



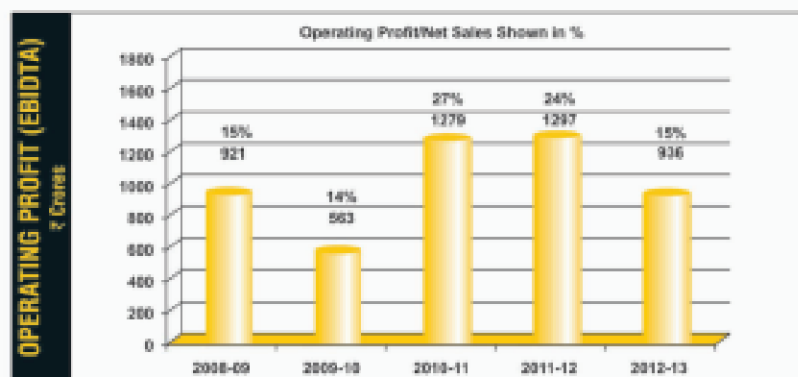
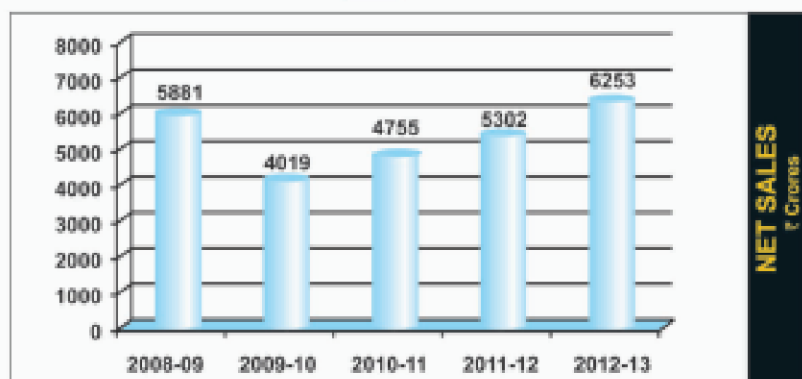
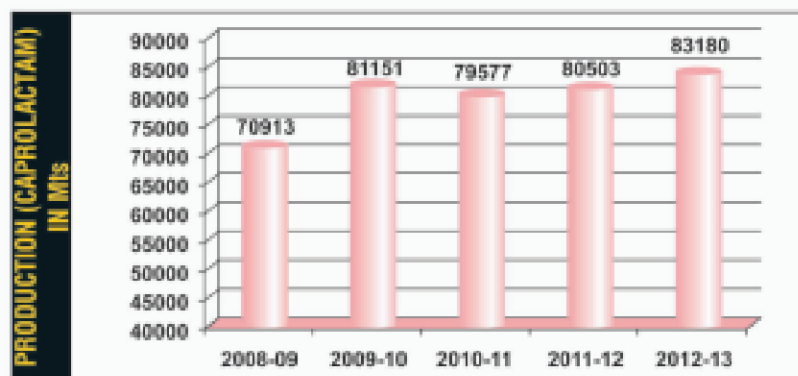
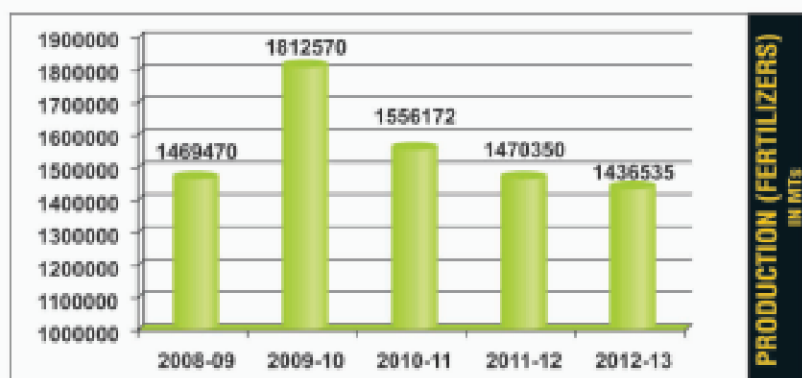
GSFC
51st Annual Report
2012-13

**A Valuable
WORLD CLASS
Enterprise**



**GUJARAT STATE FERTILIZERS &
CHEMICALS LIMITED**

PERFORMANCE HIGHLIGHTS



GSFC: A VALUABLE WORLD CLASS ENTERPRISE

The Financial Year 2012-13 was a landmark year for the Gujarat State Fertilizers and Chemicals Limited, Vadodara. The year not only marked the culmination of fifty-one inspiring years of serving India's agriculture and industrial progress, but also the beginning of a new journey of robust expansion leveraging on new resources keeping abreast of technologies.

Today GSFC plays a critical role in growth of Indian economy. Whether in manufacture of plant nutrients or industrial intermediates it is perceived as a valuable world class enterprise and acme of Excellence. GSFC has acquired the prowess to deliver whatever be the challenge.



PRODUCT PORTFOLIO

Sardar Fertilizers continues to be one of most preferred brands among farmers. Its popularity is a kind of trust statement on supreme quality and superior performance of nutrients. On the industrial plane GSFC's hidden presence in every type of consumer product continues, be it food products, or paints, tyres or cosmetics or medicines.



RESEARCH AND PROMOTIONAL ACTIVITIES

GSFC is producing and marketing different types of Biofertilizers like Azotobacter, Azospirillum, and Rhizobium & Phosphate Solubilizing Bacteria. It is a leader in Banana Tissue Culture plants in Gujarat providing laboratory produced disease free banana tissue culture plants, with uniform quality to the farmers to get better yield. It is also producing & marketing Cereal Protein Hydrolysate based Biotech products (Plant growth promoter).



INTEGRATED MANAGEMENT SYSTEM

A hallmark of GSFC is its Integrated Management System. The System is built on five core values: Ethics, Education, Management Excellence, Enhanced Social Responsibility and Environment management.

The System as in the past will be the guiding principle of GSFC's new journey. The Team GSFC is committed to leveraging on its accumulated expertise and experience for attaining higher growth and enhancing shareholders' value.



HUMAN RESOURCE MANAGEMENT

For a business enterprise people are important resource as capital. To be effective, HR is nurtured and built over long time. It is the belief of GSFC that honing human skills and managing talent are vital tasks for achieving set corporate goals. Deploying right people with right skills and attitude at the right time is an enterprise's prime responsibility. GSFC's forward looking approach to HRD and its various HR initiatives have also been a bulwark of GSFC's superior performance. Caring for its employees extends beyond shop floors to living environment in townships replete with all facilities has been a credo for GSFC.



GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

51ST ANNUAL GENERAL MEETING

Date : 3rd August, 2013
Day : Saturday
Time : 3.30 p.m.
Place : Cultural Centre Auditorium
Fertilizernagar Township
Fertilizernagar - 391 750
District Vadodara

BOARD OF DIRECTORS (As on 17-06-2013)

DR. VARESH SINHA *Chairman*
SHRI D. C. ANJARIA
PROF. VASANT P. GANDHI
SHRI AJAY N. SHAH
SHRI VIJAI KAPOOR
SHRI P. N. ROY CHOWDHURY
DR. HASMUKH ADHIA
SHRI D. J. PANDIAN
SHRI ATANU CHAKRABORTY *Managing Director*

EXECUTIVE DIRECTOR

SHRI H. V. KACHHADIA

ADVISORS

SHRI B. M. BHORANIA
SHRI P. GANGULI
SHRI S. M. NAYAK
SHRI S. A. PATEL

GENERAL MANAGERS

SHRI H. R. BRAHMBHATT
SHRI P. M. VAGRECHA
SHRI H. R. PATEL

GENERAL MANAGER (FINANCE) & COMPANY SECRETARY

SHRI V. D. NANAVATY

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. Deloitte Haskins & Sells, Vadodara

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

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 20th July, 2013 to Saturday, the 3rd August, 2013 (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 12th August, 2013, 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 19th July, 2013.

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 **Fifty-first 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 Fertilizernagar - 391750, Dist. Vadodara at **3.30 PM** on **Saturday, the 3rd August, 2013** to transact the following business :

Ordinary Business

1. To receive, consider and adopt the Audited Accounts, Balance Sheet as at 31st March, 2013, 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 D. J. Pandian, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri D. C. Anjaria, 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 and other applicable provisions, if any, of the Companies Act, 1956, the retiring Auditors, M/s. Deloitte Haskins & Sells, Chartered Accountants, Vadodara (Firm Registration No. 117364W) be and are hereby reappointed Auditors of the Company, 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 as may be determined by the Board of Directors of the Company, based on the recommendation of the Audit Committee and reasonable out-of-pocket expenses actually incurred by them in connection with the Audit of Accounts of the Company for the year ending 31st March, 2014."

Special Business

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

"RESOLVED that Dr. Hasmukh Adhia, IAS who was appointed as Additional Director of the Company under Section 260 and other applicable provisions, if any, of the Companies Act, 1956, read with the relevant Articles of the Articles of Association of the Company, if any, and who holds office upto the date of this Annual General Meeting and who is eligible for re-appointment and in respect of whom the Company has received a notice in writing along with a deposit of Rs. 500/- (Rupees Five Hundred only) from a member under section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company and shall be liable to retire by rotation."

By Order of the Board

Sd/-

V.D. Nanavaty

General Manager (Finance) &
Company Secretary

Place : Fertilizernagar
Date : 17th June, 2013

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 D.J.Pandian, Shri D.C.Anjaria, Dr. Hasmukh Adhia and Dr. Vares Sinha are given in the annexure to this notice.

NOTES

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 and 31-03-2005 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
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
38	2011-12	04-08-2012	04-09-2019

Members who have not yet encashed their dividend warrant(s) for the financial year ended 31-03-2006 to 31-03-2012, 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. Deloitte Haskins & Sells, Chartered Accountants, Vadodara were appointed Statutory Auditors of the Company at the last Annual General Meeting (AGM) to hold office until the conclusion of this AGM. It is proposed to reappoint M/s Deloitte Haskins & Sells, as the Statutory Auditors of the Company at this meeting on such remuneration as may be determined by the Board of Directors of the Company.

Since the shareholding of Specified Entities is more than 25% of the subscribed share capital of the Company in aggregate, the re-appointment of M/s Deloitte Haskins & Sells, Chartered Accountants, Vadodara, as Statutory Auditors of the Company, is required to be made by a Special Resolution, as contemplated under Section 224A of the Companies Act, 1956.

Your Directors, therefore, recommend the proposed resolution for your approval.

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

Item No. 6 :

As Pursuant to the recommendations of the Government of Gujarat, the Board of Directors have, effective from 01.04.2013, appointed Dr. Hasmukh Adhia, IAS as an Additional Director and who hold office upto the date of this Annual General Meeting of the Company.

As required under section 257 of the Companies Act, 1956, notice has been received by the Company signifying the intention to propose his candidature for the office of Director of the Company together with requisite amount of deposit prescribed.

Dr. Hasmukh Adhia, IAS, besides being a member of Indian Administrative Service is having rich administrative experience of varied nature. He is at present the Principal Secretary, Finance Department, Govt. of Gujarat and he is also Chairman of Gujarat State Investments Limited & Managing Director of Gujarat State Financial Services Limited and Gujarat State Financial Services (CAPS) Limited. He is also director of other reputed companies. Your Directors, therefore, recommend you to pass the resolution.

None of the Directors, except Dr. Hasmukh Adhia, IAS is, in any way, concerned or interested in the said resolution.

By Order of the Board

Sd/-

V.D. Nanavaty

General Manager (Finance) &
Company Secretary

Place : Fertilizernagar

Date : 17th June, 2013

ANNEXURE

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

Name of the Director	Shri D. J. Pandian, IAS	Shri Divyabhash Chandrakant Anjaria
Date of Birth	11-05-1955	19-07-1946
Date of Appointment as a Director of GSFC	21-01-2010	15-07-2006
Qualification	B.A., M.B.A., IAS	B.Com., MBA (Finance) IIM, Ahmedabad
Expertise	<p>He is a Senior IAS Officer having vast experience in policy making, Public Administration, Management of Corporate Finance & Strategic Planning.</p> <p>During his career, he held various key positions at the State Government and Central Government levels. He has also worked with World Bank in Washington. Presently, he is holding the key position of Principal Secretary (Energy & Petrochemicals Department) Govt. of Gujarat. He has successively managed GSPC group companies for the last 8 years as its Managing Director.</p>	Rich experience in the financial sector viz. Capital Markets, Banking in India and Overseas, Corporate Finance & Management and Commodity Markets.
No. of Shares held of the Company	2500 (Jointly with GSIL)	2500 (Jointly with GSIL) + 1450
Names of other Companies in which directorship is held	<div><div>1. Gujarat Urja Vikas Nigam Limited</div><div>2. Gujarat State Electricity Corporation Ltd.</div><div>3. Gujarat Energy Transmission Corporation Ltd.</div><div>4. GSPC Pipavav Power Co. Ltd.</div><div>5. Gujarat Industries Power Company Ltd.</div><div>6. GSPC Gas Co. Ltd.</div><div>7. GSPC LNG Ltd.</div><div>8. Gujarat Power Corporation Ltd.</div><div>9. Gujarat Narmada Valley Fertilizers & Chemicals Ltd.</div><div>10. Gujarat State Petronet Ltd.</div><div>11. Mahaguj Collieries Ltd.</div><div>12. Gujarat State Petroleum Corporation Ltd.</div><div>13. Gujarat Alkalies & Chemicals Ltd.</div><div>14. Torrent Power Ltd.</div></div>	<div><div>1. Gujarat Narmada Valley Fertilizers & Chemicals Ltd.</div><div>2. Ratnamani Metals and Tubes Ltd.</div><div>3. International Financial Solutions Pvt. Ltd.</div><div>4. Indian Institute of Financial Services Pvt. Ltd.</div><div>5. Gujarat Tech Markets Pvt. Ltd.</div></div>
Committee position for Audit and Investors' Grievance Committees	<div><div>Name of the Company</div><div>Position in Audit Committee</div><div>1. Gujarat Alkalies & Chemicals Ltd.</div><div>Member</div></div> <div><div>Name of the Company</div><div>Position in Investors' Grievance Committee</div><div>1. Gujarat State Fertilizers & Chemicals Ltd.</div><div>Chairman</div><div>2. Gujarat Alkalies & Chemicals Ltd.</div><div>Chairman</div></div>	<div><div>Name of the Company</div><div>Position in Audit Committee</div><div>1. Gujarat Narmada Valley Fertilizers & Chemicals Ltd.</div><div>Chairman</div><div>2. Ratnamani Metals & Tubes Ltd.</div><div>Chairman</div><div>3. Gujarat State Fertilizers & Chemicals Ltd.</div><div>Chairman</div></div> <div><div>Name of the Company</div><div>Position in Investors' Grievance Committee</div><div>1. Gujarat Narmada Valley Fertilizers & Chemicals Ltd.</div><div>Member</div><div>2. Ratnamani Metals & Tubes Ltd.</div><div>Member</div></div>

ANNEXURE

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

Name of the Director	Dr. Hasmukh Adhia, IAS	Dr. Varesh Sinha, IAS																				
Date of Birth	03-11-1958	06-04-1954																				
Date of Appointment as a Director of GSFC	01-04-2013	01-03-2013																				
Qualification	M.Com (Adv. Busi. Mgmt.), P.G. Diploma In Public Policy & Mgmt. ((IIMB) (Gold Medalist), Ph. D in yoga	B. Sc (Physics & Maths), M. Sc (Maths), MBA (Public Sector) Ph. D. (Stat)																				
Expertise	He is an IAS officer by profession. He held many important positions in the State/ Central Government. At present, he is a Principal Secretary, Finance Department, Government of Gujarat. He is having vast experience in the field of Management, Corporate Finance & Accounts, Human Resource Management and Administration. He has travelled widely around the world for promotion of Industrial and Infrastructure Investment in India.	He is a Senior IAS Officer having more than 35 years of experience in public service, having rich experience in General Administration, Management of Corporate Finance which would help the Companies to grow in a big way. During his career, he held various key positions at the State Government and Central Government levels. Presently, he is the Chief Secretary to the Govt. of Gujarat.																				
No. of Shares held of the Company	2500 (Jointly with GSIL)	—																				
Names of other Companies in which directorship is held	1. Gujarat State Investments Ltd 2. Gujarat State Financial Services Ltd. 3. Gujarat State Financial Services (CAPS) Ltd. 4. Gujarat Alkalies & Chemicals Ltd. 5. Gujarat Narmada Valley Fertilizers & Chemicals Ltd 6. Gujarat State Petroleum Corporation Ltd. 7. Gujarat State Petronet Ltd. 8. Sardar Sarovar Narmada Nigam Ltd. 9. Gujarat Informatics Ltd. 10. Gujarat International Finance-Tech City Ltd. (GIFTCL) 11. Goods and Service Tax Network.	1. Gujarat Alkalies & Chemicals Ltd. 2. Gujarat Narmada Valley Fertilizers & Chemicals Ltd. 3. Gujarat State Petroleum Corporation Ltd. 4. Sardar Sarovar Narmada Nigam Ltd.																				
Committee position for Audit and Investors' Grievance Committees	<table><tr><td>Name of the Company</td><td>Position in Audit Committee</td></tr><tr><td>1. Gujarat State Fertilizers & Chemicals Ltd.</td><td>Member</td></tr><tr><td>2. Gujarat State Petroleum Corporation Ltd.</td><td>Member</td></tr><tr><td>3. Gujarat State Petronet Ltd.</td><td>Member</td></tr><tr><td>Name of the Company</td><td>Position in Investors' Grievance Committee</td></tr><tr><td>—</td><td>—</td></tr></table>	Name of the Company	Position in Audit Committee	1. Gujarat State Fertilizers & Chemicals Ltd.	Member	2. Gujarat State Petroleum Corporation Ltd.	Member	3. Gujarat State Petronet Ltd.	Member	Name of the Company	Position in Investors' Grievance Committee	—	—	<table><tr><td>Name of the Company</td><td>Position in Audit Committee</td></tr><tr><td>—</td><td>—</td></tr><tr><td>Name of the Company</td><td>Position in Investors' Grievance Committee</td></tr><tr><td>—</td><td>—</td></tr></table>	Name of the Company	Position in Audit Committee	—	—	Name of the Company	Position in Investors' Grievance Committee	—	—
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2. Gujarat State Petroleum Corporation Ltd.	Member																					
3. Gujarat State Petronet Ltd.	Member																					
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—	—																					
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—	—																					

DIRECTORS' REPORT

To
The Members,

Your Directors are happy to present the 51st Annual Report and Audited Accounts of the Company for the year ended 31st March, 2013.

A. FINANCIAL RESULTS

(₹ in Crores)

	Particulars	2012-13	2011-12
1.	Gross Sales	6503.18	5510.50
	Less : Excise Duty Recovered	<u>249.88</u>	<u>208.67</u>
	Net Sales	6253.30	5301.83
2.	Other Income	<u>138.09</u>	<u>162.08</u>
3.	Total Revenue	6391.39	5463.91
4.	Less : Operating Expenses	<u>5455.37</u>	<u>4167.19</u>
5.	Operating Profit	936.02	1296.72
6.	Less : Finance Cost	<u>36.25</u>	<u>20.08</u>
7.	Gross Profit	899.77	1276.64
8.	Less : Depreciation	<u>132.05</u>	<u>129.20</u>
9.	Exceptional Item	<u>0.00</u>	<u>(34.09)</u>
10.	Profit before Taxes	767.72	1113.35
11.	Taxation		
	- Current Tax	<u>257.84</u>	<u>312.71</u>
	- Deferred Tax (net)	<u>(8.22)</u>	<u>43.07</u>
12.	Profit after Taxes	518.10	757.57
13.	Balance brought forward from last year	<u>213.04</u>	<u>134.94</u>
14.	Amount available for Appropriations	731.14	892.51
15.	Out of which, your Directors have proposed Appropriation and Transfer as under :		
	a) Proposed Dividend on Equity shares	<u>79.70</u>	<u>59.77</u>
	b) Tax on Proposed Dividend	<u>13.54</u>	<u>9.70</u>
	c) General Reserve	<u>350.00</u>	<u>610.00</u>
16.	Leaving a balance in the Profit & Loss Account	<u><u>287.90</u></u>	<u><u>213.04</u></u>

B. OPERATIONAL PERFORMANCE

Your directors are pleased to report that your Company has achieved the highest - ever sales turnover of ₹ 6253 Crores in Fertilizers & Industrial Products business segments for the year ended March 31, 2013. This represents 18% increase over the previous financial year's turnover of ₹ 5302 Crores.

Despite the higher turnover volume, declining margins were reflected in the Profit Before Tax (PBT) of ₹ 768 Crores and Net Profit (Profit After Tax) of ₹ 518 Crores in the year 2012-13 as against previous Financial Year (PBT of ₹ 1113 Crores & PAT of ₹ 758 Crores).

