



# RESOURCEFUL DETERMINED EMPOWERED

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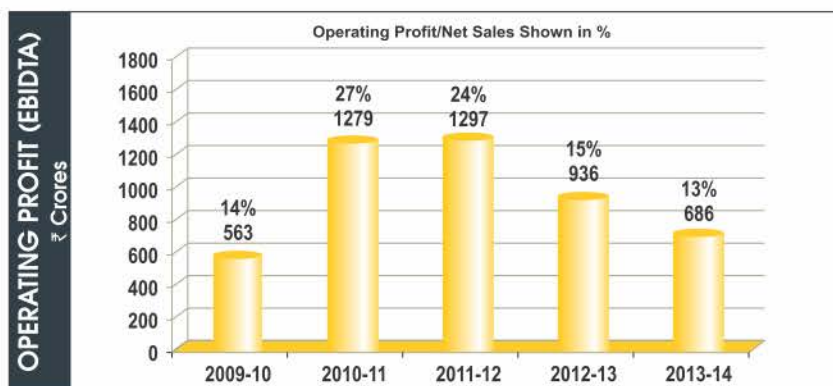
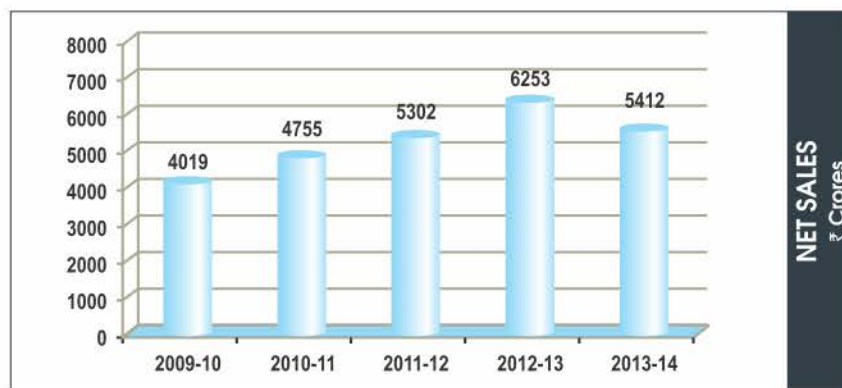
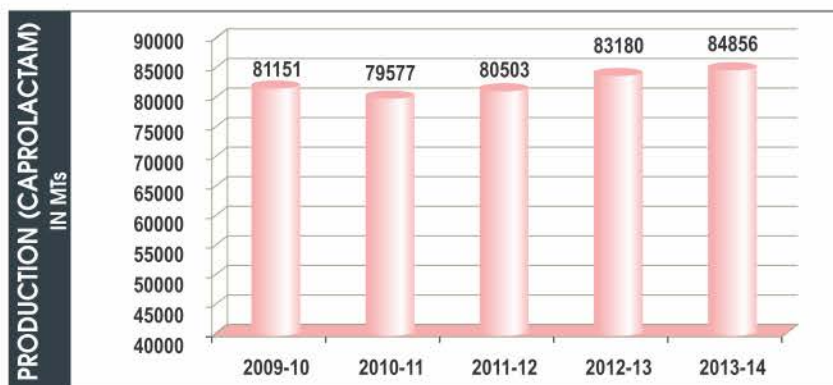
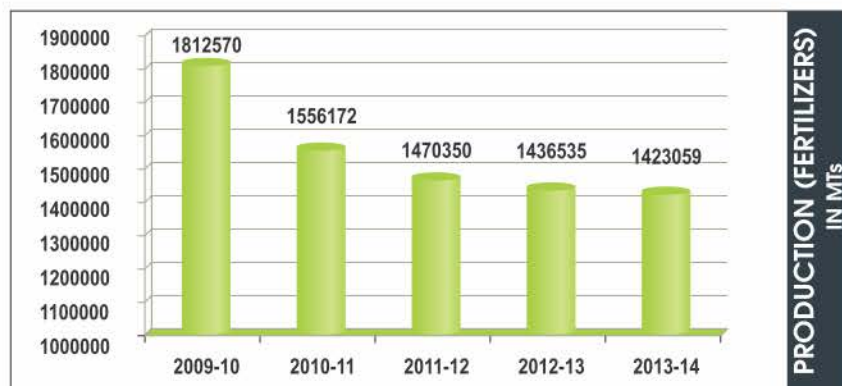
ANNUAL REPORT  
2013 - 14



**GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED**

[www.gsfclimited.com](http://www.gsfclimited.com)

## PERFORMANCE HIGHLIGHTS





## TOWARDS A NEW HORIZON

GSFC began its journey as a **"Beacon of Hope"** for farmers with its Sardar brand of fertilizers which brought sunshine into their lives. Over the last five decades GSFC has earned for itself the distinction of being one of India's valuable world class enterprise touching and enriching lives of millions.



GSFC has always been on a path that will add strength to its 'Pillar of Sustainability' by reinventing itself as an avid environment-friendly enterprise. While the focus on profitability continues, GSFC will continue to strive to keep strengthening its bottom-line in the future and all this would be achieved through sustainable development of businesses, it is engaged in.

The company's objective approximates to the Green Industry concept advocated by the United Nations Industrial Development Organization (UNIDO).

Accordingly, GSFC has initiated meaningful actions to reduce carbon footprints, take a lead in promoting clean development mechanisms, generate energy from renewable sources like wind power, implement waste recycling and environmental awareness programs to minimize risks and hazards and provide full support for educating society to enlighten their living.

GSFC believes this is vital because ultimately the power to do things comes from within an organization.



## PERFORMANCE REVIEW 2013-14



GSFC achieved sales turnover of ₹5412 crores for the year ended March 31, 2014 in which the fertilizers segment contributed ₹3126 crores while the industrial product segment added ₹2285 crores. The Company earned a net profit of ₹342 crores.

These results were achieved despite the limitations met during the year on the front of shortfall in the availability of Phosphoric Acid for manufacture of Di-Ammonium Phosphate; slowdown in the economy, sluggish off take of fertilizers, continued dollar-rupee volatility and the like. A noteworthy aspect, however, was that the production of almost all other plants remained high during the year.



## PRODUCT PORTFOLIO

Sardar is one of the most preferred brands amongst farmers and this is reflective of the supreme quality and performance of the Company's products. Fertilizers apart, GSFC manufactures a host of chemicals which are critical inputs for many products like Tooth Brushes, Paints, Tyres, Dyes, Cosmetics and Medicines - in fact in almost all articles of everyday use.



## THE KEY TO SUCCESS



Four key factors underpin GSFC's success and they are viz. Prudent Financial Management, Safety & Health Systems, Sensitivity to Environmental Aspects and Sound Risk Management.

The Prudent Financial Management system has ensured that GSFC remained a debt free company. This has enabled GSFC to reward shareholders and investors consistently with attractive dividends.

## ACCOLADES



The Fertilizer Association of India (FAI) a premier Fertilizers Manufacturers consortium has in recognition of GSFC's efforts awarded it with four prestigious National Awards for the year 2013 for its excellence in:

- Production, Promotion and Marketing of Bio-fertilizer
- Best Production Performance of an operating Phosphoric Acid Plant
- FAI Environmental Protection Award
- Runners up for FAI Award for the best Production Performance of Nitrogenous Plant for the year 2012-13.

## GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

[Corporate Identity Number (CIN) : L99999GJ1962PLC001121]

### 52<sup>ND</sup> ANNUAL GENERAL MEETING

Date : 8<sup>th</sup> August, 2014  
Day : Friday  
Time : 12.30 p.m.  
Place : Cultural Centre Auditorium  
Fertilizernagar Township  
Fertilizernagar - 391 750  
District 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  
Phone : (0265) 2339397/2314757/6625522  
Fax : (0265) 2341639  
Email : mcsltdbaroda@gmail.com

### REGISTERED OFFICE

Fertilizernagar - 391 750  
District Vadodara, Gujarat, India  
Phone : (0265) 2242451/651/751  
Fax : (0265) 2240966/2240119  
Email : ho@gsfcltd.com  
Website : www.gsfclimited.com

### BOARD OF DIRECTORS (As on 16-06-2014)

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

### ADVISORS

SHRI B. M. BHORANIA  
SHRI P. GANGULI  
SHRI S. P. SHAH

### EXECUTIVE DIRECTOR

SHRI H. V. KACHHADIA

### GENERAL MANAGER (FINANCE) & CFO

SHRI V. D. NANAVATY

### GENERAL MANAGERS

SHRI H. R. BRAHMBHATT  
DR. Y. P. SINGH  
MS. F. M. DAYAMAKUMAR  
DR. NEELAM MISHRA  
SHRI S. P. YADAV

### COMPANY SECRETARY

CS V. V. VACHHRAJANI

### BANKERS

Bank of Baroda  
Central Bank of India  
Bank of India  
Dena Bank  
Indian Bank  
Vijaya Bank  
Yes Bank Ltd.  
State Bank of India  
Indian Overseas Bank  
Axis Bank Ltd.  
ICICI Bank Ltd.  
Royal Bank of Scotland N.V.

### LEGAL ADVISORS AND ADVOCATES

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

### STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells, Vadodara

### COST AUDITORS

M/s. Diwanji & Associates, Vadodara (for 2013-14)  
M/s. A. G. Dalwadi & Company, Ahmedabad (for 2014-15)

## FOR MEMBERS' ATTENTION

1. The Register of Members and the Share Transfer Books of the Company shall remain closed from Saturday, the 26th July, 2014 to Friday, the 8th August, 2014 (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 14th August, 2014, 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 26th July, 2014.  
  
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 form) 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](mailto: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](http://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-second Annual General Meeting** of the Members of the Company will be held at the Cultural Centre Auditorium situate at the Registered Office of the Company at Fertilizernagar - 391750, Dist. Vadodara on **Friday, the 8th August, 2014 at 12.30 PM** to transact the following business :

### Ordinary Business

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2014 including Balance Sheet as at 31st March, 2014 and the Statement of Profit & Loss for the year ended on that date and the Report of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri P. N. Roy Chowdhury (DIN 00354078), who retires by rotation and being eligible offers himself for re-appointment.

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

"**RESOLVED** that pursuant to Section 139 (2) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, M/s. Deloitte Haskins & Sells, Chartered Accountants, Vadodara (Firm Registration No. 117364W) be and are hereby re-appointed as auditors of the Company to hold the office from the conclusion of this 52nd Annual General Meeting for terms of three consecutive years (Financial years 2014-15, 2015-16 & 2016-17) till the conclusion of the 55th Annual General Meeting of the Company, subject to ratification by the Members at every Annual General Meeting to be held during the period on such remuneration as may be determined by the Board of Directors of the Company, based on the recommendation of the Audit Committee and reasonable out-of-pocket expenses actually incurred by them in connection with the audit of the Accounts of the Company for the financial year ending on 31st March, 2015."

5. To pass the following resolution with or without modification(s), as an **Ordinary Resolution**:

"**RESOLVED** that pursuant to Section 148 (3) and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors) Rules, 2014, the appointment of M/s. A G Dalwadi & Company, Cost Accountants, Ahmedabad (Firm Registration No. 100071), whose appointment and remuneration has been recommended by the Audit Committee and approved by the Board, as Cost Auditors of the Company for conducting and carrying out the Cost Audit and certification of the Compliance Report and Performance Appraisal Report for the Financial Year 2014-15 at a total fee of Rs. 4,25,000/- plus service tax and reasonable out of pocket and traveling expenses be and is hereby ratified and approved."

### Special Business

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

"**RESOLVED** that pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement entered into with the Stock Exchanges, Shri D C Anjaria (DIN 00008639) be and is hereby appointed as an Independent Director of the Company to hold office for one year from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and shall not be liable to retire by rotation."

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

"**RESOLVED** that pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement entered into with the Stock Exchanges, Prof. Vasant Gandhi (DIN 00863653) be and is hereby appointed as an Independent Director of the Company to hold office for one year from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and shall not be liable to retire by rotation."



## NOTICE (Contd.)

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

"**RESOLVED** that pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement entered into with the Stock Exchanges, Shri Ajay Shah (DIN 01141239) be and is hereby appointed as an Independent Director of the Company to hold office for one year from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and shall not be liable to retire by rotation."

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

"**RESOLVED** that pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement entered into with the Stock Exchanges, Shri Vijai Kapoor (DIN 01084371) be and is hereby appointed as an Independent Director of the Company to hold office for one year from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and shall not be liable to retire by rotation."

10. To consider and if thought fit, to pass the following resolution with or without modification(s), as a **Special Resolution**:

"**RESOLVED** that in supersession of all the earlier Resolutions that have been passed at the previous Annual General Meetings of the Company and pursuant to the provisions of Section 180 (1) (c) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification (s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors of the Company, at any time to borrow money or from time to time for borrowing monies together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) upto an amount of Rs. 1350 Crores (Rupees One Thousand Three Hundred Fifty Crores Only) outstanding at any point of time in excess of the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose."

11. To consider and if thought fit, to pass the following resolution with or without modification(s), as a **Special Resolution** :

"**RESOLVED** that pursuant to the provisions of Section 180 (1) (a) of the Companies Act, 2013 and other applicable provisions of the said Act, if any, and the Memorandum and Articles of Association of the Company, consent of the Members be and is hereby accorded to the creation by the Board of Directors of the Company from time to time of such mortgage, charges, liens, hypothecation, assignment, transfer and/ or other securities in addition to the mortgages, charges, liens, hypothecation, assignment, transfer and/ or other securities already created by the Company, on terms and conditions as the Board in its sole discretion may deem fit, on Company's assets and properties, both present and future, whether movable or immovable, including whole or substantially the whole of the Company's undertaking (s) in favor of Lenders as may be agreed to by the Board for the purpose of securing the repayment of any loans/ financial assistance/ other borrowings, subject to maximum of Rs.1350 Crores (Rupees One Thousand Three Hundred Fifty Crores)."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorized to finalize the terms and conditions, agreements, deeds and documents for creating such mortgage, charge, lien, hypothecation, assignment, transfer and/ or other securities and to do all such acts, things and deeds as may be required to give effect to this resolution."

"**RESOLVED FURTHER THAT** the Managing Director of the Company or any other person authorized by him, be and is hereby authorized to do all the things and deeds required to give effect to the above resolution including but not limited to file necessary e-forms with the Registrar of Companies/ Ministry of Corporate Affairs and to comply with all statutory and other formalities in this regard."



## NOTICE (Contd.)

12. To consider and if thought fit, to pass the following resolution with or without modification(s), as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution of the existing Articles of Association of the Company."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company or any other person authorized in this behalf be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board

Place : Fertilizernagar  
Date : 16<sup>th</sup> June, 2014

Sd/-  
**CS V.V. Vachhrajani**  
**Company Secretary & Dy. General Manager**  
**(Legal & Corporate Communication)**

## NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**

**A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights.**

**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 102 of the Companies Act, 2013 is annexed hereto.
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 to 31-03-2006 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
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
39	2012-13	03-08-2013	03-09-2020

**Members who have not yet encashed their dividend warrant(s) for the Financial Year ended 31-03-2007 to 31-03-2013, 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 102 OF THE COMPANIES ACT, 2013

#### Item No. 4:

M/s. Deloitte Haskins & Sells, Chartered Accountants, Vadodara were appointed Statutory Auditors of the Company at the last Annual General Meeting (AGM) pursuant to provisions of Section 224, 224A, 225 and other applicable provisions of the Companies Act, 1956 to hold office until the conclusion of this AGM. They have been in the office for a period of two years now.

In pursuance of Section 139 (2) of the Companies Act, 2013, every Listed Company shall not appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years.

As per Rule 6 (3) of Companies (Audit and Auditors) Rules, 2014, the period for which the firm has held office as auditor prior to the commencement of the act shall be taken into account for calculating the period of five consecutive years (in case of Individual as Auditor) or ten consecutive years (in case of firm as an Auditor) as the case may be.

Accordingly it is proposed to reappoint M/s. Deloitte Haskins & Sells, Chartered Accountants, Vadodara (Firm Registration Number 117364W) as the Statutory Auditors of the Company, who are holding the office of auditor since 2012-13, be appointed as Auditor of the Company for the next three consecutive years at this meeting on such remuneration as may be determined by the Board of Directors of the Company. Their appointment shall be from the conclusion of this Annual General Meeting and till the conclusion of the 55th Annual General Meeting.

The Company has received a written consent / letter from M/s. Deloitte Haskins & Sells, Chartered Accountants, Vadodara to the effect that their re-appointment if made, would be in accordance with the conditions prescribed under section 139 (2) of the Companies Act, 2013 and a certificate confirming that they are not disqualified for such re-appointment within the meaning of Section 141 of the said Act.

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

None of the Directors or Key Managerial Personnel of the Company or their relatives is/are, in any way, concerned or interested, in the resolution set out at Item No. 4. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges with which the shares of the Company are listed.

#### Item No. 5:

In pursuance of Section 148 (3) of the Companies Act, 2013, if the Central Government is of the opinion that it is necessary to do so, it may, by order, direct that the audit of cost records of class of companies, which are covered under sub-section (1) of 148 and which have a net worth of such amount as may be prescribed or a turnover of such amount as may be prescribed, shall be conducted in the manner specified in the order.

The audit under sub-section (2) shall be conducted by a Cost Accountant in practice who shall be appointed by the Board upon recommendation of the Audit Committee.

Your Directors, upon recommendation of the Audit Committee, have approved the appointment of M/s. A G Dalwadi & Company, Cost Accountants, Ahmedabad (Firm Registration No. 100071) as the Cost Auditors of the Company to conduct Cost Audit and to certify the Compliance Report and Performance Appraisal Report for the Financial Year 2014-15 at a fee of Rs. 4,25,000/- plus service tax and reasonable out of pocket and traveling expenses. Such appointment is pursuant to Sections 148 (3) and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors) Rules, 2014.

Since the ratification of Shareholders is required regarding the remuneration of the Cost Auditor, your Directors recommend the proposed resolution for your ratification.

None of the Directors or Key Managerial Personnel of the Company or their relatives is/are, in any way, concerned or interested, in the resolution set out at Item No. 5. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges with which the shares of the Company are listed.

