-	-	90,000	90,000
Shri Ajay N. Shah	-	-	20,000	20,000
Shri Vijai Kapoor	-	-	20,000	20,000
Shri P. N. Roy Chowdhury	-	-	-	-
Shri M. M. Srivastava	-	-	45,000	(*) 45,000
Shri D. J. Pandian	-	-	40,000	(*) 40,000
Shri H. V. Patel (upto 13-07-2011 forenoon)	4,08,731	55,914	-	4,64,645
Shri Atanu Chakraborty	11,62,698	1,69,962	-	13,32,660
Managing Director (w.e.f. 13-07-2011 afternoon)				

(*) 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 31-03-2012 it consist of the 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 2011-12, 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 its esteemed customers, the Company has well designed Investors' Grievance Redressal System. The average time taken for the grievance redressal is very less and the Committee monitors the investors' grievance redressal periodically. On the date of this report there are no major complaints pending, which needs redressal. Also there are no cases of share transfers pending except those which are under sellers' notice/court cases under injunction order etc.

With a view to facilitating and ensuring timely transfer, transmission, transposition etc., the Board of Directors has delegated the authority in favour 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.

CORPORATE GOVERNANCE REPORT (Contd.)

- Issue of duplicate shares/debentures Certificates 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 F.Y. 2011-12, three meetings of the Committee were held i.e. on 27-05-2011, 17-09-2011 and 27-01-2012. As on 31-03-2012, the Committee comprised of Shri D. J. Pandian - Chairman of the Committee, Prof. Vasant P. Gandhi and Shri Atanu Chakraborty.

The details of Committee members and their attendance at the Committee meetings during the Financial Year 2011-12 are furnished below :

Sr. No.	Name of the Members	No. of meetings held during the tenure of Directors	No. of Meetings attended
1	Shri D. J. Pandian	3	-
2	Prof. Vasant P. Gandhi	3	3
3	Shri H. V. Patel (upto 13-07-2011 forenoon)	1	1
4	Shri Atanu Chakraborty (w.e.f. 13-07-2011 afternoon)	2	2

(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(c) of the listing agreement.

The following table highlights the details of the complaints received during the F.Y. 2011-12 and their status as on date. It is further reported that as on 31-03-2012, there are no outstanding complaints pertaining to and received during the F.Y. 2011-12.

- (a) No. of complaints received from Shareholders/Investors during the financial year 2011-12 : 22
- (b) No. of complaints not redressed to the satisfaction of shareholders/investors : Nil
- (c) No. of applications received for transfers/transmissions/transposition of shares during the financial year 2011-12 : 1532
- (d) No. of pending requests for share transfers, transmissions and transposition of shares as on 31-03-2012 : Nil

As mandated by SEBI, the Quarterly Reconciliation of Share Capital 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 held in physical and dematerialized form with NSDL and CDSL.

As on 31st March, 2012 total 7,67,71,955 Equity Shares representing 96.33% of the total no. of Shares were dematerialised.

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. During the F.Y. 2011-12, three meetings of the Committee were held on 10.08.2011, 19.10.2011 and 24.01.2012.

Sr. No.	Name	No. of meetings held during the tenure of Directors	No. of Meetings attended
1	Shri D. J. Pandian (Chairman of the Committee)	3	3
2	Shri P. N. Roy Chowdhury	3	-
3	Shri Ajay N. Shah	3	-
4	Shri Vijai Kapoor	3	-
5	Prof. Vasant P. Gandhi	3	1
6	Shri M. M. Srivastava	3	2
7	Shri Atanu Chakraborty (w.e.f. 13-07-2011)	3	3

CORPORATE GOVERNANCE REPORT (Contd.)

➤ Wind Mill Project Sub-Committee :

The Board of Directors constituted a sub-committee comprising of Shri D. J. Pandian (Committee Chairman), Prof. Vasant P. Gandhi and Shri H. V. Patel for negotiating the project cost for setting up the 50.4 MW capacity Wind Mill by M/s. Suzlon at their upcoming site near Chotila, District Rajkot. One such meeting of this Committee was held i.e. on 01-04-2011 which was attended by all the members.

➤ Personnel Committee :

The Company also has a Personnel Committee having following details in place to formulate personnel policies, negotiate wage settlement, etc. During the F.Y. 2011-12, two meetings of the Personnel Committee were held i.e. on 10.08.2011 and 25-01-2012

Sr. No.	Name	No. of meetings held during the tenure of Directors	No. of Meetings attended
1	Shri D. J. Pandian (Chairman of the Committee)	2	2
2	Shri D. C. Anjaria	2	2
3	Prof. Vasant P. Gandhi	2	1
4	Shri Atanu Chakraborty	2	2

➤ Advisory Committee :

The Company also has an Advisory Committee consisting of three Directors viz. Shri D. C. Anjaria, Prof. Vasant P. Gandhi and Shri Atanu Chakraborty. During the Financial Year 2011-12, no meeting of this Committee was held.

6 GENERAL BODY MEETINGS

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

Meetings	49th AGM	48th AGM	47th AGM
Particular			
Date	September 17, 2011	September 24, 2010	September 25, 2009
Start Timing	4.00 PM	4.30 PM	9.00 AM
Venue	Cultural Center Auditorium situate at P.O. Fertilizernagar – 391750, Dist. Vadodara (Registered Office of the Company)		

- No 'Extra-ordinary General Meeting' was held during the last three years.
- No postal ballot was conducted in aforesaid meetings.
- Special Resolution regarding appointment of Statutory Auditors was passed at the 49th Annual General Meeting.
- At the forthcoming 'Annual General Meeting' there is no item on the agenda requiring postal ballot.

7 DISCLOSURES

There are no materially significant related party transactions 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 Note No. 33 which 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 complies 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.

☞ CEO Certification :

The Managing Director (CEO) of the Company has certified the compliance of Code of Conduct in respect of the Financial Year 2011-12 by the Board Members & Senior Management and the said certificate forms a 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 regularly reported to the Board in its meetings.

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

CORPORATE GOVERNANCE REPORT (Contd.)

Risk Management :

The company is compliant with the requirements and a policy for risk management is already in place. 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 and its mitigation/control and to periodically report it to the Board. The Consultant has submitted the draft report on Enterprise Wide Risk Management System (EWRMS) which is being reviewed by the Management, before it is finalised and periodically placed before the Board of Directors.

A comprehensive Foreign Exchange Risk Management Policy is already in place.

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 available on the Company's website. The Management Discussion & Analysis Report shall form 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 besides annually as 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:

Report for the quarter ended	Date of submission to Stock Exchange(s)
30-06-2011	12-07-2011
30-09-2011	11-10-2011
31-12-2011	11-01-2012
31-03-2012	11-04-2012

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@gsfcltd.com.

9 GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting :

As is indicated in the Notice convening the 50th Annual General Meeting, the 50th AGM of the Company will be held on 4th day of August, 2012 at 4.00 P.M. in the Cultural Centre Auditorium situated at P.O. Fertilizernagar – 391750, Dist. Vadodara (the 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, 2012	Latest by 14 th August, 2012
Unaudited Results for Quarter ending September 30, 2012	Latest by 14 th November, 2012
Unaudited Results for Quarter ending December 31, 2012	Latest by 14 th February, 2013
Unaudited Results for Quarter ending March 31, 2013; OR	Latest by 15 th May, 2013
In case Company takes Audited Results for the whole Financial Year.	Latest by 30 th May, 2013

c) Book closure date :

The Register of Members of the Company shall remain closed from Saturday the 21st July, 2012 to Saturday the 4th August, 2012 (both days inclusive).

d) Dividend payment date :

Dividend shall be paid on and from 13th August, 2012.

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 F.Y. 2012-13 has been paid by the Company.

CORPORATE GOVERNANCE REPORT (Contd.)

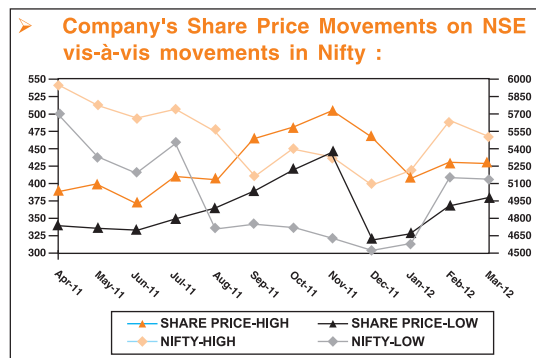
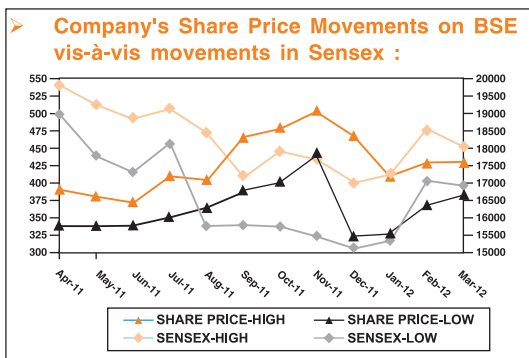
(ii) Demat ISIN Number in NSDL & CDSL for Equity shares : INE026A01017.