C. DIVIDEND

Your Directors are happy to recommend a dividend @ 100%, i.e. ₹ 2/- per Equity Share of ₹ 2/- each on 39,84,77,530 shares (Previous Year - 75%, i.e. ₹ 7.50 per share on 7,96,95,506 Equity Shares of ₹10/- each) for the financial year ended 31st March, 2013. The net outgo on account of Dividend shall be ₹ 93.23 Crores including Corporate Dividend Tax. The Dividend shall be paid to those members, whose names shall appear on the Register of Members of the Company on the Book Closure Date i.e. on 20/07/2013.

D. 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, 96.54% of shares are held in electronic/dematerialised form.

DIRECTORS' REPORT (Contd.)

E. 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.

F. FIXED DEPOSITS

During the year 2012-13, your Company has not accepted / renewed any Fixed Deposit. Your Directors wish to report that there are 113 Fixed Deposits aggregating ₹ 14.05 Lacs which have remained unclaimed by Depositors, as on 31st March, 2013. Letters reminding them to exercise their option to seek repayment have been sent. Upto and including the date of this report, 8 deposits amounting to ₹ 1.75 Lacs have been repaid.

During the year, the Company has transferred a sum of ₹ 10.78 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.

G. 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.

H. PROJECTS UNDER CLEAN DEVELOPMENT MECHANISM (CDM)

Your Company has taken various Projects for energy saving & reducing carbon emission. These projects have been submitted for validation and registration under Clean Development Mechanism (CDM). This would help the company to earn Carbon Credits which can fetch further revenue.

The Directors are happy to inform that Wind Mill Projects of 12 MW, 18 MW & 33 MW are already registered under CDM and 50.4 MW Wind Mill Project is under advance stage of registration process for availing Carbon Credit. The Company has undertaken the procedure for getting the revenue against Carbon Credits for the registered projects.

I. EXPANSION & DIVERSIFICATION

Your Company had taken up conversion of Ammonia-I plant for production of Methanol based on technology for M/s. Haldar Topsoe, Denmark. M/s. Projects & Development India Ltd. was appointed as Consultant for carrying out Detail Engineering work for the project. The mechanical completion of the project was achieved on 28.12.12 and trial production is achieved on 2nd March, 2013. Company is in the process of declaring the Commissioning of the Plant in 1st quarter of F.Y. 2013-14.

Your Company has made strategic Investment of 19.98% in equity share capital of M/s Karnalyte Resources Inc., Canada totaling Rs. 238 Crores. This will give assured supply of 3,50,000 MT of Potash in Phase I and further 2,50,000 MT in Phase II from Wynyard Potash Project of the said Company. This tie up will help your Company in adding 'K' Nutrient in its portfolio. Your Company plans to partly use Potash for NPK fertilizers manufacturing & partly for trading purpose.

Your Company had taken up modernization of Cyclohexanone unit in Caprolactam-II plant at Vadodara and modernization project is completed and taken in line to achieve the desired saving in consumption of Benzene.

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 was delayed due to political turmoil in Tunisia but the directors are happy to report that the project is now expected to be commissioned by the 1st quarter of F.Y. 2013-14.

Your Company had 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 requirement as well as selling surplus power to the State Grid. Your company is also in process of setting up of 29.4 MW Wind Mill Power Project in Rajkot district. The project is planned to be operational in the 2nd quarter of F.Y. 2013-14.

Your Directors also wish to inform that for additional 15,000 MTPA Nylon-6 capacity (Engineering Plastic) at Vadodara unit, the technology tie-up has been made with M/s. Lurgi, Germany and M/s. Tata Consulting Engineers Ltd. are hired for Detail Engineering work. The project is planned to be operational in the 2nd quarter of F.Y. 2014-15.

Your Directors also wish to inform that for 20,000 MTPA Water Soluble Fertilizer (WSF) Project at Vadodara unit, tie-up has been made with M/s. Hindustan Dorr-Oliver for the project implementation. The project is planned to be operational in the 1st quarter of F.Y. 2014-15.

Your Company is also exploring the possibility of setting up Melamine Project and modernization of Cyclohexanone Plant of Caprolactam-I Plant at Vadodara unit.

Your Directors are also happy to inform that tie-up for technology and project implementation has been made with M/s. Hindustan Dorr-Oliver for capacity expansion of about 5 lakhs MTPA for DAP/NPK at Sikka unit. M/s. UIPL is hired to give engineering services for Associated Additional Facilities related to DAP/NPK plant. The project is planned to be operational in 1st quarter of F.Y. 2015-16.

DIRECTORS' REPORT (Contd.)

Your Directors are happy to inform that Company is taking actions for setting up of Sulphuric Acid & Phosphoric Acid Plant at Sikka unit for assured supply of Raw Material.

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 is done and technology selection is under progress.

SUBSIDIARY COMPANY

During the year your Company has made an investment of ₹ 1 Crore in the equity share capital of GSFC Agrotech Limited (GATL). It has thus become a wholly owned subsidiary of your Company. GATL's business blue print was under consideration and no commercial operations have been commenced during the year. Three projects during the year namely (1) Sardar Amin Granuls (SAG) /Sardar Amin Liquid (SAL) of 20,000 MT/annum capacity and (2) Liquid Biofertilizer (LBF) of 10 lac Lit/annum capacity have been approved and are under implementation while (3) Tissue Culture Complex (TCC) for producing 1.25 crore Tissue culture plants/annum, is under project planning and tendering stage. The Company considers the subsidiary to be not material in terms of its investment and the level of operations as at 31st March 2013 and hence consolidated financial statements are not prepared. The reports of the Directors' and Auditors of GATL for the year ended March 31, 2013, as required under Section 212 of the Companies Act, 1956, are annexed.

J. 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.

K. DIRECTORS

Chairman

Upon attaining superannuation, Shri A. K. Joti, IAS retired from the services of Govt. of Gujarat and in his place Dr. Varesh Sinha, Chief Secretary to the Govt. of Gujarat has been appointed as Govt. Director and Chairman of the Company w.e.f. 01/03/2013. Your Directors place on record their deep sense of appreciation for the dynamic leadership, valuable contribution and the vision provided by Shri A. K. Joti, IAS towards the growth of the Company during his tenure as Chairman.

Change in Directors

Dr. Hasmukh Adhia, IAS, Principal Secretary, Govt. of Gujarat, has been appointed as an Additional Director of the Company w.e.f. 01-04-2013. The Resolution for his appointment as Rotational Director is placed for your approval.

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

Pursuant to the provisions of Section 255 & 256 of the Companies Act, 1956, Shri D. J. Pandian and Shri D. C. Anjaria 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.

L. DIRECTORS' RESPONSIBILITY STATEMENT

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

- 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;
- 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, 2013 and of the profit of the Company for the period from 1st April, 2012 to 31st March, 2013;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- The Annual Accounts have been prepared on a "Going Concern" basis.

M. AUDITORS

In pursuance of the Companies Act, 1956, M/s Deloitte Haskins & Sells, Chartered Accountants, Vadodara, who are the statutory auditors of the Company, holding office upto the conclusion of the forthcoming Annual General Meeting and they are eligible for reappointment. The Company has received a letter from M/s Deloitte Haskins & Sells, Chartered Accountants, Vadodara (Firm Registration No. 117364W) to the effect that their re-appointment if made, would be within the prescribed limits under section 224 (1-B) of the Companies Act, 1956 and they are not disqualified for such reappointment within the meaning of Section 226 of the said Act.

Your Directors recommend the approval of Resolution for appointment and fixation of remuneration to the Statutory Auditors for the F.Y. 2013-14.

DIRECTORS' REPORT (Contd.)

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 of the Company for the Financial Year 2013-14. The Cost Auditor for the F.Y. 2011-12 was also M/s Diwanji & Associates, Cost Accountants, Vadodara and the Cost Audit Report was filed on 22.12.2012 (i.e. well before the stipulated date of 28.02.2013).

Your Company has also appointed M/s K. C. Mehta & Co., Chartered Accountants, Vadodara as Internal Auditors for carrying out the Internal Audit of Baroda Unit & Sikka Unit for F.Y. 2012-13. M/s K. N. Mehta & Co., Chartered Accountants, Vadodara and M/s Parikh Mehta & Associates, Chartered Accountants, Vadodara have been appointed as Internal Auditors for the Company's Fibre and Polymers Units respectively.

N. AUDITORS' REPORT

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

O. ENVIRONMENTAL PROTECTION

- Preservation & promotion of environment is GSFC's fundamental concern in all our business activities, as a part of Environment Management System. We are conscious on wastes minimization, recycling and conservation of natural resources to the maximum possible extent for the protection of the environment.
- Zero Process Effluent Discharge System is in place at Fertilizer Group of plants. Phase-I Revamping of Effluent Treatment Plants is at final stage of completion for enhancement of treatment capacity. All efforts were put to maintain Quality of the discharged effluent within the norms specified by the GPCB.
- To monitor the real time concentration of pollutant, 1) Installation of 22 nos. Ammonia and 8 Nos of Sulphur Dioxide Gas Detectors have been completed and 2) the scheme for installation of Online Ambient Air Quality Monitoring Stations at four directions of the premises is in progress and likely to be completed by the end of September 2013. The gaseous emission from the stacks of different plants is monitored and consistently meets with the permissible limit.
- Most of the Hazardous Solid Wastes generated from different processes are sold to pollution board approved recyclers.
- GSFC has valid Consolidated Consent and Authorization (CCA) vide Order No. AWH-44254 dated 16/11/2011, valid up to 06/06/2016 and complied with relevant statutory requirements.
- Our company has received 1) CTO/CCA amendment for Methanol Project vide letter no. GPCB/122627 dated 28/08/2012. 2) NOC for new HAS crystal project vide CTE No. 48327 dated 28/08/2012. 3) CCA amendment for HAS crystal project and changes in manufacturing process of Anone intermediate at Caprolactam – II plant. The modification carried out at Anone plant is resulted in to reduction of specific raw material consumption i.e. Benzene by better process yield, improvement of quality of Anone and simultaneous reduction of some of the utilities and wastes.
- Environmental Clearance of 45 TPD Nylon-6 Chips expansion project is likely to be received by June 2013 from SEIAA, Gandhinagar.

P. 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 Performance Management System for Officers and accordingly variable incentive shall be paid to Officers based on their performance and the company's promotion policy will also be linked with the performance.

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 Sikka Unit, Fibre Unit & Polymer Unit and agreements to this effect have been signed with Employees Unions.

Q. 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 : 17th June, 2013

Sd/-
Dr. Varesh Sinha
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 Unit:

1) Replacement of Combustion Air Preheater for energy improvements, A-III plant.

Existing air preheater replaced by Plate type heat exchanger to preheat combustion air more by reducing flue gas temperature from ~215°C to ~140°C. Supply of more heated combustion air to Primary Reformer, resulted into reduction in NG fuel requirement. The realized annual NG saving is 2.88 Lacs SM³ (₹ 77.76 Lacs).

2) Replacement of Cooling Water Pumps in N-6 Plant.

In place of old and inefficient C.W. pumps, new and energy efficient C.W. pumps installed. It resulted in to annual power saving of 1.64 Lacs unit (₹ 6.56 Lacs).

3) Small capacity new pump at NPH pond.

High capacity of the pump was resulting into intermittent service and required recycling to keep pump operation within operating range. Small capacity pump installed to have continuous operation and also to reduce power consumption. It resulted in to annual power saving of 0.42 Lacs unit (₹ 1.68 Lacs).

4) Installation of Hollow FRP blades in Cooling tower of Capro-II plant.

Use of hollow FRP blades in place of FRP blades at 2 nos. of cells of Cooling tower carried out to reduce power consumption. It resulted into annual power saving of 2.36 Lacs unit (₹ 9.44 Lacs).

5) Use of VFD in Flaker-B of Lactam bagging plant of Capro-II plant.

Conventional gearbox assembly replaced with VFD to reduce power consumption. It resulted in to annual power saving of 0.16 Lacs unit (₹ 0.64 Lacs) besides reducing mechanical maintenance related problem.

6) Replacement of pressure filter with Centrifuge at Melamine-I plant.

Use of efficient centrifuge in place of pressure filter resulted into annual steam saving of 4000 MT, besides saving 50 MT Melamine product on annual basis. The aggregate annual saving is ₹ 85.00 Lacs.

Above mentioned measures resulted in to aggregate annual saving at a rate of 4.58 Lacs units (₹ 18.32 Lacs), 2.88 Lacs SM³ NG (₹ 77.76 Lacs) and 4000 MTs stream besides saving 50 MTs melamine product (₹ 85.00 Lacs).

Measures taken at Sikka Unit:

1) Replacement of Central air conditioning unit for A/B train control room, Q.C lab and adjoining offices.

Replacement of 45 TR Capacity, Blue star Make Central air conditioning unit for A/B train control room, Q.C lab and adjoining offices by Blue star make 16.5 TR two numbers of air conditioning unit resulted in to power saving of 193680 KWH annually. This gave annual financial gain of ₹ 10.17

lacs at unit cost of ₹ 5.25.

2) Installation of counter current FRP cooling tower as a standby.

Installation of counter current FRP cooling tower as a standby to existing old wooden cross current Paharpur Ltd make cooling tower resulted in to Power saving of 96 KWH on daily basis.

Annually this will result in to power saving of 35040 units equivalent to ₹ 183960/- at unit cost of ₹ 5.25.

3) Revamping of existing wooden Paharpur make cross current cooling tower at SST.

Revamping of existing wooden Paharpur make cross current cooling tower at Sikka Shore Terminal by providing FRP cross current cooling tower with FRP fan blades resulted in to power saving of 31 kwh/day. Annually saving of 11315 units equivalent to ₹ 59404/- at a unit cost of ₹ 5.25.

4) Energy saving by using Energy efficient sources.

In order to achieve energy saving following were carried out during the year.

Replacement of

- 50 numbers of Ordinary Ballast by Electronic Ballast in tube lights.
- 41 numbers of 160 Watt MLL lamps by 125 Watt HPMV lamps.
- 28 numbers of 250 Watt HPSV lamps by 125 Watt HPMV lamps.
- 10 numbers of 1000 watt Halogen with 150 watt M/H.
- 124 numbers of 250 watt flood light with 150 watt M/H.
- 18 numbers of 150 watt HPSV lamps with 85 watt CFL
- 75 numbers Ordinary tube to be replaced with CFL lamps / T5 fittings
- 1 number of 110 / 300KW conventional motor by Energy efficient motor for Holding compressor at SST /GN Fan of C-Train.

Thus by adopting energy efficient motors & lighting system, annual power saving of 1.38 Lacs units achieved. This resulted in to aggregate annual saving of ₹ 7.25 Lacs at a unit cost of ₹ 5.25.

Measures taken at Fibre Unit:

1) CFC based Centrifugal Chiller replaced with Ammonia based Screw Chiller with improved efficiency. The annual saving of power envisaged is 11 lacs units (₹ 57.00 lacs).

2) Energy efficient pump for monomer circulation is installed resulting into saving of power 1.28 lacs units per annum (₹ 6.65 lacs).

3) Lower capacity exhaust blower installed for Spinning Line No. 1 resulting into reduction of power 0.976 lacs units per annum (₹ 5.10 lacs).

Above mentioned measures resulted in to aggregate annual saving at a rate of 13.256 Lacs units (₹ 68.75 Lacs).

Measures taken at Polymers Unit:

1) Changing of operational sequence of aerators in effluent treatment plant.

Based on the dissolved content oxygen analysis of effluent, change over pattern in aerators is adopted which resulted in power saving of about 40000 units p.a. with a saving of ₹ 2.00 Lacs.

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

2) **Replacement of old motors and lightings with energy efficient units.**

3 nos. of motors are replaced with energy efficient units which resulted in to a saving of 0.93 Lacs unit. 6 nos. of old and inefficient AC units are replaced with efficient one. It resulted in to aggregate annual power saving of about 0.15 Lacs units, total saving is ₹ 5.40 Lacs p.a.

Above mentioned measures resulted in to aggregate annual saving at a rate of 1.48 Lacs units (₹ 7.40 Lacs).

Measures under consideration at Fertilizernagar, Vadodara unit:

1) **Replacement of Semi lean solution pump 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 (₹ 7.36 Lacs).

2) **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 48.8 Lacs unit (₹ 195.2 Lacs).

3) **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 MTs per annum, which will annually produce additional power by 14.85 Lacs unit (₹ 59.4 Lacs).

4) **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 (₹ 27.00 Lacs).

5) **Replacement of Screw conveyor at Urea-I plant.**

Urea powder carrying screw conveyor will be replaced with higher capacity to avoid recycling of spilled material, after preparing ~40% solution. This will reduce load on evaporation section and ultimately will reduce steam consumption. The anticipated annual saving is 2500 MT steam (₹ 37.50 Lacs).

6) **37K steam export from A-III plant to GSFC grid.**

At A-III plant, ~2 MT/Hr 37K steam is throttled upto 4.5K and exported to grid. Scheme is under progress to export 37K steam in place of 4.5K steam. This will result into more amount of 37K steam available in place of 4.5K steam for power generation by Turbo generator. The anticipated annual power saving is 9.14 Lacs unit (₹ 36.6 Lacs).

7) **Replacement of Ammonia condenser (792106) of AST plant.**

Use of SS tubes in place of CS tubes in Ammonia condenser at Ammonia storage plant is under consideration to enhance reliability as well as to increase heat transfer and thereby reduce compressor discharge pressure. This will reduce power consumption by ammonia refrigeration compressor. The anticipated annual power saving is 4.0 Lacs unit (₹ 16.00 Lacs).

8) **Use of LPS at reboiler in Anone plant, Cap-I.**

Use of LPS in place of MPS at reboiler of Anone distillation column is under consideration. This will result into more amount of 37K steam available in place of 4.5K steam for power generation by Turbo generator. The anticipated annual power saving is 13.71 Lacs unit (₹ 54.86 Lacs).

Measures under consideration at Sikka Unit:

1) **Provision of Transparent Acrylic sheets at one of the walls at bagging floor.**

At present 18 nos. of lamps of 125 watt have to be kept 'ON' round the clock. After provision of transparent acrylic sheet as mentioned, all the 18 number of lamps can be kept 'OFF' due to availability of natural light during the day time i.e. 12 hrs. This is expected to result in to power saving of 9855 kWh. This will annually save ₹ 51739/-

2) **Replacement of 58 nos. of cement sheets of the roof of Silo with Transparent sheets.**

At present 25 numbers of lamps of 250W & 22 nos. of lamps of 125W have to be kept 'ON'. After modification entire lighting in silo can be kept 'OFF' due to availability of natural light during the day time i.e. 12 hrs. This is expected to generate power saving of 39420 annually resulting in to monetary gain of ₹ 206955/-

3) **Revamping of existing wooden, Paharpur make cross current cooling tower at Motikhavdi.**

Revamping of existing wooden, Paharpur make cross current cooling tower at Motikhavdi by providing FRP cross current cooling tower with FRP fan blades. This is expected to result in to power saving of 31 kwh per day. Annually saving of 11315 units equivalent to ₹ 59404/- at a unit cost of ₹ 5.25.

Measures under consideration at Fibre Unit:

- 1) Installation of variable speed drive screw air compressors. Installation of screw air compressor with variable frequency drive mechanism will be done. The annual saving of power is estimated as 16.50 lacs units (₹ 84.00 lacs).