#### Item Nos. 6 to 9:

As required by Section 149 of the Companies Act, 2013, it is proposed to appoint Shri D C Anjaria, Prof. Vasant Gandhi, Shri Ajay Shah & Shri Vijai Kapoor, the existing Independent Directors, as non-retiring Independent Directors for a term of one year from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting. The brief profile of the Independent Directors are given below:

## ANNEXURE TO THE NOTICE (Contd.)

### Brief profile of Independent Directors

Name	Shri D C Anjaria	Prof. Vasant Gandhi	Shri Ajay Shah	Shri Vijai Kapoor
Date of Birth	19th July, 1946	10th December, 1954	8th July, 1966	13th September, 1938
Qualification	B.Com., MBA (Finance) IIM, Ahmedabad	Ph.D. (Stanford), MA, MS (Stanford), PGP (IIMA)	Ph.D. in Economics, University of Southern California, Los Angeles, B.Tech in Aeronautical Engineering from IIT, Bombay	MA (Mathematics), IAS
Status	Independent Director	Independent Director	Independent Director	Independent Director
Date of Appointment	15-07-2006	15-07-2006	15-07-2006	15-07-2006
Self & Family member's shareholding in GSFC Ltd.	1450 Shares held by wife & 2500 Shares jointly with Gujarat State Investments Ltd. (GSIL)	2500 Shares jointly with Gujarat State Investments Ltd. (GSIL)	2500 Shares jointly with Gujarat State Investments Ltd. (GSIL)	2500 Shares jointly with Gujarat State Investments Ltd. (GSIL)
Other Directorships	<ol style="list-style-type: none"> <li>1. Ratnamani Metals &amp; Tubes Ltd.</li> <li>2. International Financial Solutions Pvt. Ltd.</li> <li>3. Indian Institute of Financial Services Pvt. Ltd.</li> <li>4. Gujarat Tech Markets Pvt. Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. Advanta India Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. Centre for Monitoring Indian Economy Pvt. Ltd.</li> <li>2. Clearing Corporation of India Ltd.</li> <li>3. Ascent Capital Advisors India Pvt. Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. FAB India Overseas Pvt. Ltd.</li> <li>2. Vertical Infra Developers Pvt. Ltd.</li> </ol>
Brief Profile covering experience	Shri D C Anjaria has rich experience in the financial sector viz. Capital Markets, Banking in India and Overseas, Corporate Finance & Management and Commodity Markets.	Prof. Vasant Gandhi has rich experience of Management, Consultancy & Research activities in agri business & agro industry.	Shri Ajay Shah has rich consultancy experience of varied nature in the field of Finance and has many prestigious awards to his credit in the field of Risk Management, Certified Financial Planning etc. during his career.	Shri Vijai Kapoor served in Indian Administrative Service and has later served as Lieutenant Governor of Delhi for 6 <sup>1/2</sup> years. He has a rich administrative experience of varied nature.

In the opinion of the Board, Shri D C Anjaria, Prof. Vasant Gandhi, Shri Ajay Shah & Shri Vijai Kapoor fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for their appointment as Independent Directors of the Company and are independent of the management. Copy of the draft letter for appointment of Shri D C Anjaria, Prof. Vasant Gandhi, Shri Ajay Shah & Shri Vijai Kapoor as Independent Directors would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours between Monday to Friday. In view of the fact that the proposed appointees bring with them the vast experience in the diverse fields of Corporate Finance, Administration and Management and considering their profile and exposure in the respective fields it is desirable to approve their appointment as proposed and hence their appointment is recommended for your approval.

Except the Directors under appointment viz. Shri D C Anjaria, Prof. Vasant Gandhi, Shri Ajay Shah and Shri Vijai Kapoor, none of the Directors or Key Managerial Personnel of the Company or their relatives is/are, in anyway, concerned or interested, financial or otherwise, in the resolution set out at Item Nos. 6 to 9. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.



## ANNEXURE TO THE NOTICE (Contd.)

### Item Nos. 10 & 11:

The members of the Company have approved at earlier Annual General Meetings Ordinary Resolutions as required under erstwhile Section 293 (1) (a) and 293(1) (d) of the Companies Act, 1956.

Under the Companies Act, 2013, Section 180(1) (a) & (c), which came into effect from 12th September, 2013, requires that the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the prior fresh consent of the company by way of a special resolution passed at the General Meeting.

Further, the Ministry of Corporate Affairs vide its circular 04/2014 dated 25/03/2014 clarified that the resolution passed under erstwhile Section 293 of the Companies Act, 1956 prior to 12.09.2013 with reference to borrowings (subject to the limits prescribed) and / or creation of security on assets of the Company shall be regarded as sufficient compliance of the requirements of Section 180 of the Companies Act, 2013. As per this Circular, the validity of earlier passed resolutions would expire on 12th September, 2014 and thereafter fresh approval would be required from the Shareholders in due compliance with the provisions of Section 180 of the Companies Act, 2013.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180 (1)(a) & (c) and other applicable provisions of the Companies Act, 2013, as set out at Item Nos. 10 & 11 of the Notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money at any time or from time to time for borrowing monies together with the monies already borrowed by the Company, if any, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business of Rs. 1350 Crores (Rupees One Thousand Three Hundred Fifty Crores Only) in excess of the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose. The Company, should an occasion arise, may also need to charge properties for securing borrowings in favor of lenders and as per provisions of Section 180 (1) (a) of the Companies Act, 2013 creating charge on property of the Company in favor of lenders requires approval of shareholders in General Meeting.

None of the Directors or Key Managerial Personnel of the Company or their relatives is/are, in any way, concerned or interested, financial or otherwise, in the resolution set out at Item Nos. 10 & 11.

### Item No. 12:

The existing Articles of Association (AoA) are in line with the provisions of the Companies Act, 1956 and many Articles contain specific reference to the Sections of Companies Act, 1956.

As the Companies Act, 2013 is now in force, the provisions of the Companies Act, 1956 are required to be replaced by provisions of the Companies Act, 2013 and the rules made there under. The last paragraph in the Interpretation Clause 2 of Articles of Association contains specific reference to the Companies Act, 1956 needs to be replaced and should read as follows:

**Unless the context otherwise requires, words and expressions contained in these Articles shall bear the same meaning as in the Act or Companies Act, 2013 or any statutory modification thereof for the time being in force. Wherever any of the Articles mentions about the sections/ provisions of the Companies Act, 1956, it shall be read in line with the corresponding or new sections/ provisions of the Companies Act, 2013 and Rules made there under.**

Accordingly, it is proposed to replace the existing articles to streamline and align it with the corresponding provisions of the Companies Act, 2013. Shareholder's attention is invited to certain salient provisions of the Companies Act, 2013 which are applicable to the existing AoA of the Company, viz:

- A member may exercise his/her vote by electronic means in accordance with section 108 and shall vote only once;
- Company's lien now extends also to bonuses declared from time to time in respect of shares over which lien exists;
- the nominee(s) of a deceased sole member are recognized as having title to the deceased's interest in the shares;
- existing articles to be streamlined and aligned with the Act and provisions of the existing AoA which are already the part of statute in the Act have not been reproduced as they would only lead to duplication – their non-inclusion makes the AoA crisp, concise and clear and aids ease of reading and understanding.

None of the Directors or Key Managerial Personnel of the Company or their relatives is/are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 12 of the Notice.

The Board recommends the Special Resolution set out at Item No. 12 of the Notice for approval by the shareholders.

By Order of the Board

Place : Fertilizernagar  
Date : 16<sup>th</sup> June, 2014

Sd/-  
CS V.V. Vachhrajani  
Company Secretary & Dy. General Manager  
(Legal & Corporate Communication)

## DIRECTORS' REPORT

To  
The Members,

Your Directors are happy to present the 52<sup>nd</sup> Annual Report and Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2014.

### A. FINANCIAL RESULTS

(₹ in Crores)

Sr. No.	Particulars	2013-14	2012-13
1.	<b>Gross Sales</b>	<b>5697.97</b>	6503.18
	Less : Excise Duty Recovered	<b>285.48</b>	249.88
	<b>Net Sales</b>	<b>5412.49</b>	6253.30
2.	Other Income	<b>157.05</b>	138.09
3.	<b>Total Revenue</b>	<b>5569.54</b>	6391.39
4.	Less : Operating Expenses	<b>4883.66</b>	5455.37
5.	<b>Operating Profit</b>	<b>685.88</b>	936.02
6.	Less : Finance Cost	<b>45.14</b>	36.25
7.	<b>Gross Profit</b>	<b>640.74</b>	899.77
8.	Less : Depreciation	<b>145.32</b>	132.05
9.	Exceptional Item	<b>0.00</b>	0.00
10.	<b>Profit before Taxes</b>	<b>495.42</b>	767.72
11.	Taxation		
	- Current Tax	<b>130.75</b>	257.84
	- Deferred Tax (net)	<b>22.49</b>	(8.22)
12.	<b>Profit after Taxes</b>	<b>342.17</b>	518.10
13.	Balance brought forward from last year	<b>287.90</b>	213.04
14.	<b>Amount available for Appropriations</b>	<b>630.07</b>	731.14
15.	Out of which, your Directors have proposed Appropriation and Transfer as under :		
	a) Proposed Dividend on Equity Shares	<b>79.70</b>	79.70
	b) Tax on Proposed Dividend	<b>13.54</b>	13.54
	c) General Reserve	<b>250.00</b>	350.00
16.	Leaving a balance in the Profit & Loss Account	<b>286.83</b>	287.90

### B. OPERATIONAL PERFORMANCE

Your Directors wish to report that your Company has achieved the turnover of Rs. 5412 Crores for the year ended March 31, 2014 as against Rs. 6253 Crores (FY 12-13) down 13% when compared to the previous financial year. Similarly for the FY 13-14, Profit Before Tax (PBT) was Rs. 495 Crores and Net Profit (Profit After Tax) was Rs. 342 Crores as against PBT of Rs. 768 Crores and PAT of Rs. 518 Crores for the previous financial year.

### C. DIVIDEND

Your Directors are happy to recommend a dividend @ 100%, i.e. Rs. 2/- per Equity Share (Face value of Rs. 2/- each) on 39,84,77,530 shares (Previous Year - 100%, i.e. Rs. 2 per share on 39,84,77,530 Equity Shares of Rs.2/- each) for the financial year ended 31<sup>st</sup> March, 2014. The net outgo on account of Dividend shall be Rs. 93.24 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 26/07/2014.

### 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, 96.64% of shares are held in electronic/dematerialized form.

### 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

## DIRECTORS' REPORT (Contd.)

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 2013-14, your Company has not accepted/ renewed any Fixed Deposit. Your Directors wish to report that there are 82 Fixed Deposits aggregating Rs. 9.10 Lacs which have remained unclaimed by Depositors, as on 31st March, 2014. Letters reminding them to seek repayment have been sent. Upto and including the date of this report, 9 deposits amounting to Rs. 1.19 Lacs have been repaid.

The Company has also transferred a sum of Rs. 12.69 Lacs being the unclaimed deposits and interest amount thereon during the year 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 the appropriate insurance cover.

### H. PROJECTS UNDER CLEAN DEVELOPMENT MECHANISM (CDM)

The Directors are happy to inform that Wind Mill Projects of 10 MW, 12 MW, 18 MW & 33 MW are already registered under CDM and 50.4 MW Wind Mill Project is in the final stage of registration process for availing Carbon Credit. Company has also initiated steps for getting the revenue against Carbon Credit for the registered projects.

### I. EXPANSION & DIVERSIFICATION

Your Company had taken up conversion of Ammonia-I plant for production of Methanol based on the technology provided by M/s. Haldar Topsoe, Denmark. M/s. Projects & Development India Ltd. was the Consultant for carrying out detailed engineering works for the project. Your Directors are happy to inform that this Plant commissioned during 2nd quarter of F.Y.2013-14 and could achieve the guaranteed quality product at full load.

Your Company has participated in a strategic Joint Venture with Tunisian Indian Fertilizers (TIFERT) in Tunisia with a view to ensure consistent supply of Phosphoric Acid for optimized running of its DAP plant at Sikka. The project is commissioned successfully and we have started getting Phosphoric Acid from TIFERT for our Sikka Unit.

Your Company had been conscious of the development of Green technology and with a view to translate this into reality has set up total 123.4 MW Wind Mill Power Projects in the Saurashtra & Kutch Region. These projects are working satisfactorily and are also meeting Company's captive power requirements as well as your company is selling surplus power to the State Grid.

Your Directors are happy to inform that your Company has successfully commissioned 29.4 MW Wind Mill Project in Rajkot district during 4th quarter of FY 2013-14.

Your Directors also wish to inform that your Company is in the process of implementing additional Nylon-6 capacity of 15,000 MTPA (Engineering Plastic) at Vadodara, for which the technology tie-up has been made with M/s. Lurgi, Germany and M/s. Tata Consulting Engineers Ltd. have been engaged for detailed engineering work. The project is slated to be operational in the 4th quarter of FY 2014-15.

Your Directors also wish to inform that your Company has taken up 20,000 MTPA Water Soluble Fertilizer (WSF) Project at Vadodara, for which tie-up has been made with M/s. Hindustan Dorr-Oliver (HDO). The project execution is under progress and is slated to be operational in the 2nd quarter of F.Y. 2014-15.

Your Company is proposing to set up 40,000 MTPA Melamine Project at Vadodara for which technology selection process is underway.

Your Directors are happy to inform that tie-up for technology and project implementation has been made with M/s. Hindustan Dorr-Oliver for the capacity expansion of about 5 Lakhs MTPA for DAP/NPK at Sikka unit.

M/s. Uhde India Pvt. Ltd. is engaged to provide engineering services for associated additional facilities related to DAP/ NPK plant. EIA approval procedure is in final stage and engineering is under progress. The project is slated to be operational in 2nd quarter of FY 2015-16.

Your Directors are happy to inform that the Company is also exploring the feasibility of setting up of Sulphuric Acid & Phosphoric Acid Plants at Sikka unit as a part of backward integration to have assured supply of Raw Materials.

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 completed and plot development is in progress. Technology selection for various projects like – Caprolactam, Nylon-6, Methyl Methacrylate, Ammonia, Urea etc. are under way.

### SUBSIDIARY COMPANY - GSFC AGROTECH LIMITED

The Company considers the subsidiary to be not material in terms of its investment and the level of operations as at 31st March 2014 and hence consolidated financial statements are not prepared. The reports of the Directors' and Auditors of GATL for the year ended March 31, 2014, as required under Section 212 of the Companies Act, 1956, are annexed.



## DIRECTORS' REPORT (Contd.)

### 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

#### Change in Directors

Dr. Has Mukh Adhia, IAS, Addl. Chief Secretary, Govt. of Gujarat, has been appointed as Director of the Company w.e.f. 01-04-2013.

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

#### Independent Directors

In due compliance with the provisions of Section 149 of the Companies Act, 2013, it is proposed to appoint Shri D C Anjaria, Prof. Vasant P Gandhi, Shri Ajay N Shah and Shri Vijai Kapoor as Independent Directors on the Board of the Company, who shall hold the office for a term from the conclusion of the ensuing Annual General Meeting to the conclusion of the next Annual General Meeting.

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:

- 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, 2014 and of the profit of the Company for the period from 1st April, 2013 to 31st March, 2014;
- 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.

### M. AUDITORS

Pursuant to provisions of Section 224 of the Companies Act, 1956, M/s Deloitte Haskins & Sells, Chartered Accountants, Vadodara, were the statutory auditors of the Company who hold office up to the conclusion of the forthcoming Annual General Meeting.

As per Section 139 (2) of the Companies Act, 2013 they are eligible for re-appointment for a term of maximum three consecutive years i.e. from 2014-15 to 2016-17 (since they have completed the term of two years). 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 in accordance with the conditions prescribed under section 139 (2) of the Companies Act, 2013 and they are not disqualified for such reappointment within the meaning of Section 141 of the said Act.

Pursuant to the directive from the Ministry of Corporate Affairs regarding appointment of Cost Auditor, M/s A G Dalwadi & Company, Cost Accountants, Ahmedabad have been appointed as the Cost Auditor of the Company for the Financial Year 2014-15. The Cost Auditor for the F.Y. 2012-13 was M/s Diwanji & Associates, Cost Accountants, Vadodara and the Cost Audit Report in respect of FY 12-13 was filed on 27.09.2013 (i.e. timely on the stipulated date of 27.09.2013). The Section 148 (3) of Companies Act, 2013 requires that the remuneration of cost auditors shall require the ratification of Shareholders and accordingly the appropriate resolution has been included in the notice convening the 52nd Annual General Meeting.

Your Directors recommend the approval of Resolution for re-appointment and fixation of remuneration of Auditors for the F.Y. 2014-15.

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. 2013-14. 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.

## DIRECTORS' REPORT (Contd.)

### 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

- As a part of Environment Management System, our prime concern is on minimization and control of environmental pollution and conservation of natural resources to the maximum extent possible for the protection of the environment.
- GSFC possess valid Consolidated Consent and Authorization (CC&A) vide Order No. AWH-44254 dated 16/11/2011, which is valid up to 06/06/2016 and complies with all relevant statutory requirements. Your Directors are happy to inform that your Company has also received amendment in CC&A Order AWH-44254 for 1200 MTPA HAS crystal project vide Letter No. GPCB/CC&A-VRD-83(2)/ID:21968/147842 dated 22/05/2013.
- There is a Zero Effluent Discharge System in place at Phosphoric group of plants. Revamping of Effluent Treatment Plants (ETP) for enhancement of treatment capacity is in progress and its Phase –I is in the final stage of completion. Your Company has also initiated Phase-II revamping activities for improvement of performance of ETPs with respect to new projects and reuse options of treated effluent for water conservation. Quality of final treated effluent during the year 2013-14 has met with the applicable norms of Gujarat Pollution Control Board. As a part of complying with norms, your Company has received rebate in water cess assessment order for the year 2012-13.
- To monitor the real time concentration of pollutants, scheme for installation of four On-line Ambient Air Quality Monitoring Stations within the periphery of your Company's premises has been completed in Nov. 2013. The gaseous emissions from the stacks of different plants are being regularly monitored so as to ensure that they consistently meet with the requirements of permissible limits.
- Most of the Hazardous Solid Wastes generated from different processes are sold to GPCB approved recyclers/ rerefiners.
- Your Company has received Environmental Clearance (EC) for proposed 45 TPD Nylon 6 Project from State Level Environmental Impact Assessment Authority (SEIAA) vide Letter No. SEIAA/GUJ/EC/5(e)/131/2013 dated 05/07/2013. Subsequently, it has received the Consent to Establish (CTE) for proposed 45 TPD Nylon 6 Project from GPCB vide CTE No. 58830 dated 05/12/2013.
- Your Company has also received the Consent to Establish Order (CTE/NOC) for Water Soluble Fertilizer and Micronutrient Mixture Project from GPCB vide CTE No. 56462 dated 03/10/2013.
- Your Directors are also happy to report that there has been an uninterrupted supply of all utilities to process plants during the year.

### 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 a Performance Management System for Officers is in place since last year with its linkage to promotion policy. This has enhanced personal excellence by the Officers towards Company's overall excellence.

Your Directors wish to inform that the Company has introduced production, productivity & profitability linked incentive scheme for participation of employees towards higher productivity.

### 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 : Gandhinagar  
Date : 16th June, 2014

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) Use of energy efficient boiler in place of old and inefficient boiler at Steam Generation Plant.

Due to use of energy efficient boiler (~84% efficiency) in place of old and inefficient boiler, NG fuel consumption reduced. Potential of annual NG saving is 40 Lacs SM<sup>3</sup> (Rs. 740 Lacs) depending on no. of running hours of boiler.

###### 2) Installation of Ultra Methanator at HAS plant Capro-II.

As methane (CH<sub>4</sub>) is nonpoisonous to catalyst used for HAS production, Carbon-monoxide (CO) coming along with Hydrogen (H<sub>2</sub>) supplied from A-IV plant is being converted to methane by catalytic reduction in place of using PSA technology. Due to this PSA operation could be stopped and subsequently loss of H<sub>2</sub> as purging requirement stopped. It resulted into less H<sub>2</sub> import from A-IV plant and annual NG saving of 12.90 Lacs SM<sup>3</sup> (Rs. 238.65 Lacs).

###### 3) Reduction in power consumption by Ammonia refrigeration compressors, Capro-I Plant.

Retubing of Ammonia condenser (associated with Ammonia refrigeration compressor) with SS tubes improved heat transfer. Increase in air circulation flowrate in Cooling tower by increasing blade angle of cooling tower fans lowered CW supply temperature. Combined effect was reduction in power consumption by Ammonia refrigeration compressor. Also replacement of motors of all four air fans of cooling towers with that of lower capacity carried out. Combined annual power saving of 7.67 Lacs unit (Rs. 55.58 Lacs) realized.