(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
Apr-11	390.85	339.00	19811.14	18976.19	390.90	340.60	5944.45	5693.25
May-11	380.00	339.00	19253.87	17786.13	400.00	337.50	5775.25	5328.70
Jun-11	372.95	339.35	18873.39	17314.38	373.10	335.00	5657.90	5195.90
Jul-11	410.95	351.00	19131.70	18131.86	411.00	350.25	5740.40	5453.95
Aug-11	404.80	365.00	18440.07	15765.53	407.80	366.15	5551.90	4720.00
Sep-11	465.55	389.65	17211.80	15801.01	465.50	389.15	5169.25	4758.85
Oct-11	479.15	400.45	17908.13	15745.43	480.25	421.00	5399.70	4728.30
Nov-11	503.95	442.00	17702.26	15478.69	504.10	442.40	5326.45	4639.10
Dec-11	467.85	322.00	17003.71	15135.86	468.00	322.15	5099.25	4531.15
Jan-12	409.60	327.10	17258.97	15358.02	410.00	328.30	5217.00	4588.05
Feb-12	428.90	368.00	18523.78	17061.55	429.90	369.00	5629.95	5159.00
Mar-12	429.70	384.00	18040.69	16920.61	430.00	381.30	5499.40	5135.95

The following graphical presentations depict the movement of monthly high/low share prices of Company's Shares on BSE and NSE vis-à-vis the movements in the Sensex and Nifty during the period from April 2011 to March 2012 :



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 Registrars & Share Transfer Agents viz. **MCS Ltd., situated at 1st Floor, Neelam Apartment, 88, Sampatrao Colony, Productivity Road, 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's representatives regularly visits the office of the Registrars & Share Transfer Agents to monitor, supervise and ensure that there are no unusual delays or lapses in the system.

g) Distribution of Shareholding as on 31st March, 2012 :

➤ **Pattern of Shareholding (Category wise) :**

Category	No. of Shares	% to Total Capital
Promoter: Gujarat State Investments Limited	3,01,59,981	37.84
Public Financial Institutions, Insurance Companies & Mutual Funds	2,13,15,171	26.75
Companies & Banks	1,71,66,047	21.54
Individuals, Co-operative Societies & Co-operative Banks	1,10,54,307	13.87
Total	7,96,95,506	100.00

CORPORATE GOVERNANCE REPORT (Contd.)

➤ Pattern of Shareholding (Shareholding wise) :

Category (No. of Shares) From To	No. of Shareholders	%	No. of Shares	%
Upto 500 Shares	82,995	96.43	50,48,284	6.34
501 - 1000	1,726	2.00	12,86,389	1.61
1001 - 2000	668	0.78	9,75,149	1.22
2001 - 3000	218	0.25	5,47,102	0.69
3001 - 4000	88	0.10	3,10,463	0.39
4001 - 5000	71	0.08	3,29,997	0.41
5001 - 10000	111	0.13	8,12,334	1.02
10001 and above	194	0.23	7,03,85,788	88.32
TOTAL	86,071	100.00	7,96,95,506	100.00

h) Unclaimed Shares :

SEBI vide Circular No. CIR/CFD/DIL/10/2010 dated December 16, 2010 has amended Clause 5A of the Listing Agreement to provide that shares held physically which may have remained unclaimed by shareholders due to insufficient/incorrect information or for any other reason should be transferred in demat mode to one folio in the name of "Unclaimed Suspense Account" with one of the Depository Participants. On 12th April, 2012, the Company has transferred 7,032 unclaimed shares of 487 shareholders in the "GSFC Unclaimed Shares Suspense Account" opened with Stock Holding Corporation of India Limited.

- i) ➤ No pledge has been created over the Equity Shares held by the Promoters as on March 31, 2012.
- 96.33% of the Equity Shares have been Dematerialised till 31/03/2012. 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 2012-13.
- Dividend @ Rs. 7.50 per share has been recommended by the Board of Directors on the Equity Shares which shall be paid/ distributed on and from 13th August, 2012 upon its approval by Shareholders in the ensuing 50th Annual General Meeting.

➤ Unit wise Plant locations :

The Company's Units are located as follows :

- Vadodara 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

j) Address for Correspondence :

The shareholders may send their communications 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 Apartment, 1st Floor
 88, Sampatrao Colony, Behind Standard Chartered Bank
 Productivity Road, Vadodara - 390 007
 Tel. Nos. 0265-2339397/2314757/6625522
 Fax No. 0265-2341639
 E-mail mcsltbaroda@yahoo.com

CORPORATE GOVERNANCE REPORT (Contd.)

Affirmation of compliance with the Code of Conduct by all Board Members & Senior Management of the Company

Based on the confirmations received from Board Members & Members of Senior Management of the Company, I hereby certify that all the Board Members & Members of Senior Management of the Company have affirmed their compliance with the Code of Conduct as approved by the Board of Directors of the Company.

Date : 14th May, 2012
Place : Fertilizernagar

Sd/-
Atanu Chakraborty
Managing Director

AUDITORS' CERTIFICATE

To the Members of Gujarat State Fertilizers & Chemicals Limited,

We have examined the compliance of the conditions of Corporate Governance by Gujarat State Fertilizers & Chemicals Limited for the year ended 31st March, 2012 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 an 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, 2012, 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-cum-Debentures Transfers 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.

Date : 13th June, 2012
Place : Vadodara

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

FINANCIAL HIGHLIGHTS OF TEN YEARS

PARTICULARS	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
OPERATING RESULTS										(₹ in Crores)
GROSS INCOME	5464	4856	4132	5952	3649	3413	2940	2670	2182	1887
GROSS PROFIT	1276	1259	530	883	500	496	579	395	187	(86)
DEPRECIATION	129	147	141	143	142	143	142	143	145	142
EXCEPTIONAL ITEMS	(34)	—	—	—	—	—	—	—	—	(163)
PROFIT/(LOSS) BEFORE TAX	1113	1112	389	740	358	353	437	252	42	(391)
TAX	356	363	135	241	120	86	143	114	(132)	—
PROFIT/(LOSS) AFTER TAX	758	749	254	499	238	267	294	138	174	(391)
DIVIDEND	60	56	36	36	36	36	36	12	—	—
DIVIDEND TAX	10	9	6	6	6	6	5	2	—	—
RETAINED EARNINGS	688	684	213	457	196	225	253	124	174	(391)
AMOUNT PER SHARE										(₹)
SALES	665	597	504	738	448	416	355	327	264	230
EARNING	95	94	32	63	30	33	37	17	22	(49)
CASH EARNING	117	119	47	69	44	50	68	47	23	(31)
EQUITY DIVIDEND	7.50	7.00	4.50	4.50	4.50	4.50	4.50	1.50	—	—
BOOK VALUE	441	355	269	242	185	171	143	111	94	64
MARKET PRICE : HIGH	504	413	255	216	370	251	208	135	74	41
LOW	322	215	87	61	141	142	103	40	14	13

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, 2012 and Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date. 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. 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, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2012 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 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 2012;
 - (ii) in the case of Statement of Profit and Loss, 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 **Prakash Chandra Jain & Co.**
Chartered Accountants
Firm Registration No. 002438C

P. C. Nalwaya
Partner

Membership No. 33710

Place : Gandhinagar
Date : 30-05-2012

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.
- (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, 2012 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, 2012, except as enumerated here under :

Nature of the Dues	Amount (Rs. in Lakhs)	Forum where dispute is pending
Excise & Custom Duties	5323.46	Up to CESTAT
	2.76	High Court
Sales Tax	3555.86	Up to Tribunal
Income Tax	130.81	C.I.T. (Appeals)
	268.29	ITAT (Appeals)

(Contd.)

Annexure to the Auditors' Report (Contd.)

- (x) The Company does not have any accumulated losses as at 31st March, 2012 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (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, no term loans were availed by the Company.
- (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 **Prakash Chandra Jain & Co.**
Chartered Accountants
Firm Registration No. 002438C

Place : Gandhinagar
Date : 30-05-2012

P. C. Nalwaya
Partner
Membership No. 33710

Balance Sheet as at 31st March, 2012

		(₹ in lakhs)	
	Note	As At 31st March	
		2012	2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	7,969.55	7,969.55
Reserves and Surplus	3	343,706.01	274,895.92
TOTAL (A)		351,675.56	282,865.47
Non-current Liabilities			
Deferred Tax Liabilities (net)	4	24,739.66	20,432.92
Long Term Provisions	5	19,107.82	20,121.20
TOTAL (B)		43,847.48	40,554.12
Current Liabilities			
Short Term Borrowings	6	61,699.31	39,232.61
Trade Payables	7	49,205.76	30,738.65
Other Current Liabilities	8	23,930.56	23,175.26
Short Term Provisions	9	26,280.93	16,743.92
TOTAL (C)		161,116.56	109,890.44
TOTAL (A+B+C)		556,639.60	433,310.03
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	10	142,508.30	126,116.17
Intangible Assets	10	7.99	12.38
Capital Work-in-progress	11	34,550.37	23,319.70
Non-current Investments	12	43,272.94	42,497.94
Long Term Loans and Advances	13	21,800.83	24,263.81
Other Non Current Assets	14	4,073.39	4,278.13
TOTAL (A)		246,213.82	220,488.13
Current Assets			
Inventories	15	64,234.23	56,478.88
Trade Receivable	16	142,654.36	86,546.22
Cash and Bank Balances	17	89,755.21	61,267.24
Short Term Loans and Advances	18	6,386.89	5,707.39
Other Current Assets	19	7,395.09	2,822.17
TOTAL (B)		310,425.78	212,821.90
TOTAL (A+B)		556,639.60	433,310.03
Significant Accounting Policies	1		

Notes 1 to 36 are an integral part of the financial statements.