Measures under consideration at Polymers Unit:

- 1) With a view to increased market requirement of acrylic sheet, it is planned to operate Sheet Plant in continuous 3 Shifts which will result in to annual power saving of 1.5 lac units and steam saving of 2200 MT (₹ 74.64 lacs).
- 2) After getting positive results, further optimization of boiler operation is under consideration which will give saving of about 6000 SM³ of RLNG (₹ 2.40 Lacs)

B) CONSERVATION OF RAW MATERIALS AND CHEMICALS

Measures taken at Polymers Unit

- 1) Chemical treatment in cooling tower water is kept continued, it results in to annual saving of 14600 M³ DM water (₹ 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 : 2012-13

A. POWER AND FUEL CONSUMPTION

PARTICULARS	2012-13	2011-12
1. ELECTRICITY		
(A) PURCHASE		
UNIT : MWH	165163	243397
AMOUNT ₹ in Lacs	11947	13819
Rate ₹ / KWH	7.23	5.67
(B) Own Generation		
Unit : MWH	202950	197848
KWH Per Ltr. of		
Fuel/Gas	6.97	2.37
Cost ₹ / KWH	2.42	3.12
2. LSHS		
QUANTITY – MTs	3324	3907
Amount ₹ in Lacs	1480	1762
Average Rate ₹ / MT	44537	45108
3. NATURAL GAS		
Quantity in '000 SM ³	624667	571450
Amount Rs. in Lacs	73605	59582
Average Rate 1000/SM ³	11783.08	10426.46

C) TECHNOLOGY ABSORPTION

EFFORTS MADE IN TECHNOLOGY ABSORPTION

As per enclosed FORM – B

D) FOREIGN EXCHANGE USED AND EARNED : 2012-13

Foreign Exchange Outgo :

	₹ Lacs
(i) C.I.F. VALUE OF IMPORTS	
(a) Raw Materials	135941.72
(b) Stores & Spares	2769.84
(c) Capital Goods	97.63
TOTAL (i)	138809.19
(ii) EXPENDITURE IN FOREIGN CURRENCY	
(a) Interest	657.04
(b) Technical Asstt./Know How	1111.52
(c) Others	1050.07
TOTAL (ii)	2818.63
TOTAL (i) + (ii)	141627.82

Foreign Exchange Earned :

FOB VALUE OF EXPORT OF	Rs. Lacs
Caprolactam	599.36
MEK Oxime	4031.99
Nylon-6	11.58
Anhydrous Ammonia	1997.17
Cyclohexane	1041.08
Cyclohexanone	53.39
Melamine	114.50
TOTAL	7849.07

B. CONSUMPTION PER UNIT OF PRODUCTION

Sr. No.	Product	Power		Steam		Natural Gas	
		2012-13 KWH	2011-12 KWH	2012-13 MTs	2011-12 MTs	2012-13 SM ³	2011-12 SM ³
1	Ammonia	234	271	-0.646*	-0.557 *	908	852
2	Sulphuric Acid	35	36	-0.828*	-0.809 *	0	0.084
3	Phosphoric Acid	240	253	0.650	0.694	3	1.760
4	Urea	165	181	1.523	1.552	0	-
5	ASP	35	33	0.011	0.013	5	4
6	Melamine	1773	1692	7.352	7.241	360	345
7	Caprolactam (Old)	2412	2212	8.397	10.409	106	87
8	Caprolactam (Exp.)	1621	1336	5.967	7.049	27	21
9	Nylon - 6	894	935	1.545	1.670	0	-
10	ACH	721	554	1.188	1.028	86	67
11	Monomer	855	741	2.958	2.820	-	-
12	MAA	334	416	3.580	3.696	-	-
13	AS	36	25	0.652	0.415	-	-
14	Sheets	1348	1482	7.739	7.610	-	-
15	Pellets	492	628	0.872	0.849	-	-
16	DAP (SU)	61	57	0.016	0.016	-	-
17	NPK(10:26:26)(SU)	61	0	0.029	0.000	-	-
18	Nylon Chips	702	759	-	-	-	-
19	Nylon Filament Yarn	5663	4707	-	-	-	-

* Indicate Export from Plants

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

FORM-B

Form for disclosure of particulars with respect to Technology Absorption : 2012-13

RESEARCH & DEVELOPMENT (R & D)

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

The areas are polymers & controlled release fertilizers, Environment control & waste management; value added product(s)/Derivatives from existing corporate products, specialized Agri-inputs for improving quality and yield of agricultural output, support to plant and Marketing for problem solving, Quality and process efficiency improvement and assurance, Customization of products, Corrosion & Material Evaluation, Failure investigation of components of plant Equipment & machinery, Consultation, and Analytical service to plants.

(2) BENEFITS DERIVED:

(A) Development of New Products:

- 1500 MTPY Urea Phosphate plant reactor replacement job is over and production of Urea Phosphate-water soluble fertilizer resumed. Plant handed over to Operation group.
- 1200 MT capacity HX Sulphate Crystal plant is installed base on successful data generated at pilot plant. After Mechanical completion, plant is under trial production for optimization of process parameters and quality assurance of product.
- Process for setting up 20,000 MTPY production facility for 19-19-19 grade fertilizer and facility for packing of 10000 MTPY of other grade WSF has been initiated after successful production of various grades of Water Soluble Fertilizers (WSF) and Micronutrient at R&D pilot plant,
- Around 140 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.
- 33500 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.
- Development of polymer coated Urea as a controlled release fertilizer is taken up and few developed grade are under actual field trials at company's Agro research-Model farm for Maize crop.
- High impact glass fiber reinforced grades nylon-6 grades are prepared and ready for commercialization.

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

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

- 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 I microbiological methods to cater to the above requirements.
- 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.
- Monitoring of Cooling Towers for Biocide Efficacy.

(3) FUTURE PLAN OF ACTION :

- 20000 MTPY capacity Water soluble fertilizer of 19-19-19 grade and 10000 MT of additional facility for packing of other grades of water soluble fertilizer project is being installed on base of in house developed formulation of WSF.
- To conduct trials for converting plant products in value added product.
- To work on effluent water by developing microbial broth for reduction in COD.
- To continue to extend support services to the process plants for process trouble shooting, product quality up-gradation, and improving process efficiency etc.
- 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.
- Development of polymer coated urea with enhanced nitrogen use efficiency for longer duration and finally will be taken up for field trials for different crop.

(4) EXPENDITURE ON RESEARCH & DEVELOPMENT :

	₹ in Lacs
(a) Capital	00.00
(b) Recurring	1190.84
(c) Total	1190.84
(d) Total R & D Expenditure as a percentage of Net Sales	0.19%

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

In-house Technology:

In-house development of process technology for Water Soluble Fertilizers is accomplished and is being commercialized through setting up of 20,000 MTPA capacity plant. The project is in implementation stage.

Imported Technology:

For Nylon-6 & DAP/NPK Projects – technology is imported and the Projects are under process of implementation.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1 MACRO ECONOMIC OVERVIEW 2012-13

Industrial & Service Sector :

The Indian economy is estimated to have registered a growth rate of 5.0 per cent in 2012-13 in terms of gross domestic product at factor cost at constant 2004-05 prices, following a growth of 6.2 per cent in 2011-12. The growth is on the lower side not only as compared to the recent past but also in the context of growth trends witnessed since 2003-04. The slowdown in the growth of the economy in 2012-13 is mainly on account of the slowdown in the industrial sector which is estimated to grow at 3.1 per cent in 2012-13 as against 3.5 per cent in 2011-12. Services sector is estimated to grow at a rate of 6.6 per cent in 2012-13, which is also lower than that achieved in 2011-12. The slowdown in 2011-12 and 2012-13 has been precipitated by domestic factors as well as factors emanating from the rest of the world, particularly advanced economies and India's major trading partners. The crisis in the Euro-zone area and slow growth in many other advanced economies have affected growth in India through dynamic linkages. Domestic factors, including the tightening of monetary policy, in order to control inflation and rein in inflationary expectations, resulted in slowing down of investment and growth, particularly in the industrial sector. The government has a critical role to play in this regard by remaining committed to fiscal consolidation, easing the supply bottlenecks and improving governance surrounding project implementation.

Indian Agriculture Sector :

Agriculture, the mainstay of the Indian Economy, is an important driver of macro-economic performance and is also a critical element for the growth strategy. The Eleventh Five Year Plan (2007-12) witnessed an average annual growth of 3.6 per cent in the gross domestic product (GDP) from agriculture and allied sector against a target of 4.0 per cent. The Twelfth Five Year Plan emphasizes the need to re-double our efforts to have 4% average growth in agriculture sector. The Agriculture Sector achieved significantly lower growth of 1.8 per cent on top of a growth rate of 3.6 per cent achieved in 2011-12. Thrust on soil testing, increasing area under irrigation, favorable terms of trade to farmers, better & cheaper access to credit, more investment in agriculture, use of latest technology, fertilizer use efficiency, use of new and tailor made specialty/ customized fertilizers for application based on soil report would certainly help in giving momentum to the agricultural production.

Growth in this sector was reasonably stable despite large weather shocks during 2009 (deficient south west monsoon), 2010-11 (drought/ deficient rainfall in some states) and 2012-13 (delayed and deficient monsoon). The reason for this was an increase in gross capital formation (GCF) in this sector relative to GDP of this sector, which has consistently been improving from 16.1 per cent in 2007-8 to 19.8 per cent in 2011-12 (at constant 2004-5 prices). During 2011-12, total food grains production reached an all-time high of 259.32 million tones. However, the production of food grains during kharif 2012 got affected by deficiency in the south-west monsoon and the resultant acreage losses.

The performance of Indian agriculture is still heavily dependent on rainfall and south west monsoon (June to September), comprising 75 per cent of total annual rainfall. During 2012, south-west monsoon rainfall over the country as a whole was 8 per cent less than the long period average (LPA). The seasonal rainfall was 93 per cent of its LPA over north-west India, 96 per cent over central India, 90 per cent over peninsular India, and 89 per cent over north-east India. Out of a total of 36 meteorological subdivisions in the country, 23 received excess/ normal rainfall and in the remaining 13 subdivisions rainfall was deficient. The deficient monsoon had its impact on the area sown under different crops which reduced as compared to 2011-12.

Fertilizer Industry Performance :

All India sales of fertilizers during 2012-13 were less as compared to 2011-12. All India sales of DAP during 2012-13 declined by 15%, from 107.88 lakh MT during 2011-12 to 91.27 lakh MT in 2012-13. NPK sales during 2012-13 declined to 77.27 lakh MT from 113.98 lakh MT, a decline of 32%. Sub normal monsoon resulted in acreage losses. Moreover, increase in the prices of DAP/NPK grades & MOP due to reduction in subsidy, increase in ammonia prices and heavy slide in rupee against US dollar impacted the demand negatively. Farmers prefer to use low priced urea and phosphatic fertilizers whose apparent price is lower.

Fertilizers in Gujarat :

The state wise sales also reflect a negative sales pattern. In our home market Gujarat, sales of DAP experienced a decline by 39%, from 6.51 lakh MT in 2011-12 to 3.95 lakh MT in 2012-13. In our primary marketing zone, except MP, sales of DAP declined in Maharashtra & Rajasthan during 2012-13 compared to 2011-12. In the secondary marketing zone, except UP, sales of DAP declined in other states. The sales of DAP in UP during 2012-13 increased by 17% over the last financial year. The decline in state-wise sales of DAP has been particularly steep in Gujarat (39%), Maharashtra (43%), AP (36%) and Karnataka (55%).

State-wise sales of NPK grades showed a steeper decline than DAP. All India sales declined by 32%, from 113.98 lakh MT in 2011-12 to 77.27 lakh MT in 2012-13. All states registered steep decline in the sales of NPK. In Gujarat, the sales of NPK grades declined by 35% during 2012-13 compared to 2011-12. MP, Punjab and Haryana registered more than 50% decline in sales of NPK grades.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

State-wise Sales of DAP & NPK

(Lakh MT)

State	DAP			NPK		
	2011-12	2012-13	% Inc./Dec.	2011-12	2012-13	% Inc./Dec.
Gujarat	6.51	3.95	-39.00	7.08	4.58	-35.00
Maharashtra	11.18	6.39	-43.00	19.74	12.80	-35.00
M P	10.20	10.95	7.00	4.67	2.33	-50.00
Rajasthan	6.87	5.93	-14.00	1.40	0.83	-41.00
Haryana	8.23	6.84	-17.00	0.71	0.26	-63.00
Punjab	9.26	8.64	-6.69	1.19	0.42	-65.00
U P	17.79	20.83	17.08	11.28	6.62	-41.00
A P	9.77	6.27	-35.82	23.58	17.59	-25.00
Karnataka	8.67	3.92	-54.79	16.40	9.39	-43.00
Chhatisgarh	2.56	2.29	-10.55	1.97	1.04	-47.00
All India Sales	107.88	91.27	-15.40	113.98	77.27	-32.00

Source: DOF website- FMS

GSFC Performance - FY 2012-13 :

Despite reduced fertilizer sales on All India level, sales of GSFC Sardar Fertilizers during 2012-13 went up to 16.55 lakh MT as against 14.41 lakh MT during 2011-12, an increase of 14.85%. This sales volume is the second highest, achieved by GSFC in the last twelve years. GSFC was able to perform well despite unfavorable macroeconomic scenario, owing to the efficient pricing, logistics and decision making. Gujarat is the primary market for selling fertilizers manufactured by your Company. The programs implemented by the State Government have helped immensely in improving the agricultural productivity and this has enabled the Company to sell 6.74 Lac Tons of fertilizers in Gujarat which is 41% of the total all India fertilizer sale of 16.55 Lac Tons. Sales of fertilizers during 2012-13 have gone down as state faced acute drought. Saurashtra which is the main pocket of DAP was under the grip of severe drought and faced acute shortage of drinking water. However, with Sardar Sarovar project, irrigation benefit has reached to 18.45 lakh hectares. The State has emerged as the fastest growing state in the field of agriculture and agriculture output has increased by 8.7 million tons per annum. 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 has covered 6.80 lac hectares under drip irrigation in state of Gujarat since 2005.

In home market Gujarat, total sale of fertilizer during 2012-13 was 6.74 lakh MT against 7.63 lakh MT in 2011-12. Sales of GSFC DAP in Gujarat were 2.45 lakh MT in 2012-13 as compared to 3.18 lakh MT during 2011-12. The decline in DAP sales was due to acute drought conditions in Gujarat, especially in Saurashtra and reflects farmers' preference for cheaper Urea over costlier DAP. In primary marketing zone which comprises of Maharashtra, Rajasthan and MP, sales of fertilizers increased during 2012-13 to 4.73 lakh MT compared to 3.7 lakh MT during 2011-12. The increase in sales was mainly due to volume of sales achieved in Madhya Pradesh which received good rainfall during Kharif '12. Percent share of Gujarat in total sales works out to 41% while percent share of primary marketing zone was 29%.

The market share of GSFC for DAP in Gujarat for the year 2012-13 works out to be 62%. For APS, the market share of GSFC in Gujarat is 100% whereas on All India level, it is 11%. In Gujarat, our market share for DAP was highest (62%), followed by IFFCO (16%), HINDALCO (14%) and IPL (16%).

Fertilizer Sales Scenario & Outlook for 2013-14 :

Due to weak demand during FY 2012-13, the year end stock of Phosphatic and Potassic Fertilizers were high both at the industry and trade level. The demand in the year 2012-13 suffered due to deficient monsoon & rise in price of DAP/NPK due to sliding of rupee against dollar.

The stock of Phosphatic and Potassic fertilizers in the country is enough to meet the demand for Kharif 2013, figuring in the regular domestic production. The GOI thus suggested delaying the fertilizer imports. However, the imports of DAP are continued and this presents a situation of concern as the glut situation can worsen, resulting the likelihood of further unsold product and lower profitability.

IMD has forecast that south – west monsoon would be good which may give the boost to demand of P & K fertilizers. GSFC also will be able to sell good quantum of fertilizers & would be achieving budgeted sales targets.

2 OPPORTUNITIES & THREATS

2.1 Nutrient Based Subsidy Policy :

NBS rates have been declared by Department of Fertilizer, Government of India for the year 2013-14 on 3rd May, 2013. In case of DAP, subsidy has been reduced from Rs 14350/MT to Rs 12350/MT. For all other products under NBS scheme, subsidy has been reduced. In addition to this, DOF has directed all suppliers to reduce the MRP of DAP & MOP by Rs 1500/MT & Rs 1000/MT respectively on the reference MRP of DAP (Rs 24000/MT) & of MOP (Rs 17000/MT). For other grades also, commensurate reduction has been mentioned by DOF.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

All suppliers are expected to comply with direction of DOF in regard to supply of material at reduced rate and if the companies are found to be indulging in profiteering, IMC will review & suitable measures may be taken.

After notification, the CFR prices of DAP in the international market may touch the level of \$ 515/MT. The derived CFR PA price works out to \$ 705/MT. However, PA suppliers are reluctant to reduce the prices at this level & the reduction of \$ 20/MT (\$ 750/mt) is offered.

As per amended NBS policy by DOF, the industry has to submit certified cost data in the prescribed format along with the subsidy claims as against the earlier NBS policy announced by GOI during April 2010-11. Following the DOF notification & directives, major fertilizer producers started reducing DAP prices passing the price reduction benefit to trade. This development will adversely affect the DAP manufacturers in the country.

2.2 Raw Material Prices :

The international prices of finished fertilizers & raw materials both were lower during FY 2012-13 as compared to 2011-12. The average CFR prices of Phosphoric Acid (PA) which was USD 1018 per ton during 2011-12 went down to USD 861 (-15%) per ton during 2012-13 and average DAP prices in the international market during 2012-13 decreased to \$ 573/MT from \$ 652/MT during last year. Though there was heavy stock of DAP in the country during Q3 and Q4 2012-13, substantial imports took place, adding to the availability of DAP in the country.

The prices of Ammonia skyrocketed during 2012-13 as compared to 2011-12. On an average, there was 22% increase in prices of Ammonia as compared to 2011-12. However, in certain months of the year, the prices were higher by more than 50% as compared to corresponding month last year. This was mainly due to the tight supply of Ammonia in the international market.

With the exception of Ammonia, the prices of all other raw material and finished products declined in the international market.

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

Product	2011-12	2012-13	% Increase/Decrease
DAP (C & F)	652	573	-12
PA (C & F)	1018	861	-15
Rock Phosphate (C & F)	186	185	-1
Sulphur (C & F)	225	199	-11
Ammonia (C & F)	517	633	+22

Source: FMB – Various Issues

3 INDUSTRIAL PRODUCTS SCENARIO

During the financial year 2012-13, the macroeconomic environment continued to register a slow down which had set in during 2nd half of the previous year. Caprolactam prices which were at an all time high of USD 3570 PMT in April '11 declined to USD 2211 PMT in December '12. This coupled with all time high feedstock price of Benzene, hit the company's margins hard. The Caprolactam Benzene spread dropped to USD 800 from a robust spread of USD 2400 in the previous year. The demand across all the user segments like Automobiles, Textiles, Infrastructure, Housing and consumer durable etc have witnessed a decline during the current year. Thus, while the turnover of Industrial Product has been achieved at ₹ 1974 crores, an increase of more than 6% over 2011-12 of ₹ 1862 crores, the bottom line could not be maintained.

All major industries registered a slow down and the Index of Industrial Production was negative in 7 months during the year. The GDP growth continued to decline and was below 5% in Q3 of 2012-13. Most of the Industrial Products are being sold at import price parity basis and hence rupee which depreciated 14% during the financial year 2012-13 as compared to 2011-12 helped in realizing better prices.

As per IMF estimates, the Indian economy is expected to grow at 5.7% in the year 2013 and at 6.2% in year 2014 as India's declining growth has bottomed out in current year. India is expected to sustain 6% GDP growth per annum with the help of forecasted good monsoon.

EXPORTS :

The economic activity in the Euro zone is continuously registering a decline. Germany, widely regarded as the most fiscally secure among EU countries is also struggling and the growth rate in China is also being steadily falling since the end of 2010. The US economy is growing and has recorded 2.5% expansion in Q1 2013 which is contrary to the downturn in world economy.

MEK Oxime and Caprolactam are the main products being exported by the Company. During FY 2012-13, the export of Caprolactam was 408 MTs as against 7515 MTs in FY 2011-12 due to non availability of the product on account of increased demand at our end from the domestic market since FACT shutdown their production from September'12 onwards. MEK Oxime has been exported to about 35 countries and the export quantity is 2941 MTs in 2012-13 as against 2016 MTs in 2011-12. The increase in export of MEK Oxime is due to continuous production and tapping of new market other than European Union which continues to be our key export destination.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

4 FINANCIAL PERFORMANCE OF THE COMPANY DURING FY 2012-13

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

Particulars	₹ Crores	Increase / Decrease over previous year
Sales Turnover	6253	+18%
EBIDTA	936	-28%
Profit Before Tax	768	-31%
Net Profit (PAT)	518	-32%

The sales turnover achieved for the year ended March 31, 2013 was ₹ 6253 Crores, which registered a growth of 18% over the previous year. The EBIDTA is ₹ 936.02 Crores. The Profit before tax is ₹ 767.72 Crores and the Profit after tax is ₹ 518.10 Crores. At the end of the financial year 2012-13, the Company had the total borrowings of ₹ 1505 Crores as against ₹ 617 Crores as on March 31, 2012.

The Company performance was reasonably good, when seen in the light of declining profit margin in the industrial product during 2012-13

The Company has recorded Net Profit of ₹ 518.10 Crores. This has resulted into Earning per Share (EPS) of ₹ 13.00 as against ₹ 19.01 during the year 2011-12 (based on Face value of ₹ 2 per share).

Your Company maintains a healthy credit rating of 'A+' for short term borrowings and 'AA+' for long term borrowings from India Ratings & Research.

Turnover :

In the Year 2012-13, turnover of the Company (including trading activities) was ₹ 6253.30 Crores as against ₹ 5301.83 Crores in 2011-12. The increase in turnover was due to higher sales of both fertilizer and industrial products. The sale of fertilizers was ₹ 4279.06 Crores and for Industrial Products, the Company registered net sales of ₹ 1974.24 Crores as compared to ₹ 1862.02 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	2012-13		2011-12	
	₹ Crores	%	₹ Crores	%
Fertilizers segment	4279.06	68.43	3439.81	64.88
Industrial Products Segment	1974.24	31.57	1862.02	35.12
Total	6253.30	100.00	5301.83	100.00

Dividend :

Your Directors have recommended an increased dividend of 100% of face value i.e. ₹ 2 per share aggregating ₹ 93 Crores including Dividend Distribution Tax. Thus, the retained earnings of ₹ 425 Crores have increased the net-worth of your Company from ₹ 3517 Crores at the close of previous year to ₹ 3942 Crores during 2012-13.