###### 4) Supply of Nitrogen (N<sub>2</sub>) from Capro-II to Ammonia-IV Plant.

Surplus quantity (@1350 Nm<sup>3</sup>/Hr) of N<sub>2</sub> was vented in Capro-II plant. Now, it is being supplied to Ammonia-IV Plant to fulfill requirement of Low pressure N<sub>2</sub> through N<sub>2</sub> export header, installed to meet GSFC grid requirement. At A-IV plant, requirement of Nitrogen let down from Nitrogen compressor from ~27 barg to 4.5 barg is reduced accordingly, resulting into less loading on Nitrogen compressor and ultimately annual power saving of 6.40 Lacs unit (Rs. 46.40 Lacs).

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

Urea powder carrying screw conveyor replaced with higher capacity to avoid recycling of spilled material, after preparing ~40% solution. This resulted into reduction in load on evaporation section and ultimately reduced steam consumption. It resulted into annual NG saving of 2 Lacs SM<sup>3</sup> (Rs. 37.00 Lacs).

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

Preheating of benzene carried out by utilizing heat energy, which otherwise was being diverted to cooling water. This resulted in NG saving in furnace, as benzene is heated upto reaction temperature by using NG as heat source. The realized annual NG saving is 1.76 Lacs SM<sup>3</sup> (Rs. 32.56 Lacs).

###### 7) Diversion of vent gases of Benzene Hydrogenation Section of Capro-I Plant as fuel to Steam generation boiler.

Bz hydrogenation section Off gases having ~15% Hydrogen diverted to boiler of Steam generation plant to be used as supportive fuel in place of venting locally. Potential of annual NG saving is 1.67 Lacs SM<sup>3</sup> (Rs. 30.83 Lacs) depending on no. of running hours of boiler.

###### 8) Installation of hollow FRP blade in A & C Cells of Main Cooling Tower (MCT), Capro-II.

Replacement of solid FRP blades by hollow FRP blades in cooling tower fan A&C of main cooling tower (MCT) carried out. It resulted into annual power saving of 2.70 Lacs unit (Rs. 19.58 Lacs).

###### 9) Installation of Hollow FRP blades in Cooling tower of SA-IV 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 2.00 Lacs unit (Rs. 14.50 Lacs).

###### 10) Power conservation through reduction of impeller diameter of Cyclohexane pumps, Anone Plant, Capro-II.

Both pumps were developing higher head and therefore, Cyclohexane Pump (P100A) impeller dia. reduced from 250 mm to 227 mm and Cyclohexane Pump (P110B) impeller dia. reduced from 400 mm to 390 mm. It resulted into annual power saving of 1.21 Lacs unit (Rs. 8.77 Lacs).

###### 11) Retubing of Hot Water Cooler (W-950) by SS in Lactam plant, Capro-II.

Pressure drop of the heat exchanger reduced due to replacement of CS tubes with SS tubes and therefore, pump with reduced head could be taken in line. It resulted into annual power saving of 1.07 Lacs unit (Rs. 7.76 Lacs).

###### 12) Power conservation through stoppage of Re-crystallization of HX crystal at HX crystal plant, Capro-II.

After stoppage of re-crystallization of HX crystal, Crude crystal dissolving Tank agitator and Crude crystal transfer pump could be stopped on regular basis. It resulted into annual power saving of 0.69 Lacs unit (Rs. 5.00 Lacs).

###### 13) Replacement of Semi lean solution pump P-0302R, at A-IV plant.

Even after carrying out trimming of pump impeller, generated head was higher than required. Hence, new pump with lower head installed. It resulted in to annual power saving of 0.64 Lacs unit (Rs. 4.64 Lacs).

###### 14) Preheating of DMW by utilizing heat of waste steam to reduce steam consumption, Nylon-6 plant.

Use of waste heat carried out to preheat DMW which otherwise was heated up by utilizing steam. It resulted in to annual steam saving of 300 MT (Rs. 4.38 Lacs).

###### 15) Power conservation through reduction in pressure drop in chilled water system, HAS plant, Capro-II.

Two nos. of three way control valves in chilled water loop removed, resulting into reduced discharge pressure of



## ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

Chilled water circulation pump. It resulted into annual power saving of 0.55 Lacs unit (Rs. 3.99 Lacs).

**16) Reduction in Cyclohexane recycle pump power consumption, Capro-I plant.**

Looking to the margin available in control valve opening, pump impeller trimmed to reduce power consumption. Motor of suitable lower size (75 KW) installed in place of 90 KW. It resulted in to annual power saving of 0.52 Lacs unit (Rs. 3.75 Lacs).

**17) Power conservation through reduction of blower discharge pressure, Anone Plant, Capro-II.**

Combustion air blower discharge pressure reduced from 135 mbar to 90 mbar based on margin available. It resulted into annual power saving of 0.43 Lacs unit (Rs. 3.12 Lacs).

**18) Relocation of Primary air filter in HX Plant, Capro-I.**

Relocation of air filter from ground level to higher elevation, eliminated bends in air blower suction line and thereby reduced pressure drop. It resulted into annual power saving of 0.25 Lacs unit (Rs. 1.81 Lacs).

**19) Automation of office area AC unit with temperature control, Capro-I Plant.**

With auto set point of temperature, AC unit remains stopped by three hrs per day. It resulted into annual power saving of 0.14 Lacs unit (Rs. 1.0 Lacs).

Above mentioned measures resulted into aggregate annual saving at a rate of 24.27 Lacs units Power (Rs. 175.90 Lacs), 58.33 Lacs SM<sup>3</sup> NG (Rs. 1079.04 Lacs) and 300 MTs steam (Rs. 4.38 Lacs).

**Measures taken at Sikka Unit:**

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

Earlier 18 no. lamps of 125 watt have to be kept 'ON' round the clock at Bagging floor due to darkness during day time also. After provision of transparent acrylic sheet as mentioned, all the 18 number of lamps kept 'OFF' due to availability of natural light during the day time i.e. 12 hrs. This resulted in to power saving of 9855 kwh annually equivalent to Rs. 59130/- at a unit cost of Rs. 6.00.

**2) Installation of FRP Bottle type cooling tower at Motikhavdi site as stand by.**

Installation of counter current FRP cooling tower as standby to existing wooden Paharpur make cooling tower at Motikhavdi site resulted into power saving of 96 KWH on daily basis. This resulted into annual power saving of 35040 units equivalent to Rs. 210240/- at a unit cost of Rs. 6.00.

**3) Energy saving by using energy efficient sources.**

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

Replacement of : 30 KW, 1500 RPM motor in Slurry Pump A-Train, 30 KW, 1500 RPM motor in cooling tower pump at SST, 45 KW, 1500 RPM motor in Oversize Pulverizer B-Train by High Energy Efficient motor.

Replacement of:

- 67 nos. of 125W HPMV Light fittings by 40W LED light fittings.
- 116 nos. of 125W HPMV Light fittings by 35W CFL light Fittings.
- 163 nos. of 50W conventional tube lights by 28W T5 Tube lights.

- 100 nos. of 50W Ordinary Copper ballast by 28W Electronic Ballast.

- 27 nos. of 150W HPSV Light fittings by 150W MH light fittings.

- 54 nos. of 150W HPSV Light fittings replaced by 85W CFL light fittings.

Thus by adopting Energy efficient motors & lighting system annual power saving of 1.85 Lacs units achieved. This resulted into aggregate annual saving of Rs. 11.10 Lacs at a unit cost of Rs.6.00.

Above mentioned measures resulted into aggregate annual saving at a rate of 2.30 Lacs units Power (Rs. 13.79 Lacs).

**Measures taken at Fibre Unit:**

**1) Replacement of DC Motor & DC drive with AC motor & AC DRIVE**

For Extruder motor of spinning line – 4 main drive DC motor & DC drive replaced by AC Drive & AC Motor resulting into reduction of power by 146880 KWH per Annum (Rs.11.60 Lacs).

**2) Installation of AC drive on Monomer suction blower**  
AC Drive Incorporated in Monomer Blower of Spinning line – 1 resulting reduction of power by 30240 KWH per Annum (Rs. 2.38 Lacs).

**3) Installation of energy efficient pump at various location of utility dept.**

- Replacement of ETP panic pond pump resulted into power saving of 8700 KWH per annum (Rs. 0.68 Lac)
- Replacement of DM water transfer pump resulted into power saving of 35000 KWH per annum (Rs. 2.75 Lacs)
- Replacement of raw water transfer pump resulted into power saving of 28400 KWH per annum (Rs. 2.24 Lacs)
- Replacement of PSF filter final effluent transfer pump resulted into power saving of 12250 KWH per annum (Rs. 0.96 Lac).

**4) Optimization of operation of spray pump in DT air conditioning section.**

With optimization of operation of spray pump according to required humidity level, power saving achieved of 52500 KWH per annum (Rs. 3.94 Lacs).

Above mentioned measures resulted into aggregate annual saving at a rate of 3.14 Lacs units of Power (Rs. 24.55 Lacs).

**Measures taken at Polymers Unit:**

- Motor of screw pump 8015P in Effluent Treatment Plant is replaced by energy efficient type of lower KW which resulted in power saving of @18000 unit p.a. with a saving of Rs.1.05 Lacs.

**2) Changing of operational sequence of aerators in effluent treatment plant.**

Based on the dissolved oxygen content 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 Rs. 2.40 Lacs.

Above mentioned measures resulted into aggregate annual saving at a rate of 0.58 Lac units Power (Rs. 3.45 Lacs).

## ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

### Measures under consideration at Fertilizernagar, Vadodara Unit:

- 1) **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. This will reduce NG consumption at Steam generator boilers. Anticipated annual NG saving is 12.8 Lacs SM<sup>3</sup> (Rs. 236.80 Lacs).
- 2) **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 reduction in load on steam generation boilers. Anticipated annual NG saving is 12.8 Lacs SM<sup>3</sup> (Rs. 236.80 Lacs).
- 3) **Generation of Flash steam generation at various plants.**  
It is under consideration to generate Flash steam of 14K (in place of present practice of generating 0.5 K Flash steam) from blowdown stream of 37K at CoGen-III and SA-IV plants and to utilize low pressure steam -which is in excess in place of 0.5K steam. Generated 14K steam will reduce NG consumption at Steam generation boilers. Anticipated annual NG saving is 4.03 Lacs SM<sup>3</sup> (Rs. 74.59 Lacs).
- 4) **Use of LPS at various heat exchangers in Nylon-6 plant.**  
Total four nos. of heat exchangers will be installed to use low pressure steam – which is in excess and being vented, as heat source to preheat various process streams. This will result into reduction in load on steam generation boilers accordingly. Anticipated annual NG saving is 1.6 Lacs SM<sup>3</sup> (Rs. 29.60 Lacs).
- 5) **Use of LPS at ML Tank and flushing lines of Centrifuge in place of 7K steam in Urea-I plant.**  
Use of 2.5K steam – which is in excess and being vented will be utilized in place of 7K steam produced by throttling of 37K steam at Mother liquor tank, flushing lines of Centrifuge and various Utility stations. It will result into reduction in load on steam generation boilers. Anticipated annual NG saving is 1.58 Lacs SM<sup>3</sup> (Rs. 29.30 Lacs).
- 6) **Use of energy efficient blower at Ammonia combustion section, Capro-I plant.**  
In place of energy inefficient blower, it is under consideration to install energy efficient blower to reduce power consumption. The anticipated annual power saving is 4.00 Lacs unit (Rs. 29.00 Lacs).

### Measures under consideration at Sikka Unit:

- 1) **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 day time i.e. 12 hrs. This is expected to generate power saving of 39420 KWH annually resulting into gain of Rs. 236520/- at a unit cost of Rs. 6/-
- 2) **Switch over of fuel from FO to NG in Boilers and plant furnace.**  
This shall not require atomization air compressor to run. Considering this aspect, there will be energy saving of 253440 KWH annually equivalent saving of Rs. 15.20 Lacs at a unit rate of Rs. 6.00 per unit.

- 3) Replacement of old conventional Motors by energy efficient motors in
  1. Primary elevator in train-A /B – 75 KW Motor
  2. Oversize pulverizer train-A/B - 45 KW Motor
  3. Scrubber effluent pump train-A/B in DAP plant -37 KW Motor
  4. Ammonia transfer pump motor at SST -90 KW Motor
 In Lighting System:
  1. 32 W CFL replacement by 12W LED light fittings.-100 nos.
  2. 150W HPSV streetlight fittings will be replaced by 50W LED fitting-20 nos.
  3. 125W HPMV fittings will be replaced by 35W CFL fittings -50 nos.
  4. 125 W HPMV fittings will be replaced by 40W LED fittings in plant area- 50 nos.
 It is estimated to save energy to the tune of 95000 KWH resulting into gain of Rs. 5,70,000/- considering power cost @Rs. 6 per unit.

### Measures under consideration at Fibre Unit:

- 1) **Replacement of existing chillers by energy efficient non CFC based Chillers**  
Existing CFC based centrifugal compressor chillers replacement with non CFC based improved and efficient chillers. The annual saving of power is estimated as 11 Lacs units (Rs. 87.00 Lacs).
- 2) **Installation of variable speed drive screw air compressor**  
Installation of screw air compressor equipped with variable frequency drive mechanism. The annual saving of power is estimated as 15 Lacs units (Rs. 118.00 Lacs).
- 3) **Replacement of DC Motor & DC drive with AC Motor & AC drive**  
For Extruder motor of spinning line – 5 main drive DC motor & DC drive replaced by AC Drive & AC Motor resulting into reduction of power by 146880 KWH per Annum (Rs. 11.60 lacs).

### Measures under consideration at Polymers Unit:

- 1) Installation of GET based K VX system at RLNG feed line of boiler is under consideration which will save guaranteed > 5% RLNG fuel alongwith reasonable reduction in maintenance cost and with emission of lower harmful pollutants to atmosphere. Expected fuel saving will be 118800 SM<sup>3</sup> p.a. which will save Rs. 46.30 Lacs p.a.

### B) CONSERVATION OF RAW MATERIALS AND CHEMICALS

#### Measures taken at Fertilizernagar, Vadodara Unit:

- 1) **Use of Sulphur muck as filler in APS production.**  
Recovery of waste sulphur muck, generated during melting of sulphur, is carried out as filler binder in APS fertilizer production rather than treating it as waste disposal.
- 2) **DMW Recovery in MEKO-II Plant.**  
In place of feeding DMW, utilized as seal water in vacuum pump in once through manner, recycling of DMW started. It resulted into annual saving of ~12000 M3/Year DMW (Rs. 6.00 Lacs).

#### 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 (Rs. 10.50 Lacs).

## ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

### TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION

#### FORM-A

Form for disclosure of particulars with respect to Conservation of Energy : 2013-14

#### A. POWER AND FUEL CONSUMPTION

PARTICULARS	2013-14	2012-13
1. ELECTRICITY		
(A) PURCHASE		
UNIT : MWH	320912	165163
AMOUNT ₹ in Lacs	23306	10953
Rate ₹ / KWH	7.26	6.63
(B) Own Generation		
Unit : MWH	135520	202950
KWH Per Ltr. of		
Fuel/Gas	7.14	6.97
Cost ₹ / KWH	3.14	2.42
2. LSHS, FO, LDO		
Quantity – MTs	5398	3324
Amount ₹ in Lacs	2207	1480
Average Rate ₹ / MT	40886	44537
3. NATURAL GAS		
Quantity in '000 SM <sup>3</sup>	148668	187990
Amount ₹ in Lacs	25608	22601
Average Rate 1000/SM <sup>3</sup>	17225.21	12022.45

#### B. CONSUMPTION PER UNIT OF PRODUCTION

Sr. No.	Product	Power		Steam		Natural Gas	
		2013-14 KWH	2012-13 KWH	2013-14 MTs	2012-13 MTs	2013-14 SM <sup>3</sup>	2012-13 SM <sup>3</sup>
1	Ammonia	372	234	-1.093*	-0.646 *	905	908
2	Sulphuric Acid	38	35	-0.830*	-0.828 *	0.096	0.070
3	Phosphoric Acid	291	240	1.295	0.650	2.457	2.914
4	Urea	180	165	1.544	1.523	-	-
5	ASP	39	35	0.006	0.011	5	5
6	Melamine	1792	1773	7.165	7.352	358	360
7	Caprolactam (Old)	2327	2412	7.247	8.397	83	106
8	Caprolactam (Exp.)	1489	1621	5.781	5.967	31	27
9	Nylon - 6	903	894	1.462	1.545	-	-
10	ACH	716	721	1.282	1.188	100	86
11	Monomer	860	855	3.003	2.958	-	-
12	MAA	498	334	3.592	3.580	-	-
13	AS	37	36	0.697	0.652	-	-
14	Sheets	1374	1348	7.935	7.739	-	-
15	Pellets	550	492	0.832	0.872	-	-
16	DAP (SU)	63	61	0.016	0.016	-	-
17	NPK(10:26:26)(SU)	64	61	0.020	0.029	-	-
18	NPK(12:32:16)(SU)	58	-	0.026	-	-	-
19	NPK(20:20:0:13)(APS)(SU)	68	-	0.031	-	-	-
20	Nylon Chips	657	702	-	-	-	-
21	Nylon Filament Yarn	4207	5663	-	-	-	-

\* Indicate Export from Plants

#### C) TECHNOLOGY ABSORPTION

##### EFFORTS MADE IN TECHNOLOGY ABSORPTION

As per enclosed FORM – B

#### D) FOREIGN EXCHANGE USED AND EARNED : 2013-14

##### Foreign Exchange Outgo :

(i) C.I.F. VALUE OF IMPORTS	₹ Lacs
(a) Raw Materials	108534.56
(b) Stores & Spares	5367.64
(c) Capital Goods	4035.82
TOTAL (i)	117938.02
(ii) EXPENDITURE IN FOREIGN CURRENCY	
(a) Interest	954.40
(b) Technical Asstt./Know How	2653.84
(c) Others	70.18
TOTAL (ii)	3678.42
TOTAL (i) + (ii)	121616.44

##### Foreign Exchange Earned :

FOB VALUE OF EXPORT OF	₹ Lacs
Caprolactam	817.90
MEK Oxime	4660.61
Nylon-6	35.12
Anhydrous Ammonia	376.81
Cyclohexane	1188.10
Cyclohexanone	122.63
Melamine	15.18
Methanol	199.96
TOTAL	7416.31

## ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

### FORM-B

#### Form for disclosure of particulars with respect to Technology Absorption : 2013-14

#### 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:

- 1200 MT capacity HX Sulphate Crystal plant was successfully commissioned. Plant is handed over to operation group.
- Based on R&D process, Project for setting up 20,000 MTPY capacity for 19-19-19 grade fertilizer and for packing of 10000 MTPY of other grade WSF is under construction.
- Manufacturing of 167 MT of 19-19-19 grade fertilizer was carried out based on R&D process and packaging of 370 MT of Various grade of WSF was done.
- Around 1 lakh Packets of GOG approved Cheated Micronutrient have been produced based on in-house process know-how.
- Polymer Coated Urea is developed and process parameters were optimized. Field trials for Maize at GSFC Model farm and for Paddy at Pij village were conducted. The test results show increased in nutrient use efficiency. Now field trials are planned with Anand Agriculture University for Paddy crop in coming monsoon.
- High Impact Glass fiber reinforced Nylon-6 is developed and under field trials for commercialization.
- Nylon-6 nano composites: Nanoclay based nanocomposites are developed and it is ready for commercialization. This product may find applications in film and automotive sector.