B. M. Bhorania
Executive Director (Finance)
V. V. Vachhrajani
Company Secretary
Gandhinagar
30th May, 2012

Atanu Chakraborty
Managing Director

A. K. Joti
Chairman
D. C. Anjaria
Vijai Kapoor
M. M. Srivastava
Directors

As per our attached Report of even date

For **Prakash Chandra Jain & Co.**
Chartered Accountants
Firm Registration No. 002438C

Prakash Chandra Nalwaya
Partner
Membership No. 33710

Gandhinagar
30th May, 2012

Statement of Profit & Loss for the Year Ended 31st March, 2012

		(₹ in lakhs)	
	Note	Year Ended 31st March	
		2012	2011
Income			
Revenue from Operations	20	530,183.06	475,505.12
Other Income	21	16,207.46	10,119.70
Total Revenue		546,390.52	485,624.82
Expenses			
Cost of Materials Consumed	22	292,676.11	254,062.86
Power and Fuel		36,271.64	32,070.30
Purchase of Stock in Trade		2,466.17	1,929.95
Changes in Inventories of Finished Goods and Work in Process and Stock in Trade	23	-766.47	2,278.32
Employees Benefit Expenses	24	39,355.34	26,412.13
Finance Cost	25	2,008.47	1,986.02
Depreciation and Amortization Expenses		12,920.43	14,640.25
Other Expenses	26	46,714.80	41,011.78
Total Expenses		431,646.49	374,391.61
Profit before Exceptional Items and Tax		114,744.03	111,233.21
Exceptional Items	27	3,409.00	-
Profit Before Tax		111,335.03	111,233.21
Tax Expense :			
- Current Tax		31,271.39	30,833.62
- Deferred Tax		4,306.74	5,462.45
Profit for the Year		75,756.90	74,937.14
Basic and Diluted Earnings per Equity Share (Rs.)	28	95.06	94.03
Significant Accounting Policies	1		

Notes 1 to 36 are an integral part of the financial statements.

B. M. Bhorania
Executive Director (Finance)
V. V. Vachhrajani
Company Secretary
Gandhinagar
30th May, 2012

Atanu Chakraborty
Managing Director

A. K. Joti
Chairman
D. C. Anjaria
Vijai Kapoor
M. M. Srivastava
Directors

As per our attached Report of even date

For **Prakash Chandra Jain & Co.**
Chartered Accountants
Firm Registration No. 002438C
Prakash Chandra Nalwaya
Partner
Membership No. 33710

Gandhinagar
30th May, 2012

Cash Flow Statement of the Year Ended 31st March, 2012

	(₹ in lakhs)	
	As At 31st March	
	2012	2011
Cash Flow from Operating Activities		
Profit Before Tax	111,335.03	111,233.21
Adjustment for :		
Depreciation and Amortisation Expenses	12,920.43	14,637.14
Finance Cost	2,008.47	1,986.02
Interest Received on Deposit with Companies	(47.58)	(2,476.48)
Loss on Fixed Assets Sold/Written off	47.51	263.23
Profit on Sale of Fixed Assets	(0.82)	(0.46)
Income from Investments	(1,734.49)	(1,677.48)
Provision for Doubtful Debts/Advances	285.12	387.07
Operating Profit before Working Capital Changes	124,813.67	124,352.25
Adjustment for :		
Inventories	(7,755.35)	4,630.81
Trade Receivables and Loans and Advances	(61,208.99)	36,012.42
Trade Payables, Other Current Liabilities and Provisions	18,201.25	92.20
Cash Generated from Operations	74,050.58	165,087.68
Direct Taxes Paid	(20,005.03)	(29,418.82)
Net Cash from Operating Activities	54,045.55	135,668.86
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(40,587.08)	(46,305.82)
Sale of Fixed Assets	1.55	(504.80)
Purchase of Investments	(775.00)	-
Sale of Investments	-	0.30
Deposits with Companies	-	(2,000.00)
Interest Received	47.57	2,476.48
Dividend Received	1,734.49	1,677.48
Net Cash Flow from Investing Activities	(39,578.47)	(44,656.36)
Cash Flow from Financing Activities		
Proceeds from Borrowings	22,466.71	(29,525.63)
Finance Cost	(2,011.77)	(2,080.39)
Dividend Paid	(5,529.05)	(3,555.39)
Tax on Dividend Paid	(905.00)	(595.64)
Net Cash used in Financing Activities	14,020.89	(35,757.05)
Net increase in Cash & Cash Equivalents	28,487.97	55,255.45
Cash and Cash Equivalents as at the Beginning of the Year	61,267.24	6,011.79
Cash and Cash Equivalents as at End of the Year	89,755.21	61,267.24

Notes 1 to 36 are an integral part of the financial statements.

B. M. Bhorania
Executive Director (Finance)
V. V. Vachhrajani
Company Secretary
Gandhinagar
30th May, 2012

Atanu Chakraborty
Managing Director

A. K. Joti
Chairman
D. C. Anjaria
Vijai Kapoor
M. M. Srivastava
Directors

As per our attached Report of even date

For **Prakash Chandra Jain & Co.**
Chartered Accountants
Firm Registration No. 002438C
Prakash Chandra Nalwaya
Partner
Membership No. 33710

Gandhinagar
30th May, 2012

1. Significant Accounting Policies

A. Basis of preparation and presentation of financial statements :

The financial statements have been prepared in accordance with the generally accepted principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and notified under Section 211(3C) of Companies (Accounting Standard) Rules, 2006, as amended and the other relevant provisions of the Companies Act, 1956. The significant accounting policies have been consistently applied by the Company.

B. Capital Expenditure :

- (a) Fixed Assets acquired and constructed are stated at historical cost including attributable cost for bringing the asset to its intended use.
- (b) Assets under erection/installation of the existing projects and on going projects are shown as "Capital Work in Progress".
- (c) Capital advances given for procurement of fixed assets are treated as non current assets irrespective of when fixed assets are expected to be received and are classified as Long term loans and advances.
- (d) 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.
- (e) Major cost of civil works required as plant and machinery supports, on the basis of technical estimates, is considered as Plant & Machinery.
- (f) Advances paid for the purchase/acquisitions of land in possession of the Company are included in the cost of land.
- (g) 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.
- (h) Intangible assets are stated at cost.

C. 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.

D. 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.

Assets retired from use and held for disposal are stated at cost or realisable value whichever is lower. No depreciation has been charged on these assets after its retirement.

E. 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.

F. 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.

G. 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.

H. Inventories :

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing

Note to the Financial Statements

overheads incurred in bringing them to their respective present location and condition. Cost of raw materials, process chemicals, stores and spares, packing materials, trading and other products are determined on weighted average basis.

I. Revenue Recognition :

- (a) 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) 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.

J. Employee Benefits :

- (a) 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.
- (b) 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.

(c) 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.

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

K. 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.

L. 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.

M. 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.

N. 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.

Notes Forming Part of Statement of Balance Sheet

2. Share Capital

(₹ in lakhs)

	As At 31st March			
	2012		2011	
	Number of shares	Amount	Number of shares	Amount
Authorised				
Equity Shares of Rs.10/- each	200,000,000	20,000.00	200,000,000	20,000.00
Redeemable Cumulative Preference Shares of Rs.100/- each	16,000,000	16,000.00	16,000,000	16,000.00
	216,000,000	36,000.00	216,000,000	36,000.00
Issued, Subscribed and Paid-up				
Issued				
Equity Shares: Face value of Rs. 10/- each				
Shares outstanding at beginning of the year	79,824,370	7,982.44	79,824,370	7,982.44
Shares outstanding at year end	79,824,370	7,982.44	79,824,370	7,982.44
Subscribed				
Equity Shares: Face value of Rs. 10/- each				
Shares outstanding at beginning of the year	79,813,937	7,981.39	79,813,937	7,981.39
Shares outstanding at year end	79,813,937	7,981.39	79,813,937	7,981.39
Paid-up				
Equity Shares: Face value of Rs. 10/- each				
Shares outstanding at beginning of the year	79,695,506	7,969.55	79,695,506	7,969.55
Shares outstanding at year end	79,695,506	7,969.55	79,695,506	7,969.55
TOTAL	79,695,506	7,969.55	79,695,506	7,969.55

a) Rights, preferences and restrictions attached to shares

Equity shares

The Company has one class of equity shares having a par value of Rs. 10/- each. Each shareholder is eligible for one vote per share held. The dividend proposed by Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

During the year ended 31st March, 2012, the amount of per share dividend recognized as distributions to equity shareholders was Rs. 7.50 (31st March, 2011: Rs. 7/- per equity share).

b) Shareholders holding more than 5% of Equity Share Capital

	As At 31st March			
	2012		2011	
	Number of shares	Percentage of holding	Number of shares	Percentage of holding
Gujarat State Investments Limited	30,159,981	37.84	30,159,981	37.84
Life Insurance Corporation of India	4,794,692	6.02	5,494,692	6.89
Reliance Capital Trustee Company Limited	7,774,871	9.76	6,762,118	8.48

Notes Forming Part of Statement of Balance Sheet

3. Reserves and Surplus

(₹ in lakhs)

	As At 31st March	
	2012	2011
Capital Reserve		
As per last Balance Sheet	1,256.33	1,256.33
Add: Additions during the year	-	-
Less: Deductions during the year	-	-
	1,256.33	1,256.33
Capital Redemption Reserve		
As per last Balance Sheet	3,335.00	3,335.00
Add: Additions during the year	-	-
Less: Deductions during the year	-	-
	3,335.00	3,335.00
Securities Premium Account		
As per last Balance Sheet	30,524.02	30,524.02
Add: Additions during the year	-	-
Less: Deductions during the year	-	-
	30,524.02	30,524.02
General Reserve		
As per last Balance Sheet	226,286.60	162,286.60
Add: Transfer during the year from Profit and Loss Account	61,000.00	64,000.00
Less: Deductions during the year	-	-
	287,286.60	226,286.60
Profit and Loss Account		
Balance at the beginning of the year	13,493.97	9,040.67
Add : Profit for the year	75,756.90	74,937.14
	89,250.87	83,977.81
Less : Appropriations		
Transferred to General Reserve	61,000.00	64,000.00
Proposed Equity Dividend (Rs.7.50 per share)	5,977.16	5,578.69
Provision for Dividend Tax on Equity Dividend	969.65	905.00
Rounding off difference on Dividend and Dividend Tax	-	0.15
Closing Balance	21,304.06	13,493.97
TOTAL	343,706.01	274,895.92