5. TEN YEARS PRODUCT PERFORMANCE RECORD

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

PARTICULARS	Unit	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
PRODUCTION											
FERTILIZERS	MT	1436535	1470350	1556172	1812570	1469470	1594703	1778070	1528265	1392018	1275764
CAPROLACTAM	MT	83180	80503	79577	81151	70913	79716	79666	78120	77150	68489
NYLON-6	MT	9659	8914	9464	8715	8783	8683	9145	7975	8691	7264
MELAMINE	MT	14001	15279	13938	13735	13655	14741	15335	15323	14823	15237
ARGON	'000NM ³	3458	3270	3327	3464	3183	3129	2912	3105	2245	3029
MONOMER	MT	3116	4287	4547	4597	3469	4156	4449	4053	4739	4472
ACRYLIC SHEETS	MT	566	876	721	687	552	642	664	574	398	498
ACRYLIC PELLETS	MT	1974	2046	1710	1937	1887	2023	2082	1936	1813	2159
NYLON FILAMENT YARN	MT	3080	3910	4361	4433	4498	4705	5169	5779	6069	5159
NYLON CHIPS	MT	6563	5103	5399	4652	5097	5950	4084	4546	3816	3553

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

PARTICULARS	Unit	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
SALES											
FERTILIZERS*	MT	1395376	1441232	1571500	1797894	1382463	1602782	1659381	1405491	1373289	1325562
CAPROLACTAM*	MT	64728	63082	61770	62650	53859	59710	63419	60660	57910	52528
NYLON-6	MT	9732	8756	9623	9189	8496	9138	9806	8285	9017	6613
MELAMINE	MT	14166	15283	13319	13695	14115	14804	15563	16717	15373	13417
ARGON	'000NM ³	3453	3272	3327	3464	3184	3138	2911	3111	2251	3033
MONOMER*	MT	2108	2036	2292	2282	1374	1706	2090	1762	2976	1610
ACRYLIC SHEETS	MT	678	726	728	696	584	598	692	590	460	588
ACRYLIC PELLETS	MT	1978	1993	1855	1883	1916	2038	2178	1890	2012	1938
NYLONE FILAMENT YARN	MT	2924	3319	4033	4081	4740	4391	4788	5619	5493	4948
NYLON CHIPS	MT	6331	5121	5251	4596	5500	5737	4095	4312	4133	3324

*excluding captive consumption

6. 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.

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.

7. 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 lakhs of disease free banana tissue culture plants, with uniform quality to the farmers to get better yield. Since 2006, it is also producing & marketing Cereal Protein Hydrolysate based Biotech products (Plant growth promoter). 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 & balance use of fertilizers, micronutrients as well as soil amendment like Gypsum by testing their soils which facilitate maintenance of soil fertility & soil health. Your company has also analyzed a 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 & water testing services at the doorstep of the farmers.

Your Company is having Sardar Agrinet Cell well equipped with effectively and efficiently organized telecommunication infrastructure with Toll free number, computer support and human resources for instant response to farmer's 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 has backup the farmers of Gujarat with valuable knowledge base on new technologies on various crops for improving cultivation and productivity.

Your Company is organizing regular & 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 technology of Agriculture and also motivate them to adopt it for increasing farm productivity. It organizes four regular & one re-orientation Farm Youth Training Programs every year to promote high-tech agri-concepts among the farmers, who are now decision makers.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

Your company is publishing agricultural monthly magazine 'Krishi Jivan' since 1968 in local language. It is one of the highest (76000) circulating magazines having 38300 Life Members. It provides latest agriculture information to farmers based on scientific research of scientists of Agriculture universities 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 GSFC Agrotech Limited. Initially it will take up production activities of Liquid Bio-Fertilizers, Cereal Protein Hydrolysate based Biotech Products & Banana Tissue Culture Plants.

8. SAFETY, HEALTH AND ENVIRONMENT

- During the year under review, GSFC was conferred Safety Award-2011 Certificate of Appreciation from NSCI, Mumbai and also the prestigious 'Gujarat State Safety Award 2011' 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.
- Occupational Health & Safety audit of all the four units of GSFC was carried out by M/s. British Safety Council, UK in Nov.-Dec. 2012. We are pleased to inform GSFC Baroda Unit received '5 STAR' rating with 92.66%.
- Fire fighting facilities at GSFC, have been upgraded with the addition of 6 nos. of Fire Crash tenders at an estimated cost of ₹ 320 lacs. With the addition of these Fire fighting facilities, GSFC is well equipped to take care of any eventuality at GSFC and also for nearby industries.
- Modification of fire water line has been carried out to ensure fire water availability at GAIL, NG station located near SA-4 plant on the outskirts of factory wall.
- During the year under review total 2629 employees health check up was carried out and no work environment related abnormality observed in the reports.
- Up-gradation of health check up facility for early detection of cardiac problem has been carried out at Factory Medical Unit (FMU) during the year under review.

9. HUMAN RESOURCES

On this topic, the shareholders are requested to refer to point P on page no. 10 of the Directors Report which forms 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 : 17th June, 2013

Sd/-
Dr. Varesh Sinha
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- 2012-13, (6) Fertilizer Market various Bulletins, (7) A special issue on Vibrant Gujarat 2013 and (8) RBI Bulletin.

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, 2013 was eight; its composition is tabulated below :

	Name of Directors	Category
1	Dr. Varesh Sinha, IAS, Chairman (w.e.f. 01.03.2013) Shri A. K. Joti, IAS, Chairman (upto 01.03.2013)	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 D. J. Pandian, IAS	
9	Shri M. M. Srivastava, IAS (upto 31.07.2012)	
10	Dr. Varesh Sinha, IAS (from 19.10.2012 to 01.03.2013)	

CORPORATE GOVERNANCE REPORT (Contd.)

In all, nine meetings of the Board of Directors of the Company were held during the Financial Year 2012-13 as detailed below :

Sr. No.	Dates of Board meeting	Board strength	No. of Directors present
1	21-05-2012	9	5
2	30-05-2012	9	5
3	19-06-2012	9	6
4	04-08-2012	8	5
5	19-10-2012	9	6
6	22-11-2012	9	6
7	08-01-2013	9	5
8	29-01-2013	9	4
9	15-03-2013	8	6

The details relating to the names and categories of the Directors on the Board, their attendance during F.Y. 2012-13 at the Board Meetings and the 50th 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	Dr. Varesh Sinha Chairman (w.e.f. 01.03.2013)	Nominee of GOG (As promoter) Non-Executive Director	-	1	N.A.	4	-	-
2	Shri A. K. Joti Chairman (upto 01.03.2013)	Nominee of GOG (As promoter) Non-Executive Director	-	8	Yes	5	-	-
3	Shri D. C. Anjaria	Non-Executive Independent Director	@3950	9	Yes	5	3	2
4	Prof. Vasant P. Gandhi	Non-Executive Independent Director	@2500	7	Yes	1	-	3
5	Shri Ajay N. Shah	Non-Executive Independent Director	@2500	2	No	4	-	1
6	Shri Vijai Kapoor	Non-Executive Independent Director	@2500	4	Yes	2	-	-
7	Shri P. N. Roy Chowdhury	Non-Executive Independent Director	@3055	-	No	-	-	1
8	Shri M. M. Srivastava (upto 31.07.2012)	Non-Executive Independent Director	N.A.	3	N.A.	N.A.	N.A.	N.A.
9	Dr. Varesh Sinha, Director (from 19.10.2012 to 01.03.2013)	Non-Executive Independent Director	N.A.	2	N.A.	N.A.	N.A.	N.A.
10	Shri D. J. Pandian	Non-Executive Independent Director	@2500	3	No	14	2	1
11	Shri Atanu Chakraborty Managing Director	Nominee of GOG (As promoter) Executive Director	-	9	Yes	10	1	3

@ Holding 2500 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.

CORPORATE GOVERNANCE REPORT (Contd.)

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

W.e.f 01.03.2013, Dr. Varesh Sinha, IAS, Chief Secretary to Govt. of Gujarat has been appointed as the Government of Gujarat Nominee Director & Chairman of the Company vice Shri A. K. Joti, consequent upon his retirement from the services of the Govt. of Gujarat.

Dr. Varesh Sinha, IAS was the Additional Chief Secretary to the Government of Gujarat and was also a director of the Company for the period from 19.10.2012 to 01.03.2013.

Dr. Hasmukh Adhia, IAS has been appointed as Additional Director of the Company w.e.f. 01.04.2013.

Shri D. J. Pandian, IAS and Shri D. C. Anjaria 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 51st Annual General Meeting is annexed to the Notice convening the 51st Annual General Meeting, which forms the integral part of this Annual Report.

☛ Code of Conduct :

The Company has laid down a Code of Conduct for all its Board Members and Senior Management Personnel to avoid any conflict of interest. The confirmation to the adherence of the Code of Conduct for the Financial Year 2012-13 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.

CORPORATE GOVERNANCE REPORT (Contd.)

During the Financial Year 2012-13, six meetings of Finance-cum-Audit Committee were held i.e. on 29-05-2012, 29-06-2012, 03-08-2012, 19-10-2012, 28-01-2013 and 14-03-2013. 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	4
3	Shri Ajay N. Shah	Independent Non-Executive	6	3
4	Shri P. N. Roy Chowdhury	Independent Non-Executive	6	-
5	Shri Shri M. M. Srivastava (upto 31.07.2012)	Independent Non-Executive	2	-
6	Dr. Varesh Sinha (from 19.10.2012 to 01.03.2013)	Independent Non-Executive	1	-

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. 50th Annual General Meeting held on 04-08-2012.

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 however is being paid to Managing Director. The details of the remuneration paid to the Directors during the financial year 2012-13 are as under :

Name	Salary & allowances	Perquisites	Sitting Fees	Total (Rupees)
Dr. Varesh Sinha, Chairman	-	-	30,000	(*) 30,000
Shri A. K. Joti, Chairman	-	-	40,000	(*) 40,000
Shri D. C. Anjaria	-	-	95,000	95,000
Prof. Vasant P. Gandhi	-	-	65,000	65,000
Shri Ajay N. Shah	-	-	30,000	30,000
Shri Vijai Kapoor	-	-	25,000	25,000
Shri P. N. Roy Chowdhury	-	-	-	-
Shri M. M. Srivastava	-	-	25,000	(*) 25,000
Shri D. J. Pandian	-	-	60,000	(*) 60,000
Shri Atanu Chakraborty Managing Director	15,38,139	2,39,163	-	17,77,302

(*) 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 31-03-2013 it consist of the following Directors viz.(1) Shri D. C. Anjaria, as Chairman, (2) Shri P. N. Roy Chowdhury and (3) Shri D. J. Pandian.

All the members of the Remuneration Committee are Independent and Non-Executive Directors. During the financial year 2012-13, 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

CORPORATE GOVERNANCE REPORT (Contd.)

the Committee monitors the investors' grievance redressal periodically. On the date of this report there are no major complaints pending, which need 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 the Company Secretary/Dy. Company Secretary upto 5,000 shares of Rs. 2/- each per transfer request and the authority for approval of more than 5,000 shares of Rs. 2/- each per transfer request has been delegated to the Managing Director.

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

The jurisdiction of the Committee encompasses the following areas :

- Timely transfer of Shares and Debentures.
- Dematerialisation and/or Rematerialisation of shares.
- Transmission of Shares/Deletion of Name in case of death of the shareholder/s.
- Issue of duplicate shares/debentures 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. 2012-13, three meetings of the Committee were held i.e. on 30-05-2012, 24-09-2012 and 29-01-2013. As on 31-03-2013, 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 2012-13 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
2	Prof. Vasant P. Gandhi	3	2
3	Shri Atanu Chakraborty	3	3

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

(b) Name and Designation of Compliance Officer : Shri V. D. Nanavaty, General Manager (Finance) & Company Secretary

All the shares received for Transfer/Transmission/Transposition/Split/Consolidation etc. are processed and dispatched within the period not exceeding 15 days 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. 2012-13 and their status as on date. It is further reported that as on 31-03-2013, there are no outstanding complaints pertaining to and received during the F.Y. 2012-13.

- | | |
|--|--------|
| (a) No. of complaints received from Shareholders/Investors during the financial year 2012-13 | : 26 |
| (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 2012-13 | : 1405 |
| (d) No. of pending requests for share transfers, transmissions and transposition of shares as on 31-03-2013 | : 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 form and the total number of dematerialized shares held with the two depositories viz. the NSDL and CDSL.

As on 31st March, 2013 total 38,46,91,725 Equity Shares of Rs. 2/- each representing 96.54% of the total no. of Shares were dematerialised.

CORPORATE GOVERNANCE REPORT (Contd.)

Other Committees of the Board :

➤ Project Committee :

A Project Committee having following details is in place, to review and recommend to the Board on the various new projects and also to review the projects under expansion and matters related thereto. During the F.Y. 2012-13, two meetings of the Committee were held on 23.04.2012 and 05.09.2012.

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 P. N. Roy Chowdhury	2	-
3	Shri Ajay N. Shah	2	1
4	Shri Vijai Kapoor	2	1
5	Prof. Vasant P. Gandhi	2	-
6	Shri M. M. Srivastava (upto 31-07-2012)	1	1
7	Shri Atanu Chakraborty	2	2

➤ Wind Mill Project Sub-Committee :

The Board of Directors constituted a Committee comprising of following members with a view to examine the current financial position as well as the capabilities of M/s Suzlon, in current scenario, to execute the proposed 29.4 MW Wind-mill project in time at Sardhar in Rajkot District and to finalize and issue the work order in favour of M/s Suzlon with or without changes. During the FY 2012-13, one such meeting of the Committee was held i.e. on 22-10-2012.

Sr. No.	Name	No. of meetings held during the tenure of Directors	No. of Meetings attended
1	Dr. Varesh Sinha (Chairman of the Committee) (from 19.10.2012 to 01.03.2013)	1	1
2	Shri D. J. Pandian	1	1
3	Shri Atanu Chakraborty	1	1

➤ M/s. Karnalyte Potash Sub-Committee :

The Board of Directors constituted a Committee comprising of following members to finalize and approve various Agreements viz. the Share Subscription Agreement, Side Letter, Shareholders Agreement, Off-take Agreement and Escrow Agreement for the Karnalyte Potash Project and present the executed documents before the Board for information. During the FY 2012-13, three such meetings of the Committee were held on 06-07-2012, 06-11-2012 and 07-01-2013.

Sr. No.	Name	No. of meetings held during the tenure of Directors	No. of Meetings attended
1	Shri M. M. Srivastava (Chairman of the Committee) (upto 31.07.2012)	1	1
2	Dr. Varesh Sinha (Chairman of the Committee) (from 19.10.2012 to 01.03.2013)	2	2
3	Shri D. J. Pandian	3	3
4	Shri D. C. Anjaria	3	3
5	Shri Ajay N. Shah	3	-
6	Shri Atanu Chakraborty	3	3

➤ 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. 2012-13, one meetings of the Personnel Committee were held i.e. on 05.09.2012

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)	1	1
2	Shri D. C. Anjaria	1	1
3	Prof. Vasant P. Gandhi	1	-
4	Shri Atanu Chakraborty	1	1

➤ 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 2012-13, no meeting of this Committee was held.

CORPORATE GOVERNANCE REPORT (Contd.)

6 GENERAL BODY MEETINGS

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

Meetings	50th AGM	49th AGM	48th AGM
Particular			
Date	August 04, 2012	September 17, 2011	September 24, 2010
Start Timing	4.00 PM	4.00 PM	4.30 PM
Venue	Cultural Center Auditorium situate at 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 Resolutions regarding appointment of Statutory Auditors & Alteration of Article 3 of Articles of Association were passed at the 50th 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. 34 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 2012-13 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 reported to the Board in its every meetings.

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

☞ Risk Management :

The Company is compliant with the requirements and the 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 consultant appointed by the Company viz. M/s Vibhakar J Trivedi & Co., Chartered Accountants, Ahmedabad has prepared and submitted the draft risk identification report and the said report is under review/ discussion by the management. Upon finalization of the same the report shall be placed before the Board of Directors for consideration. It is also submitted that a preliminary presentation on the draft sketch of the Enterprise Wide Risk Management System (EWRMS) has been made before the Audit Committee of the Company at its meeting held on 29.06.2012. Based on the deliberations at the Audit Committee, the constitution of an appropriate organization structure consisting of Risk Management Core Groups, Risk Management Team & Risk Management Committee is under progress. Thereafter, further process shall be taken up to implement the EWRMS.

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

CORPORATE GOVERNANCE REPORT (Contd.)

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)
30-06-2012	11-07-2012
30-09-2012	12-10-2012
31-12-2012	11-01-2013
31-03-2013	09-04-2013

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 vdnnavaty@gsfccltd.com.

9 GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting :

As is indicated in the Notice convening the 51st Annual General Meeting, the 51st AGM of the Company will be held on 3rd day of August, 2013 at 3.30 P.M. in the Cultural Centre Auditorium situated at 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, 2013	Latest by 14 th August, 2013
Unaudited Results for Quarter ending September 30, 2013	Latest by 14 th November, 2013
Unaudited Results for Quarter ending December 31, 2013	Latest by 14 th February, 2014
Audited Results for Quarter / Year ending March 31, 2014	Latest by 30 th May, 2014

c) Book closure date :

The Register of Members of the Company shall remain closed from Saturday the 20th July, 2013 to Saturday the 3rd August, 2013 (both days inclusive).

d) Dividend payment date :

Dividend shall be paid on and from 12th August, 2013.

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. 2013-14 has been paid by the Company.

(ii) Demat ISIN Number in NSDL & CDSL for Equity shares : INE026A01025.

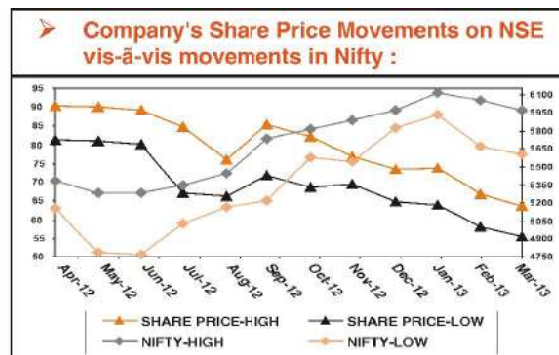
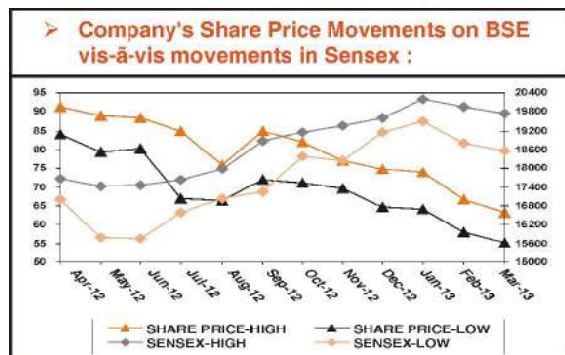
(iii) Stock Market Data :

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

Month & year	Face Value of GSFC's Share	BSE				NSE			
		GSFC's Share Price (Rs.)		Sensex		GSFC's Share Price (Rs.)		Nifty	
		High	Low	High	Low	High	Low	High	Low
Apr-12	Rs.10/-	455.70	420.00	17664.10	17010.16	452.00	406.60	5378.75	5154.30
May-12	Rs.10/-	445.00	397.00	17432.33	15809.71	449.70	406.00	5279.60	4788.96
Jun-12	Rs.10/-	441.90	401.15	17488.48	15748.98	446.00	401.00	5286.25	4770.35
July-12	Rs.10/-	425.00	335.75	17631.19	16598.48	424.90	335.05	5348.55	5032.40
Aug-12	Rs.10/-	379.70	332.00	17972.54	17026.97	380.00	331.55	5448.60	5164.55
Sep-12	Rs. 2/-	85.00	71.81	18869.94	17250.80	85.50	71.82	5735.15	5215.70
Oct-12	Rs. 2/-	81.90	71.00	19137.29	18393.42	82.15	68.50	5815.35	5583.05
Nov-12	Rs. 2/-	77.25	69.75	19372.70	18255.69	77.05	69.50	5885.25	5548.35
Dec-12	Rs. 2/-	74.95	64.75	19612.18	19149.03	73.50	64.75	5965.15	5823.15
Jan-13	Rs. 2/-	73.90	64.00	20203.66	19508.93	73.90	63.85	6111.80	4935.20
Feb-13	Rs. 2/-	66.75	58.00	19966.69	18793.97	66.75	58.00	6052.95	5671.90
Mar-13	Rs. 2/-	63.40	55.15	19754.66	18568.43	63.70	55.50	5971.20	5604.85

CORPORATE GOVERNANCE REPORT (Contd.)