###### (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.
- Corrosion monitoring of cooling tower water at various plants by R&D resulted in efficient running of plants and cost effective cooling water treatment with better control of corrosion and scaling by optimising the addition of cooling water treatment chemicals.
- Failure Analysis of components has helped in better selection of MOC and optimization of process monitoring

parameters for avoiding future failures and trouble free plant operation.

- Ferrogaphy (wear particle count) of Lube oil has helped in planning for replacement of lubricating oils in rotary components, thus avoiding premature failure of upstream components.
- In-situ metallography on critical equipment has helped in assessment of damage and monitoring degradation of material over a period of time.
- The Biotechnology group of R&D provides support to plants by monitoring cooling water microbial content. This helps in cost effective optimum usage of biocides and saving of water monitoring of cooling towers.
- Support to plants for non routine analysis of samples.
- A project for process development for producing Mono-ammonium phosphate is initiated.

##### (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 are being installed on base of in house developed formulation of WSF.
- To convert plant products in value added product.
- To work on effluent water by developing microbial broth.
- 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.
- On completion of successful field trials of Polymer Coated Urea, it is planned to set up pilot plant for manufacturing polymer coated urea on semi commercial scale.
- After successful field and application trials High Impact Glass fiber reinforced Nylon-6 grade is taken for production.

##### (4) EXPENDITURE ON RESEARCH & DEVELOPMENT :

	₹ in Lacs
(a) Capital	19.83
(b) Recurring	697.47
(c) Total	717.29
(d) Total R & D Expenditure as a percentage of Net Sales	0.13%

#### 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 2013-14

#### Industrial & Service Sector :

The Indian economy is estimated to register a growth rate of 4.9% in 2013-14 in terms of Gross Domestic Product (GDP) at factor cost assuming 2004-05 prices being constant, when compared to 4.5% during 2012-13. It was however lower than 6.7% achieved during FY 2011-12. The growth is on lower side not only as compared to the recent past but also in the context of growth trends that are witnessed since 2003-04. Agriculture, industry & service sector registered the growth rates of 4.60%, 0.70% and 6.90% respectively in 2013-14 as compared to 1.40%, 1.00% and 7.00% during 2012-13.

#### Growth of GDP at Factor Cost (at 2004-05 prices)

Sector	Growth			% Share in GDP		
	2011-12	2012-13 (1R)	2013-14 (AE)	2011-12	2012-13 (1R)	2013-14 (AE)
Agriculture Forestry & Fishing	5.0	1.4	4.6	14.6	14.4	13.9
Industry	7.8	1.0	0.7	27.9	28.2	27.3
Services	6.6	7.0	6.9	57.5	57.4	58.8
GDP at factor cost	6.7	4.5	4.9	100	100	100

1R - First revised estimated      AE - Advanced estimates      Source : CSO

The eight core infrastructure industry registered a growth of 2.4% during April-January 2013-14 as compared to 6.9% during the corresponding period of previous year. Coal, refinery products & cement industries witnessed downslide. The trade balance during 2013-14 (April-Feb.) was USD Billion -128 as against USD Billion -179.9. Fiscal deficit & revenue deficit during 2013-14 (April-Jan.) was 101.6% and 102.3% respectively. The whole sell Price Index inflation for all commodities for the month of February 2014 has declined to 4.68% from 5.05% in previous month.

Agriculture Sector performed better as compared to last year due to favorable South West monsoon during 2013-14. As per the second advanced estimates by Ministry of Agriculture, GOI, food grain production during 2013-14 is estimated at 263.20 million MT as compared to 257.13 million MT in 2012-13.

The slowdown in 2013-14 has been precipitated by domestic factors as well as factors emanating from the rest of world, particularly advanced economies and India's major trading partners. 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. Policy paralysis and slow down in reform process affected growth in industry.

#### 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 twelfth Five Year Plan of the Government of India (2012-17) aims at achieving the growth rate of 9.56%. The final growth target has been set at 9% by the endorsement plan at the National Development Council (NDC) meeting. To achieve these objectives, "Twelve Strategy Challenges" have been identified to produce the desired results. Enhancing the Capacity for Growth, more mobilization of investment resources; better allocation of these resources through more efficient capital markets; higher investment in infrastructure through both public and Public Private Partnership (PPP) routes; and more efficient use of public resources coupled with skill enhancement and faster generation of employment, managing environment, markets for efficiency and inclusion, decentralization, empowerment and Information, technology and innovation, securing the energy future for India, accelerated development of transport Infrastructure would bring the desired growth.

The Eleventh Five Year Plan (2007-12) witnessed an average annual growth of 3.60% in the gross domestic product (GDP) from agriculture and allied sectors as against the target of 4.00%. The Twelfth Five Year Plan emphasizes the need to re-double efforts to have 4% average growth in agriculture sector. Thrust on soil testing, increasing area under irrigation, favourable 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 foster in giving momentum to the agricultural production.

The performance of Indian agriculture is still heavily dependent on rainfall behaviour and south west monsoon, comprising 75% of total annual rainfall during June to September. For the country as a whole, cumulative rainfall during monsoon was 6% above the LPA. The cumulative seasonal rainfall was above normal/excess over all the four homogenous regions except east and north-east India, where it was 28% below LPA. Our entire marketing zone including home market Gujarat received very good rainfall. Due to bountiful rains, all major reservoirs were full. This was a good news for country's agriculture, where 53% of the gross cropped area is rain-fed and monsoons alone account for more than 76% of the total annual rains. Good rains gave boost to fertilizer sales but sales of Phosphoric fertilizers did not pickup due to various reasons.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

### Fertilizer Industry Performance :

All India sales of DAP during 2013-14 declined by 25% from 91.27 Lakh MT during 2012-13 to 68.79 Lakh MT in 2013-14. Intense increase in the prices of DAP/NPK grades & MOP due to reduction in subsidy, increase in ammonia prices and heavy downslide in rupee against US dollar impacted the demand negatively. Farmers prefer to use low priced Urea and Phosphatic fertilizers. At the same time, the market witnessed heavy price war & credit war due to heavy stocks of fertilizers with traders. This impacted the margins of manufacturers/suppliers.

The state wise sales also reflected negative sales pattern of DAP in our major marketing zones. In home market Gujarat, sales of DAP experienced a marginal decline (-4 %) from 3.95 Lakh MT in 2012-13 to 3.78 Lakh MT in 2013-14. All states except Karnataka & Chhatisgarh registered decline in DAP sales. Northern states of Punjab, Haryana & UP also experienced decline in sales.

### All India State-wise Sales of DAP & NPK

(Lakh MT)

State	DAP			NPK		
	2012-13	2013-14	% Inc./Dec.	2012-13	2013-14	% Inc./Dec.
Gujarat	3.95	3.78	-4.30%	4.58	4.60	0.44%
Maharashtra	6.39	5.72	-10.49%	12.80	15.33	19.77%
M P	10.88	8.16	-25.00%	2.33	2.00	-14.16%
Rajasthan	5.93	4.68	-21.08%	0.84	0.32	-61.90%
Haryana	6.84	3.14	-54.09%	0.26	0.10	-61.54%
Punjab	8.64	4.68	-45.83%	0.42	0.28	-33.33%
U P	20.83	14.10	-32.31%	6.62	3.93	-40.63%
A P	6.27	6.14	-2.07%	17.59	19.79	12.51%
Karnataka	3.92	4.56	16.33%	9.39	10.69	13.84%
Chhatisgarh	2.29	2.42	5.68%	1.04	0.75	-27.88%
All India Sales	91.27	68.79	-24.63%	77.27	75.28	-2.58%

Source: DOF website- FMS

State-wise sales of NPK grades showed a marginal decline. All India sales declined by 3%, from 77.27 Lakh MT in 2012-13 to 75.28 Lakh MT in 2013-14. All states registered steep decline in the sales of NPK except Maharashtra, AP & Karnataka. In Gujarat, the sales of NPK grades remained at the same level (4.60 Lakh MT).

### GSFC Performance - FY 2013-14 :

During 2013-14, Sales of GSFC "Sardar" Fertilizers declined by 16% to 13.83 Lakh MT in 2013-14 from that of 16.55 Lakh MT in 2012-13. Gujarat is the primary market for selling fertilizers manufactured by your Company. The programs implemented by the State Government have helped immensely in improvising the agricultural productivity and this has enabled the Company to sell 6.83 Lakh MT of fertilizers which is 49% of the total all India fertilizer sale of 13.83 Lakh MT. 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 producer of food grains and cash crops. Horticulture products also saw increase of about 8.00% in 2012-13 and the state ranked at fifth position as compared to eighth position in 2011-12. Gujarat Green Revolution Company Limited has covered 11 Lakh hectares under drip irrigation in state of Gujarat since 2005.

Non availability of Phosphoric Acid (PA) at Company's Sikka plant affected the production negatively however your Company has also started producing APS at Sikka plant. Since the market saddled with the huge stocks of DAP, during Kharif season, your Company did not import DAP. In primary marketing zone of Maharashtra, sales of fertilizers increased during 2013-14 to 2.56 Lakh MT while the states of AP & Karnataka achieved the ever highest sales. South zone, comprising of the states of Maharashtra, AP & Karnataka registered increase in the sales by 27% during 2013-14 as compared to 2012-13. Northern states saw a decline in sales.

Phosphatic Sector witnessed decline in demand and hence it is estimated that there would be about 10 to 15 Lakh MT of stock with the channel & suppliers. The demand in the year 2013-14 also suffered due to rise in price of DAP/NPK and the downslide of Rupee vis-à-vis Dollar.

## 2. OPPORTUNITIES & THREATS

### 2.1 Nutrient Based Subsidy Policy :

NBS has provided good opportunities for the fertilizer industry whereby they can plan their import requirements both in case of raw materials & finished products. However, with the notification issued on 3rd May, 2013, freedom of fixing prices

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

by the industry was taken back. As per NBS rates which have been declared by Department of Fertilizers, Government of India for the year 2013-14 on 3rd May, 2013, subsidy has been reduced from Rs. 14350/MT to Rs. 12350/MT in case of DAP. 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 suggested by DOF.

Urea price has still not been brought within the ambit of NBS, this encourages the farmers to use cheaper urea. This spoils the soil health and imbalance the NPK ratio.

### Areas of Concern :

Increase in Natural gas prices from \$ 4.2 /MMBTU to \$ 8.2/ MMBTU from April 2014 will be having an impact on the cost of production of fertilizers. The rise in fertilizer prices may have impact on its demand. Still there is no directive from GOI as to whether subsidy will be increased in case of Urea to compensate for increase in NG price. Assuming if GOI decides to compensate in case of Urea even then due to increase in cost of domestic gas, the major impact on the fertilizer industry would be in the form of an increase in subsidy receivables and would lead to increased working capital requirements. Further, it would impact the profitability of revamped Urea capacities earning IPP-based pricing as well as those of non-urea fertilizers under NBS which are produced using domestic gas. Subsidy flow from the GOI would also depend on the currency fluctuations, since gas prices are determined in US Dollars. Further, it may lead to an increase in interest cost due to higher working capital intensity in case of delays in subsidy payments which has been observed in the recent past. This would be impacting net profitability of the industry.

Your company is grappling with enhanced risks to its fertilizers business resulting from uncertainty relating to both imported raw materials as well as domestic policy woes.

GSFC's higher dependence on imported raw materials viz. Ammonia and Phosphoric Acid - from Countries in Middle East and Africa where political unrest had impacted the supply chain and that too to an extent affecting GSFC's production and profitability. This constraint, however, is mitigated partially with the commencement of production at GSFC's Phosphoric Acid JV in Tunisia from Q1 of F.Y.14.

The subsidy provision for 2014-15 at Rs. 68,000 Crores (according to interim budget) would be substantially lower than the estimated requirement of about Rs. 1.10 Lakh Crores (including carryover subsidy and increased subsidy) for higher gas costs and rise in fixed costs of urea players.

As a result, the subsidy gap will rise by the end of 2014-15 unless reform measures are implemented for the industry. With subsidy delays likely to continue to lead to high borrowings and corresponding high interest costs leading to weak profitability and liquidity, the financial performance of the industry is expected to continue subdued in the near to medium term.

Depreciation of rupee against USD increased the cost of production of fertilizers as well as imports. Phosphoric market witnessed acute competition and DAP was sold at Rs. 950/ MT against the MRP of Rs. 1180/MT. Heavy discounts & rebates were offered by suppliers which increased the marketing cost & affected your Company's margin.

### Outlook for 2014-15 :

The demand outlook for the fertilizer industry is positive in 2014-15. However, a sluggish recovery would be there for the industry as it continues to face significant challenges and qualms, especially the gas price hike front. With significant amount of channel inventory having got cleared, partly due to liquidity pressures faced by the industry, the demand outlook for 2014-15 seems to be better. It is estimated that a relatively moderate overall volume growth in 2014-15 with imports of non-urea fertilizers expected to grow by 15%-20%, although overall volumes may not cross 2012-13 levels. All this depend on monsoon behavior during Kharif 2014. As per Skymet & IMD arm (Pune based Regional Climate center), India will be having a weak monsoon season as EL Nino conditions are likely to develop.

Further, the government has increased the fixed cost compensation for Urea by approving the modified NPS-III according to which there will be an increase in the fixed cost of Urea by Rs. 350/- per ton and a further Rs. 150/- per ton for plants that are more than 30 years old, for 2014-15.

This move would boost the profitability of the players to some extent. It would, however, increase the subsidy outflow for the Government by Rs. 900 to Rs. 1000 Crores. Generally farmers of Gujarat prefer indigenous Fertilizers than imported one. Besides NP/NPK products, demand of "Sardar" DAP is likely to continue at the present level. Considering your Company's presence in potential markets and enjoying better brand preference, there may not be much problem in selling available quantity of DAP. Your Company has opened new depot/s in Gujarat, Maharashtra & Rajasthan.

### 2.2 Raw Material Prices :

The international prices of raw materials were lower during FY 2013-14 as compared to 2012-13. The average CFR prices of Phosphoric Acid (PA) which was USD 861 per ton during 2012-13 went down to USD 688 (20%) per ton during 2013-14.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

The prices of Ammonia declined during 2013-14 as compared to 2012-13. The average CFR prices of Ammonia during 2012-13 was USD 633 per ton went down to USD 494 (decline of 22%) per ton during 2013-14. On an average, there was 22% decline in prices of Ammonia as compared to 2012-13.

The average CFR price of Rock Phosphate during 2012-13 was USD 185 per ton which went down to USD 145 per ton during 2013-14. On an average there was 22% decline in price of Rock Phosphate as compared to 2012-13.

The price of Sulphur declined during 2013-14 as compared to 2012-13. The average CFR price of Sulphur during 2012-13 was USD 199 per ton which went down to USD 139 (decline of 30%) per ton during 2013-14. On an average, there was 30% decline in price of Sulphur as compared to 2012-13.

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

Product	2012-13	2013-14	% Increase/Decrease
Phos. Acid (C & F)	861	688	-20%
Rock Phosphate (C & F)	185	145	-22%
Sulphur (C & F)	199	139	-30%
Ammonia (C & F)	633	494	-22%

### 3. INDUSTRIAL PRODUCTS SCENARIO

During the Financial Year 2013-14, the Indian Economy has grown at a rate of 4.6% of the GDP. Inflation continued to remain in double digits despite the increase in interest rates by the Reserve Bank of India and is reported at 8.31% for March'14.

Though the GDP growth has been recorded at 4.6%, the Manufacturing sector has registered a negative growth of 0.7%. The Index of Industrial Production (IIP) for the month of February'14, contracted to a nine month low at 1.9%. Manufacturing which is 80% of the total IIP also contracted to 3.7%.

With the withdrawal of US Federal Stimulus, currencies of emerging markets like Brazil, Indonesia and South Africa crashed including the Indian Rupee which nose-dived to its all time low of Rs. 68.80 against 1 USD in August' 13. The huge current account deficit was also one of the factors for the depreciation of the rupee. The Indian Rupee was among Asia's worst performers and fell by 11% in the year 2013. The Chinese economy has expanded by 7.40% in the last quarter of the year 2013-14, which is considered to be its slowest growth in the past 18 months.

The Indian economy would have performed even badly had there not been the good monsoon which helped in better agricultural output.

Despite the negative growth in manufacturing, turnover of your Company's Industrial Products was Rs. 2301 Crores as against Rs. 2001 Crores for the previous year, witnessing a 15% increase. Most of the industrial products performed well.

During the Financial Year 2013-14 we have successfully commercialized two new products viz. Methanol and HX-Sulphate. Methanol is a product with high volatility and we could take advantage of the higher prices in the international market during the second half of the year by achieving sale of 57037 MTs aggregating to Rs. 192 Crores.

Caprolactam prices shown a down trend in the year 2012-13 continued to decline to USD 2216 PMT in March'14. The Caprolactam Benzene spread in 2013-14 dropped to USD 1030 from USD 1091 in the previous year.

The challenges for the forthcoming year shall be the increase in gas prices and FTA's with several countries that are becoming unavoidable under the WTO regime.

#### EXPORTS :

Caprolactam and MEK Oxime are the main products being exported by the Company. Since last two years, due to FACT being out of production, the entire domestic demand of Caprolactam has been met by GSFC and hence no export of Caprolactam was made during the year 2013-14.

MEK Oxime is being used as an antiskinning agent in paint production and is a vital element. MEK Oxime has been exported to around 35 countries and the export quantity during FY 2013-14 was 3210 MTs as against 2941 MTs of 2012-13. The increase in export of MEK Oxime is due to continuous production and tapping of new market particularly in Middle East Countries. The European Union continues to be our key export destination.



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

### 4. FINANCIAL PERFORMANCE OF THE COMPANY DURING FY 2013-14

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

Particulars	₹ Crores	Increase / Decrease over previous year
Sales Turnover	5412	-13%
EBIDTA	686	-27%
Profit Before Tax	495	-35%
Net Profit (PAT)	342	-34%

The sales turnover achieved for the year ended March 31, 2014 was Rs. 5412 Crores which is lower by 13% as against Rs. 6253 Crores as on March 31, 2013. The Fertilizer Sales was Rs. 3126.68 Crores while in the Industrial Products segment, your Company registered net sales of Rs. 2285.81 Crores as compared to Rs. 1974.24 Crores in the previous financial year.

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

Particulars	2013-14		2012-13	
	₹ Crores	%	₹ Crores	%
Fertilizers Segment	3126.68	57.77	4279.06	68.43
Industrial Products Segment	2285.81	42.23	1974.24	31.57
Total	5412.49	100.00	6253.30	100.00

The EBIDTA is Rs. 686 Crores. The Profit Before Tax is Rs. 495 Crores and Profit After Tax is Rs. 342 Crores. At the end of the Financial Year 2013-14, the Company had total borrowings of Rs. 5245 Crores as against Rs. 1266 Crores as on March 31, 2013.

The Company has earned the Net Profit of Rs. 342 Crores (FY 2013-14). The Earning Per Share (EPS) was Rs. 8.59 as compared to Rs. 13 during the FY 2012-13.