4. Deferred Tax Liability (net)

(₹ in lakhs)

	As At 31st March	
	2012	2011
A] Deferred Tax Liability		
1. Depreciation	35,504.19	30,840.32
	35,504.19	30,840.32
B] Deferred Tax Asset		
1. Expenses Allowable for Tax purpose when paid	6,938.46	7,777.61
2. Provision against Receivables, Advances and Investments	3,826.07	2,629.79
	10,764.53	10,407.40
C] Net Deferred Tax Liability/(Asset) at end of the year (A-B)	24,739.66	20,432.92
D] Net Deferred Tax Liability at the beginning of the year	20,432.92	14,970.47
E] Deferred Tax Expense for the year	4,306.74	5,462.45

Notes Forming Part of Statement of Balance Sheet

5. Long Term Provisions

(₹ in lakhs)

	As At 31st March	
	2012	2011
Provision for Employee Benefits (Refer Note 31) :		
Provision for Gratuity	1,678.32	222.31
Provision for Pension	5,528.04	9,875.74
Provision for Leave Encashment	10,177.62	8,357.69
Provision for PRMBS	1,723.84	1,665.46
TOTAL	19,107.82	20,121.20

6. Short Term Borrowings

(₹ in lakhs)

	As At 31st March	
	2012	2011
Secured		
Loans Repayable on Demand :		
From Banks :		
Cash Credit Account *	13,357.31	9,807.90
Unsecured		
Deposits :		
Public Deposits	-	271.74
Intercompany Deposits	25,000.00	20,000.00
Other Loans and Advances :		
Buyers Credit and Bill Discounting Facility	23,342.00	9,152.97
TOTAL	61,699.31	39,232.61

* The Cash credit facility from consortium of banks is secured by hypothecation of stock of raw materials, finished products, packing materials, general stores, spares, book debts etc. of the Company.

7. Trade Payables

(₹ in lakhs)

	As At 31st March	
	2012	2011
Due to MSMED*	833.02	60.05
Others	48,372.74	30,678.60
TOTAL	49,205.76	30,738.65

* No interest due thereon is remaining unpaid as on 31st March 2012 and as on 31st March 2011. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Notes Forming Part of Statement of Balance Sheet

8. Other Current Liabilities

(₹ in lakhs)

	As At 31st March	
	2012	2011
Interest Accrued but not due on Borrowings	171.63	174.93
Interest Accrued and due on Borrowings	-	0.02
Income Received in Advance	4.09	3.58
Unpaid Dividend*	229.12	179.48
Unpaid Matured Deposits*	41.61	60.38
Deposits Received	2,916.27	2,362.97
Statutory Dues	2,793.09	1,294.43
Dues to Shareholders for Fractional Bonus Shares	19.44	20.09
Subsidies Payable	46.37	29.84
Liability towards Employee Benefits	5,743.16	4,896.20
Creditors for Capital Goods	1,758.23	10,025.43
Advances from Customers	1,164.72	1,364.77
Other Payables	9,042.83	2,763.14
TOTAL	23,930.56	23,175.26

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

9. Short Term Provisions

(₹ in lakhs)

	As At 31st March	
	2012	2011
Provision for Employee Benefits (Refer Note 31) :		
Provision for Gratuity	622.81	559.50
Provision for Leave encashment	1,794.98	1,476.70
Provision for Pension	356.66	700.97
Provision for PRMBS	217.33	216.04
Provision for Taxation *	16,342.34	7,307.02
Proposed Equity Dividend	5,977.16	5,578.69
Dividend Tax on Proposed Equity Dividend	969.65	905.00
TOTAL	26,280.93	16,743.92

* No provision has been considered necessary towards the income tax demand of Rs.4819 lakhs for the assessment years 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.

Notes Forming Part of Statement of Balance Sheet

10. Fixed Assets

(₹ in lakhs)

	Gross Block	Addition			Gross Block	Depreciation				Net Block	
	As at 01-Apr-11	Asset Acquisitions	Amount Capitalised as per AS 16	Asset Disposals	As at 31-Mar-12	As at 01-Apr-11	Adjusted/ Written Back	For the period	As at 31-Mar-12	As at 31-Mar-12	As at 31-Mar-11
a) Tangible Assets											
Freehold Land	551.47	-	-	-	551.47	-	-	-	-	551.47	551.47
Leasehold Land	606.39	528.00	-	-	1,134.39	27.09	-	38.20	65.29	1,069.10	579.30
Buildings (Including Roads, Culverts & Compound Walls)	11,201.37	29.41	-	20.45	11,210.33	4,398.88	12.48	246.15	4,632.55	6,577.78	6,802.49
Railway Sidings	1,597.70	-	-	-	1,597.70	1,028.34	-	58.63	1,086.97	510.73	569.36
Plant and Machinery	335,462.58	28,309.76	-	391.13	363,381.21	219,441.12	365.24	12,350.74	231,426.62	131,954.59	116,021.46
Furniture and Fixtures	1,606.20	18.85	-	6.75	1,618.30	1,247.70	6.95	38.26	1,279.01	339.29	358.50
Office Equipment	2,699.96	448.54	-	37.67	3,110.83	1,968.18	24.21	159.67	2,103.64	1,007.19	731.78
Vehicles	280.54	21.53	-	1.61	300.46	115.70	1.53	22.77	136.94	163.52	164.84
Library Books	86.50	-	-	-	86.50	57.98	-	2.32	60.30	26.20	28.52
Assets Retired from Use & held for Disposal	1,528.40	-	-	-	1,528.40	1,219.95	-	-	1,219.95	308.45	308.45
Total	355,621.11	29,356.09	-	457.61	384,519.59	229,504.94	410.41	12,916.74	242,011.27	142,508.32	126,116.17
Previous year	(323057.14)	(32627.96)		(64.26)	(355621.11)	(214934.02)	(56.91)	(14627.25)	(229504.94)	(126116.17)	
b) Intangible Assets											
Computer Software	102.54	0.32	-	-	102.86	90.16	-	4.71	94.87	7.99	12.38
Total	102.54	0.32	-	-	102.86	90.16	-	4.71	94.87	7.99	12.38
Previous year	(102.14)	(0.40)	-	-	(102.54)	(77.18)	-	(12.98)	(90.16)	(12.38)	

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.
- The addition in Leasehold Land of Rs.528 lakhs (Previous year Rs.441 lakhs) is for Wind Mill Project taken on lease for a period of 20 years.
- 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 regards 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.

Notes Forming Part of Statement of Balance Sheet

11. Capital Work in Progress

(₹ in lakhs)

As At 31st March			
		2012	2011
Capital Work in Progress		34,550.37	23,319.70
	TOTAL	34,550.37	23,319.70

Note :

Capital Work in Progress includes Rs.5566.74 Lakhs (Previous year Rs.5117.77 lakhs) being expenses pending allocation.

12. Non-current Investments

(₹ in lakhs)

As At 31st March				
		2012		2011
		Numbers	Amount	Numbers Amount
Trade Investments				
Investment in Equity Instruments (quoted) (Equity Shares of Rs. 10 each)				
Gujarat Narmada Valley Fertilizers Co. Ltd.	30,779,167	5,838.81	30,779,167	5,838.81
Gujarat Industries Power Company Ltd.	22,362,784	3,649.59	22,362,784	3,649.59
Gujarat Alkalies & Chemicals Ltd.	1,655,040	827.52	1,655,040	827.52
		10,315.92		10,315.92
Investments in Equity Instruments (unquoted)				
Indian Potash Limited - INR 10 each	1,125,000	60.50	1,125,000	60.50
Gujarat Chemical Port Terminal Co. Ltd. - INR 1 each	122,631,575	1,226.32	122,631,575	1,226.32
Gujarat Green Revolution Company Ltd. - INR 10 each	1,250,000	125.00	1,250,000	125.00
Bhavnagar Energy Company Ltd. - INR 10 each (Subscribed during the year, pending allotment 7,750,000 Shares)	14,750,000	1,475.00	7,000,000	700.00
Gujarat State Petroleum Corporation Limited – INR 1 each	23,500,000	15,010.00	23,500,000	15,010.00
GSPC Gas Company Limited – INR 10 each (Allotment of 9,078,800 Equity Shares is pending)	9,178,800	2,510.00	9,178,800	2,510.00
		20,406.82		19,631.82
Investments in Associate Equity Instruments (unquoted)				
Vadodara Enviro Channel Ltd. - INR 10 each (Erstwhile Effluent Channel Project Ltd.)	14,302	0.00	14,302	0.00
		0.00		0.00
Investments in Joint Venture Equity Instruments (unquoted)				
Tunisian Indian Fertilizers (TIFERT s.a.) TND 10 (Tunisian Dinar)	3,375,000	12,024.77	3,375,000	12,024.77
		12,024.77		12,024.77
Total Trade Investments		42,747.51		41,972.51

(Contd.)