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 2012 to March 2013 :



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 visit 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, 2013 :

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

Category	No. of Shares	% to Total Capital
Promoter: Gujarat State Investments Limited	15,07,99,905	37.84
Public Financial Institutions, Insurance Companies & Mutual Funds	9,95,19,905	24.98
Companies & Banks	8,97,23,205	22.52
Individuals, Co-operative Societies & Co-operative Banks	5,84,34,515	14.66
Total	39,84,77,530	100.00

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

Category (No. of Shares) From To	No. of Shareholders	%	No. of Shares	%
Upto 500 Shares	74,814	81.21	1,09,35,785	2.74
501 - 1000	7,702	8.36	59,89,848	1.50
1001 - 2000	5,042	5.47	74,01,888	1.86
2001 - 3000	1,804	1.96	45,00,010	1.13
3001 - 4000	687	0.75	24,25,434	0.61
4001 - 5000	608	0.66	28,87,144	0.72
5001 - 10000	760	0.82	55,98,183	1.41
10001 and above	711	0.77	35,87,39,238	90.03
TOTAL	92,128	100.00	39,84,77,530	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 ₹ 10/- each (consequent upon sub-division 35,160 shares of ₹ 2/- each) of 487 shareholders in the "GSFC Unclaimed Shares Suspense Account" opened with Stock Holding Corporation of India Limited. Out of which, till 31st March, 2013, 610 shares of ₹ 2/- each in respect of 2 shareholders were credited in their demat account and as on 31st March, 2013, 34,550 shares of ₹ 2/- each are lying in the suspense account.

- i) ➤ No pledge has been created over the Equity Shares held by the Promoters as on March 31, 2013.
- 96.54% of the Equity Shares have been Dematerialised till 31/03/2013. 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 INE026A01025.

CORPORATE GOVERNANCE REPORT (Contd.)

- The Company has paid the Annual Custody Charges to National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) for the year 2013-14.
- Dividend @ ₹ 2/- per share has been recommended by the Board of Directors on the Equity Shares which shall be paid/ distributed on and from 12th August, 2013 upon its approval by Shareholders in the ensuing 51st Annual General Meeting.
- **Unit wise Plant locations :**
The Company's Units are located as follows :
 Vadodara Unit : 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 :

General Manager (Finance) & Company Secretary

Gujarat State Fertilizers & Chemicals Limited, Fertilizernagar - 391 750, Dist. Vadodara

Tel. Nos. 0265-2242451/2242651/2242751, Fax No. 0265-2240966/2240119

E-mail: vdnnavaty@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 mcsLtdbaroda@yahoo.com

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 : 7th May, 2013

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, 2013 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, 2013, 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.

Sd/-

S. Samdani

Practicing Company Secretary

S. Samdani & Associates

Company Secretaries

CP No. 2863

Date : 7th June, 2013

Place : Vadodara

FINANCIAL HIGHLIGHTS OF TEN YEARS

PARTICULARS	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
OPERATING RESULTS										(₹ in Crores)
GROSS INCOME	6391	5464	4856	4132	5952	3649	3413	2940	2670	2182
GROSS PROFIT	900	1276	1259	530	883	500	496	579	395	187
DEPRECIATION	132	129	147	141	143	142	143	142	143	145
EXCEPTIONAL ITEMS	-	(34)	-	-	-	-	-	-	-	-
PROFIT / (LOSS) BEFORE TAX	768	1113	1112	389	740	358	353	437	252	42
TAX	250	356	363	135	241	120	86	143	114	(132)
PROFIT / (LOSS) AFTER TAX	518	758	749	254	499	238	267	294	138	174
DIVIDEND	80	60	56	36	36	36	36	36	12	-
DIVIDEND TAX	13	10	9	6	6	6	6	5	2	-
RETAINED EARNINGS	425	688	684	213	457	196	225	253	124	174
* After exceptional item										
AMOUNT PER SHARE (Rupees)*										
SALES	157	665	597	504	738	448	416	355	327	264
EARNING	13	95	94	32	63	30	33	37	17	22
CASH EARNING	16	117	119	47	69	44	50	68	47	23
EQUITY DIVIDEND	2.00	7.50	7.00	4.50	4.50	4.50	4.50	4.50	1.50	-
BOOK VALUE	99	441	355	269	242	185	171	143	111	94
MARKET PRICE: HIGH	91	504	413	255	216	370	251	208	135	74
LOW	55	322	215	87	61	141	142	103	40	14

* Per share figures for current year is based on face value of ₹ 2/- and previous year figures are based on face value of ₹ 10/-

Independent Auditors' Report

To the Members of Gujarat State Fertilizers & Chemicals Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For Deloitte Haskins & Sells
Chartered Accountants
Firm Registration No. 117364W

Place : Vadodara
Date : 16th May, 2013

Gaurav J Shah
Partner
Membership No. 35701

Annexure to the Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the accounts of Gujarat State Fertilizers & Chemicals Limited for the year ended on 31st March, 2013)

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified by the Management in accordance with a regular programme of verification which, in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) In respect of its inventories:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at regular intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our audit we have not observed any continuing failure to correct major weaknesses in such internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered in the Register maintained under the said section.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A , 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the internal audit functions carried out during the year by firms of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed dues, including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it with appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues in arrears, as at 31st March, 2013 for a period of more than six months from the date they became payable.

(Contd.)

Annexure to the Auditors' Report (Contd.)

(c) Details of dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited as on 31st March, 2013 on account of any dispute are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ in Lakhs)*
Central Excise Act, 1944 & Customs Act, 1962	Excise & Custom Duties	Up to CESTAT	Various years from 1986-87 to 2012-13	4656.22
		High Court		2.76
Central Sales Tax Act and Sales Tax Act of various states.	Sales Tax	Up to Joint Commissioner	Various Years From 1995-96 to 2008-09	3232.63
Income Tax Act, 1956	Income Tax	ITAT (Appeals)	Various years from 1991-92 to 2009-10	366.78
		C.I.T (Appeals)		616.65

* excluding interest and penalty

- (x) The Company does not have any accumulated losses of the Company at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to bank or financial institution.
- (xii) Based on our examination of records and the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not, prima facie, prejudicial to the interests of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the funds raised on short-term basis have, prima facie, not been used for long-term investment.
- (xviii) According to the information and explanations given to us, 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 during the year.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued any debentures.
- (xx) According to the information and explanations given to us, during the period covered by our audit report, the Company has not raised any money by way of public issues.
- (xxi) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants
Firm Registration No. 117364W

Gaurav J Shah
Partner

Membership No. 35701

Place : Vadodara
Date : 16th May, 2013

Balance Sheet as at 31st March, 2013

		(₹ in lakhs)	
	Note	As At 31st March	
		2013	2012
A. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	2	7,969.55	7,969.55
(b) Reserves and Surplus	3	3,86,191.93	3,43,706.01
		3,94,161.48	3,51,675.56
2. Non-current Liabilities			
(a) Long Term Borrowings	4	23,931.29	-
(b) Deferred Tax Liabilities (net)	5	23,917.60	24,739.66
(c) Long Term Provisions	6	19,724.18	15,832.96
		67,573.07	40,572.62
3. Current Liabilities			
(a) Short Term Borrowings	7	1,26,578.51	61,699.31
(b) Trade Payables	8	53,775.75	49,205.76
(c) Other Current Liabilities	9	20,835.30	23,930.56
(d) Short Term Provisions	10	28,840.27	29,555.79
		2,30,029.83	1,64,391.42
TOTAL		6,91,764.38	5,56,639.60
B. ASSETS			
1. Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	1,35,867.04	1,42,508.30
(ii) Intangible Assets	11	935.76	7.99
(iii) Capital Work-in-progress	11	68,407.09	34,550.37
(b) Non-current Investments	12	67,241.58	43,272.94
(c) Long Term Loans and Advances	13	20,795.12	21,800.83
(d) Other Non Current Assets	14	3,212.28	2,671.08
		2,96,458.87	2,44,811.51
2. Current Assets			
(a) Inventories	15	68,783.42	64,234.23
(b) Trade Receivable	16	2,90,835.89	1,44,056.67
(c) Cash and Bank Balances	17	16,322.48	89,755.21
(d) Short Term Loans and Advances	18	14,280.99	6,386.89
(e) Other Current Assets	19	5,082.73	7,395.09
		3,95,305.51	3,11,828.09
TOTAL		6,91,764.38	5,56,639.60
See accompanying notes forming part of the financial statements			

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No. 117364W
Gaurav J. Shah
Partner
Membership No. 35701

Gandhinagar
16th May, 2013

Atanu Chakraborty
Managing Director

Gandhinagar
16th May, 2013

Dr. Varesh Sinha
Chairman

D. J. Pandian
D. C. Anjaria
Directors

V. D. Nanavaty
General Manager (Finance) &
Company Secretary

Statement of Profit & Loss for the Year Ended 31st March, 2013

		(₹ in lakhs)	
	Note	Year Ended 31st March	
		2013	2012
I Income			
Revenue from Operations	20	6,25,329.76	5,30,183.06
Other Income	21	13,809.12	16,207.46
Total Revenue		6,39,138.88	5,46,390.52
II Expenses			
Cost of Materials Consumed	22	3,08,088.82	2,92,676.11
Purchase of Stock in Trade	23	1,04,480.67	2,466.17
Changes in Inventories of Finished Goods, Work in Process and Stock in Trade	24	(7,422.80)	(766.47)
Power and Fuel		37,259.78	36,271.64
Employees Benefit Expenses	25	43,508.17	39,355.34
Finance Cost	26	3,625.13	2,008.47
Depreciation and Amortization Expenses	11	13,204.49	12,920.43
Other Expenses	27	59,622.28	46,714.80
Total Expenses		5,62,366.54	4,31,646.49
III Profit before Exceptional Items and Tax (I-II)		76,772.34	1,14,744.03
IV Exceptional Items	28	-	3,409.00
V Profit Before Tax (III-IV)		76,772.34	1,11,335.03
VI Tax Expense			
Current Tax		25,784.36	31,271.39
Deferred Tax	5	(822.06)	4,306.74
VII Profit for the Year		51,810.04	75,756.90
Basic and Diluted Earnings per Equity Share (Rs.)	29	13.00	19.01
See accompanying notes forming part of the financial statements			

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No. 117364W
Gaurav J. Shah
Partner
Membership No. 35701

Gandhinagar
16th May, 2013

Atanu Chakraborty
Managing Director

Gandhinagar
16th May, 2013

Dr. Varesn Sinha
Chairman

D. J. Pandian
D. C. Anjaria
Directors

V. D. Nanavaty
General Manager (Finance) &
Company Secretary

Cash Flow Statement for the Year Ended 31st March, 2013

(₹ in lakhs)		
As At 31st March		
	2013	2012
A. Cash Flow from Operating Activities		
Profit Before Tax	76,772.34	1,11,335.03
Adjustment for :		
Depreciation and Amortisation Expenses	13,204.49	12,920.43
Finance Cost	3,625.13	2,008.47
Interest Received on Deposit with Companies	(29.03)	(47.58)
Loss on Fixed Assets Sold/Written off	155.64	47.51
Profit on Sale of Fixed Assets	(0.08)	(0.82)
Income from Investments	(1,791.16)	(1,734.49)
Provision for Doubtful Debts/Advances	176.20	285.12
Operating Profit before Working Capital Changes	92,113.53	1,24,813.67
Changes in Working Capital :		
Inventories	(4,549.19)	(7,755.35)
Trade Receivables and Loans and Advances	(1,53,110.82)	(61,208.99)
Trade Payables, Other Current Liabilities and Provisions	5,865.70	18,201.25
Cash Generated from Operations	(59,680.78)	74,050.58
Direct Taxes Paid	(28,681.75)	(20,005.03)
Net Cash from Operating Activities	(88,362.53)	54,045.55
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(41,503.76)	(40,587.08)
Sale of Fixed Assets	0.48	1.55
Purchase of Investments	(23,968.64)	(775.00)
Interest Received	29.03	47.57
Dividend Received	1,791.16	1,734.49
Net Cash Flow from Investing Activities	(63,651.73)	(39,578.47)
C. Cash Flow from Financing Activities		
Proceeds from Borrowings	88,810.49	22,466.71
Finance Cost	(3,322.86)	(2,011.77)
Dividend Paid	(5,936.45)	(5,529.05)
Tax on Dividend Paid	(969.65)	(905.00)
Net Cash used in Financing Activities	78,581.53	14,020.89
Net increase in Cash & Cash Equivalents	(73,432.73)	28,487.97
Cash and Cash Equivalents as at the Beginning of the Year	89,755.21	61,267.24
Cash and Cash Equivalents as at End of the Year	16,322.48	89,755.21
See accompanying notes forming part of the financial statements		

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No. 117364W
Gaurav J. Shah
Partner
Membership No. 35701

Gandhinagar
16th May, 2013

Atanu Chakraborty
Managing Director

Gandhinagar
16th May, 2013

Dr. Varesb Sinha
Chairman

D. J. Pandian
D. C. Anjaria
Directors

V. D. Nanavaty
General Manager (Finance) &
Company Secretary

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 accounting 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 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 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 notified under Section 211(3C) of Companies (Accounting Standard) Rules, 2006, as amended and the other relevant provisions of the Companies Act, 1956. 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 Transaction :

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary 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 statement of profit and loss 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

Notes 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 statement of profit and loss 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 statement of profit and loss 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 Central Government.

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 Statement of Profit and Loss 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 statement of profit and loss.

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 statement of profit and loss.

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 and at the rate enacted or substantively enacted at the balance sheet date.

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 to the financial statement. Contingent Assets are neither recognised nor disclosed in the financial statements.

Notes Forming Part of the Financial Statements

2. Share Capital

(₹ in lakhs)

	As At 31st March			
	2013		2012	
	Number of Shares Refer Note (a) below	Amount	Number of Shares Refer Note (a) below	Amount
Authorised				
Equity Shares of ₹ 2/- each	1,00,00,00,000	20,000.00	1,00,00,00,000	20,000.00
Redeemable Cumulative Preference Shares of ₹100/- each	1,60,00,000	16,000.00	1,60,00,000	16,000.00
		36,000.00		36,000.00
Issued, Subscribed and Paid-up				
Issued				
Equity Shares: Face value of ₹ 2/- each				
Shares outstanding at beginning of the year	39,91,21,850	7,982.44	39,91,21,850	7,982.44
Shares outstanding at year end	39,91,21,850	7,982.44	39,91,21,850	7,982.44
Subscribed				
Equity Shares: Face value of ₹ 2/- each				
Shares outstanding at beginning of the year	39,90,69,685	7,981.39	39,90,69,685	7,981.39
Shares outstanding at year end	39,90,69,685	7,981.39	39,90,69,685	7,981.39
Paid-up				
Equity Shares: Face value of ₹ 2/- each				
Shares outstanding at beginning of the year	39,84,77,530	7,969.55	39,84,77,530	7,969.55
Shares outstanding at year end	39,84,77,530	7,969.55	39,84,77,530	7,969.55
TOTAL	39,84,77,530	7,969.55	39,84,77,530	7,969.55

a) Subdivision of face value of equity shares

During the year ended 31st March 2013, the Company has sub divided the face value of equity shares-authorised, issued, subscribed and paid up from ₹ 10/- each to ₹ 2/- each and consequently there is an increase in the number of shares. Previous year equity share numbers are adjusted to reflect the sub division.

b) Rights, preferences and restrictions attached to shares

Equity shares

The Company has one class of equity shares having a par value of ₹ 2/- 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, 2013, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 7.50/- (31st March, 2012: ₹ 7.00/-) per equity share of face value ₹ 10/- each.

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

Name of the Shareholders	As At 31st March			
	2013		2012	
	Number of shares	Percentage of holding	Number of shares	Percentage of holding
Gujarat State Investments Limited	15,07,99,905	37.84	15,07,99,905	37.84
Life Insurance Corporation of India	2,90,69,717	7.30	2,39,73,460	6.02
Reliance Capital Trustee Company Limited	3,43,26,263	8.61	3,88,74,355	9.76

Notes Forming Part of the Financial Statements

3. Reserves and Surplus

(₹ in lakhs)

	As At 31st March	
	2013	2012
Capital Reserve		
Per last Balance Sheet	1,256.33	1,256.33
Capital Redemption Reserve		
Per last Balance Sheet	3,335.00	3,335.00
Securities Premium Account		
Per last Balance Sheet	30,524.02	30,524.02
General Reserve		
Per last Balance Sheet	2,87,286.60	2,26,286.60
Add: Transfer during the year from the Statement of Profit and Loss	35,000.00	61,000.00
	3,22,286.60	2,87,286.60
Surplus in the Statement of Profit and Loss		
Opening Balance	21,304.06	13,493.97
Add : Profit for the year	51,810.04	75,756.90
	73,114.10	89,250.87
Less : Appropriations		
Transferred to General Reserve	35,000.00	61,000.00
Proposed Equity Dividend (₹ 2.00 per share)	7,969.55	5,977.16
Provision for Dividend Tax on Equity Dividend	1,354.43	969.65
Rounding off difference on Dividend and Dividend Tax	0.14	-
Closing Balance	28,789.98	21,304.06
TOTAL	3,86,191.93	3,43,706.01

4. Long Term Borrowings

(₹ in lakhs)

	As At 31st March	
	2013	2012
Secured		
Term Loan *	23,931.29	-
TOTAL	23,931.29	-

* The term loan from banks comprises of External Commercial Borrowings (ECB) and are secured by pledge on shares of Karnalyte Resources Inc, Canada. The principal amount of the loan is repayable over six years in annual instalments with the first instalment due in March 2015 and the interest on the loan is repayable in quarterly instalments over the tenure of the loan. The above loan carries interest rates with spread ranging from 175 bps to 190bps over three months LIBOR. The repayment obligations for this loan has been partially hedged for exchange rate risk and fully hedged for interest rate risk. The charge is pending creation as at 31st March 2013.

5. Deferred Tax Liability (net)

(₹ in lakhs)

	As At 31st March	
	2013	2012
A] Deferred Tax Liability		
1. Depreciation	37,458.30	35,504.19
	37,458.30	35,504.19
B] Deferred Tax Asset		
1. Expenses Allowable for Tax purpose when paid	8,807.70	6,938.46
2. Provision against Receivables, Advances and Accruals	4,733.00	3,826.07
	13,540.70	10,764.53
C] Net Deferred Tax Liability/(Asset) at end of the year (A-B)	23,917.60	24,739.66
D] Net Deferred Tax Liability at the beginning of the year	24,739.66	20,432.92
E] Deferred Tax Expense for the year	(822.06)	4,306.74

Notes Forming Part of the Financial Statements

6. Long Term Provisions

(₹ in lakhs)

	As At 31st March	
	2013	2012
Provision for Employee Benefits (Refer Note 32) :		
Provision for Gratuity	2,635.14	847.41
Provision for Pension	4,615.54	3,084.09
Provision for Leave Encashment	10,613.83	10,177.62
Provision for Post Retirement Medical Benefit Scheme PRMBS	1,859.67	1,723.84
TOTAL	19,724.18	15,832.96

7. Short Term Borrowings

(₹ in lakhs)

	As At 31st March	
	2013	2012
Secured		
Loans Repayable on Demand :		
From Banks :		
Cash Credit Account *	4,918.43	13,357.31
Short Term Loan **	21,393.95	-
Unsecured		
Deposits :		
Intercompany Deposit ***	30,000.00	25,000.00
Other Loans and Advances :		
Buyers Credit and Bill Discounting Facility	70,266.13	23,342.00
TOTAL	1,26,578.51	61,699.31

* 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.

** The short term loan from banks was received under Special Banking Arrangement made by the Department of Fertilizers, Government of India for release of fertilizer subsidy. The loan was secured by Hypothecation of Fertilizer Subsidy Receivables. This loan has been repaid on 6th April 2013. The above loan carried interest rate of 10.25% p.a., out of which 8% is borne by the Government of India and balance 2.25% p.a. by the Company.

*** The inter company deposit is taken for a period of 90 days on floating interest rate, the current interest rate being 8.5% p.a.

8. Trade Payables

(₹ in lakhs)

	As At 31st March	
	2013	2012
Due to MSMED*	691.75	833.02
Others	53,084.00	48,372.74
TOTAL	53,775.75	49,205.76

* No interest due thereon is remaining unpaid as on 31st March 2013 and as on 31st March 2012. 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 the Financial Statements

9. Other Current Liabilities

(₹ in lakhs)

	As At 31st March	
	2013	2012
Interest Accrued but not due on Borrowings	473.90	171.63
Income Received in Advance	41.00	4.09
Unpaid Dividend*	269.97	229.12
Unpaid Matured Deposits*	14.05	41.61
Deposits Received	3,653.33	2,916.27
Statutory Dues	2,573.25	2,793.09
Dues to Shareholders for Fractional Bonus Shares	19.43	19.44
Subsidies Payable	36.26	46.37
Liability towards Employee Benefits	6,820.31	5,743.16
Creditors for Capital Goods	1,529.11	1,758.23
Advances from Customers	1,279.50	1,164.72
Other Payables	4,125.19	9,042.83
TOTAL	20,835.30	23,930.56

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

10. Short Term Provisions

(₹ in lakhs)

	As At 31st March	
	2013	2012
Provision for Employees Benefits (Refer Note 32) :		
Provision for Gratuity	1,581.19	1,453.72
Provision for Leave encashment	2,167.78	1,794.98
Provision for Pension	3,075.29	2,800.61
Provision for PRMBS	285.25	217.33
Provision - Others		
Provision for Taxation *	12,406.78	16,342.34
Proposed Equity Dividend	7,969.55	5,977.16
Dividend Tax on Proposed Equity Dividend	1,354.43	969.65
TOTAL	28,840.27	29,555.79

* No provision has been considered necessary towards the income tax demand of Rs.4013 lakhs for the assessment years 1992-93, 1999-2000, 2004-05, 2005-06, 2008-09 and 2010-11 as the same is disputed in appeals and the Company is hopeful of succeeding in the said appeals.