Your Company could achieve these results despite limitations during the year on account of shortfall in the availability of Phosphoric Acid for the manufacture of Di-ammonium Phosphate at Sikka and slow down in the economy, sluggish off take of fertilizers, dollar-rupee volatility etc. The production of almost all other plants remained high during the year.

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

### 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	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
<b>PRODUCTION</b>											
FERTILIZERS	MT	1423059	1436535	1470350	1556172	1812570	1469470	1594703	1778070	1528265	1392018
CAPROLACTAM	MT	84856	83180	80503	79577	81151	70913	79716	79666	78120	77150
NYLON-6	MT	9751	9659	8914	9464	8715	8783	8683	9145	7975	8691
MELAMINE	MT	14916	14001	15279	13938	13735	13655	14741	15335	15323	14823
ARGON	'000NM <sup>3</sup>	3334	3458	3270	3327	3464	3183	3129	2912	3105	2245
MONOMER	MT	3227	3116	4287	4547	4597	3469	4156	4449	4053	4739
ACRYLIC SHEETS	MT	780	566	876	721	687	552	642	664	574	398
ACRYLIC PELLETS	MT	1701	1974	2046	1710	1937	1887	2023	2082	1936	1813
NYLON FILAMENT YARN	MT	3643	3080	3910	4361	4433	4498	4705	5169	5779	6069
NYLON CHIPS	MT	9219	8605	5103	5399	4652	5097	5950	4084	4546	3816

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

PARTICULARS	Unit	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
<b>SALES</b>											
FERTILIZERS*	MT	<b>1383154</b>	1395376	1441232	1571500	1797894	1382463	1602782	1659381	1405491	1373289
CAPROLACTAM*	MT	<b>65725</b>	64728	63082	61770	62650	53859	59710	63419	60660	57910
NYLON-6	MT	<b>9915</b>	9732	8756	9623	9189	8496	9138	9806	8285	9017
MELAMINE	MT	<b>15378</b>	14166	15283	13319	13695	14115	14804	15563	16717	15373
ARGON	'000NM <sup>3</sup>	<b>3313</b>	3453	3272	3327	3464	3184	3138	2911	3111	2251
MONOMER*	MT	<b>1316</b>	2108	2036	2292	2282	1374	1706	2090	1762	2976
ACRYLIC SHEETS	MT	<b>707</b>	678	726	728	696	584	598	692	590	460
ACRYLIC PELLETS	MT	<b>1705</b>	1978	1993	1855	1883	1916	2038	2178	1890	2012
NYLON FILAMENT YARN	MT	<b>3378</b>	2924	3319	4033	4081	4740	4391	4788	5619	5493
NYLON CHIPS	MT	<b>6455</b>	6331	5121	5251	4596	5500	5737	4095	4312	4133

\*excluding captive consumption

### 6. RISK MANAGEMENT

Changes in Government policy, currency risk, fluctuation in input prices, increase in NG prices, insufficient availability of natural gas and raw material in the international market will have an impact on Company's profitability.

Market may experience frequent changes in the price of domestic Phosphatic Fertilizers depending upon the cost of production of the manufacturers. The resistance from farming community has impacted demand. DAP sales was 111 Lakh MT during 2010-11 which has gone down to 68 Lakh MT during 2013-14. With sharp increase in NG price, prices of Phosphatic fertilizers would go up. 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 different types of Bio-fertilizers since 1984 and has received "Award on Bio-fertilizers – 2013" for high quality production, promotion & marketing of Bio-fertilizers from The Fertilizer Association of India.

Your Company has promoted a new subsidiary Company viz. GSFC Agrotech Limited under which production activity of "Sardar" Liquid Bio-fertilizers viz. Azotobacter, Azospirillum & Phosphate Solubilizing Bacteria is carried out with technological know-how from Anand Agricultural University. The Liquid Bio-fertilizers have added advantage of higher bacterial count, longer shelf-life and application through Micro Irrigation System also.

The production activity of plant protein based Plant Growth Promoters viz. Sardar Amin Granules & Liquid is carried out under GSFC Agrotech Limited. These products contain amino acids and micronutrients which promote better plant growth.

It is a leader in Banana Tissue Culture plants in the State of Gujarat since 1995 and providing banana tissue culture plants under GSFC Agrotech Ltd. to farmers. These plants are of uniform quality & disease resistant and fosters better yield.

GSFC Agrotech Ltd. is also in the business of certified seeds of notified hybrids and varieties having disease and pest resistance.

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

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

has published book on Soil Atlas of Gujarat based on soil testing data to guide the farmers for improvement of soil health and judicious use of fertilizers.

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 farmers' queries in local language. Subject matter specialists interact with farmers, understand their problems and answer the queries.

Your Company is regularly organizing re-orientation Farm Youth Training Programs since 1986 in coordination with Agriculture Universities of Gujarat to educate the young generation of Farming Community to acquaint them with latest agricultural technology and also motivate them to adopt it for increasing farm productivity. It organizes four regular and one re-orientation Farm Youth Training Programs every year to promote high-tech agri-concepts.

Your Company is publishing monthly agricultural magazine viz. 'Krishi Jivan' since 1968 in the local dialect. It is one of the highest (79000) circulating magazines with 38,900 Life Members. It provides latest agriculture information to farmers based on research 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 as an endeavor, it is contributing through tree plantation, garden development & maintenance etc. with an objective to turn GSFC 'Green to Greener' and thus 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. It has participated in the competitions and won accolades and appreciation.

### 8. SAFETY, HEALTH AND ENVIRONMENT

During the year under review, GSFC was conferred with the prestigious 'Gujarat State Safety Award 2012' in the form of Certificate of Honor from Gujarat Safety Council and Director of Industrial Safety & Health for achieving Three Million accident free man-hours amongst Category - I Group - A Industries.

Occupational Health & Safety audit of GSFC Baroda Unit was carried out as per Indian Standards by M/s MM Shah & Associates in January 2014. The suggestions if any are awaited.

A separate Emergency Control Centre (ECC) is established under the Fire Department to tackle any kind of emergency efficiently.

### 9. HUMAN RESOURCES

Shareholders are requested to refer to point P on page no. 12 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 those expressed in the foregoing statements. 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 : Gandhinagar  
Date : 16th June, 2014

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- 2013-14, (6) Fertilizer Market Bulletins, (7) A special issue on Vibrant Gujarat 2014 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 conform 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 31<sup>st</sup> March, 2014 was nine; its composition is tabulated below :

	Name of Directors	Category
1	Dr. Varesh Sinha, IAS, Chairman	Promoter, Non Executive, Non Independent, Non Rotational Director
2	Shri D. C. Anjaria	Non Executive, Independent, Rotational Directors
3	Prof. Vasant P. Gandhi	"
4	Shri Ajay N. Shah	"
5	Shri Vijai Kapoor	"
6	Shri P. N. Roy Chowdhury, IAS	"
7	Shri D. J. Pandian, IAS	"
8	Dr. Hasmukh Adhia, IAS (from 01.04.2013)	"
9	Shri Atanu Chakraborty, IAS Managing Director	Promoter, Executive, Non Independent, Non Rotational Director



## CORPORATE GOVERNANCE REPORT (Contd.)

In all, five meetings of the Board of Directors of the Company were held during the Financial Year 2013-14 as detailed below :

Sr. No.	Dates of Board meeting	Board strength	No. of Directors present
1	16-05-2013	9	4
2	03-08-2013	9	5
3	24-10-2013	9	7
4	29-01-2014	9	8
5	12-03-2014	9	4

The details relating to the names and categories of the Directors on the Board, their attendance during F.Y. 2013-14 at the Board Meetings and the 51<sup>st</sup> 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	Nominee of GOG (As promoter) Non-Executive Director	-	5	Yes	6	-
2	Shri D. C. Anjaria	Non-Executive Independent Director	@3950	5	Yes	4	2
3	Prof. Vasant P. Gandhi	Non-Executive Independent Director	@2500	4	Yes	1	-
4	Shri Ajay N. Shah	Non-Executive Independent Director	@2500	1	No	3	-
5	Shri Vijai Kapoor	Non-Executive Independent Director	@2500	2	No	2	-
6	Shri P. N. Roy Chowdhury	Non-Executive Independent Director	@3055	-	No	-	-
7	Shri D. J. Pandian	Non-Executive Independent Director	@2500	3	No	16	2
8	Dr. Hasmukh Adhia	Non-Executive Independent Director	@2500	3	Yes	11	-
9	Shri Atanu Chakraborty Managing Director	Nominee of GOG (As promoter) Executive Director	-	5	Yes	11	1

@ 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 reappointment of Directors at the Annual General Meeting :

Shri P. N. Roy Chowdhury shall retire by rotation at the ensuing Annual General Meeting and being eligible, have offered himself for re-appointment. His brief resume is given below:

• Date of Birth: 22.01.1951 • Date of Appointment as a Director of GSFC: 29.01.2009 • Qualification: B.A. (Maths), M.A. (Applied Maths), M.S. (Fin), U.K., M.B.A. (Buss. Admn.), U.S.A., IAS • Expertise: He is a senior IAS Officer having vast experience in the field of Management & Administration. He has held distinguished positions in the Government of Gujarat. He retired as Principal Secretary to Government of Gujarat, Agriculture & Co-operation Department. • No. of Shares held of the Company: 2500 shares jointly with Gujarat State Investments Ltd. + 555 shares.

### ☛ 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 to the Code of Conduct for the Financial Year 2013-14 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](http://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 being 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 and Circular Resolution, if any, are put up for noting .
- 3 General Notice of interest for Board Members.
- 4 Information on recruitment and remuneration of senior officers just below the Board level and also Company Secretary, including their appointment or removal, if any.
- 5 Materially important litigations, show cause notices, demand, prosecution and penalty notices.
- 6 Fatal or serious accidents or dangerous occurrences having bearing on the safety and welfare of employees and property of the Company.
- 7 Future expansion plans, their progress and action plan for achievement thereof.

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

## COMMITTEES OF THE BOARD

### 3 AUDIT COMMITTEE

The Finance-cum-Audit Committee presently comprises of five Directors and all of them are 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 2013-14, five meetings of Finance-cum-Audit Committee were held i.e. on 15-05-2013, 02-08-2013, 24-10-2013, 28-01-2014 and 10-03-2014. 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	5	5
2	Prof. Vasant P. Gandhi	Independent Non-Executive	5	4
3	Shri Ajay N. Shah	Independent Non-Executive	5	2
4	Shri P. N. Roy Chowdhury	Independent Non-Executive	5	-
5	Dr. Hasmukh Adhia	Independent Non-Executive	5	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. 51st Annual General Meeting held on 03-08-2013.

#### 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 upon recommendation by the Remuneration Committee 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 2013-14 are as under :

				(Rupees)
Name	Salary & allowances	Perquisites	Sitting Fees	Total
Dr. Varesh Sinha, Chairman	-	-	25,000	(*) 25,000
Shri D. C. Anjaria	-	-	60,000	60,000
Prof. Vasant P. Gandhi	-	-	80,000	80,000
Shri Ajay N. Shah	-	-	25,000	25,000
Shri Vijai Kapoor	-	-	15,000	15,000
Shri P. N. Roy Chowdhury	-	-	-	-
Shri D. J. Pandian	-	-	55,000	(*) 55,000
Dr. Hasmukh Adhia	-	-	35,000	(*) 35,000
Shri Atanu Chakraborty	17,45,262	1,18,739	-	18,64,001
Managing Director				

(\*) 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 31-03-2014 it consist of the following Directors viz.(1) Shri D. C. Anjaria, as Chairman, (2) Shri P. N. Roy Chowdhury, (3) Shri D. J. Pandian, (4) Dr. Hasmukh Adhia and (5) Shri Atanu Chakraborty.

All the members of the Remuneration Committee are Independent and Non-Executive Directors except one. During the financial year 2013-14, no business warranted the holding of the meeting of the Remuneration Committee.

## CORPORATE GOVERNANCE REPORT (Contd.)

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

As a measure of good Corporate Governance and accepting the shareholders as its esteemed customers, the Company has well designed Investors' Grievance Redressal System. The average time taken for the grievance redressal is very less and the Committee monitors the investors' grievance redressal periodically. On the date of this report there are no major complaints pending, which 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. 2013-14, three meetings of the Committee were held i.e. on 03-08-2013, 24-10-2013 and 29-01-2014. As on 31-03-2014, 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 2013-14 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	3
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. V. Vachhrajani, Company Secretary & Dy. General Manager (Legal & Corporate Communication)

All the shares received for Transfer/Transmission/Transposition/Split/Consolidation etc. are processed and dispatched within the period not exceeding fifteen 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. 2013-14 and their status as on date. It is further reported that as on 31-03-2014, there are no outstanding complaints pertaining to and received during the F.Y. 2013-14.

- (a) No. of complaints received from Shareholders/Investors during the financial year 2013-14 : 25
- (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 2013-14 : 893
- (d) No. of pending requests for share transfers, transmissions and transposition of shares as on 31-03-2014 : 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 in physical form and the total number of dematerialized shares held with the two depositories viz. the NSDL and CDSL.

As on 31<sup>st</sup> March, 2014 total 38,50,97,940 Equity Shares of Rs. 2/- each representing 96.64% 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. 2013-14, four meetings of the Committee were held on 03.05.2013, 15.05.2013, 31.07.2013 and 29.01.2014.

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)	4	4
2	Shri P. N. Roy Chowdhury	4	-
3	Shri Ajay N. Shah	4	2
4	Shri Vijai Kapoor	4	1
5	Prof. Vasant P. Gandhi	4	3
6	Dr. Hasmukh Adhia	4	3
7	Shri Atanu Chakraborty	4	4

#### ➤ 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. 2013-14, two meetings of the Personnel Committee were held i.e. on 03.05.2013 and 31.07.2013.

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

#### ➤ Advisory Committee :

The Company also has an Advisory Committee consisting of three Directors viz. Shri D. C. Anjaria, Prof. Vasant P. Gandhi and Shri Atanu Chakraborty. During the Financial Year 2013-14, no meeting of this Committee was held.

## 6 GENERAL BODY MEETINGS

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

Particular	51st AGM	50th AGM	49th AGM
Date	August 03, 2013	August 04, 2012	September 17, 2011
Start Timing	3.30 PM	4.00 PM	4.00 PM
Venue	Cultural Center Auditorium situated 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 was passed at the 51st Annual General Meeting.
- At the forthcoming 'Annual General Meeting' there is no item on the agenda requiring postal ballot.

## CORPORATE GOVERNANCE REPORT (Contd.)

### 7 DISCLOSURES

There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc. which may have potential conflict with the interest of the Company at large. Adequate disclosure regarding related party transactions is contained in the Annual Accounts of the Company in Note No. 33 which forms a part of this Annual Report.

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

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

#### ☞ CEO Certification :

The Managing Director (CEO) of the Company has certified the compliance of Code of Conduct in respect of the Financial Year 2013-14 by the Board Members & Senior Management and the said certificate forms a part of this report.

The Company has also adopted certain 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](http://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 as a part of the Directors' Report to shareholders.

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

Report for the quarter ended	Date of submission to Stock Exchange(s)
30-06-2013	09-07-2013
30-09-2013	05-10-2013
31-12-2013	06-01-2014
31-03-2014	07-04-2014

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

## CORPORATE GOVERNANCE REPORT (Contd.)

### 9 GENERAL SHAREHOLDER INFORMATION

#### a) Annual General Meeting :

As is indicated in the Notice convening the 52<sup>nd</sup> Annual General Meeting, the 52<sup>nd</sup> AGM of the Company will be held on 8th day of August, 2014 at 12.30 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 1<sup>st</sup> April to 31<sup>st</sup> March. The tentative financial calendar is given below :

Unaudited Results for Quarter ending June 30, 2014	Latest by 14 <sup>th</sup> August, 2014
Unaudited Results for Quarter ending September 30, 2014	Latest by 14 <sup>th</sup> November, 2014
Unaudited Results for Quarter ending December 31, 2014	Latest by 14 <sup>th</sup> February, 2015
Audited Results for Quarter / Year ending March 31, 2015	Latest by 30 <sup>th</sup> May, 2015

#### c) Book closure date :

The Register of Members of the Company shall remain closed from Saturday the 26th July, 2014 to Friday the 8th August, 2014 (both days inclusive).

#### d) Dividend payment date :

Dividend shall be paid on and from 14th August, 2014.

#### 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. 2014-15 has been paid by the Company.

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

(iii) Corporate Identity Number (CIN) : L99999GJ1962PLC001121

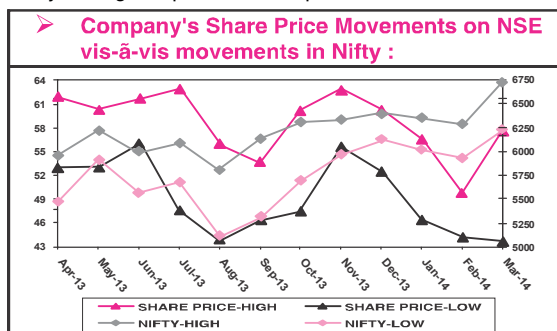
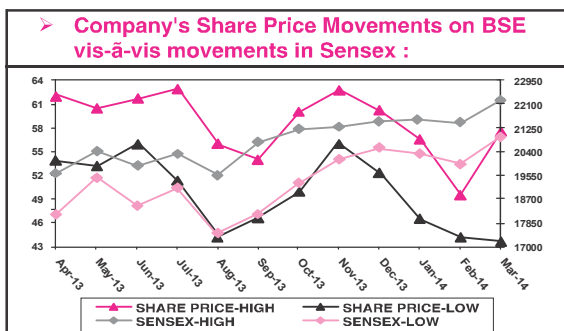
#### (iv) Stock Market Data :

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

Month & year	BSE				NSE			
	GSFC's Share Price (Rs.)		Sensex		GSFC's Share Price (Rs.)		Nifty	
	High	Low	High	Low	High	Low	High	Low
Apr-13	62.10	53.90	19622.68	18144.22	62.00	53.10	5962.30	5477.20
May-13	60.50	53.15	20443.62	19451.26	60.30	53.10	6229.45	5910.95
Jun-13	61.70	56.05	19860.19	18467.16	61.60	56.05	6011.00	5566.25
July-13	62.90	51.40	20351.06	19126.82	62.95	47.70	6093.35	5675.75
Aug-13	55.95	44.20	19569.20	17448.71	55.95	44.00	5808.50	5118.85
Sep-13	54.00	46.60	20739.69	18166.17	53.75	46.50	6142.50	5318.90
Oct-13	60.10	49.95	21205.44	19264.72	60.30	47.55	6309.05	5700.95
Nov-13	62.80	56.00	21321.53	20137.67	63.00	55.55	6342.95	5972.45
Dec-13	60.30	52.35	21483.74	20568.70	60.40	52.60	6415.25	6129.95
Jan-14	56.60	46.55	21409.66	20343.78	56.70	46.50	6358.30	6027.25
Feb-14	49.50	44.25	21140.51	19963.12	49.90	44.25	6282.70	5933.30
Mar-14	57.50	43.70	22467.21	20920.98	57.80	43.55	6730.05	6212.25

## 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 2013 to March 2014 :



**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. **M/s. MCS Ltd., situated at 1<sup>st</sup> 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 31<sup>st</sup> March, 2014 :**

➤ **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	7,79,78,154	19.57
Companies & Banks	11,04,95,319	27.73
Individuals, Co-operative Societies & Co-operative Banks	5,92,04,152	14.86
<b>Total</b>	<b>39,84,77,530</b>	<b>100.00</b>

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

Category (No. of Shares) From To	No. of Shareholders	%	No. of Shares	%
Upto 500 Shares	74,306	81.15	1,08,58,681	2.72
501 - 1000	7,773	8.49	60,70,459	1.52
1001 - 2000	5,029	5.49	74,08,761	1.86
2001 - 3000	1,765	1.93	44,12,523	1.11
3001 - 4000	682	0.74	24,12,877	0.61
4001 - 5000	590	0.64	27,98,133	0.70
5001 - 10000	778	0.85	57,74,455	1.45
10001 and above	648	0.71	35,87,41,641	90.03
<b>TOTAL</b>	<b>91,571</b>	<b>100.00</b>	<b>39,84,77,530</b>	<b>100.00</b>

**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 35,160 unclaimed shares ₹ 2/- each (prior to sub-division 7,032 shares of ₹ 10/- 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, 2014, 795 shares of ₹ 2/- each in respect of 4 shareholders were credited in their demat account and 34,365 shares of ₹ 2/- each are lying in the suspense account as on 31st March, 2014.