Notes Forming Part of Statement of Balance Sheet

12. Non-current Investments (Contd.)

(₹ in lakhs)

	As At 31st March			
	2012		2011	
	Numbers	Amount	Numbers	Amount
Total Trade Investments		42,747.51		41,972.51
Other Investments				
Government Securities (unquoted) :				
National Saving Certificate (matured but not realized)		0.06		0.06
		0.06		0.06
Investments in Equity Instruments (quoted)				
(Equity Shares of Rs. 10 each)				
GRUH Finance Limited	100,000	29.50	100,000	29.50
Industrial Development Bank of India	549,440	446.42	549,440	446.42
Mangalore Chemicals & Fertilizers Ltd.	579,000	38.45	579,000	38.45
Gujarat State Financial Corporation	935,600	187.12	935,600	187.12
Less : Provision for Diminution		187.12		187.12
– Gujarat State Financial Corporation				
		514.37		514.37
Investments in Equity Instruments (unquoted)				
Gujarat Data Electronics Limited - INR 10 each	115,000	11.50	115,000	11.50
Less : Provision for Diminution		11.50		11.50
– Gujarat Data Electronics Limited				
Gujarat Venture Finance Limited – INR 10 each	60,000	6.00	60,000	6.00
Biotech Consortium India Limited – INR 10 each	50,000	5.00	50,000	5.00
		11.00		11.00
Total Other Investments		525.43		525.43
TOTAL INVESTMENTS		43,272.94		42,497.94
Aggregate amount of Quoted Investments		10,830.29		10,830.29
Market Value of Quoted Investments		43,417.52		53,497.72
Aggregate amount of Unquoted Investments		32,442.65		31,667.65
Aggregate provision for diminution in value of Investments		198.62		198.62

Notes :

- 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.
- 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.
- The ordinary shares of Tunisian Indian Fertilizers S.A., Tunisia (TIFERT) held by the Company and included under Investment have been pledged to secure the obligations of TIFERT to their lenders.
- 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.
- As a promoter of Bhavnagar Energy Company Limited (BECL), the Company has signed the Sponsors' Support Agreement (SSA) and as per the said Agreement, the promoters collectively shall not, till the final settlement date (being the date on which all obligations under the SSA have been irrevocably and unconditionally paid and discharged in full to the satisfaction of lenders), dispose-off their shareholdings which would result in dilution of their shareholding below 51%.

For basis of valuation refer Note 1 – Significant Accounting Policies.

Notes Forming Part of Statement of Balance Sheet

13. Long Term Loans and Advances

(₹ in lakhs)

	As At 31st March	
	2012	2011
Secured, considered good		
Loans and Advances to Employees (Housing and Vehicles)	3,832.49	3,890.86
Unsecured, considered good		
Capital Advances	8,661.77	8,800.87
Deposit with Government Agencies	102.92	109.27
Other Deposits	1,614.98	1,627.57
Loans and Advances to Employees (Marriage and Education)	198.08	166.51
Advance Tax (net of provision)	5,297.55	7,528.58
MAT Credit Entitlement	1,837.56	1,837.56
Corporate Advances	107.00	107.00
Other Advances	22.22	70.03
Statutory Advances	126.26	125.56
Unsecured, considered doubtful		
Deposits with Companies & Others	268.95	268.95
Less: Provision for Doubtful Deposits with Companies	268.95	268.95
TOTAL	21,800.83	24,263.81

Capital Advances represent:

- Project advances of Rs.563.05 lakhs (previous year Rs.702.15 lakhs); and
- payment of Rs. 8098.72 lakhs to Gujarat Industrial Development Corporation (GIDC) pending taking over of physical possession and execution of lease deed of the land allotted to the Company by GIDC at Dahej-II Industrial Estate.

14. Other Non Current Assets

(₹ in lakhs)

	As At 31st March	
	2012	2011
Long Term Trade Receivables (doubtful)	5,932.39	5,917.84
Less: Provision for Doubtful Debts	4,530.08	4,252.00
	1,402.31	1,665.84
Interest Accrued but not Due- Housing and Vehicle Loans	2,623.65	2,565.51
Interest Accrued but not Due- Marriage Loans, etc	31.85	31.20
Others	15.58	15.58
TOTAL	4,073.39	4,278.13

15. Inventories (at lower of cost or net realisable value)

(₹ in lakhs)

	As At 31st March	
	2012	2011
Raw Materials	8,594.17	10,744.55
Raw Materials in Transit	19,030.88	11,161.30
Work-in-Process	1,446.41	1,907.88
Finished Goods	15,628.29	14,907.79
Stock in Trade	556.72	49.28
Stores and Spares (including Packing Material)	18,934.91	17,622.85
Stores and Spares in Transit	14.80	66.16
Loose Tools	28.05	19.07
TOTAL	64,234.23	56,478.88

Notes Forming Part of Statement of Balance Sheet

16. Trade Receivable

(₹ in lakhs)

As At 31st March		
	2012	2011
Secured, considered good		
Due for period more than six months	1,066.93	1,238.72
Others	614.34	226.93
Unsecured, considered good		
Due for period more than six months	11,048.31	18,494.73
Others	129,924.78	66,585.84
TOTAL	142,654.36	86,546.22

17. Cash and Bank Balances

(₹ in lakhs)

As At 31st March		
	2012	2011
Cash and Cash Equivalents		
Cash on Hand	81.84	28.03
Balances with Bank		
In Current Accounts	2,340.79	5,214.45
In Short Term Deposits Account (original maturity less than 3 months)	-	46,500.73
Other Bank Balances:		
In Unpaid Dividend Account	229.12	179.48
In Fractional Bonus Account	10.59	11.23
In Deposit Accounts (maturity more than 3 months but less than 12 months)	87,092.87	9,333.32
TOTAL	89,755.21	61,267.24

18. Short Term Loans and Advances

(₹ in lakhs)

As At 31st March		
	2012	2011
Unsecured, considered good		
Loans and Advances to Employees	102.73	64.85
Deposit with Government Agencies	-	300.59
Deposit with Financial Institution	-	2,000.00
Advances to Suppliers	4,335.70	1,567.62
Statutory Advances	1,657.68	1,382.63
Other Advances	-	18.57
Prepaid Expenses	195.12	373.13
Others	95.66	-
TOTAL	6,386.89	5,707.39

19. Other Current Assets

(₹ in lakhs)

As At 31st March		
	2012	2011
Employee Loans	999.29	970.69
Interest Accrued – Fixed Deposits	-	-
Interest Accrued – Others	1.60	2.23
Interest on Employee Loans	231.12	329.32
Others	6,163.08	1,519.93
TOTAL	7,395.09	2,822.17

Notes Forming Part of Statement of Profit and Loss

20. Revenue from Operations

(₹ in lakhs)

		Year ended 31st March	
		2012	2011
Revenue from Sale of Products			
Manufactured Products		548,941.78	489,914.01
Traded Products		2,108.27	2,634.75
Total		551,050.05	492,548.76
Less : Excise Duty		20,866.99	17,043.64
	TOTAL	530,183.06	475,505.12
Details of Sale of Products			
Manufactured Products :			
Urea		32,303.69	26,829.90
Ammonium Sulphate		42,378.18	42,918.63
Di-ammonium Phosphate		187,219.21	191,412.03
Ammonium Phosphate Sulphate		73,867.80	49,726.33
Total Fertilizers		335,768.88	310,886.89
Caprolactam		98,705.67	81,859.94
Nylon 6		24,895.79	23,167.24
Melamine		11,600.00	10,614.39
Polymer Products		8,908.43	8,426.35
Nylon Filament Yarn		7,845.30	8,497.83
Other Manufactured Products		40,350.72	29,417.73
Trading Products		2,108.27	2,634.75
	TOTAL	530,183.06	475,505.12

21. Other Income

(₹ in lakhs)

		Year ended 31st March	
		2012	2011
Interest on Advances, Deposits and Others (gross)		9,152.23	5,571.69
Dividend : Trade		1,637.17	1,631.54
: Others		97.32	45.94
Others :			
Rent		62.66	71.37
Insurance Claims		2,630.19	378.30
Profit on Sale of Fixed Assets		0.82	0.46
Excess Provision no Longer Required		385.35	385.82
Miscellaneous		2,241.72	2,034.58
	TOTAL	16,207.46	10,119.70

Notes Forming Part of Statement of Profit and Loss

22. Cost of Materials Consumed

(₹ in lakhs)

		Year ended 31st March	
		2012	2011
Raw Materials*			
Opening Stock		21,905.85	22,166.92
Add: Purchases		279,364.43	253,801.79
Less: Closing Stock		8,594.17	21,905.85
	TOTAL	292,676.11	254,062.86
*Details of Raw Materials Consumed			
Rock Phosphate		18,963.96	14,841.03
Sulphur		20,873.97	14,412.84
Gas		40,023.59	33,803.96
Benzene		53,830.36	42,863.13
Ammonia		26,178.26	20,695.12
Phosphoric Acid		125,507.73	120,655.31
Acetone		2,802.71	2,348.38
Others		4,495.53	4,443.09
	TOTAL	292,676.11	254,062.86

23. Changes in Inventory of Finished Goods and Work in Process

(₹ in lakhs)

		Year ended 31st March	
		2012	2011
Opening Stock			
Finished Products		14,907.79	17,015.20
Trading Goods		49.28	482.29
Stock-in-process		1,907.88	1,645.78
		16,864.95	19,143.27
Less: Closing Stock			
Finished Products*		15,628.29	14,907.79
Trading Goods		556.72	49.28
Stock-in-process		1,446.41	1,907.88
		17,631.42	16,864.95
	(Increase) / Decrease	(766.47)	2,278.32
*Details of Inventory of Finished Goods		As At 31st March	
		2012	2011
Fertilizers		5,088.32	4,814.54
Caprolactam		2,172.41	3,480.86
Nylon 6		3,042.31	1,497.25
Melamine		384.31	391.80
Others		4,940.93	4,723.34
	TOTAL	15,628.28	14,907.79

Notes Forming Part of Statement of Profit and Loss

24. Employees Benefit Expenses

(₹ in lakhs)