Notes Forming Part of the Financial Statements

11. Fixed Assets

(₹ in lakhs)

	Gross Block	Addition			Gross Block	Depreciation				Net Block	
	As at 01-Apr-12	Asset Acquisitions	Amount Capitalised as per AS 16	Asset Disposals	As at 31-Mar-13	As at 01-Apr-12	Adjusted/ Written Back	For the period	As at 31-Mar-13	As at 31-Mar-13	As at 31-Mar-12
a) Tangible Assets											
Freehold Land	551.47	-	-	-	551.47	-	-	-	-	551.47	551.47
Leasehold Land	1,134.39	-	-	-	1,134.39	65.29	-	50.36	115.65	1,018.74	1,069.10
Buildings (Including Roads, Culverts & Compound Walls)	11,210.33	593.94	-	-	11,804.27	4,632.55	-	262.35	4,894.90	6,909.37	6,577.78
Railway Sidings	1,597.70	-	-	-	1,597.70	1,086.97	-	50.68	1,137.65	460.05	510.73
Plant and Machinery	3,63,381.21	5,571.37	-	277.34	3,68,675.24	2,31,426.62	129.75	12,379.97	2,43,676.84	1,24,998.40	1,31,954.59
Furniture and Fixtures	1,618.30	0.71	-	52.34	1,566.67	1,279.01	43.72	33.27	1,268.56	298.11	339.29
Office Equipment	3,110.83	215.58	-	12.73	3,313.68	2,103.64	13.70	194.80	2,284.74	1,028.94	1,007.19
Vehicles	300.46	144.24	-	8.88	435.82	136.94	8.41	37.62	166.15	269.67	163.52
Library Books	86.50	-	-	-	86.50	60.30	-	2.36	62.66	23.84	26.20
Assets Retired from Use & held for Disposal	1,528.40	-	-	-	1,528.40	1,219.95	-	-	1,219.95	308.45	308.45
Total	3,84,519.59	6,525.84	-	351.29	3,90,694.14	2,42,011.27	195.58	13,011.41	2,54,827.10	1,35,867.04	1,42,508.32
Previous year	(3,55,621.11)	(29,356.09)		(457.61)	(3,84,519.59)	(2,29,504.94)	(410.41)	(12,916.74)	(2,42,011.27)	(1,42,508.32)	
Capital Work in Progress										68,407.09	34,550.37
b) Intangible Assets											
Computer Software	102.86	1,120.85	-	-	1,223.71	94.87	-	193.08	287.95	935.76	7.99
Total	102.86	1,120.85	-	-	1,223.71	94.87	-	193.08	287.95	935.76	7.99
Previous year	(102.54)	(0.32)	-	-	(102.86)	(90.16)	-	(4.71)	(94.87)	(7.99)	

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 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 Company. 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 an Agreement is signed.

Notes Forming Part of the Financial Statements

12. Non-current Investments

(₹ in lakhs)

	As At 31st March			
	2013		2012	
	Numbers	Amount	Numbers	Amount
I. Trade Investments				
Investment in Equity Instruments-fully paid (unquoted)				
a) Subsidiary				
GSFC Agrotech Ltd. - ₹ 10 each (subscribed during the year)	9,99,994	100.00	-	-
b) Associates				
Vadodara Enviro Channel Ltd. - ₹ 10 each (Erstwhile Effluent Channel Project Ltd.)	14,302	-	14,302	-
Gujarat Green Revolution Company Ltd. - ₹ 10 each	12,50,000	125.00	12,50,000	125.00
c) Joint Venture				
Tunisian Indian Fertilizers (TIFERT s.a.) -Tunisian Dinar (TND) 10 each	33,75,000	12,024.77	33,75,000	12,024.77
d) Others				
Indian Potash Limited - ₹ 10 each	11,25,000	60.50	11,25,000	60.50
Gujarat Chemical Port Terminal Co. Ltd. - ₹ 1 each	12,26,31,575	1,226.32	12,26,31,575	1,226.32
Bhavnagar Energy Company Ltd. - ₹ 10 each (Subscribed during the year - 10,00,000 Shares)	1,57,50,000	1,575.00	1,47,50,000	1,475.00
Gujarat State Petroleum Corporation Limited - ₹ 1 each	2,35,00,000	15,010.00	2,35,00,000	15,010.00
GSPC Gas Company Limited - ₹ 10 each (Full and final allotment of 51,00,000 shares, of which 50,00,000 shares allotted during the year)	51,00,000	2,510.00	51,00,000	2,510.00
		32,631.59		32,431.59
Investment in Equity Instruments-fully paid (quoted)				
Gujarat Narmada Valley Fertilizers Co. Ltd.- ₹ 10 each	3,07,79,167	5,838.81	3,07,79,167	5,838.81
Gujarat Industries Power Company Ltd.- ₹ 10 each	2,23,62,784	3,649.59	2,23,62,784	3,649.59
Gujarat Alkalies & Chemicals Ltd.- ₹ 10 each	16,55,040	827.52	16,55,040	827.52
Karnalyte Resources Inc-Canadian Dollar (CAD) 8.15 each (subscribed during the year)	54,90,306	23,768.70	-	-
		34,084.62		10,315.92
Total Trade Investments		66,716.21		42,747.51

(Contd.)

Notes Forming Part of the Financial Statements

12. Non-current Investments (Contd.)

(₹ in lakhs)

	As At 31st March			
	2013		2012	
	Numbers	Amount	Numbers	Amount
Total Trade Investments		66,716.21		42,747.51
II. Other Investments				
a) Investments in Equity Instruments-fully paid				
i) Quoted				
Gujarat State Financial Corporation - ₹ 10 each	9,35,600	187.12	9,35,600	187.12
Less : Provision for Diminution		187.12		187.12
		-		-
GRUH Finance Limited- ₹ 2 (previous year ₹ 10) each	5,00,000	29.50	1,00,000	29.50
Industrial Development Bank of India - ₹ 10 each	5,49,440	446.42	5,49,440	446.42
Mangalore Chemicals & Fertilizers Ltd.- ₹ 10 each	5,79,000	38.45	5,79,000	38.45
		514.37		514.37
ii) Unquoted				
Gujarat Data Electronics Limited - ₹ 10 each	115,000	11.50	115,000	11.50
Less : Provision for Diminution		11.50		11.50
		-		-
Gujarat Venture Finance Limited - ₹ 10 each	60,000	6.00	60,000	6.00
Biotech Consortium India Limited - ₹ 10 each	50,000	5.00	50,000	5.00
		11.00		11.00
b) Government Securities (Unquoted)				
National Saving Certificate realized during the year		-		0.06
Total Other Investments		525.37		525.43
TOTAL INVESTMENTS		67,241.58		43,272.94
Aggregate amount of Quoted Investments		34,598.99		10,830.29
Market Value of Quoted Investments		69,528.14		43,417.52
Aggregate amount of Unquoted Investments		32,642.59		32,442.65
Aggregate provision for diminution in value of Investments		198.62		198.62

Notes :

- 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%.
- The ordinary shares of Karnalyte Resources Inc., Canada, held by the Company are pledged to secure long term loans from bank.

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

Notes Forming Part of the Financial Statements

13. Long Term Loans and Advances

(₹ in lakhs)

	As At 31st March	
	2013	2012
Secured, considered good		
Loans and Advances to Employees (Housing and Vehicles)	4,398.61	3,832.49
Unsecured, considered good		
Capital Advances	5,536.15	8,661.77
Deposit with Government Agencies	99.94	102.92
Other Deposits	1,640.43	1,614.98
Convertible Term Loan to TIFERT (related party) *	2,555.94	-
Loans and Advances to Employees (Marriage and Education)	211.63	198.08
Advance Tax (net of provision)	4,259.38	5,297.55
MAT Credit Entitlement	1,837.56	1,837.56
Corporate Advances	107.00	107.00
Other Advances	22.22	22.22
Statutory Advances	126.26	126.26
Unsecured, considered doubtful		
Deposits with Companies & Others	268.95	268.95
Less: Provision for Doubtful Deposits	268.95	268.95
TOTAL	20,795.12	21,800.83

* the loan of USD 4.65 million is provided to TIFERT with a condition of compulsory conversion in equity after three years period. The loan carries interest rate of 12 month LIBOR+225 bps.

14. Other Non Current Assets

(₹ in lakhs)

	As At 31st March	
	2013	2012
Interest Accrued but not Due- Housing and Vehicle Loans	3,147.56	2,623.65
Interest Accrued but not Due- Marriage Loans, etc	49.14	31.85
Others	15.58	15.58
TOTAL	3,212.28	2,671.08

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

(₹ in lakhs)

	As At 31st March	
	2013	2012
Raw Materials	13,805.26	8,594.17
Raw Materials in Transit	6,811.59	19,030.88
Work-in-Process	2,725.13	1,446.41
Finished Goods	19,848.60	15,628.29
Stock in Trade	2,480.49	556.72
Stores and Spares (including Packing Material)	23,025.04	18,934.91
Stores and Spares in Transit	55.46	14.80
Loose Tools	31.85	28.05
TOTAL	68,783.42	64,234.23

Notes Forming Part of the Financial Statements

16. Trade Receivable

(₹ in lakhs)

	As At 31st March	
	2013	2012
Outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	1,155.22	1,066.93
Unsecured, considered good	78,429.26	12,450.62
Unsecured, considered doubtful	4,696.15	4,530.08
	84,280.63	18,047.63
Less: Provision for doubtful trade receivables	4,696.15	4,530.08
	79,584.48	13,517.55
Others		
Secured, considered good	672.57	614.34
Unsecured, considered good	2,10,578.84	1,29,924.78
	2,11,251.41	1,30,539.12
TOTAL	2,90,835.89	1,44,056.67

17. Cash and Bank Balances

(₹ in lakhs)

	As At 31st March	
	2013	2012
Cash and Cash Equivalents		
Cash on Hand	38.29	81.84
Balances with Bank :		
In Current Accounts	6,246.37	2,340.79
In Short Term Deposits Account (original maturity less than three months)	7,600.00	-
Other Bank Balances		
In Unpaid Dividend Account	269.97	229.12
In Fractional Bonus Account	10.58	10.59
In Deposit Accounts (maturity more than three months)	2,157.27	87,092.87
TOTAL	16,322.48	89,755.21

18. Short Term Loans and Advances

(₹ in lakhs)

	As At 31st March	
	2013	2012
Unsecured, considered good		
Advances to Employees	118.47	102.73
Advances to Suppliers	11,357.22	4,335.70
Statutory Advances	1,810.74	1,657.68
Prepaid Expenses	823.93	195.12
Others	170.63	95.66
TOTAL	14,280.99	6,386.89

19. Other Current Assets

(₹ in lakhs)

	As At 31st March	
	2013	2012
Current Maturity of Employee Loans	985.05	999.29
Interest Accrued	191.89	1.60
Interest on Employee Loans	173.82	231.12
Others	3,731.97	6,163.08
TOTAL	5,082.73	7,395.09

Notes Forming Part of the Financial Statements

20. Revenue from Operations

(₹ in lakhs)

	Year ended 31st March	
	2013	2012
Revenue from Sale of Products		
Manufactured/Generated Products	5,43,325.21	5,48,941.78
Traded Products	1,06,992.60	2,108.27
Total	6,50,317.81	5,51,050.05
Less : Excise Duty	24,988.05	20,866.99
	6,25,329.76	5,30,183.06
Details of Sale of Products		
Manufactured Products		
Urea	43,187.61	32,303.69
Ammonium Sulphate	44,724.01	42,378.18
Di-ammonium Phosphate	1,62,299.73	1,87,219.21
Ammonium Phosphate Sulphate	71,858.63	73,867.80
Caprolactam	88,075.48	98,705.67
Nylon 6	26,971.11	24,895.79
Melamine	11,572.59	11,600.00
Polymer Products	8,366.62	8,908.43
Nylon Filament Yarn	6,367.40	7,845.30
Other Manufactured Products	54,913.98	40,350.72
Total Manufactured Products	5,18,337.16	5,28,074.79
Trading Products		
DAP	96,776.64	-
Anone	4,521.26	-
Methanol	2,425.00	-
Melamine	1,179.11	503.76
Others	2,090.59	1,604.51
Total Trading Products	1,06,992.60	2,108.27
Total (Manufactured + Traded)	6,25,329.76	5,30,183.06

21. Other Income

(₹ in lakhs)

	Year ended 31st March	
	2013	2012
Interest on Advances, Deposits and Others (gross)	6,851.98	9,152.23
Dividend : Trade	1,762.97	1,637.17
: Others	28.19	97.32
Others :		
Rent	66.72	62.66
Insurance Claims	205.84	2,630.19
Profit on Sale of Fixed Assets	0.08	0.82
Excess Provision no Longer Required	2,726.86	385.35
Miscellaneous	2,166.48	2,241.72
TOTAL	13,809.12	16,207.46

Notes Forming Part of the Financial Statements

22. Cost of Materials Consumed

(₹ in lakhs)

		Year ended 31st March	
		2013	2012
Raw Materials			
Opening Stock		8,594.17	21,905.85
Add: Purchases		3,20,111.50	2,79,364.43
Less: Closing Stock		20,616.85	8,594.17
	TOTAL	3,08,088.82	2,92,676.11
Materials consumed comprise			
Rock Phosphate		22,144.60	18,963.96
Sulphur		21,816.24	20,873.97
Gas		51,004.46	40,023.59
Benzene		70,636.39	53,830.36
Ammonia		32,768.93	26,178.26
Phosphoric Acid		99,462.85	1,25,507.73
Acetone		2,107.88	2,802.71
Others		8,147.47	4,495.53
	TOTAL	3,08,088.82	2,92,676.11

23. Purchase of Stock in Trade

(₹ in lakhs)

		Year ended 31st March	
		2013	2012
DAP		91,964.70	-
Anone		7,320.72	-
Methanol		2,467.44	-
Melamine		825.84	993.52
Others		1,901.97	1,472.65
	TOTAL	1,04,480.67	2,466.17

24. Changes in Inventory of Finished Goods, Work in Process and Stock in Trade

(₹ in lakhs)

		Year ended 31st March	
		2013	2012
Opening Stock			
Finished Products		15,628.29	14,907.79
Stock in Trade		556.72	49.28
Work-in-process		1,446.41	1,907.88
		17,631.42	16,864.95
Less: Closing Stock			
Finished Products*		19,848.60	15,628.29
Stock in Trade		2,480.49	556.72
Work-in-process		2,725.13	1,446.41
		25,054.22	17,631.42
(Increase) / Decrease		(7,422.80)	(766.47)

(Contd.)

Notes Forming Part of the Financial Statements

24. Changes in Inventory of Finished Goods, Work in Process and Stock in Trade (contd.)

(₹ in lakhs)

	Year ended 31st March	
	2013	2012
*Details of Inventory of Finished Goods		
Fertilizers	5,963.75	5,088.32
Caprolactam	5,068.72	2,172.41
Ammonia	2,465.82	1,177.93
Nylon 6	1,764.50	3,042.31
Melamine	361.08	384.31
Others	4,224.73	3,763.01
TOTAL	19,848.60	15,628.29

25. Employees Benefit Expenses

(₹ in lakhs)

	Year ended 31st March	
	2013	2012
Salaries, Wages, Bonus	28,219.25	24,251.72
Contribution to Provident, Gratuity and Superannuation (pension) Funds (including provisions)	9,463.44	11,632.00
Staff Welfare Expenses	5,825.48	3,471.62
TOTAL	43,508.17	39,355.34

26. Finance Cost

(₹ in lakhs)

	Year ended 31st March	
	2013	2012
Interest :		
- Borrowings	2,532.98	1,055.58
- Others	161.67	115.62
Other Borrowing Cost	930.48	837.27
TOTAL	3,625.13	2,008.47

27. Other Expenses

(₹ in lakhs)

	Year ended 31st March	
	2013	2012
Consumption of Stores and Spare Parts	8,959.88	5,401.54
Water	1,873.31	1,559.09
Packing Expenses	6,609.09	5,803.54
Repairs to Buildings	528.71	405.46
Repairs to Machinery	3,233.54	6,854.74
Other Repairs	841.05	580.56
Insurance	1,164.08	1,111.13
Rent, Rates and Taxes (excluding income taxes)	162.97	169.10
Excise Duty (net)	97.48	308.89
Product Transportation, Distribution & Loading & Unloading Charges	16,836.33	13,156.95
Depots and Farm Information Centers Expenses	1,446.90	669.98
Total c/f	41,753.34	36,020.98

(Contd.)

Notes Forming Part of the Financial Statements

27. Other Expenses (Contd.)

(₹ in lakhs)

Year ended 31st March		
	2013	2012
Total b/f	41,753.34	36,020.98
Marketing Expense Reimbursement, Demonstration, Extension Services and Publicity etc.	1,289.06	1,328.79
Cash Rebate on Sales	1,698.56	719.44
Variation in Exchange Rates	4,904.25	2,384.25
Premium on Forward Contract	1,197.63	839.90
Directors Sitting Fees	3.70	3.15
Auditors' Remuneration *	45.18	12.06
Cost Auditors' Fees	5.09	3.60
Research and Development Expenses	5.98	200.21
Loss on Fixed Assets Sold/Discarded	155.64	47.51
Provision for Doubtful Debts/Advances	176.20	285.12
Obsolete Spares and other Items written off	-	153.76
Donations and Contributions	2,635.83	126.57
Miscellaneous	5,751.82	4,589.46
TOTAL	59,622.28	46,714.80
*Auditors' remuneration		
Payment to Auditor as:		
Auditor	17.45	7.94
(including Statutory Audit Fees & Limited Review Fees)		
For Taxation Matters	25.45	1.32
For other Services (including certification)	2.28	2.80
	45.18	12.06

28. Exceptional Items

(₹ in lakhs)

Year ended 31st March		
	2013	2012
Exceptional Item *	-	3,409.00
	-	3,409.00

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

29. Earnings per Share (EPS)

Year ended 31st March		
	2013	2012
Profit for the Year (₹ in lakhs)	51,810.04	75,756.90
Weighted average number of Equity Shares for Basic EPS [nos.]	39,84,77,530	39,84,77,530
Weighted average number of Equity Shares including Potential Equity Shares for Diluted EPS [nos.]	39,84,77,530	39,84,77,530
Basic EPS (₹)	13.00	19.01
Diluted EPS (₹)	13.00	19.01
Nominal Value per Share (₹)	2.00	2.00

Notes Forming Part of the Financial Statements

30. Contingent Liabilities

(₹ in lakhs)

	As at 31 st March 2013	As at 31 st March 2012
Claims against the Company not acknowledgement as debt		
(i) Disputed Excise and Customs Duty (net of provision)	4,659	4,228
(ii) Disputed demand of Sales Tax, Interest on Turnover Tax & Purchase Tax against which the Company has preferred appeals	3,233	1,336
(iii) Claims by Statutory Corporations and others not acknowledged as debt	4,097	4,097
(iv) Disputed gas price/royalty on gas with ONGC	752	752
(v) Department of Fertilizers vide Office Memorandum dated 18 th March, 2013 had inter-alia sought not only to recover subsidy only on Ammonium Sulphate fertilizer produced by the Company under the Nutrient Based Subsidy scheme of Govt. of India w.e.f. 1-4-2010 but to stop the same on said fertilizer. The amount of demand has not been quantified. Being aggrieved by the order, the Company filed a writ petition in the Hon. Delhi High Court. The High Court issued notice on the entire writ petition and stayed the recovery of the subsidy. The matter is now pending before the High Court of Delhi.	-	-
(vi) Claims by employees/ex-employees pending before courts	Not ascertainable	Not ascertainable
(vii) 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	28,146	26,473
31. Commitments		
Estimated amount of contracts remaining to be executed on capital accounts and not provided for	48,259	7,556

Notes Forming Part of the Financial Statements

32. Employees Benefits

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

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

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

(₹ in lakhs)

Description	2012-13	2011-12	2012-13	2011-12
	Pension		Gratuity	
1. Changes in Present Value of obligation :				
a. Obligation as at the beginning of the year	34361.24	29040.97	18565.66	16288.53
b. Current Service Cost	1382.19	501.09	835.74	728.39
c. Interest Cost	2748.90	2323.27	1485.26	1303.08
d. Actuarial (Gain)/Loss	2121.48	5175.99	1897.77	1640.20
e. Benefits Paid	(4193.35)	(2680.08)	(2175.83)	(1394.54)
f. Obligation as at the end of the year	36420.46	34361.24	20608.60	18565.66
The defined benefit obligation as at 31.03.2013 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	28476.54	18464.27	16264.54	15506.74
b. Expected return on Plan Assets	2580.29	1653.68	1473.17	1441.05
c. Actuarial Gain/(Loss)	—	—	—	—
d. Contributions	1866.15	11038.67	830.39	711.29
e. Benefits Paid	(4193.35)	(2680.08)	(2175.83)	(1394.54)
f. Fair Value of Plan Assets as at the end of the year	28729.63	28476.54	16392.27	16264.54
3. Amount Recognised in the Balance Sheet :				
a. Fair Value of Plan Assets as at the end of the year	28729.63	28476.54	16392.27	16264.54
b. Present Value of Obligation as at the end of the year	(36420.46)	(34361.24)	(20608.60)	(18565.66)
c. Amount recognised in the Balance Sheet	(7690.83)	(5884.70)	(4216.33)	(2301.12)
4. Expense Recognised during the year :				
a. Current Service Cost	1382.19	501.09	835.74	728.39
b. Interest Cost	2748.90	2323.27	1485.26	1303.08
c. Expected return on Plan Assets	(2580.29)	(1653.68)	(1473.17)	(1441.05)
d. Actuarial (Gain)/Loss	2121.48	5175.99	1897.77	1640.20
e. Expense recognised during the year	3672.28	6346.67	2745.60	2230.62
5. Investment Details of Plan Assets :				
Administered by LIC of India	100%	100%	100%	100%
6. Assumptions :	31.03.2013	31.03.2012	31.03.2013	31.03.2012
a. Discount Rate (per annum)	8%	8%	8%	8%
b. Estimated Rate of return on Plan Assets (per annum)	9.55%	9.50%	9.55%	9.50%

(Contd.)