- i) ➤ No pledge has been created over the Equity Shares held by the Promoters as on March 31, 2014.
- 96.64% of the Equity Shares have been Dematerialised till 31/03/2014. 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 2014-15.
- Dividend @ ₹ 2/- per share of ₹ 2/- each has been recommended by the Board of Directors on the Equity Shares which shall be paid/ distributed on and from 14th August, 2014 upon its approval by the Shareholders in the ensuing 52<sup>nd</sup> 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 :

**Company Secretary & Dy. General Manager (Legal & CC)**

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

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

E-mail: [vishvesh@gsfcltd.com](mailto:vishvesh@gsfcltd.com), Website: [www.gsfclimited.com](http://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: [mcsitdbaroda@gmail.com](mailto:mcsitdbaroda@gmail.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 : 24th April, 2014

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 31<sup>st</sup> March, 2014 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the 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 31<sup>st</sup> March, 2014, no grievances are pending against the Company as per the records maintained by the Company and presented to the Shares-cum-Debentures Transfers and Investors' Grievance Committee.

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

Date : 16th June, 2014

Place : Vadodara

Sd/-

**S. Samdani**

Practicing Company Secretary

**S. Samdani & Associates**

Company Secretaries

CP No. 2863



## FINANCIAL HIGHLIGHTS OF TEN YEARS

PARTICULARS	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
<b>OPERATING RESULTS</b>		(₹ in Crores)								
GROSS INCOME	5569	6391	5464	4856	4132	5952	3649	3413	2940	2670
GROSS PROFIT	640	900	1276	1259	530	883	500	496	579	395
DEPRECIATION	145	132	129	147	141	143	142	143	142	143
EXCEPTIONAL ITEMS	-	-	(34)	-	-	-	-	-	-	-
PROFIT / (LOSS) BEFORE TAX	495	768	1113	1112	389	740	358	353	437	252
TAX	153	250	356	363	135	241	120	86	143	114
PROFIT / (LOSS) AFTER TAX	342	518	758	749	254	499	238	267	294	138
DIVIDEND	80	80	60	56	36	36	36	36	36	12
DIVIDEND TAX	13	13	10	9	6	6	6	6	5	2
RETAINED EARNINGS	249	425	688	684	213	457	196	225	253	124
<b>AMOUNT PER SHARE (Rupees)*</b>										
SALES	136	157	665	597	504	738	448	416	355	327
EARNING	9	13	95	94	32	63	30	33	37	17
CASH EARNING	12	16	117	119	47	69	44	50	68	47
EQUITY DIVIDEND	2.00	2.00	7.50	7.00	4.50	4.50	4.50	4.50	4.50	1.50
BOOK VALUE	107	99	441	355	269	242	185	171	143	111
MARKET PRICE: HIGH	63	91	504	413	255	216	370	251	208	135
LOW	44	55	322	215	87	61	141	142	103	40

\* Per share figures for F.Y. 2012-13 and 2013-14 are based on face value of ₹ 2/. For remaining years 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 31<sup>st</sup> March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

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

#### Auditors' Responsibility

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

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

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

#### Opinion

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

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

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

Place : Gandhinagar  
Date : May 13, 2014

**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, 2014)**

Having regard to the nature of the Company's business/activities/results during the year, clauses (xii), (xiii), (xiv), (xviii), (xix) and (xx) of paragraph 4 of the Order are not applicable to the Company.

- (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.

(Contd.)

## Annexure to the Auditors' Report (Contd.)

- (ix) According to the information and explanations given to us, in respect of statutory dues:
- 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.
  - 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, 2014 for a period of more than six months from the date they became payable.
  - 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 31<sup>st</sup> March, 2014 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 2013-14	1016.89
		High Court		3436.60
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	3075.68
Income Tax Act, 1956	Income Tax	ITAT (Appeals)	Various years from 1991-92 to 2010-11	266.78
		C.I.T. (Appeals)		453.80

\* excluding interest and penalty

- 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.
- 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.
- 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.
- 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.
- 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.
- 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's Registration No. 117364W

**Gaurav J Shah**  
Partner  
Membership No. 35701

Place : Gandhinagar  
Date : May 13, 2014

## Balance Sheet as at 31st March, 2014

(₹ in lakhs)

		Note	As At 31st March	
			2014	2013
A. EQUITY AND LIABILITIES				
1. Shareholders' Funds				
(a)	Share Capital	2	7,969.55	7,969.55
(b)	Reserves and Surplus	3	4,11,085.20	3,86,191.93
			4,19,054.75	3,94,161.48
2. Non-current Liabilities				
(a)	Long Term Borrowings	4	22,437.26	23,931.29
(b)	Deferred Tax Liabilities (net)	5	26,166.22	23,917.60
(c)	Long Term Provisions	6	16,297.10	19,724.18
			64,900.58	67,573.07
3. Current Liabilities				
(a)	Short Term Borrowings	7	52,453.53	1,26,578.51
(b)	Trade Payables	8	53,547.72	53,775.75
(c)	Other Current Liabilities	9	32,526.02	20,835.30
(d)	Short Term Provisions	10	28,486.55	28,840.27
			1,67,013.82	2,30,029.83
TOTAL			6,50,969.15	6,91,764.38
B. ASSETS				
1. Non-current Assets				
(a)	Fixed Assets			
(i)	Tangible Assets	11	2,00,777.95	1,35,558.59
(ii)	Intangible Assets	11	852.48	935.76
(iii)	Capital Work-in-progress	11	18,499.35	68,407.09
(b)	Non-current Investments	12	82,741.58	67,241.58
(c)	Long Term Loans and Advances	13	21,650.92	20,795.12
(d)	Other Non Current Assets	14	3,530.00	3,212.28
			3,28,052.28	2,96,150.42
2. Current Assets				
(a)	Inventories	15	69,119.28	68,783.42
(b)	Trade Receivable	16	1,98,408.74	2,90,835.89
(c)	Cash and Bank Balances	17	38,638.90	16,322.48
(d)	Short Term Loans and Advances	18	10,839.30	14,280.99
(e)	Other Current Assets	19	5,910.65	5,391.18
			3,22,916.87	3,95,613.96
TOTAL			6,50,969.15	6,91,764.38
See accompanying notes forming part of the financial statements				

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  
13th May, 2014

**Atanu Chakraborty**  
Managing Director

**V. D. Nanavaty**  
General Manager (Finance)  
& CFO

Gandhinagar  
13th May, 2014

**Dr. Varesn Sinha**  
Chairman

**Dr. Hasmukh Adhia**  
**D. J. Pandian**  
**D. C. Anjaria**  
Directors

**V. V. Vachhrajani**  
Company Secretary



## Statement of Profit & Loss for the year ended 31st March, 2014

(₹ in lakhs)

	Note	Year Ended 31st March	
		2014	2013
<b>I Income</b>			
Revenue from Operations :			
Sales (Gross)	20	<b>5,69,796.95</b>	6,50,317.81
Less: Excise Duty		<b>28,547.79</b>	24,988.05
Net Sales		<b>5,41,249.16</b>	6,25,329.76
Other Income	21	<b>15,704.59</b>	13,809.12
<b>Total Revenue</b>		<b>5,56,953.75</b>	6,39,138.88
<b>II Expenses</b>			
Cost of Materials Consumed	22	<b>3,14,376.86</b>	3,08,088.82
Purchase of Stock in Trade	23	<b>17,846.10</b>	1,04,480.67
Changes in Inventories of Finished Goods, Work in Process and Stock in Trade	24	<b>(1,648.97)</b>	(7,422.80)
Power and Fuel		<b>52,908.93</b>	37,259.78
Employees Benefit Expenses	25	<b>33,443.25</b>	43,508.17
Finance Cost	26	<b>4,513.80</b>	3,625.13
Depreciation and Amortization Expenses	11	<b>14,531.41</b>	13,204.49
Other Expenses	27	<b>71,441.00</b>	59,622.28
<b>Total Expenses</b>		<b>5,07,412.38</b>	5,62,366.54
<b>III Profit before Exceptional Items and Tax (I-II)</b>		<b>49,541.37</b>	76,772.34
<b>IV Exceptional Items</b>		-	-
<b>V Profit Before Tax (III-IV)</b>		<b>49,541.37</b>	76,772.34
<b>VI Tax Expense</b>			
Current Tax		<b>13,075.50</b>	25,784.36
Deferred Tax	5	<b>2,248.62</b>	(822.06)
<b>VII Profit for the Year</b>		<b>34,217.25</b>	51,810.04
<b>Basic and Diluted Earnings per Equity Share (Rs.)</b>	28	<b>8.59</b>	13.00
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  
13th May, 2014

**Atanu Chakraborty**  
Managing Director

**V. D. Nanavaty**  
General Manager (Finance)  
& CFO

Gandhinagar  
13th May, 2014

**Dr. Varesh Sinha**  
Chairman

**Dr. Hasmukh Adhia**  
**D. J. Pandian**  
**D. C. Anjaria**  
Directors

**V. V. Vachhrajani**  
Company Secretary

## Cash Flow Statement for the year ended 31st March, 2014

(₹ in lakhs)

	As At 31st March	
	2014	2013
<b>A. Cash Flow from Operating Activities</b>		
Profit Before Tax	49,541.37	76,772.34
Adjustments for :		
Depreciation and Amortisation Expenses	14,531.41	13,204.49
Finance Cost	4,513.80	3,625.13
Interest Received on Deposit with Companies	(227.44)	(29.03)
Loss on Fixed Assets Sold/Written off	432.41	155.64
Profit on Sale of Fixed Assets	0.00	(0.08)
Income from Investments	(1,934.45)	(1,791.16)
Provision for Doubtful Debts/Advances	152.72	176.20
<b>Operating Profit before Working Capital Changes</b>	<b>67,009.82</b>	<b>92,113.53</b>
Changes in Working Capital :		
Inventories	(335.86)	(4,549.19)
Trade Receivables and Loans and Advances	94,550.11	(1,51,581.71)
Trade Payables, Other Current Liabilities and Provisions	8,507.88	5,865.70
<b>Cash Generated from/(used in) Operations</b>	<b>1,69,731.95</b>	<b>(58,151.67)</b>
Direct Taxes Paid	(14,129.96)	(30,519.31)
<b>Net Cash from/(used in) Operating Activities</b>	<b>1,55,601.99</b>	<b>(88,670.98)</b>
<b>B. Cash Flow from/(used in) Investing Activities</b>		
Purchase of Fixed Assets	(28,669.75)	(41,503.76)
Sale of Fixed Assets	(1,213.96)	0.48
Purchase of Investments	(15,500.00)	(23,968.64)
Interest Received	227.44	29.03
Dividend Received	1,934.45	1,791.16
<b>Net Cash Flow from/(used in) Investing Activities</b>	<b>(43,221.82)</b>	<b>(63,651.73)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from/(Repayment of) Long Term Borrowings	(1,494.03)	23,931.29
Net Increase/(Decrease) in Cash Credit/Buyers Credit	(22,731.03)	38,485.25
Gross Proceeds from Short Term Borrowings	70,000.00	81,393.95
Gross Repayment of Short Term Borrowings	(1,21,393.95)	(55,000.00)
Finance Cost	(4,852.51)	(3,322.86)
Dividend Paid	(7,929.35)	(5,936.45)
Tax on Dividend Paid	(1,354.43)	(969.65)
<b>Net Cash Flow from/(used in) Financing Activities</b>	<b>(89,755.30)</b>	<b>78,581.53</b>
<b>Net increase/(decrease) in Cash &amp; Cash Equivalents</b>	<b>22,624.87</b>	<b>(73,741.18)</b>
<b>(Refer Note-17)</b>		
<b>Cash and Cash Equivalents as at the beginning of the year</b>	<b>16,014.03</b>	<b>89,755.21</b>
<b>Cash and Cash Equivalents as at end of the year</b>	<b>38,638.90</b>	<b>16,014.03</b>
<b>See accompanying notes forming part of the financial statements</b>		

Note: The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 "Cash Flow 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  
13th May, 2014

**Atanu Chakraborty**  
Managing Director

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**Dr. Varesh Sinha**  
Chairman

**Dr. Hasmukh Adhia**  
**D. J. Pandian**  
**D. C. Anjaria**  
Directors

**V. V. Vachhrajani**  
Company Secretary

## Notes to the Financial Statements

### 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 the 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 realizable value whichever is lower. No depreciation has been charged on these assets after their 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 the Companies (Accounting Standards) 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. Accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the Income Statement. Net gains on derivative transactions are ignored.

#### 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 overheads incurred in bringing them to their respective

## Notes to the Financial Statements

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 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 :

Defined benefit plans :

- (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 trusts 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.

Defined Contribution Plans :

The Company's contribution to National Pension Scheme is considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made.

### 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 & 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 statements. 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			
	2014		2013	
	Number of Shares Refer Note (a) below	Amount	Number of Shares Refer Note (a) below	Amount
<b>Authorised</b>				
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
<b>Issued, Subscribed and Paid-up</b>				
<b>Issued</b>				
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
<b>Subscribed</b>				
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
<b>Paid-up</b>				
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
<b>TOTAL</b>	<b>39,84,77,530</b>	<b>7,969.55</b>	<b>39,84,77,530</b>	<b>7,969.55</b>

#### a) 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, 2014, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 2.00 (31st March, 2013: ₹ 1.50) per equity share of face value of ₹ 2/- each.

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

Name of the Shareholders	As At 31st March			
	2014		2013	
	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	3,17,73,460	7.97	2,90,69,717	7.30
Reliance Capital Trustee Company Limited	1,52,63,847	3.83	3,43,26,263	8.61
Fidelity Puritan Trust-Fidelity Low Priced Stock Fund	3,04,26,989	7.64	-	-



## Notes Forming Part of the Financial Statements

### 3. Reserves and Surplus

(₹ in lakhs)

	As At 31st March	
	2014	2013
<b>Capital Reserve</b>		
Per last Balance Sheet	1,256.33	1,256.33
<b>Capital Redemption Reserve</b>		
Per last Balance Sheet	3,335.00	3,335.00
<b>Securities Premium Account</b>		
Per last Balance Sheet	30,524.02	30,524.02
<b>General Reserve</b>		
Per last Balance Sheet	3,22,286.60	2,87,286.60
Add: Transfer during the year from the Statement of Profit and Loss	25,000.00	35,000.00
	<b>3,47,286.60</b>	<b>3,22,286.60</b>
<b>Surplus in the Statement of Profit and Loss</b>		
Opening Balance	28,789.98	21,304.06
Add : Profit for the year	34,217.25	51,810.04
	<b>63,007.23</b>	<b>73,114.10</b>
<b>Less : Appropriations</b>		
Transferred to General Reserve	25,000.00	35,000.00
Proposed Equity Dividend (₹ 2.00 per share)	7,969.55	7,969.55
Provision for Dividend Tax on Equity Dividend	1,354.43	1,354.43
Rounding off difference on Dividend and Dividend Tax	-	0.14
Closing Balance	<b>28,683.25</b>	<b>28,789.98</b>
<b>TOTAL</b>	<b>4,11,085.20</b>	<b>3,86,191.93</b>

### 4. Long Term Borrowings

(₹ in lakhs)

	As At 31st March	
	2014	2013
<b>Secured</b>		
Term Loan *	22,437.26	23,931.29
<b>TOTAL</b>	<b>22,437.26</b>	<b>23,931.29</b>

\* 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 a period of six years in annual installments with the first installment due in March 2015 and the interest on the loan is repayable in quarterly installments over the tenure of the loan. The above loan carries interest rates with spread ranging from 175 bps to 190 bps over three months LIBOR. The repayment obligations for these loans have been partially hedged for exchange rate risk and fully hedged for interest rate risk.

Loan Repayment Schedule :	Financial Year	USD Mn.
	2014-15	6.67
	2015-16	6.67
	2016-17	14.66
	2017-18	8.00
	2018-19	8.00

## Notes Forming Part of the Financial Statements

### 5. Deferred Tax Liability (net)

(₹ in lakhs)

	As At 31st March	
	2014	2013
<b>A] Deferred Tax Liability</b>		
1. Depreciation	<b>38,926.75</b>	37,458.30
	<b>38,926.75</b>	37,458.30
<b>B] Deferred Tax Asset</b>		
1. Expenses Allowable for Tax purpose when paid	<b>8,461.49</b>	8,807.70
2. Provision against Receivables, Advances and Accruals	<b>4,299.04</b>	4,733.00
	<b>12,760.53</b>	13,540.70
C] Net Deferred Tax Liability/(Asset) at end of the year (A-B)	<b>26,166.22</b>	23,917.60
D] Net Deferred Tax Liability at the beginning of the year	<b>23,917.60</b>	24,739.66
E] Deferred Tax Expense for the year	<b>2,248.62</b>	(822.06)

### 6. Long Term Provisions

(₹ in lakhs)

	As At 31st March	
	2014	2013
<b>Provision for Employee Benefits (Refer Note 31) :</b>		
Provision for Gratuity	<b>2,074.69</b>	2,635.14
Provision for Pension	<b>2,167.41</b>	4,615.54
Provision for Leave Encashment	<b>9,816.53</b>	10,613.83
Provision for Post Retirement Medical Benefit Scheme (PRMBS)	<b>2,238.47</b>	1,859.67
<b>TOTAL</b>	<b>16,297.10</b>	19,724.18

### 7. Short Term Borrowings

(₹ in lakhs)

	As At 31st March	
	2014	2013
<b>Secured</b>		
Loans Repayable on Demand :		
From Banks :		
Cash Credit Account *	<b>8,361.40</b>	4,918.43
Short Term Loan **	-	21,393.95
<b>Unsecured</b>		
Deposits :		
Intercompany Deposit ***	-	30,000.00
Other Loans and Advances :		
Buyers Credit and Bill Discounting Facility	<b>44,092.13</b>	70,266.13
<b>TOTAL</b>	<b>52,453.53</b>	1,26,578.51

\* 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.