	Year ended 31st March	
	2012	2011
Salaries, Wages, Bonus	24,251.72	20,915.59
Contribution to Provident, Gratuity and Superannuation (pension) Funds (including provisions)	11,632.00	1,484.24
Staff Welfare Expenses	3,471.62	4,012.30
TOTAL	39,355.34	26,412.13

25. Finance Cost

(₹ in lakhs)

	Year ended 31st March	
	2012	2011
Interest	1,171.20	1,378.74
Other Borrowing Cost	837.27	607.28
TOTAL	2,008.47	1,986.02

26. Other Expenses

(₹ in lakhs)

	Year ended 31st March	
	2012	2011
Consumption of Stores and Spare Parts	5,401.54	3,567.37
Rent	9.13	8.49
Repairs to Buildings	405.46	152.93
Repairs to Machinery	6,854.74	6,283.54
Insurance	1,111.13	1,038.32
Rates and Taxes (excluding income taxes)	159.97	290.05
Water	1,559.09	1,455.19
Packing Expenses	5,803.54	5,685.38
Other Repairs	580.56	578.14
Excise Duty (net)	308.89	78.33
Effluent and Pollution Control Expenses	193.27	169.15
Laboratory Expenses	89.95	73.15
Fire Fighting and Safety Services	57.01	63.78
Compensation/Assistance	1.54	0.25
Donations and Contributions	126.57	1,595.48
Printing, Stationery, Postage, Telephones, Telex etc.	150.99	165.10
Variation in Exchange Rates	2,384.25	386.86
Premium on Forward Contract	839.90	359.83
Traveling and Conveyance	113.03	128.25
(Including Tour Expenses of Directors Rs. 8.49 lakhs) (previous year Rs. 5.39 lakhs)		
Vehicle Running & Maintenance including Hire Charges (net)	295.95	259.89
Directors Sitting Fees	3.15	2.85
Auditors' Remuneration *	12.06	13.56
Cost Auditors' Fees	3.60	2.06
Total c/f.	26,465.32	22,357.95

(Contd.)

Notes Forming Part of Statement of Profit and Loss

26. Other Expenses (Contd.)

(₹ in lakhs)

		Year ended 31st March	
		2012	2011
	Total b/f.	26,465.32	22,357.95
Subscriptions, Membership Fees etc.		34.05	30.16
Legal, Professional and Consultancy Charges		334.81	508.53
Research and Development Expenses		200.21	99.70
Loss on Fixed Assets Sold/Discarded		47.51	10.46
Provision for Doubtful Debts/Advances		285.12	387.07
Expenditure on Abandoned Project written off		-	252.77
Product Transportation, Distribution & Loading & Unloading Charges		13,156.95	12,046.10
Depots and Farm Information Centers Expenses		669.98	739.05
Marketing Expense Reimbursement, Demonstration, Extension Services and Publicity etc.		1,328.79	1,385.08
Commission to Selling Agents		601.36	490.61
Cash Rebate on Sales		719.44	451.91
Obsolete Spares and other Items written off		153.76	24.61
Miscellaneous		2,717.50	2,227.78
	TOTAL	46,714.80	41,011.78
*Auditors' remuneration			
Payment to Auditor as:			
Auditor		7.94	7.94
(including Limited Review Fees)			
For Taxation Matters		1.32	1.10
For other Services (including certification)		2.80	4.52
		12.06	13.56

27. Exceptional Items

(₹ in lakhs)

		Year ended 31st March	
		2012	2011
Exceptional Item *		3,409.00	-
		3,409.00	-

* Represents provision towards interest and related charges on electricity duty.

28. Earnings per Share (EPS)

		Year ended 31st March	
		2012	2011
Profit for the Year (₹ in lakhs)		75,756.90	74,937.14
Weighted average number of Equity Shares for Basic EPS [nos.]		79,695,506	79,695,506
Weighted average number of Equity Shares including Potential Equity Shares for Diluted EPS [nos.]		79,695,506	79,695,506
Basic EPS (Rs.)		95.06	94.03
Diluted EPS (Rs.)		95.06	94.03
Nominal Value per Share (Rs.)		10.00	10.00

Notes to the Financial Statements

29. Contingent Liabilities

(₹ in lakhs)

	2011-12	2010-11
Claims against the Company not acknowledgement as debt		
Disputed Excise and Customs Duty (net of provision)	5,326	4,516
Disputed demand of Sales Tax, Interest on Turnover Tax & Purchase Tax against which the Company has preferred appeals	3,556	462
Claims by Statutory Corporations and others not acknowledged as debt	4,264	4,111
Disputed gas price/royalty on gas with ONGC	752	752
Claims by employees/ex-employees pending before courts	Not ascertainable	Not ascertainable
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 employees 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. Vide an order dated 11/03/2010, the Hon'ble High Court has confirmed the interim relief granted earlier till final disposal of the petition. Aggrieved by the said order, the Grade-II Employees' Union filed the Letters Patent Appeal before the Division Bench of the High Court, which has been dismissed by the Div. Bench. 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
Guarantees		
The Company has provided sponsor's Guarantee towards the borrowing of the joint venture company, Tunisian Indian Fertilizers S.A., Tunisia (TIFERT) upto 15% of the amount due and outstanding	26,473	18,237

30. Commitments

(₹ in lakhs)

	2011-12	2010-11
Estimated amount of contracts remaining to be executed on capital accounts and not provided for	7,556	9,831

Notes to the Financial Statements

31. Employees Benefits

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

I Funded

- i. Gratuity
- ii. Pension

II Unfunded

- i. Leave Encashment Benefit
- ii. Post Retirement Medical Benefit Scheme (PRMBS)

(b) Details of funded & unfunded plans :

(₹ in lakhs)

Description	2011-12	2010-11	2011-12	2010-11
	Pension		Gratuity	
1. Changes in Present Value of obligation :				
a. Obligation as at the beginning of the year	29040.97	31099.55	16288.53	15223.79
b. Current Service Cost	501.09	700.98	728.39	645.77
c. Interest Cost	2323.27	2487.96	1303.08	1217.90
d. Actuarial (Gain)/Loss	5175.99	(2328.01)	1640.20	670.85
e. Benefits Paid	(2680.08)	(2919.51)	(1394.54)	(1469.78)
f. Obligation as at the end of the year	34361.24	29040.97	18565.66	16288.53
The defined benefit obligation as at 31.03.2012 is	Funded	Funded	Funded	Funded
2. Changes in Fair Value of Plan Assets :				
a. Fair Value of Plan Assets as at the beginning of the year	18464.27	18203.98	15506.74	4895.35
b. Expected return on Plan Assets	1653.68	1601.99	1441.05	496.87
c. Actuarial Gain/(Loss)	—	—	—	—
d. Contributions	11038.67	1577.80	711.29	11584.30
e. Benefits Paid	(2680.08)	(2919.51)	(1394.54)	(1469.78)
f. Fair Value of Plan Assets as at the end of the year	28476.54	18464.26	16264.54	15506.74
3. Amount Recognised in the Balance Sheet :				
a. Fair Value of Plan Assets as at the end of the year	28476.54	18464.26	16264.54	15506.74
b. Present Value of Obligation as at the end of the year	(34361.24)	(29040.97)	(18565.66)	(16288.53)
c. Amount recognised in the Balance Sheet	(5884.70)	(10576.71)	(2301.12)	(781.79)
4. Expense Recognised during the year :				
a. Current Service Cost	501.09	700.98	728.39	645.77
b. Interest Cost	2323.27	2487.96	1303.08	1217.90
c. Expected return on Plan Assets	(1653.68)	(1601.99)	(1441.05)	(496.87)
d. Actuarial (Gain)/Loss	5175.99	(2328.01)	1640.20	670.85
e. Expense recognised during the year	6346.67	(741.06)	2230.62	2037.65
5. Investment Details of Plan Assets :				
Administered by LIC of India	100%	100%	100%	100%
6. Assumptions :	31.03.2012	31.03.2011	31.03.2012	31.03.2011
a. Discount Rate (per annum)	8%	8%	8%	8%
b. Estimated Rate of return on Plan Assets (per annum)	9.50%	9.50%	9.50%	9.50%

(Contd.)

Notes to the Financial Statements

31. Employees Benefits (Contd.)

(b) Details of funded & unfunded plans :

(₹ in lakhs)

Description	2011-12	2010-11	2011-12	2010-11
	Leave Encashment		PRMBS	
1. Changes in Present Value of the defined benefit obligation :				
a. Obligation as at the beginning of the year	9834.30	9716.03	1881.50	1771.54
b. Current Service Cost	1363.35	0.00	309.00	345.00
c. Interest Cost	1697.42	0.00	150.00	142.00
d. Actuarial (Gain)/Loss	239.50	1444.94	(182.00)	(161.00)
e. Benefits Paid	(1162.08)	(1326.56)	(217.33)	(216.04)
f. Obligation as at the end of the year	11972.49	9834.41	1941.17	1881.50
The defined benefit obligation as at 31.03.2012 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	(11972.49)	(9834.41)	(1941.17)	(1881.50)
c. Amount recognised in the Balance Sheet	(11972.49)	(9834.41)	(1941.17)	(1881.50)
3. Expense recognised during the year :				
a. Current Service Cost	1363.35	0.00	309.00	345.00
b. Interest Cost	1697.42	0.00	150.00	142.00
c. Expected return on Plan Assets	—	—	—	—
d. Actuarial (Gain)/Loss	239.50	1444.94	(182.00)	(161.00)
e. Expense recognised during the year	3300.27	1444.94	277.00	326.00
The expense is disclosed in Note No. 24 - "Employee Benefit 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 :	31.03.2012	31.03.2011	31.03.2012	31.03.2011
a. Discount Rate (per annum)	8.25%	8%	8.50%	8%
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.				