Notes Forming Part of the Financial Statements

32. Employees Benefits (Contd.)

(b) Details of funded & unfunded plans : (₹ in lakhs)

Description	2012-13	2011-12	2012-13	2011-12
	Leave Encashment		PRMBS	
1. Changes in Present Value of the defined benefit obligation :				
a. Obligation as at the beginning of the year	11972.49	9834.30	1941.17	1881.50
b. Current Service Cost	2878.33	3300.27	280.00	309.00
c. Interest Cost	0.00	0.00	165.00	150.00
d. Actuarial (Gain)/Loss	0.00	0.00	44.00	(182.00)
e. Benefits Paid	(2069.33)	(1162.08)	(285.25)	(217.33)
f. Obligation as at the end of the year	12781.49	11972.49	2144.92	1941.17
The defined benefit obligation as at 31.03.2013 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	(12781.49)	(11972.49)	(2144.92)	(1941.17)
c. Amount recognised in the Balance Sheet	(12781.49)	(11972.49)	(2144.92)	(1941.17)
3. Expense recognised during the year :				
a. Current Service Cost	2878.33	3300.27	280.00	309.00
b. Interest Cost	0.00	0.00	165.00	150.00
c. Expected return on Plan Assets	—	—	—	—
d. Actuarial (Gain)/Loss	0.00	0.00	44.00	(182.00)
e. Expense recognised during the year	2878.33	3300.27	489.00	277.00
The expense is disclosed in Note No. 25 - "Employee Benefit Expenses", Pension & Gratuity are disclosed in line item- Contribution to Provident Fund and provision to Gratuity, 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 :	31.03.2013	31.03.2012	31.03.2013	31.03.2012
a. Discount Rate (per annum)	8.00%	8.25%	8.00%	8.50%
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 Forming Part of the Financial Statements

33. Segment Information

	For the year ended on 31.03.2013	For the year ended on 31.03.2012
(₹ in lakhs)		
i) PRIMARY SEGMENT INFORMATION :		
A] SEGMENT REVENUE :		
1. Total Segment Revenue :		
a) Fertilizer Products	427906.25	363178.49
b) Industrial Products	197423.51	167004.57
TOTAL	<u>625329.76</u>	<u>530183.06</u>
2. Inter Segment Revenue	0.00	0.00
3. External Revenue (1-2) :		
a) Fertilizer Products	427906.25	363178.49
b) Industrial Products	197423.51	167004.57
TOTAL	<u>625329.76</u>	<u>530183.06</u>
B] RESULT :		
1. Segment Result :		
a) Fertilizer Products	43028.28	54191.36
b) Industrial Products	30468.93	50466.08
TOTAL	<u>73497.21</u>	<u>104657.44</u>
2. a) Unallocated Income	11251.17	13170.48
b) Unallocated Expenses	-4350.92	-4484.42
3. Operating Profit (B1+B2)	80397.46	113343.50
4. Finance Cost	-3625.12	-2008.47
5. Provision for Taxation :		
Current Income Tax	-25784.36	-31271.39
Deferred Tax (net)	822.06	-4306.74
6. Net Profit	<u>51810.04</u>	<u>75756.90</u>
C] OTHER INFORMATION :		
1. Segment Assets :		
a) Fertilizer Products	371769.23	283598.54
b) Industrial Products	115438.40	103211.96
TOTAL	<u>487207.63</u>	<u>386810.50</u>
2. Unallocated Corporate Assets	204556.75	169829.10
3. Total Assets	<u>691764.38</u>	<u>556639.60</u>
4. Segment Liabilities :		
a) Fertilizer Products	60473.40	52029.64
b) Industrial Products	37614.79	34537.66
TOTAL	<u>98088.19</u>	<u>86567.30</u>
5. Unallocated Corporate Liabilities	199514.70	118396.74

33. Segment Information (Contd.)

	For the year ended on 31.03.2013	For the year ended on 31.03.2012
(₹ in lakhs)		
6. Total Liabilities	297602.89	204964.04
7. Capital Expenditure :		
a) Fertilizer Products	884.35	27910.23
b) Industrial Products	7213.20	7349.77
c) Corporate Capital Expenditure	33054.57	4869.48
TOTAL	<u>41152.12</u>	<u>40129.48</u>
8. Depreciation :		
a) Fertilizer Products	10105.30	11465.44
b) Industrial Products	2910.36	1246.90
c) Unallocated Corporate Depreciation	188.83	208.09
TOTAL	<u>13204.49</u>	<u>12920.43</u>
9. Non-Cash Expenses :		
a) Fertilizer Products	6367.27	1449.90
b) Industrial Products	3594.02	1432.77
c) Unallocated non-cash expenses	0.11	0.00
TOTAL	<u>9961.40</u>	<u>2882.67</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 are 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 Forming Part of the Financial Statements

34. Related Party Transactions

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

1. Relationship :

- (a) Subsidiary Company :
GSFC Agrotech Ltd.
(Incorporated on 02.04.2012)
- (b) Associate Company :
(i) Vadodara Enviro Channel Ltd.
(Erstwhile Effluent Channel Project Ltd.)
(ii) Gujarat Green Revolution Company
- (c) Joint Venture :
Tunisian Indian Fertilizers, S.A. (TIFERT)
- (d) Directors and their relatives :
Shri Atanu Chakraborty - Managing Director
- (e) Others :
GSFC Education Society

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 31.3.13 (as on 31.3.12) (₹ in lakhs)
1.	Expenses receivable	35.91 (-)	81.03 (-)
2.	Investments in equity shares (at cost) (9,99,994 shares of ₹ 10 each)	100.00 (-)	100.00 (-)

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

(i) Vadodara Enviro Channel Ltd.			
1.	Usage of effluent channel	200.60 (193.27)	- (-)
2.	Investments in equity shares (at cost) (14,302 shares of ₹10 each)	- (-)	- (-)
(ii) Gujarat Green Revolution Company Ltd.			
1.	Expenses receivable	75.60 (98.91)	74.64 (97.27)
2.	Investments in equity shares (at cost) (12,50,000 shares of ₹ 10 each)	- (-)	125.00 (125.00)

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

1.	Reimbursement receivable	- (7.06)	- (-)
2.	Investments in equity shares (at cost) (33,75,000 shares of TND 10 each)	- (-)	12024.77 (12024.77)
3.	Convertible Term Loan given during the year	2555.94 (-)	2555.94 (-)

(IV) Details relating to parties referred to in 1(d) above :

Sr. No.	Nature of Transaction	(₹ in lakhs) (previous year)
1.	Remuneration to Managing Director	17.77 (17.97)

(V) Details relating to parties referred to in 1(e) above :

Sr. No.	Nature of Transaction	Value for the year (previous year)	Outstanding As on 31.3.13 (as on 31.3.12) (₹ in lakhs)
1.	Advances given	12.00 (-)	12.00 (-)
2.	Donation given	2400.00 (-)	- (-)

35. Interest in subsidiary and Joint Venture

The Company has incorporated a wholly owned subsidiary - GSFC Agrotech Limited (GATL) during the year ended 31 March 2013 for undertaking investment in new schemes. GATL's business blue print was under consideration and no commercial operations has commenced during the year. The Company considers the subsidiary to be not material in terms of its investment and the level of operations as at 31 March 2013 and hence consolidated financial statements are not prepared.

The proportionate share of assets, liabilities, income and expenditure of subsidiary-GSFC Agrotech Limited and Jointly Controlled Entity- Tunisian Indian Fertilizers, S.A. (TIFERT) are given below :-

Name of the entity		GATL	TIFERT
Nature of association		Subsidiary	Joint Venture
Country of incorporation		India	Tunisia
Percentage of ownership interest		100%	15%
Particulars	For the year ended 31st March 2013*	For the year ended 31st December 2012**	For the year ended 31st December 2011* (₹ in lakhs)
Non-current Liabilities	-	26178.77	22095.56
Current Liabilities	96.23	4355.03	4608.56
Non-current Assets	17.87	35973.21	32751.64
Current Assets	69.55	4664.29	4341.86
Income	-	0.50	25.42
Expenditure	108.82	668.04	1196.23
Contingent Liabilities	-	Not available	454.58

* Based on the audited financial statements

** Based on the un-audited financial statements of TIFERT for the year ended 31st December, 2012. Information has been furnished to the extent available with the Company.

Notes Forming Part of the Financial Statements

36. Other Disclosures

	2012-13	(₹ in lakhs) 2011-12
C.I.F. Value of Imports		
Raw Materials	135941.72	153748.29
Spare Parts	2769.84	1763.21
Capital Goods	97.63	129.22
Expenditure in Foreign Currency		
Interest	657.04	190.50
Technical Assistance/Know-how	1111.52	73.44
Others	1050.07	587.62
Remittance of Dividend in Foreign Currency	—	—
Earnings in Foreign Exchange		
F.O.B. value of Exports	7849.07	14500.40

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

	2012-13		2011-12	
	₹ in lakhs	%	₹ in lakhs	%
Raw Materials				
Imported	147577.49	47.90	159007.97	51.46
Indigenous	160511.33	52.10	133668.14	48.54
	<u>308088.82</u>	<u>100.00</u>	<u>292676.11</u>	<u>100.00</u>
Spare Parts				
Imported	959.72	37.03	1211.46	32.80
Indigenous	2248.77	62.97	2482.04	67.20
	<u>3208.49</u>	<u>100.00</u>	<u>3693.50</u>	<u>100.00</u>

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

37. Details on derivative instruments and unhedged foreign currency exposures

I. (a) Forward exchange contracts and options (being derivative instruments), which are not intended for

trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

(i) Outstanding forward exchange contracts entered into by the Company as on 31 March, 2013 :

Currency	Amount (in Mn)	Buy/Sell	Cross currency
USD	54.5	Buy	Rupees
USD	(35)	Buy	Rupees

Note: Figures in brackets relate to the previous year

(ii) Outstanding option contracts entered into by the Company as on 31 March, 2013 :

Currency	Amount (in Mn)	Buy/Sell	Cross currency
USD	44	Buy	Rupees
USD	(0)	Buy	Rupees
USD	44	Sell	Rupees
USD	(0)	Sell	Rupees

Note: Figures in brackets relate to the previous year

(b) Interest rate swaps to hedge against fluctuations in interest rate changes:

No. of contracts: 2, Amount: 44Mn USD Principal (As at 31 March, 2012: Nil)

(c) Currency swaps (other than forward exchange contracts stated above) which are not intended for trading or speculative purposes but for hedge purposes to hedge against fluctuations in changes in exchange rate :

Currency	Amount (in Mn)	Buy/Sell	Cross currency
USD	103.255	Buy	Rupees
USD	(52.436)	Buy	Rupees

Note: Figures in brackets relate to the previous year

II. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise: NIL (As at March 31, 2012: NIL)

38. Previous Years Figures

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosures.

Signatures to Note 1 to 38 forming the part of the Financial Statements 2012-13

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No. 117364W

Gaurav J. Shah
Partner
Membership No. 35701

Gandhinagar
16th May, 2013

Atanu Chakraborty
Managing Director

Gandhinagar
16th May, 2013

Dr. Varesh Sinha
Chairman

D. J. Pandian
D. C. Anjaria
Directors

V. D. Nanavaty
General Manager (Finance) &
Company Secretary

Statement Pursuant to Section 212 of the Companies Act, 1956

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY

- | | | | |
|-----|---|---|---|
| (A) | Name of the Subsidiary Company | : | GSFC Agrotech Limited |
| (B) | The Financial Year of the Subsidiary Company ended on | : | 31st March, 2013 |
| (C) | Date from which it became subsidiary | : | 2nd April, 2012 |
| (D) | Shares of the subsidiary held by Gujarat State Fertilizers & Chemicals Limited | | |
| | (a) Number and face value | : | 9,99,994 Shares of ₹ 10/- each fully paid up |
| | (b) Extent of holding | : | 99.99% |
| (E) | The net aggregates of Profit / (Loss) of the Subsidiary Company so far as it concerns the members of Gujarat State Fertilizers & Chemicals Limited :- | | |
| | (a) not dealt with in the accounts of Gujarat State Fertilizers & Chemicals Limited for the year ended 31st March, 2013 amounts to :- | | |
| | (i) for Subsidiary's financial year ended as in (B) above. | : | (₹ 108.82 lakhs) |
| | (ii) for the previous financial years of the Subsidiary since it became the Holding Company's Subsidiary | : | Not Applicable |
| | (b) dealt with in the accounts of Gujarat State Fertilizers & Chemicals Limited for the year ended 31st March, 2013 amounts to :- | | |
| | (i) for Subsidiary's financial year ended as in (B) above. | : | NIL |
| | (ii) for the previous financial years of the Subsidiary since it became the Holding Company's Subsidiary | : | Not Applicable |

The financial years of GSFC Limited and its Subsidiary Company ended on 31st March, 2013 and hence no information pursuant to Section 212(5) is given.

Atanu Chakraborty
Managing Director

Dr. Varesh Sinha
Chairman

D. J. Pandian
D. C. Anjaria
Directors

Gandhinagar
16th May, 2013

V. D. Nanavaty
General Manager (Finance) &
Company Secretary

DIRECTORS' REPORT

To
The Members of GSFC AGROTECH LIMITED

Your Directors are happy to present the 1st Annual Report and Audited Accounts of the Company for the year ended 31st March, 2013.

A. FINANCIAL RESULTS

Your Company has incurred Net Loss of Rs.108.82 Lakhs for the period from 7th May, 2012 to 31st March, 2013. Since the Company is in start up phase; it has not commenced its regular operations during the year under review. However, steps are being taken to commence its operation during the current year.

B. HOLDING COMPANY

Your Directors are happy to inform that allotment of 49,994 Equity Shares of Rs.10 each of your Company has been made to GSFC on 02/04/2012. Consequently, your Company has become subsidiary of GSFC on and from the said date and the later has become the holding Company. Further 9,50,000 Equity Shares of Rs.10 each of your Company has been allotted to GSFC on 05/07/2012.

C. NEW PROJECTS

Your Directors are pleased to inform you that during the year the Company has approved two new projects namely Sardar Amin Granules (SAG) / Sardar Amin Liquid (SAL) of 20,000 MT/annum capacity and Liquid Biofertilizer (LBF) Of 10 lac liter/annum capacity which are under implementation while Tissue Culture Complex (TCC) for producing 1.25 crore Tissue culture plants/ annum, is under project planning and tendering stage.

D. CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Since your Company is not engaged in any manufacturing activity, information pursuant to Section 217 (1)(e) read with Companies (disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 may be treated as 'Nil'.

E. DIRECTORS

Pursuant to the provisions of Section 255 & 256 of the Companies Act, 1956, Shri Sureshchandra A. Patel shall be liable to retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

The appropriate resolutions for appointment/reappointment of Director is placed for the approval of shareholders.

F. 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, 2013 and of the profit of the Company for the period from 7th May, 2012 to 31st March, 2013;
- (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.

G. DEPOSITS

Your Company has not accepted any deposits from the public.

H. AUDITORS

M/s. Parikh Mehta & Associates, Vadodara, were appointed as the Statutory Auditors of the Company, at the 1st Board Meeting, to hold office till the conclusion of the First Annual general Meeting. Accordingly, the said Auditors would retire at the conclusion of the ensuing Annual General Meeting and, being eligible offer themselves for re-appointment for the year 2013-14 pursuant to sub-section 1(B) of Section 224 of the Companies Act, 1956.

M/s. Neeraj Trivedi, Practicing Company Secretary has also examined the registers, records, books and papers of the Company and provided the Compliance Certificate.

I. AUDITORS' REPORT

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

J. PARTICULARS OF EMPLOYEES

Your Company has no employees and as such no particulars as required by Section 217(2A) of the Companies Act, 1956, have been furnished.

K. ACKNOWLEDGEMENTS

Your Directors place on record their appreciation for the overwhelming co-operation and assistance received from the Gujarat State Fertilizers & Chemicals Limited, its officers and staff for their co-operation & Bank of Baroda.

For and on behalf of the Board

Place : Fertilizernagar
Date : 12-06-2013

Atanu Chakraborty
Chairman

COMPLIANCE CERTIFICATE

To
The Members
GSFC AGROTECH LIMITED
Administrative Building, 1st Floor,
Fertilizernagar, Vadodara - 391750.

CIN: - U36109GJ2012PLC069694

Authorized Share Capital: Rs.50,00,00,000/-

We have examined the registers, records, books and papers of **M/s. GSFC Agrotech Limited** (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the Rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the Financial Period ended on 31st March, 2013 (Financial Period is a period from the date of incorporation i.e. 02nd April, 2012 to 31st March, 2013). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the said financial period:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the Rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate with the Registrar of Companies, and/or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company being a Public Limited Company, comments in respect of minimum capital, numbers of shareholders etc. is not required.
4. The Board of Directors duly met 6 (Six) times respectively on 17.04.2012, 05.07.2012, 23.08.2012, 27.08.2012, 20.10.2012 and 22.03.2013 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. One resolution, dated 27.09.2012 was passed by circulation and the same was taken on record at the board meeting held on 20.10.2012.
5. The Company was not required to close its Register of Members or Debenture holders during the said financial period.
6. This being the first financial period, convening the Annual General Meeting during the said period is not applicable.
7. One Statutory Meeting, dated 20.10.2012 was held during the said financial period and resolutions passed thereat were duly recorded in the minute's book maintained for the purpose.
8. The Company has not advanced any loan to its Directors or persons or firm or companies referred in the section 295 of the Act during the said financial period.
9. Since formation of the Company, it has not entered into any contract falling within the purview of section 297 of the Act.
10. In view of Sr. No. 9 above, the Company was not required to make any entry in the Register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company need not to obtain, any approval from the Board of Directors, Members or Central Government during the said financial period.
12. The Company has not issued any duplicate certificates during the said financial period.
13. The Company has:
 - (i) Delivered all the certificates in respect of transfer of the shares and allotment of the shares in accordance with the provisions of the Act;
 - (ii) Not deposited any amount in a separate Bank Account as no dividend was declared during the said financial period;
 - (iii) Not required to post warrants to any members of the Company as no dividend was declared during the said financial period;
 - (iv) Transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund (applicable when rules are notified) : Not Applicable
 - (v) Duly complied with the requirements of Section 217 of the Act : Not Applicable.
14. The Board of Directors of the Company is duly constituted and there was no appointment of additional director, alternate director, director to fill the casual vacancies during the financial period.
15. The Company has not appointed any Managing Director / Whole Time Director / Manager during the said financial period.
16. The company has not appointed any sole selling agent during the said financial period.
17. The company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act during the said financial period.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under during the said financial period.
19. The Company has issued 950,000 Equity Shares during the financial period and complies with the provisions of the Act.
20. The company has not bought back any shares during the said financial period.
21. There was no redemption of preference shares or debentures during the said financial period.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the said financial period.
23. The Company has not invited / accepted any deposits including any unsecured loan falling within the purview of section 58A during the said financial period.

COMPLIANCE CERTIFICATE (Contd.)