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

## Notes Forming Part of the Financial Statements

### 8. Trade Payables

(₹ in lakhs)

	As At 31st March	
	2014	2013
Due to MSMED*	399.76	691.75
Others	53,147.96	53,084.00
<b>TOTAL</b>	<b>53,547.72</b>	<b>53,775.75</b>

\* The payments to Micro Small and Medium Undertakings have been made within the prescribed time limit/date agreed upon with supplier and hence no interest is payable for delayed payments. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

### 9. Other Current Liabilities

(₹ in lakhs)

	As At 31st March	
	2014	2013
Current maturities of Long Term Debt	4,006.65	-
Interest Accrued but not due on Borrowings	135.19	473.90
Income Received in Advance	3.29	41.00
Unpaid Dividend*	310.17	269.97
Unpaid Matured Deposits*	9.10	14.05
Deposits Received	4,150.48	3,653.33
Statutory Dues	2,897.86	2,573.25
Dues to Shareholders for Fractional Bonus Shares	19.53	19.43
Subsidies Payable	132.96	36.26
Liability towards Employee Benefits	4,690.38	6,820.31
Creditors for Capital Goods	7,576.67	1,529.11
Advances from Customers	1,329.10	1,279.50
Other Payables	7,264.64	4,125.19
<b>TOTAL</b>	<b>32,526.02</b>	<b>20,835.30</b>

\* 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	
	2014	2013
<b>Provision for Employees Benefits (Refer Note 31) :</b>		
Provision for Gratuity	1,707.39	1,581.19
Provision for Leave Encashment	2,175.43	2,167.78
Provision for Pension	3,282.38	3,075.29
Provision for PRMBS	118.07	285.25
<b>Provision - Others :</b>		
Provision for Taxation	11,879.30	12,406.78
Proposed Equity Dividend	7,969.55	7,969.55
Dividend Tax on Proposed Equity Dividend	1,354.43	1,354.43
<b>TOTAL</b>	<b>28,486.55</b>	<b>28,840.27</b>

## Notes Forming Part of the Financial Statements

### 11. Fixed Assets

(₹ in lakhs)

	Gross Block				Depreciation				Net Block	
	As at 01-Apr-13	Asset Acquisitions	Asset Disposals	As at 31-Mar-14	As at 01-Apr-13	Adjusted/ Written Back	For the period	As at 31-Mar-14	As at 31-Mar-14	As at 31-Mar-13
<b>a] Tangible Assets</b>										
Freehold Land	551.47	-	-	551.47	-	-	-	-	551.47	551.47
Leasehold Land	1,134.39	31,332.11	-	32,466.50	115.65	-	335.95	451.60	32,014.90	1,018.74
Buildings (Including Roads, Culverts & Compound Walls)	11,804.27	681.51	87.04	12,398.74	4,894.90	26.64	269.19	5,137.45	7,261.29	6,909.37
Railway Sidings	1,597.70	-	-	1,597.70	1,137.65	-	45.26	1,182.91	414.79	460.05
Plant and Machinery	3,68,675.24	47,491.97	1,573.11	4,14,594.10	2,43,676.84	1,213.81	13,429.41	2,55,892.44	1,58,701.66	1,24,998.40
Furniture and Fixtures	1,566.67	177.13	38.85	1,704.95	1,268.56	31.60	30.04	1,267.00	437.95	298.11
Office Equipment	3,313.68	303.17	122.67	3,494.18	2,284.74	111.32	186.77	2,360.19	1,133.99	1,028.94
Vehicles	435.82	7.38	1.38	441.82	166.15	1.31	36.75	201.59	240.23	269.67
Library Books	86.50	-	0.19	86.31	62.66	0.19	2.16	64.63	21.68	23.84
<b>Total</b>	<b>3,89,165.74</b>	<b>79,993.27</b>	<b>1,823.24</b>	<b>4,67,335.77</b>	<b>2,53,607.15</b>	<b>1,384.87</b>	<b>14,335.53</b>	<b>2,66,557.81</b>	<b>2,00,777.96</b>	<b>1,35,558.59</b>
Previous year	(3,82,991.19)	(6,525.84)	(351.29)	(3,90,694.14)	(2,40,791.32)	(195.58)	(13,011.41)	(2,53,607.15)	(1,35,558.59)	
Capital Work in Progress									18,499.35	68,407.09
<b>b] Intangible Assets</b>										
Others:										
Computer Software	1,223.71	112.61	-	1,336.32	287.95	-	195.89	483.84	852.47	935.76
<b>Total</b>	<b>1,223.71</b>	<b>112.61</b>	<b>-</b>	<b>1,336.32</b>	<b>287.95</b>	<b>-</b>	<b>195.89</b>	<b>483.84</b>	<b>852.47</b>	<b>935.76</b>
Previous year	(102.86)	(1,120.85)	-	(1,223.71)	(94.87)	-	(193.08)	(287.95)	(935.76)	

#### 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 the 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 pending signing of the Agreement.

## Notes Forming Part of the Financial Statements

### 12. Non-current Investments

(₹ in lakhs)

	As At 31st March			
	2014		2013	
	Numbers	Amount	Numbers	Amount
<b>I. Trade Investments</b>				
<b>Investment in Equity Instruments-fully paid (unquoted)</b>				
<b>a) Subsidiary</b>				
GSFC Agrotech Ltd. - ₹ 10 each	9,99,994	100.00	9,99,994	100.00
<b>b) Associates</b>				
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
<b>c) Others</b>				
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 - 50,00,000 Shares)	2,07,50,000	2,075.00	1,57,50,000	1,575.00
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	51,00,000	2,510.00	51,00,000	2,510.00
GSPC Distribution Networks Ltd. - ₹ 10 each (Subscribed during the year)	15,00,00,000	15,000.00	-	-
Tunisian Indian Fertilizers (TIFERT S.A.) -Tunisian Dinar (TND) 10 each	33,75,000	12,024.77	33,75,000	12,024.77
		<u>47,906.59</u>		<u>32,406.59</u>
<b>Investment in Equity Instruments-fully paid (quoted)</b>				
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	54,90,306	23,768.70	54,90,306	23,768.70
		<u>34,084.62</u>		<u>34,084.62</u>
<b>Total Trade Investments</b>		<u>82,216.21</u>		<u>66,716.21</u>

(Contd.)



## Notes Forming Part of the Financial Statements

### 12. Non-current Investments (Contd.)

(₹ in lakhs)

	As At 31st March			
	2014		2013	
	Numbers	Amount	Numbers	Amount
<b>Total Trade Investments</b>		<b>82,216.21</b>		66,716.21
<b>II. Other Investments</b>				
<b>Investments in Equity Instruments-fully paid</b>				
<b>i) Quoted</b>				
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 each	5,00,000	29.50	5,00,000	29.50
IDBI Bank Limited - ₹ 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
<b>ii) Unquoted</b>				
Gujarat Data Electronics Limited - ₹ 10 each	1,15,000	11.50	1,15,000	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>Total Other Investments</b>		<b>525.37</b>		525.37
<b>TOTAL INVESTMENTS</b>		<b>82,741.58</b>		67,241.58
Aggregate amount of Quoted Investments		34,598.99		34,598.99
Market Value of Quoted Investments		48,158.47		69,528.14
Aggregate amount of Unquoted Investments		48,142.59		32,642.59
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 equity shares held by the Company in Tunisian Indian Fertilizers S.A., Tunisia (TIFERT) have been pledged to secure the obligations of TIFERT to their lenders. During the year, TIFERT has commissioned the phosphoric acid plant and has commenced production. Pursuant to the shareholders' agreement in this respect, the day to day operations have been assumed by the Tunisian partners.
- 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 period as may be required from the date of allotment of equity shares under investee company's initial 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 equity shares of Karnalyte Resources Inc., Canada, held by the Company are pledged to secure the company's long term borrowings 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	
	2014	2013
<b>Secured, considered good</b>		
Loans and Advances to Employees (Housing and Vehicles)	5,318.65	4,398.61
<b>Unsecured, considered good</b>		
Capital Advances	2,877.21	5,536.15
Deposit with Government Agencies	99.88	99.94
Other Deposits	3,640.52	1,640.43
Convertible Term Loan to TIFERT *	2,555.94	2,555.94
Other Advances including Loans and Advances to Employees	534.80	467.11
Advance Tax (net of provision)	6,623.92	6,096.94
<b>Unsecured, considered doubtful</b>		
Deposits with Companies & Others	102.70	268.95
Less: Provision for Doubtful Deposits	102.70	268.95
<b>TOTAL</b>	<b>21,650.92</b>	<b>20,795.12</b>

\* the loan of USD 4.65 million is provided to TIFERT with a condition of compulsory conversion in equity shares 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	
	2014	2013
Interest Accrued but not Due- Housing and Vehicle Loans	3,357.93	3,147.56
Interest Accrued but not Due- Marriage Loans, etc	156.49	49.14
Others	15.58	15.58
<b>TOTAL</b>	<b>3,530.00</b>	<b>3,212.28</b>

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

(₹ in lakhs)

	As At 31st March	
	2014	2013
Raw Materials	13,718.05	13,805.26
Raw Materials in Transit	8,086.17	6,811.59
Work-in-Process	2,915.47	2,725.13
Finished Goods	18,692.41	19,848.60
Stock in Trade	5,095.31	2,480.49
Stores and Spares (including Packing Material)	20,519.61	23,025.04
Stores and Spares in Transit	58.23	55.46
Loose Tools	34.03	31.85
<b>TOTAL</b>	<b>69,119.28</b>	<b>68,783.42</b>

## Notes Forming Part of the Financial Statements

### 16. Trade Receivable

(₹ in lakhs)

	As At 31st March	
	2014	2013
<b>Outstanding for a period exceeding six months from the date they were due for payment</b>		
Secured, considered good	140.66	1,155.22
Unsecured, considered good	93,931.87	78,429.26
Unsecured, considered doubtful	4,844.27	4,696.15
	<u>98,916.80</u>	<u>84,280.63</u>
Less: Provision for doubtful trade receivables	4,844.27	4,696.15
	<u>94,072.53</u>	<u>79,584.48</u>
<b>Others</b>		
Secured, considered good	710.29	672.57
Unsecured, considered good	1,03,625.92	2,10,578.84
	<u>1,04,336.21</u>	<u>2,11,251.41</u>
<b>TOTAL</b>	<u><b>1,98,408.74</b></u>	<u><b>2,90,835.89</b></u>

### 17. Cash and Bank Balances

(₹ in lakhs)

	As At 31st March	
	2014	2013
<b>Cash and Cash Equivalents</b>		
Cash on Hand	17.79	38.29
Balances with Bank :		
In Current Accounts	11,921.01	6,246.37
In Short Term Deposits Account (original maturity less than three months)	23,500.50	7,600.00
<b>Other Bank Balances</b>		
In Unpaid Dividend Account	310.17	269.97
In Fractional Bonus Account	10.67	10.58
In Deposit Accounts (maturity more than three months)	2,878.76	2,157.27
<b>TOTAL</b>	<u><b>38,638.90</b></u>	<u><b>16,322.48</b></u>

### 18. Short Term Loans and Advances

(₹ in lakhs)

	As At 31st March	
	2014	2013
<b>Unsecured, considered good</b>		
Advances to Employees	118.53	118.47
Advances to Suppliers	7,300.26	11,357.22
Statutory Advances	1,751.93	1,810.74
Prepaid Expenses	1,549.43	823.93
Others	119.15	170.63
<b>TOTAL</b>	<u><b>10,839.30</b></u>	<u><b>14,280.99</b></u>

### 19. Other Current Assets

(₹ in lakhs)

	As At 31st March	
	2014	2013
Current Maturity of Employee Loans	1,109.50	985.05
Interest Accrued	569.20	191.89
Interest on Employee Loans	177.65	173.82
Assets Retired from use and held for Disposal	308.45	308.45
Others	3,745.85	3,731.97
<b>TOTAL</b>	<u><b>5,910.65</b></u>	<u><b>5,391.18</b></u>

## Notes Forming Part of the Financial Statements

### 20. Revenue from Operations

(₹ in lakhs)

	Year ended 31st March	
	2014	2013
<b>Revenue from Sale of Products</b>		
Manufactured/Generated Products	5,55,641.57	5,43,325.21
Traded Products	14,155.38	1,06,992.60
Total	5,69,796.95	6,50,317.81
Less : Excise Duty	28,547.79	24,988.05
	<b>5,41,249.16</b>	<b>6,25,329.76</b>
<b>Details of Sale of Products</b>		
<b>Manufactured Products</b>		
Urea	41,398.42	43,187.60
Ammonium Sulphate	43,987.98	44,724.01
Di-ammonium Phosphate	1,31,942.40	1,62,299.73
Ammonium Phosphate Sulphate	80,110.44	71,858.63
NPK (12:32:16 and 10:26:26)	8,549.29	1,479.05
Caprolactam	97,467.45	88,075.49
Nylon 6	28,590.08	26,971.11
Melamine	13,920.61	11,572.59
Polymer Products	7,368.57	8,366.62
Nylon Filament Yarn	7,414.54	6,367.39
Other Manufactured Products	66,344.00	53,434.94
Total Manufactured Products	<b>5,27,093.78</b>	<b>5,18,337.16</b>
<b>Trading Products</b>		
DAP	-	96,774.88
Anone	10,668.76	4,521.26
Methanol	663.87	2,441.00
Melamine	2,010.08	1,179.11
Others	812.67	2,076.35
Total Trading Products	<b>14,155.38</b>	<b>1,06,992.60</b>
<b>Total (Manufactured + Traded)</b>	<b>5,41,249.16</b>	<b>6,25,329.76</b>

### 21. Other Income

(₹ in lakhs)

	Year ended 31st March	
	2014	2013
Interest on Advances, Deposits and Others (gross)	7,181.94	6,851.98
Dividend : Trade	1,890.89	1,762.97
: Others	43.56	28.19
Others :		
Rent	66.13	66.72
Insurance Claims	37.78	205.84
Profit on Sale of Fixed Assets	-	0.08
Excess Provision no Longer Required	1,608.89	2,726.86
Miscellaneous	4,875.40	2,166.48
<b>TOTAL</b>	<b>15,704.59</b>	<b>13,809.12</b>

## Notes Forming Part of the Financial Statements

### 22. Cost of Materials Consumed

(₹ in lakhs)

	Year ended 31st March	
	2014	2013
<b>Raw Materials</b>		
Opening Stock	20,616.85	8,594.17
Add: Purchases	3,15,564.23	3,20,111.50
Less: Closing Stock	21,804.22	20,616.85
<b>TOTAL</b>	<b>3,14,376.86</b>	<b>3,08,088.82</b>
<b>Materials consumed comprise</b>		
Rock Phosphate	18,855.40	22,144.60
Sulphur	16,672.82	21,816.24
Gas	65,402.17	51,004.46
Benzene	76,925.02	70,636.39
Ammonia	35,155.86	32,768.93
Phosphoric Acid	89,088.82	99,462.85
MEK	3,471.67	2,293.51
Acetone	2,548.34	2,107.88
Others	6,256.76	5,853.96
<b>TOTAL</b>	<b>3,14,376.86</b>	<b>3,08,088.82</b>

### 23. Purchase of Stock in Trade

(₹ in lakhs)

	Year ended 31st March	
	2014	2013
DAP	-	91,964.70
Anone	13,211.95	7,320.72
Methanol	-	2,467.44
Melamine	1,651.24	825.84
Others	2,982.91	1,901.97
<b>TOTAL</b>	<b>17,846.10</b>	<b>1,04,480.67</b>



## Notes Forming Part of the Financial Statements

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

(₹ in lakhs)

	Year ended 31st March	
	2014	2013
<b>Opening Stock</b>		
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
	<b>25,054.22</b>	<b>17,631.42</b>
<b>Less: Closing Stock</b>		
Finished Products*	18,692.41	19,848.60
Stock in Trade	5,095.31	2,480.49
Work-in-process	2,915.47	2,725.13
	<b>26,703.19</b>	<b>25,054.22</b>
<b>(Increase) / Decrease</b>	<b>(1,648.97)</b>	<b>(7,422.80)</b>
<b>*Details of Inventory of Finished Goods</b>		
Fertilizers	5,279.71	5,963.75
Caprolactam	5,367.54	5,068.72
Ammonia	613.27	2,465.82
Nylon 6	478.59	1,764.50
Methanol	1,687.87	-
Melamine	29.63	361.08
Others	5,235.80	4,224.73
<b>TOTAL</b>	<b>18,692.41</b>	<b>19,848.60</b>

### 25. Employees Benefit Expenses

(₹ in lakhs)

	Year ended 31st March	
	2014	2013
Salaries, Wages, Bonus	26,533.02	28,219.25
Contribution to Provident, Gratuity and Superannuation (pension) Funds (including provisions)	1,500.17	9,463.44
Staff Welfare Expenses	5,410.06	5,825.48
<b>TOTAL</b>	<b>33,443.25</b>	<b>43,508.17</b>

### 26. Finance Cost

(₹ in lakhs)

	Year ended 31st March	
	2014	2013
Interest :		
- Borrowings	3,533.47	2,532.98
- Others	506.68	161.67
Other Borrowing Cost	473.65	930.48
<b>TOTAL</b>	<b>4,513.80</b>	<b>3,625.13</b>

## Notes Forming Part of the Financial Statements

### 27. Other Expenses

(₹ in lakhs)

	Year ended 31st March	
	2014	2013
Consumption of Stores and Spare Parts	14,939.93	8,959.88
Water	1,724.35	1,873.31
Packing Expenses	7,545.54	6,609.09
Repairs to Buildings	404.79	528.71
Repairs to Machinery	4,757.90	3,233.54
Other Repairs	857.78	841.05
Insurance	1,036.71	1,164.08
Rent, Rates and Taxes (excluding income taxes)	151.97	162.97
Excise Duty (net)	292.21	97.48
Product Transportation, Distribution & Loading & Unloading Charges	18,951.81	16,836.33
Depots and Farm Information Centers Expenses	1,911.86	1,446.90
Marketing Expense Reimbursement, Demonstration, Extension Services and Publicity etc.	692.57	1,289.06
Cash Rebate on Sales	2,647.25	1,698.56
Variation in Exchange Rates	6,022.67	4,904.25
Premium on Forward Contract	2,634.74	1,197.63
Directors Sitting Fees	2.85	3.70
Auditors' Remuneration *	64.31	45.18
Cost Auditors' Fees	4.85	5.09
Research and Development Expenses	14.96	5.98
Loss on Fixed Assets Sold/Discarded	432.41	155.64
Provision for Doubtful Debts/Advances	152.72	176.20
Donations and Contributions	269.77	2,635.83
Miscellaneous	5,927.05	5,751.82
<b>TOTAL</b>	<b>71,441.00</b>	<b>59,622.28</b>
<b>*Auditors' remuneration</b>		
Payment to Auditor as:		
Auditors (including Statutory Audit Fees & Limited Review Fees)	23.54	20.09
For Taxation Matters	38.98	22.81
For other Services (including certification)	1.06	2.28
For Reimbursement of Expenses	0.73	-
<b>TOTAL</b>	<b>64.31</b>	<b>45.18</b>

## Notes Forming Part of the Financial Statements

### 28. Earnings per Share (EPS)

	Year ended 31st March	
	2014	2013
Profit for the Year (₹ in lakhs)	34,217.25	51,810.04
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 (₹)	8.59	13.00
Diluted EPS (₹)	8.59	13.00
Nominal Value per Share (₹)	2.00	2.00

### 29. Contingent Liabilities

(₹ in lakhs)