Notes to the Financial Statements

32. Segment Information

(₹ in lakhs)

	For the year ended on 31.03.2012	For the year ended on 31.03.2011
i) PRIMARY SEGMENT INFORMATION :		
A] SEGMENT REVENUE :		
1. Total Segment Revenue :		
a) Fertilizer Products	363178.49	329280.20
b) Industrial Products	167004.57	146224.92
TOTAL	<u>530183.06</u>	<u>475505.12</u>
2. Inter Segment Revenue	0.00	0.00
3. External Revenue (1-2) :		
a) Fertilizer Products	363178.49	329280.20
b) Industrial Products	167004.57	146224.92
TOTAL	<u>530183.06</u>	<u>475505.12</u>
B] RESULT :		
1. Segment Result :		
a) Fertilizer Products	54191.36	62709.71
b) Industrial Products	50466.08	48168.76
TOTAL	<u>104657.44</u>	<u>110878.47</u>
2. a) Unallocated Income	13170.48	7780.81
b) Unallocated Expenses	-4484.42	-5440.05
3. Operating Profit (B1+B2)	113343.50	113219.23
4. Finance Cost	-2008.47	-1986.02
5. Provision for Taxation :		
Current Income Tax	-31271.39	-30833.73
Deferred Tax (net)	-4306.74	-5462.45
6. Net Profit	<u>75756.90</u>	<u>74937.03</u>
C] OTHER INFORMATION :		
1. Segment Assets :		
a) Fertilizer Products	283598.54	220881.87
b) Industrial Products	103211.96	79257.39
TOTAL	<u>386810.50</u>	<u>300139.26</u>
2. Unallocated Corporate Assets	<u>169829.10</u>	<u>133170.77</u>
3. Total Assets	<u>556639.60</u>	<u>433310.03</u>
4. Segment Liabilities :		
a) Fertilizer Products	52029.64	47181.52
b) Industrial Products	34537.66	14191.31
TOTAL	<u>86567.30</u>	<u>61372.83</u>
5. Unallocated Corporate Liabilities	118396.74	89071.73

32. Segment Information (Contd.)

(₹ in lakhs)

	For the year ended on 31.03.2012	For the year ended on 31.03.2011
6. Total Liabilities	204964.04	150444.56
7. Capital Expenditure :		
a) Fertilizer Products	27910.23	32269.41
b) Industrial Products	7349.77	14082.52
c) Corporate Capital Expenditure	4869.48	142.66
TOTAL	<u>40129.48</u>	<u>46494.59</u>
8. Depreciation :		
a) Fertilizer Products	11465.44	10112.83
b) Industrial Products	1246.90	4319.18
c) Unallocated Corporate Depreciation	208.09	208.24
TOTAL	<u>12920.43</u>	<u>14640.25</u>
9. Non-Cash Expenses :		
a) Fertilizer Products	1449.90	1525.88
b) Industrial Products	1432.77	2094.08
c) Unallocated non-cash expenses	0.00	91.72
TOTAL	<u>2882.67</u>	<u>3711.68</u>
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.		

Notes to the Financial Statements

33. Related Party Transactions

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

1. Relationship :

(a) Associate Company :

Vadodara Enviro Channel Ltd.

(Erstwhile Effluent Channel Project Ltd.)

(b) Joint Venture :

Tunisian Indian Fertilizers, S.A. (TIFERT)

(c) Directors and their relatives :

Shri H. V. Patel

- Managing Director upto 13-07-11

Shri Atanu Chakraborty

- Managing Director w.e.f. 13-07-11

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 31.3.12 (as on 31.3.11) (₹ in lakhs)
1.	Usage of effluent channel	193.27 (161.08)	— (—)
2.	Investments in equity shares (at cost) (14,302 shares of Rs.10 each)	0.00 (0.00)	0.00 (0.00)

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

Sr. No.	Nature of Transaction	Value for the year (previous year)	Outstanding As on 31.3.12 (as on 31.3.11) (₹ in lakhs)
1.	Reimbursement receivable	7.06 (12.64)	— (—)
2.	Investments in equity shares (at cost) (33,75,000 shares of TND 10 each)	0.00 (0.00)	12024.77 (12024.77)

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

Sr. No.	Nature of Transaction	(₹ in lakhs) (previous year)
1.	Remuneration to Managing Director	17.97 (15.70)

34. Joint Ventures

As on 31st March, 2012, 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 their Financial Year ending on 31st December 2011 are given below :

	31-12-11	31-12-10
Assets	37837.54	34045.42
Liabilities	26408.06	23100.31
Income	70.52	311.69
Expenditure	201.24	163.40

Note : Figures of TIFERT for the year ended 31/12/2011 and 31/12/2010 are as per the un-audited Financial Statements available with the Company.

35. Other Disclosures

	2011-12	2010-11
C.I.F. Value of Imports		
Raw Materials	153748.29	135590.04
Spare Parts	1763.21	1184.91
Capital Goods	129.22	2613.21
Expenditure in Foreign Currency		
Interest	190.50	487.10
Technical Assistance/Know-how	73.44	22.67
Others	587.62	4826.18
Remittance of Dividend in Foreign Currency	—	—
Earnings in Foreign Exchange		
F.O.B. value of Exports	14500.40	8367.93

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

	2011-12		2010-11	
	₹ in lakhs	%	₹ in lakhs	%
Raw Materials				
Imported	159007.97	51.46	143317.85	56.41
Indigenous	149971.09	48.54	110745.01	43.59
	<u>308979.06</u>	<u>100.00</u>	<u>254062.86</u>	<u>100.00</u>
Spare Parts				
Imported	1211.46	32.80	964.35	33.77
Indigenous	2482.04	67.20	1891.45	66.23
	<u>3693.50</u>	<u>100.00</u>	<u>2855.80</u>	<u>100.00</u>

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

Notes to the Financial Statements

36. Previous Years Figures

The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosure. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

Signatures to Notes 1 to 36 forming part of the Financial Statements 2011-12

B. M. Bhorania
Executive Director (Finance)
V. V. Vachhrajani
Company Secretary
Gandhinagar
30th May, 2012

Atanu Chakraborty
Managing Director

A. K. Joti
Chairman
D. C. Anjaria
Vijai Kapoor
M. M. Srivastava
Directors

As per our attached Report of even date

For **Prakash Chandra Jain & Co.**
Chartered Accountants
Firm Registration No. 002438C

Prakash Chandra Nalwaya
Partner
Membership No. 33710

Gandhinagar
30th May, 2012

Gujarat State Fertilizers & Chemicals Limited

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

Dear Shareholders,

Sub: Implementation of Circular issued by MCA, Government of India on "Green Initiatives in Corporate Governance"- Registration of E-mail ID

The Ministry of Corporate Affairs ("MCA") has taken the "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated April 21, 2011 and Circular No. 18/2011 dated April 29, 2011) allowing paperless compliances by companies through electronic mode. Companies are now permitted to send various notices/ documents to their shareholders through electronic mode to the registered e-mail addresses.

This move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and would contribute towards a sustainable greener environment. From shareholder point of view, it will ensure prompt receipt of communication from the Company and avoid situations where physical documents get lost in postal transit.

Keeping in view the underlying theme and circulars issued by MCA, we have proposed to send all documents to be sent to shareholder like General Meeting Notices, Annual Report including Audited Financial Statements, Directors Report, Auditors Report, etc. to our shareholders in electronic form, to the e-mail address provided by them and made available to us by the depositories.

Please note that these documents will also be available for download from the financials page on the Company's website www.gsfclimited.com. Physical copies will also be available for inspection during office hours at Registered Office of the Company.

Please also note that you will be entitled to be furnished free of cost, with a copy of the Annual Report of the Company and all other documents required by law to be attached thereto, upon receipt of a requisition from you, any time, as a member of the Company. Such a requisition may be sent to the Registered Office of the Company.

We are sure that as a responsible citizen, you will whole-heartedly support this initiative and will co-operate with the Company in our mutual endeavour towards a sustainable greener environment and brighter living.

Accordingly, **if you hold shares in physical mode**, we request you to kindly fill out the "Registration of E-mail ID Form" (The Form is printed on the backside of this page) and send the same to our Registrars and Share Transfer Agents M/s. MCS Limited at the address mentioned therein at the earliest or send e-mail to gogreen@gsfcld.com quoting Folio No.

Shareholders holding shares in demat mode are requested to give their E-mail ID to their Depository Participant (DP) in the format provided by them

We look forward to your valuable support in this 'Go Green' initiative.

Thanking you and assuring you of our best services at all times.



To be sent by shareholder holding shares in physical mode only
(Shareholders holding shares in demat mode are requested to give their E-mail ID to their Depository Participant (DP) in the format provided by them)

REGISTRATION OF E-MAIL ID FORM

Date : _____

To,
M/s. MCS Limited
Unit: Gujarat State Fertilizers & Chemicals Limited
Neelam Apartment, 1st Floor
88, Sampatrao Colony
Behind Standard Chartered Bank
Productivity Road
Vadodara - 390 007

Dear Sirs,

Sub: Implementation of Circular issued by MCA, Government of India on "Green Initiatives in Corporate Governance"- Registration of E-mail ID

I hereby give my consent to send me various documents viz. General Body Meeting Notices, Annual Reports including Audited Accounts etc. through E-mail instead of sending them in the physical form. My details as to E-mail ID etc. are given below :

Folio Number	
Name of First Shareholder	
E-mail ID	
Phone No	
Signature of Shareholder	



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 **FIFTIETH ANNUAL GENERAL MEETING** of the Company held at **Cultural Centre Auditorium** situate at its Registered Office at **P. O. Fertilizernagar, District Vadodara, at 4.00 p.m. on Saturday, the 4th August, 2012.**

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

FIFTIETH ANNUAL GENERAL MEETING of the Company to be held at **4.00 p.m. on Saturday, the 4th August, 2012** 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.