24. The Company has not made any borrowings during the said financial period.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate during the said financial period and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's Registered Office from one state to another during the said financial period.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the said financial period.
28. The Company has not altered the provisions of Memorandum with respect to name of the Company during the said financial period.
29. The Company has not altered the provisions of Memorandum with respect to share capital of the Company during the said financial period.
30. The Company has not altered its Articles of Association during the said financial period.
31. There was no prosecution initiated against or show cause notices received by the Company for offences under the Act during the said financial period.
32. The Company has not received any money as security from its employees during the said financial period.
33. The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act : Not Applicable.

Sd/-

Place : Vadodara

Name of the Practicing Company Secretary : NIRAJ TRIVEDI

Date : 2nd May, 2013

C.P. No. : 3123

Annexure 'A'

Particulars of Registers maintained under the Companies Act, 1956.

Sr. No.	Particulars
1.	Register of Members and Index under Section 150 and 151.
2.	Register of Transfer of shares.
3.	Register of Contract, companies and firm in which directors are interested under section 301 (3).
4.	Register of Directors, Managing Director, Manager and Company Secretary under Section 303.
5.	Minutes Books for minutes of meetings of the Board of Directors and Members.
6.	Attendance Register of Directors and Members

Vadodara, 2nd May, 2013.

Annexure 'B'

Particulars of Forms and Returns as filed by the Company with the Office of Registrar of Companies / MCA during the financial period ended on 31.03.2013.

Sr. No.	FormNo./ Return	Filed under relevant Section of the Act.	Particulars	Date of Filling	Whether filed within prescribed time. Yes / No	If delay in filing whether requisite additional fee paid. Yes/N.A.
1.	20	149(2)(c)	Declaration of compliance with the provisions of the Companies Act, 1956.	27.04.2012	Yes	N.A.
2.	32	262	Appointment of Company Secretary.	28.04.2012	Yes	N.A.
3.	22	165	Statutory Report.	17.10.2012	No	Yes
4.	2	75(1)	Allotment of 9,50,000 shares.	03.08.2012	Yes	N.A.

Vadodara, 2nd May, 2013.

Independent Auditors' Report

To the Members of GSFC Agrotech Limited

Report on the Financial Statements

We have audited the accompanying financial statements of GSFC Agrotech Limited ("The Company"), which comprises the Balance Sheet as at 31st March 2013 and the Statement of Profit and Loss Account and Cash Flow Statement for the period from 7th May 2012 to 31st March 2013, and a summary of significant accounting policies and explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Profit and Loss Account, of the loss for the period from 7th May 2012 to 31st March 2013; and
- c) in the case of the Cash Flow Statement, of the cash flows for the period from 7th May 2012 to 31st March 2013.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 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 Cash Flow Statement comply with the Accounting Standards referred to in subsection(3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

Parikh Mehta and Associates
Chartered Accountants
FRN : 112832W

Ashish Parikh
Partner
Membership No.: 116745

Place: Vadodara
Date: 2nd May, 2013

Annexure to the Auditors' Report

(Referred to paragraph (1) of our report of the even date)

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. The Company has no fixed assets till the even date.
2. The Company has no Inventories till the even date.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii (c) and iii (d) of the order are not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.
4. The Company has no inventories or fixed assets and has no income from sale of goods or services as on the even date, so this clause is not applicable.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) As per information & explanations given to us and in our opinion, the transaction entered into by the company with parties covered u/s 301 of the Act does not exceeds five lacs rupees till the even date and those are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. Company has not commenced any business activity, so clause pertaining to cost maintenance of cost records is not applicable.
9. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
10. This being the first year of the company, the clause pertaining to accumulated & cash losses is not applicable.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

Parikh Mehta and Associates
Chartered Accountants
 FRN : 112832W

Ashish Parikh
Partner
Membership No.: 116745

Place: Vadodara
Date: 2nd May, 2013

Balance Sheet as at 31st March, 2013

Statement of Profit and Loss for the Period 7th May, 2012 to 31st March, 2013

Amount (₹)		
Particulars	Note No.	As At 31st Mar 2013
A EQUITY AND LIABILITIES		
1 Shareholders' funds		
(a) Share capital	2	10,000,000
(b) Reserves and surplus	3	(10,881,837)
2 Current liabilities		
(a) Trade payables	4	8,427,627
(b) Other current liabilities	5	1,195,729
TOTAL		8,741,519
B ASSETS		
1 Non-current assets		
(a) Fixed assets		
Capital work-in-progress	6	1,766,857
(b) Long-term loans and advances	7	20,000
2 Current assets		
(a) Cash and Bank Balance	8	6,929,662
(b) Short-term loans and advances	9	25,000
TOTAL		8,741,519

Amount (₹)		
Particulars	Note No.	For the year ended on 31st Mar 2013
I. Revenue from operations		-
II. Other income		-
III. Total Revenue (I + II)		-
IV. Expenses:		
Other expenses	10	10,881,837
Total Expenses		10,881,837
V. Profit before exceptional and extraordinary items and tax (III-IV)		(10,881,837)
VI. Less: Exceptional Items		-
VII. Profit before extraordinary items and tax (V - VI)		(10,881,837)
VIII. Extraordinary Items		-
IX. Profit before tax (VII- VIII)		(10,881,837)
X. Tax expense:		
(1) Current tax		-
(2) Deferred tax	11	-
XI. Profit (Loss) for the period (VII-VIII)		(10,881,837)
XVI. Earnings per equity share:	12	
(1) Basic		(10.88)
(2) Diluted		(10.88)

Notes 1 to 18 are an integral part of the financial statements.

Notes 1 to 18 are an integral part of the financial statements.

S.K.Bajpai Company Secretary
B.M.Bhorania Director
Atanu Chakraborty Chairman

Vadodara
2nd May, 2013

S.A.Patel
Director

As per our attached Report of even date
For **Parikh Mehta & Associates**
Chartered Accountants
Firm Registration No.112832W

Ashish Parikh
Partner
Membership No. 116745
Vadodara
2nd May, 2013

S.K.Bajpai Company Secretary
B.M.Bhorania Director
Atanu Chakraborty Chairman

Vadodara
2nd May, 2013

S.A.Patel
Director

As per our attached Report of even date
For **Parikh Mehta & Associates**
Chartered Accountants
Firm Registration No.112832W

Ashish Parikh
Partner
Membership No. 116745
Vadodara
2nd May, 2013

Cash Flow Statement for the year ended 31st March, 2013

	Amount (₹)
	For the year ended on 31st Mar' 2013
Cash Flow from Operating Activities	
Profit Before Tax	(10,881,837)
Adjustment for :	
Depreciation and Amortisation Expenses	-
Finance Cost	-
Operating Profit before Working Capital Changes	(10,881,837)
Adjustment for :	
Current Assets, Short Term Loans & Adv given	(25,000)
Trade Payables, Other Current Liabilities and Provisions	9,623,356
Cash Generated from Operations	(1,283,481)
Direct Taxes Paid	-
Net Cash from Operating Activities	(1,283,481)
Cash flow from Investing Activities	
Purchase of Fixed Assets	(1,766,857)
Loans and Advances given	(20,000)
Net Cash flow from Investing Activities	(1,786,857)
Cash flow from Financing Activities	
Equity Share Capital	10,000,000
Net Cash used in Financing Activities	10,000,000
Net increase in Cash & Cash Equivalents	6,929,662
Cash & Cash Equivalents as at the Beginning of the Year	-
Cash & Cash Equivalents as at End of the Year	6,929,662

Notes 1 to 18 are an integral part of the financial statements.

S.K.Bajpai
Company Secretary

B.M.Bhorania
Director

Atanu Chakraborty
Chairman

Vadodara
2nd May, 2013

S.A.Patel
Director

As per our attached Report of even date
For Parikh Mehta & Associates
 Chartered Accountants
 Firm Registration No.112832W

Vadodara
2nd May, 2013

Ashish Parikh
Partner
Membership No. 116745

Notes Forming Part of the Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

A. Operation

The Company has not engaged in any manufacturing or trading activity during current year.

B. 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.

C. Capital Expenditure :

- Fixed Assets acquired and constructed are stated at historical cost including attributable cost for bringing the asset to its intended use.
- Assets under erection/installation of the existing projects and ongoing projects are shown as "Capital Work in Progress".
- 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.
- Major cost of civil works required as plant and machinery supports, on the basis of technical estimates, is considered as Plant & Machinery.
- Intangible assets are stated as cost.

D. Inventories :

All inventories are valued at lower of cost or net realizable value. Raw materials, process chemicals, stores and spares, packing materials trading and other products are determined on weighted average basis.

E. 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 recognized on timing difference 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 recognized 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 realized.

F. Comparative Figures

Since this is the first year of the company, no previous year figures could be provided for comparison.

G. 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.

Amount (₹)

2. SHARE CAPITAL

Particulars	As at 31st March, 2013	
	Number	Amount
Authorised		
Equity Shares of Rs. 10/- each	50,000,000	500,000,000
Issued Subscribed & Paid up shares		
Equity Shares: Face Value of Rs. 10/- each		
Shares outstanding at the beginning of the year	1,000,000	10,000,000
Shares outstanding at year end	1,000,000	10,000,000
Total	1,000,000	10,000,000

a) Details of shareholders holding more than 5% shares in the company

Particulars	As at 31st March, 2013	
	Number	Percentage
Gujarat State Fertilizers & Chemicals Limited	999,994	99.99
	999,994	99.99

Notes Forming Part of the Financial Statements

b) Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs.10 per share. On show of hands, each holder of equity shares is entitled to one vote per share.

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.

c) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March, 2013	
	Number	Amount(₹)
Shares outstanding at the beginning of the year	-	-
Shares issued during the year	1,000,000	10,000,000
Shares bought back during the year	-	-
Shares outstanding at the end of the year	1,000,000	10,000,000

3. RESERVES AND SURPLUS

Particulars	As at 31st March, 2013 Amount(₹)
Profit and Loss Account	
Balance at the beginning of the year	-
Add : Profit for the year	(10,881,837)
Total	(10,881,837)

4. TRADE PAYABLES

Particulars	As at 31st March, 2013 Amount(₹)
Due to Micro Enterprises & Small Enterprises (MSMED)	-
Others	8,427,627
Total	8,427,627

5. OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2013 Amount(₹)
Creditors for Capital Goods	1,000,000
Statutory Dues	120,448
Deposits Received	50,000
Others	25,281
Total	1,195,729

6. CAPITAL WORK IN PROGRESS

Particulars	As at 31st March, 2013 Amount(₹)
Capital Work in Progress	1,766,857
Total	1,766,857

7. LONG TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2013 Amount(₹)
Deposit with Government Agencies	20,000
Total	20,000

Notes Forming Part of the Financial Statements

8. CASH & BANK BALANCE

Particulars	As at 31st March, 2013 Amount(₹)
Cash & Cash Equivalent	
Balance with Bank	
- In Current Account (Bank of Baroda)	6,929,662
Total	6,929,662

9. SHORT TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2013 Amount(₹)
Deposit with Government Agencies	25,000
Total	25,000

10. OTHER EXPENSES

Particulars	Year ended 31.03.2013 Amount (₹)
Reimbursement of Personnel Expenses	3,321,617
Lease Rent	269,355
Auditors' Remuneration *	68,539
Reimbursement of expenses to Directors	16,000
Preliminary Expense written off	
- Logo Design Charges	286,050
- Legal, Professional and Consultancy Charges	3,500,806
- Printing Expense	9,000
- Others	3,410,470
Total	10,881,837
* Auditors Remuneration	
Payment to auditor as :	
Auditor	28,090
For other Services (including certification)	40,449
	68,539

11. DEFERRED TAX ASSET / (LIABILITY)

Particulars	As at 31st March, 2013 Amount(₹)
Deferred Tax Asset	
- Pre-operative Expense written off, allowable in Income tax after commencement of business	2,226,755
Total	2,226,755
Based on Prudence, DTA has not been recognized during the year.	

12. EARNING PER SHARE (EPS)

Particulars	Year ended 31.03.2013
Profit for the Year ended (₹)	(10,881,837)
Weighted average number of Equity Shares outstanding during the year (Nos.)	1,000,000
Basic and Diluted EPS (₹)	(10.88)
Nominal Value per share (₹)	10.00

Notes Forming Part of the Financial Statements

13. CAPITAL COMMITMENTS

Particulars	As at 31st March, 2013 Amount(₹)
Estimated amount of contracts remaining to be executed on capital accounts and not provided for the current year	2,410,200

14. RELATED PARTY TRANSACTION

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

(a) Relationship :

Holding Company :

Gujarat State Fertilizers & Chemicals Limited

(b) Details of transactions with related parties :

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

Sr. No.	Nature of transactions	Value for the year Amount (₹)
1.	Equity contribution received against issue of 999,994 Equity Shares of ₹ 10/- each	9,999,940
2.	Reimbursement of expenses	3,590,972

(c) Outstanding Balances :

Particulars	As at 31st March, 2013 Amount (₹)
Balances (payable) / receivable from GSFC	(8,103,577)

15. SEGMENT REPORTING

The Company has no distinguishable business or geographical segments.

16. SUPPLEMENTARY STATUTORY INFORMATION :

- i. Value of imports calculated on C.I.F. basis by the company during the financial year is **NIL**
- ii. Expenditure in foreign currency during the financial year on account of royalty, know-how, professional and consultation fees, interest, and other matters is **NIL**
- iii. Value of all imported raw materials, spare parts and components consumed during the financial year is **NIL**
- iv. The amount remitted during the year in foreign currencies is **NIL**
- v. Earnings in foreign currency is **NIL**

17. FOREIGN CURRENCY TRANSACTION :

In view of Accounting Standard on Accounting for the "Effect of Change Foreign Exchange Rates" (AS – 11) issued by the Institute of Chartered Accountants of India being mandatory with from 1st April 1995, there are no foreign currency transaction.

18. Figures of Profit & Loss Account and Balance Sheet have been rounded off to the nearest rupee.

Signatures to Notes 1 to 18 forming part of the Financial Statements 2012-13

S.K.Bajpai
Company Secretary

B.M.Bhorania
Director

Atanu Chakraborty
Chairman

Vadodara
2nd May, 2013

S.A.Patel
Director

As per our attached Report of even date
For **Parikh Mehta & Associates**
Chartered Accountants
Firm Registration No.112832W

Vadodara
2nd May, 2013

Ashish Parikh
Partner
Membership No. 116745



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 **FIFTYFIRST ANNUAL GENERAL MEETING** of the Company held at **Cultural Centre Auditorium** situate at its Registered Office at **Fertilizernagar, District Vadodara, at 3.30 p.m. on Saturday, the 3rd August, 2013.**

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

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

FIFTYFIRST ANNUAL GENERAL MEETING of the Company to be held at **3.30 p.m. on Saturday, the 3rd August, 2013** 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.

[illegible]

TOWARDS GREENER ENVIRONMENT

Environment protection is an article of faith with GSFC. For green environment and ecological balance the company is contributing through tree plantation, garden development & maintenance etc. with an objective to turn GSFC 'Green to Greener'.

For encouraging urban population to increase greenery and maintaining the ecological balance, GSFC has 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.



CORPORATE SOCIAL RESPONSIBILITY

As part of its Corporate Social Responsibility Act, GSFC has taken a momentous decision to foray in Education. It has floated a new University – GSFC University – with a corpus fund hundred crore rupees. The university has been located at Jaspur Village in Padra taluka on the outskirts of Vadodara city.

The university will start offering programmes in engineering and management initially to be followed by other disciplines at a later date. The University is expected to become a premier institute for learning and research with world class standards of teaching. Its core aim is to function as a bridge between the industries and the academia.

GSFC Education Society, a registered trust sponsored by GSFC is promoting the GSFC Institute of Technology & Management, the first constituent institute of GSFC University, as an institution of excellence to be started on the lines of IITs.

GSFC continues with its Akshaya Patra's Mid-Day Meal Scheme as well as its multi-media education project in collaboration with SVADES. It also extends financial support to "Society for Village Development".



TOWARDS NEW HORIZONS

GSFC is forever scanning new opportunities, new horizons for the growth, as in today's dynamic competitive environment, an industrial enterprise cannot afford to remain static.

The company has acquired a strategic stake in Karnalyte Resources Inc., Canada, which will assure the company a supply of Potash. GSFC has invested 19.98% in equity share capital of Canadian company valued at Rs. 238 Crores.

The other component strategy is to develop Sikka Unit at Jamnagar as a large production hub for Phosphatic and Complex Fertilizers. Phosphatic fertilizer will be made out of Phosphoric Acid from its Tunisian Joint Venture 'TIFERT'. The DAP plant at Sikka is being expanded by five lakh MPTA for DAP/NPK.

GSFC has ambitious plans for setting up large capacity Fertilizers & Petrochemicals Complex at Dahej for which land acquisition is done and technology selection is under progress.

GSFC is taking actions for setting up of a Sulphuric Acid & Phosphoric Acid Plant at Sikka unit for assured supply of raw material.

GSFC is also exploring the possibility of setting up Melamine Project and modernization of Cyclohexanone Plant of Caprolactam-I Plant at Vadodara complex.

The expansion project of enhancing Nylon-6 Chips output is being implemented.

A 20,000 MTPA Water Soluble Fertilizer (WSF) Project is coming up at Vadodara complex.

GSFC has been conscious of the importance 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. It is also proposed to set up a new 29.4 MW Wind Mill Project in Rajkot district.

GSFC Agrotech Limited (GAL) has now become a wholly owned subsidiary of GSFC. Projects during the year namely (1) Sardar Amin Granules (SAG) /Sardar Amin Liquid (SAL) of 20,000 MT/annum capacities and (2) Liquid Biofertilizer (LBF) of 10 lac Lit/annum capacity have been approved and are under implementation.

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.

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.

SAFETY & HEALTH

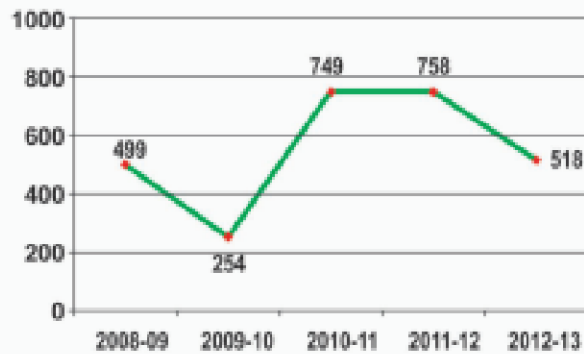
During the year under review, GSFC was conferred Safety Award-2011 Certificate of Appreciation from NSCI, Mumbai and also the prestigious 'Gujarat State Safety Award 2011' in the form of Certificate of Honor from Gujarat Safety Council and Director Industrial Safety & Health for achieving three Million man-hours without any accident among Category-I Group of Industries.

Occupational Health & Safety audit of all the four units of GSFC was carried out by M/s. British Safety Council, UK in Nov.-Dec. 2012.

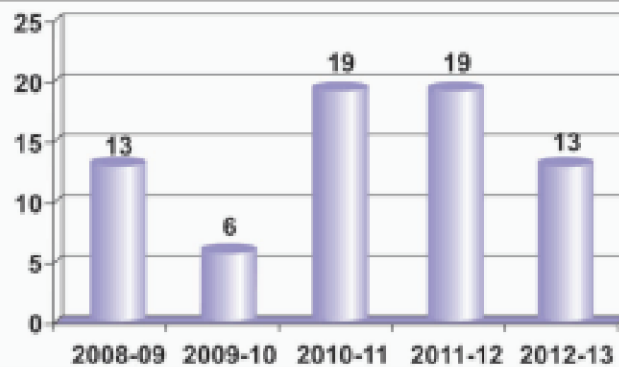


PERFORMANCE HIGHLIGHTS

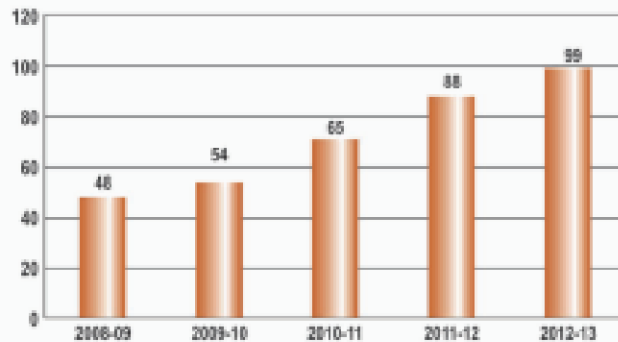
PROFIT AFTER TAX (₹ Crores)



EARNING PER SHARE (Face value ₹ 2/- each)



BOOK VALUE PER SHARE (Face value ₹ 2/- each)



MARKET PRICE PER SHARE (Face value ₹ 2/- each) (As on 31st March of respective year)



BOOK-POST

To,

"License to post on pre-payment of postage in cash"
License No. G1/Temp/16/maills/13 granted by
the Chief Postmaster General, Gujarat Circle,
Ahmedabad-380 001, which is valid upto 23/07/2013
Posting made from Mail Business Centre, Navrangpura,
Ahmedabad-380 009.



**GUJARAT STATE FERTILIZERS &
CHEMICALS LIMITED**

Fertilizernagar - 391 750, Vadodara, Gujarat
www.gsfclimited.com