GREENER JOURNEY

GSFC is sensitive and concerned about the environment and ecological balance. GSFC has therefore embarked on another journey, a journey to turn the company from Green to Greener. This abiding concern has led GSFC to take initiatives to combat the climate change by aligning its business objectives with practices for conservation and protection of environment. In pursuit of this endeavour, GSFC has taken up two Clean Development Mechanism (CDM) initiatives to reduce greenhouse emissions.

The first CDM project envisages use of waste gas from company's plants to manufacture Ammonia obviating the need for natural gas fuel for its production. It is a matter of pride that the technology for replacing the fossil fuel has been developed through in-house research and development efforts. The second CDM initiative is on generating clean energy through a cluster of windmills. It is proposed to generate a total of 124 MW of energy through wind power.

As future generations inherit Environment as a legacy, GSFC has taken steps to ensure that they inhale quality air from the atmosphere. To this end, it has created awareness among employees about safe environment by encouraging on a large scale tree plantations, garden development and maintenance. On the World Environment Day this year also GSFC employees turned up in large numbers to plant large number of trees.

For GSFC Environment protection is a peoples' movement and to succeed needs their participation. To facilitate their participation, GSFC in association with Society for Clean Environment (SOCLEEN) have time and again sponsored fruits, flowers and vegetable shows.

On the manufacturing front, the company has installed sophisticated pollution control devices for reducing gaseous pollutants. It has also taken steps to prevent, minimize, recycle, reuse of liquid effluents, gaseous emissions and hazardous solid waste.

OUR FUTURE SCOPE

GSFC today is up against a murky business environment compounded by a depressing macroeconomic outlook, economic woes in Europe, recession in USA and the weakening of Rupee. Inputs price of fertilizers are on the up and their availability has shrunk.

GSFC is confident of crossing the hump also since it thinks ahead with an eye on the future. Setbacks or roadblocks have no unsettling effect as they are handled with consummate professionalism and with our capabilities to adapt and reinforce. Moving forward is what matters. The tough gets going when the going gets tough.

Already we have identified opportunities to go ahead. We are expanding the production capacities of two of our big revenue earners viz. Methanol and Nylon 6. Cyclohexanone plant is being upgraded.

On the fertilizer front, GSFC is planning to manufacture Single Super Phosphate (SSP) along with NPK grades at Sikka where it produces Di-Ammonium Phosphate, as the nutrient-based fertilizer policy is encouraging the use of such nutrients.

To increase the market share in fertilizers, it is planned to set up a trading desk to sell imported DAP and Muriate of Potash. The possibilities of manufacturing customized fertilizers are on the cards.

MANAGING RISK

Along side capacity expansion plans, GSFC is taking up a concerted risk management drive to contain the effect of a host of negative factors which have a bearing on the profitability of the company like input cost increase, change in government policy, lesser availability of natural gas and frequent price change in domestic market due to fixed subsidy and floating MRP.

GSFC is focusing on improving operational efficiencies with higher production levels, efficiencies in raw material procurement, reduction in marketing & distribution costs, besides proper product/segment strategies to maximize sales.



CORPORATE SOCIAL RESPONSIBILITY

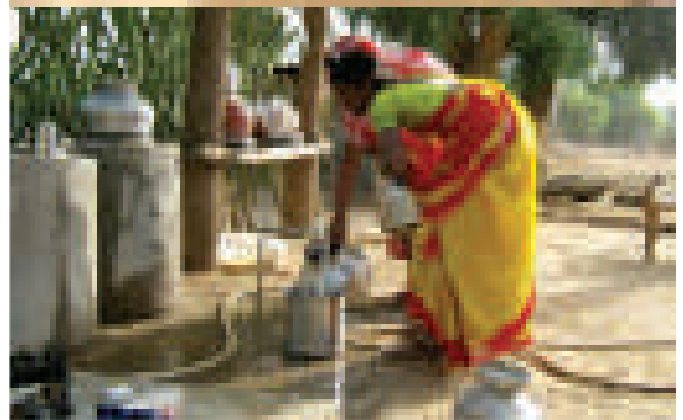
At GSFC, Corporate Social Responsibility functions as a built-in, self-regulating mechanism, whereby business monitors and ensures its active compliance with the spirit of the law and ethical standards as well.

As a socially responsible Corporate, GSFC undertakes various programs for the socially under-privileged.

We participate in sponsoring Midday Meals for school kids through Akshay Patra Foundation. This scheme provides nutritious and hygienic food to thousands of underprivileged kids so that they can attend school for their bright future.

GSFC supports Society for Village Development's (SVADES) initiatives of developing the surrounding areas like upgrading village infrastructure, sanitation, water recharging, education, health awareness etc.

To stop the usage of wood for cooking, we financially supported providing of Gas connections, Gas stoves and Pressure cookers to more than 5000 Anganwadis.



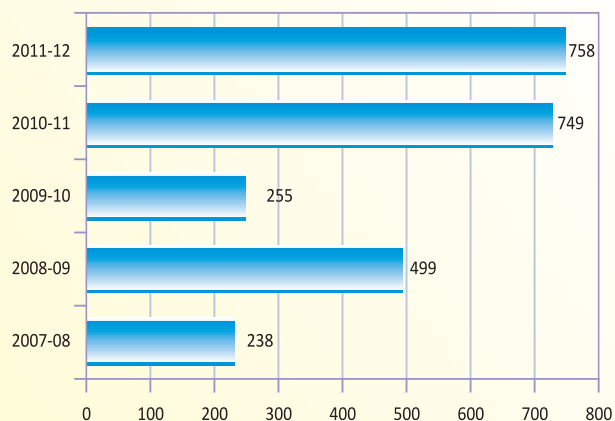
GSFC: EMBODIMENT OF EXCELLENCE

In 1962, GSFC was born as yet another Indian factory. Today it stands out as a much admired embodiment of Excellence. The half a century of success has instilled a sense of pride and fulfillment in all those who have created it brick by brick. GSFC shall endeavor to carry forward this momentum to scale newer heights of success.

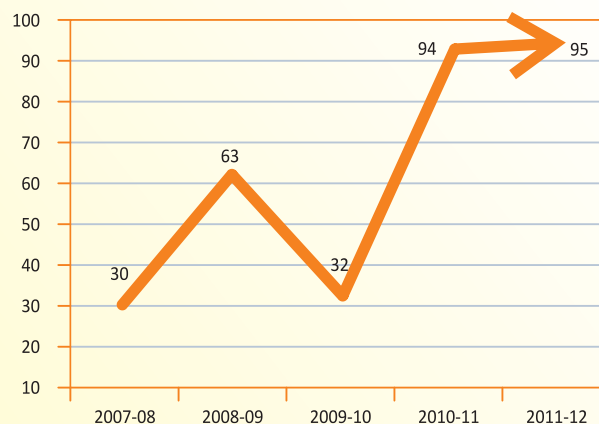


PERFORMANCE HIGHLIGHTS

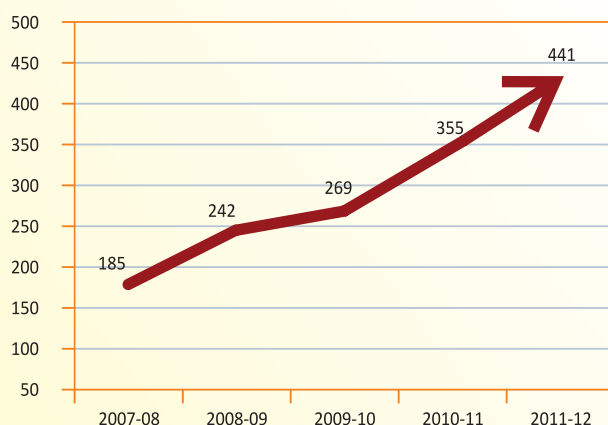
PROFIT AFTER TAX (₹ Crores)



EARNING PER SHARE (₹)

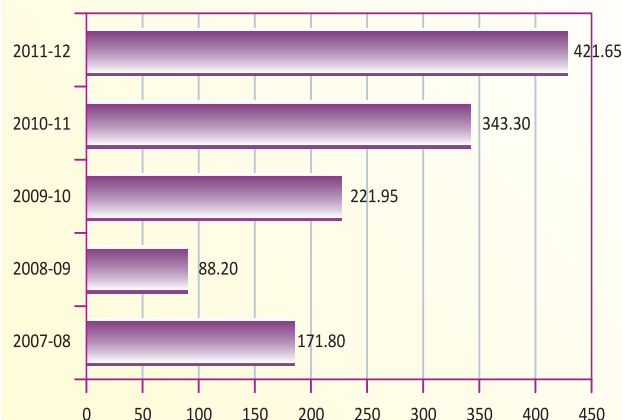


BOOK VALUE PER SHARE (₹)



MARKET PRICE PER SHARE (₹)

(As on 31st March of respective year)



BOOK-POST

To,

"License to post on pre-payment of postage in cash"
License No. G1/Temp/05/Mails/12 granted by
the Chief Postmaster General, Gujarat Circle,
Ahmedabad-380 001, which is valid upto 24/07/2012
Posting made from Mail Business Centre, Navrangpura,
Ahmedabad-380 009.



UPCOMING METHANOL PLANT OF GSFC



If undelivered, please return to :

GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

Fertilizernagar - 391 750 - Vadodara - Gujarat

www.gsfclimited.com