	As At 31st March	
	2014	2013
<b>Claims against the Company not acknowledgement as debt</b>		
(i) Excise and Customs Duty	4,454	4,659
(ii) Sales Tax, Interest on Turnover Tax and Purchase Tax	3,076	3,233
(iii) Income Tax	3,965	4,013
(iv) Other Claims by :		
- Statutory Corporations	3,826	4,097
- Department of Fertilizers, total amount not quantifiable, demands stayed, matter pending with High Courts	-	-
- Employees/ex-employees, contractual labour - pending before courts	Not ascertainable	Not ascertainable
- Third party claims relating to disputes from contracts	752	752
It is not practicable for the Company to estimate the timings of cash flow, if any, in respect of the above.		
<b>Guarantees</b>		
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	31,102	28,146

### 30. Commitments

(₹ in lakhs)

	As At 31st March	
	2014	2013
Estimated amount of contracts remaining to be executed on capital accounts and not provided for	36,584	48,259

## Notes Forming Part of the Financial Statements

### 31. Employees Benefits

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

**I Funded**

i. Gratuity

ii. Pension

**II Unfunded**

i. Leave Encashment Benefit

ii. Post Retirement Medical Benefit Scheme (PRMBS)

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

(₹ in lakhs)

Description	2013-14	2012-13	2013-14	2012-13
	Pension		Gratuity	
1. Changes in Present Value of obligation :				
a. Obligation as at the beginning of the year	36420.46	34361.24	20608.59	18565.66
b. Current Service Cost	1639.58	1382.19	896.74	835.74
c. Interest Cost	2913.64	2748.90	1648.68	1485.26
d. Actuarial (Gain)/Loss	(1573.72)	2121.48	(303.78)	1897.77
e. Benefits Paid	(3893.96)	(4193.35)	(2014.25)	(2175.83)
f. Obligation as at the end of the year	35506.00	36420.46	20835.98	20608.60
The defined benefit obligation as at 31.03.2014 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	28729.63	28476.54	16392.28	16264.54
b. Expected return on Plan Assets	2677.31	2580.29	1530.78	1473.17
c. Actuarial Gain/(Loss)	-	-	-	-
d. Contributions	2552.41	1866.15	1145.11	830.39
e. Benefits Paid	(3893.96)	(4193.35)	(2014.25)	(2175.83)
f. Fair Value of Plan Assets as at the end of the year	30065.39	28729.63	17053.92	16392.27
3. Amount Recognised in the Balance Sheet :				
a. Fair Value of Plan Assets as at the end of the year	30065.39	28729.63	17053.92	16392.27
b. Present Value of Obligation as at the end of the year	(35506.00)	(36420.46)	(20835.98)	(20608.60)
c. Amount recognised in the Balance Sheet	(5440.61)	(7690.83)	(3782.06)	(4216.33)
4. Expense Recognised during the year :				
a. Current Service Cost	1639.58	1382.19	896.74	835.74
b. Interest Cost	2913.64	2748.90	1648.68	1485.26
c. Expected return on Plan Assets	(2677.31)	(2580.29)	(1530.78)	(1473.17)
d. Actuarial (Gain)/Loss	(1573.72)	2121.48	(303.78)	1897.77
e. Expense recognised during the year	302.19	3672.28	710.86	2745.60
5. Investment Details of Plan Assets :				
Administered by LIC of India	100%	100%	100%	100%
6. Assumptions :	31.03.2014	31.03.2013	31.03.2014	31.03.2013
a. Discount Rate (per annum)	8%	8%	8%	8%
b. Estimated Rate of return on Plan Assets (per annum)	9.50%	9.55%	9.50%	9.55%

(Contd.)

## Notes Forming Part of the Financial Statements

### 31. Employees Benefits (Contd.)

(b) Details of funded & unfunded plans :

(₹ in lakhs)

Description	2013-14 2012-13		2013-14 2012-13	
	Leave Encashment		PRMBS	
1. Changes in Present Value of the defined benefit obligation :				
a. Obligation as at the beginning of the year	12781.59	11972.49	2144.92	1941.17
b. Current Service Cost	849.74	2878.33	500.39	280.00
c. Interest Cost	0.00	0.00	0.00	165.00
d. Actuarial (Gain)/Loss	332.00	0.00	0.00	44.00
e. Benefits Paid	(1971.25)	(2069.33)	(288.77)	(285.25)
f. Obligation as at the end of the year	11991.95	12781.49	2356.54	2144.92
The defined benefit obligation as at 31.03.2014 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	(11991.95)	(12781.49)	(2356.54)	(2144.92)
c. Amount recognised in the Balance Sheet	(11991.95)	(12781.49)	(2356.54)	(2144.92)
3. Expense recognised during the year :				
a. Current Service Cost	849.74	2878.33	500.39	280.00
b. Interest Cost	0.00	0.00	0.00	165.00
c. Expected return on Plan Assets	-	-	-	-
d. Actuarial (Gain)/Loss	331.87	0.00	0.00	44.00
e. Expense recognised during the year	1181.61	2878.33	500.39	489.00
The expense is disclosed in Note No. 25 - "Employees 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 :	31.03.2014	31.03.2013	31.03.2014	31.03.2013
a. Discount Rate (per annum)	8.00 to 9.25%	8.00%	9.27%	8.00%
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

### 32. Segment Information

	(₹ in lakhs)			(₹ in lakhs)	
	For the year ended on 31.03.2014	For the year ended on 31.03.2013		For the year ended on 31.03.2014	For the year ended on 31.03.2013
i) PRIMARY SEGMENT INFORMATION :			6. Total Liabilities	231914.20	297602.89
A] SEGMENT REVENUE :			7. Capital Expenditure :		
1. Total Segment Revenue :			a) Fertilizer Products	2066.86	884.35
a) Fertilizer Products	312668.00	427906.25	b) Industrial Products	6568.77	7213.20
b) Industrial Products	228581.16	197423.51	c) Corporate Capital Expenditure	19739.26	33054.57
TOTAL	541249.16	625329.76	TOTAL	28374.89	41152.12
2. Inter Segment Revenue	0.00	0.00	8. Depreciation :		
3. External Revenue (1-2) :			a) Fertilizer Products	7471.32	10105.30
a) Fertilizer Products	312668.00	427906.25	b) Industrial Products	2524.53	2910.36
b) Industrial Products	228581.16	197423.51	c) Unallocated Corporate Depreciation	4535.56	188.83
TOTAL	541249.16	625329.76	TOTAL	14531.41	13204.49
B] RESULT :			9. Non-Cash Expenses :		
1. Segment Result :			a) Fertilizer Products	669.56	6367.27
a) Fertilizer Products	17958.19	43028.28	b) Industrial Products	2178.21	3594.02
b) Industrial Products	28954.89	30468.93	c) Unallocated non-cash expenses	0.00	0.11
TOTAL	46913.08	73497.21	TOTAL	2847.77	9961.40
2. a) Unallocated Income	10944.38	11251.17			
b) Unallocated Expenses	-3802.10	-4350.92	ii) SECONDARY SEGMENT INFORMATION :		
3. Operating Profit (B1+B2)	54055.36	80397.46	The Company operates mainly in Indian market and there are no reportable geographical segments.		
4. Finance Cost	-4513.80	-3625.12	iii) OTHER DISCLOSURES :		
5. Provision for Taxation :			1. The Products and Services covered under each business segment are as under :		
Current Income Tax	-13075.50	-25784.36	Fertilizer Products :		
Deferred Tax (net)	-2248.62	822.06	Urea, Ammonium Sulphate, Di-ammonium Phosphate, Ammonium Phosphate Sulphate, NPK (12:32:16)(10:26:26), traded fertilizer products etc.		
6. Net Profit	34217.44	51810.04	Industrial Products :		
C] OTHER INFORMATION :			Caprolactam, Nylon-6, Nylon Filament Yarn, Nylon Chips, Melamine, Methanol, Polymer products, traded industrial products etc.		
1. Segment Assets :			2. Segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segment and amounts allocated on reasonable basis.		
a) Fertilizer Products	262925.18	371769.23			
b) Industrial Products	132717.46	115438.40			
TOTAL	395642.64	487207.63			
2. Unallocated Corporate Assets	255326.51	204556.75			
3. Total Assets	650969.15	691764.38			
4. Segment Liabilities :					
a) Fertilizer Products	54756.30	60473.40			
b) Industrial Products	40731.20	37614.79			
TOTAL	95487.50	98088.19			
5. Unallocated Corporate Liabilities	136426.70	199514.70			



## Notes Forming Part of the Financial Statements

### 33. 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 Ltd.
- (c) Directors and their relatives :  
Shri Atanu Chakraborty - Managing Director
- (d) Others :  
GSFC Education Society

#### 2. Details of transactions with related parties :

(I) Details relating to parties referred to in 1(a) above:  
(₹ in lakhs)

Sr. No.	Nature of Transaction	Value for the year (previous year)	Outstanding As on 31.3.14 (as on 31.3.13)
1.	Purchase of Goods	843.10	-
2.	Sale of Materials	226.50	-
3.	Sale of Fixed Assets	5.62	-
4.	Commission Income	35.65	-
5.	Rent Receipt	10.70	-
6.	Amount Receivable	1121.57 (35.91)	419.42 (81.03)
7.	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	241.55 (200.60)	- (-)
2.	Advances Given	15.00 (-)	15.00 (-)
3.	Investments in Equity Shares (at cost) (14,302 Shares of ₹ 10 each)	- (-)	- (-)
(ii) Gujarat Green Revolution Co. Ltd.			
1.	Expenses Receivable	98.33 (75.60)	90.05 (74.64)
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 :

Sr. No.	Nature of Transaction	(₹ in lakhs) (previous year)
1.	Remuneration to Managing Director	18.64 (17.77)

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

Sr. No.	Nature of Transaction	Value for the year (previous year)	Outstanding As on 31.3.14 (as on 31.3.13)
1.	Advances Given	0.00 (-)	0.00 (12.00)
2.	Donation Given	72.92 (2400.00)	- (-)

### 34. Interest in Subsidiary and Joint Venture

The Company incorporated a wholly owned subsidiary - GSFC Agrotech Limited (GATL) during the year ended 31 March 2013 for undertaking investment in new schemes. The Company considers the subsidiary to be not material in terms of its investment and the level of operations as at 31 March 2014 and hence consolidated financial statements are not prepared.

The proportionate share of assets, liabilities, income and expenditure of subsidiary-GSFC Agrotech Limited and 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		For the year ended 31st Dec.	
	2014*	2013*	2012*	2011*
(₹ in lakhs)				
Non-current Liabilities	61.55	-	26167.60	22095.56
Current Liabilities	550.61	96.23	4613.70	4608.56
Non-current Assets	114.67	17.87	35180.09	32751.64
Current Assets	497.48	69.55	4683.76	4341.86
Income	843.11	-	196.76	25.42
Expenditure	756.93	108.82	800.65	1196.23
Contingent Liabilities	-	-	26480.03	454.58

\* Based on the audited financial statements

### 35. Other Disclosures

(₹ in lakhs)

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>C.I.F. Value of Imports</b>		
Raw Materials	119605.68	135941.72
Spare Parts	5367.64	2769.84
Capital Goods	4035.82	97.63
<b>Expenditure in Foreign Currency</b>		
Interest	954.40	657.04
Technical Assistance/Know-how	2653.84	1111.52
Others	70.18	1050.07
Remittance of Dividend in Foreign Currency	-	-
<b>Earnings in Foreign Currency</b>		
F.O.B. value of Exports	7416.31	7849.07

## Notes Forming Part of the Financial Statements

### 35. Other Disclosures (Contd.)

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

	For the year ended			
	31st March, 2014 ₹ in lakhs	%	31st March, 2013 ₹ in lakhs	%
<b>Raw Materials</b>				
Imported	131932.67	41.97	147577.49	47.90
Indigenous	182444.19	58.03	160511.33	52.10
	314376.86	100.00	308088.82	100.00
<b>Spare Parts</b>				
Imported	3887.01	59.06	959.72	37.03
Indigenous	2694.38	40.94	2248.77	62.97
	6581.39	100.00	3208.49	100.00

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

### 36. 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 31st March, 2014 :

Currency	Amount (in Mn)	Buy/Sell	Cross currency
USD	79.3	Buy	Rupees
USD	(54.5)	Buy	Rupees

Note: Figures in brackets relate to the previous year

(ii) Outstanding option contracts entered into by the Company as on 31st March, 2014 :

Currency	Amount (in Mn)	Buy/Sell	Cross currency
USD	53.69	Buy	Rupees
USD	(44)	Buy	Rupees
USD	53.69	Sell	Rupees
USD	(44)	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 31st March, 2013: No. of contracts: 2, Amount: 44Mn USD Principal)

(c) Currency Futures (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	10.000	Buy	Rupees
USD	(103.255)	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, represented in equivalent USD :  
USD 4.87 Mn. (As at March 31, 2013: NIL)

### 37. Government Grants and Subsidies

(₹ in lakhs)

	2013-14	2012-13
<b>Revenue from Operations (Note-20) includes :</b>		
Subsidy from Government of India under Retention Price Scheme and Nutrient Based Subsidy Scheme:		
Pertaining to current year	1,26,428	1,82,019
Pertaining to earlier years determined during current year	790	5,051
	As at 31.03.2014	As at 31.03.2013
<b>Trade Receivable (Note-16) includes :</b>		
Subsidy from Government of India under Retention Price Scheme and Nutrient Based Subsidy Scheme:		
Outstanding for a period exceeding six months from due date	1,07,683	79,684
Outstanding for a period not exceeding six months from due date	4,875	91,045

### 38. Previous Year's Figures

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

Signatures to Notes 1 to 38 forming the part of the Financial Statements 2013-14

In terms of our report attached

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

**Gaurav J. Shah**  
Partner  
Membership No. 35701

Gandhinagar  
13th May, 2014

**Atanu Chakraborty**  
Managing Director

**V. D. Nanavaty**  
General Manager (Finance)  
& CFO

Gandhinagar  
13th May, 2014

**Dr. Varesh Sinha**  
Chairman

**Dr. Hasmukh Adhia**  
**D. J. Pandian**  
**D. C. Anjaria**  
Directors

**V. V. Vachhrajani**  
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, 2014**
- (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, 2014 amounts to :-
- (i) for Subsidiary's financial year ended as in (B) above. : **₹ 70.37 lakhs**
- (ii) for the previous financial years of the Subsidiary since it became the Holding Company's Subsidiary : **(₹ 108.82 lakhs)**
- (b) dealt with in the accounts of Gujarat State Fertilizers & Chemicals Limited for the year ended 31st March, 2014 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 : **NIL**

The financial years of GSFC Limited and its Subsidiary Company ended on 31st March, 2014 and hence no information pursuant to Section 212(5) is given.

**Atanu Chakraborty**  
Managing Director

**Dr. Varesh Sinha**  
Chairman

**V. D. Nanavaty**  
General Manager (Finance)  
& CFO

**Dr. Hasmukh Adhia**  
**D. J. Pandian**  
**D. C. Anjaria**  
Directors

Gandhinagar  
13th May, 2014

**V. V. Vachhrajani**  
Company Secretary

## DIRECTORS' REPORT

To

The Members,

Your Directors are happy to present the 2<sup>nd</sup> Annual Report and Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2014.

### A. FINANCIAL RESULTS

	Particulars	2013-14	2012-13
1.	<b>Gross Sales</b>	<b>8,43,10,602</b>	—
	Less : Excise Duty Recovered	—	—
	<b>Revenues from Operations</b>	<b>8,43,10,602</b>	—
2.	Other Income	—	—
3.	<b>Total Revenue</b>	<b>8,43,10,602</b>	—
4.	Less : Operating Expenses	<b>7,56,36,281</b>	1,08,81,837
5.	<b>Operating Profit</b>	<b>86,74,321</b>	(1,08,81,837)
6.	Less : Finance Cost	—	—
7.	<b>Gross Profit</b>	<b>86,74,321</b>	(1,08,81,837)
8.	Less : Depreciation	<b>56,312</b>	—
9.	Exceptional Item	—	—
10.	<b>Profit Before Taxes</b>	<b>86,18,009</b>	(1,08,81,837)
11.	Taxation		
	- Current Tax	<b>16,42,162</b>	—
	- Deferred Tax (net)	<b>(60,723)</b>	—
12.	<b>Profit After Taxes</b>	<b>70,36,570</b>	(1,08,81,837)
13.	Balance brought forward from last year	<b>(1,08,81,837)</b>	—
14.	<b>Amount available for Appropriations</b>	<b>(38,45,267)</b>	—
15.	Out of which, your Directors have proposed Appropriation and Transfer as under:		
	a) Proposed Dividend on Equity shares	—	—
	b) Tax on Proposed Dividend	—	—
	c) General Reserve	—	—
16.	Leaving a balance in the Profit & Loss Account	<b>(38,45,267)</b>	(1,08,81,837)

### B. OPERATIONS

Your Directors are pleased to inform that, your Company has started its regular operations w.e.f. 1<sup>st</sup> July 2013. The manufacturing operations of the projects namely, Sardar Amin Granules (SAG) / Sardar Amin Liquid (SAL), Liquid Biofertilizer (LBF), Tissue Culture (TC) and Seed Trading are already under progress. Your Company has incurred Net Profit of Rs. 70,36,570 during the period of Nine (9) months i.e. from 1<sup>st</sup> July, 2013 to 31<sup>st</sup> March, 2014.

### C. LISTING OF SHARES & DEPOSITORIES

Your Directors wish to state that the admission procedure of your Company with CDSL is complete. The ISIN Number allotted to the Company is INE936O01018. Steps are being taken to dematerialize the physical shares already issued to the Promoter i.e. GSFC.

### D. NEW PROJECTS

Your Directors are pleased to inform that the Company had approved two new projects namely Sardar Amin Granules (SAG) of 20,000 MT/ Annum capacity, Sardar Amin Liquid (SAL) of 15,000 Ltr. /Annum capacity and Liquid Bio fertilizer (LBF) of 10 Lakh Ltr. / annum capacity which are under implementation. While Tissue Culture Complex (TCC) for producing 40 Lakhs Tissue Culture plants/ Annum is under active consideration of the management.

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

Your Company has started its regular manufacturing operations of SAG/SAL, LBF, TC and Seed Trading w.e.f. 1<sup>st</sup> July 2013. Hence, information pursuant to Section 217 (1) (e) read with the Companies (disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 are mentioned here below:

## DIRECTORS' REPORT (Contd.)

### Conservation of Energy

Your Company has taken appropriate measures for conservation of energy e.g. Urge of Shaker was minimized by reducing the no. of operative days required for fermentation with maintenance of desired bacterial count resulted in reduction of use of motor & lesser shut down.

### Technology Absorption

Technology for Liquid biofertilizers production was taken from Anand Agriculture University, Anand and is successfully scaled up and commercialized.

### Foreign Exchange Earnings & Outgo

No Foreign exchange is so far involved in any activity of the Company and hence the information under this Head may be treated as 'Nil'.

## F. DIRECTORS

Shri B. M. Bhorania has resigned from the Board of GATL as GSFC nominee Director w.e.f. 29<sup>th</sup> January, 2014. In pursuance of the provisions of the Companies Act, 1956 and the power given under Article 19(iii) of the Articles of Association of GATL, the Board of Directors of GSFC, in its 568<sup>th</sup> meeting held on 29<sup>th</sup> January, 2014, approved the nomination of Shri H. R. Brahmbhatt, General Manager of the Company as the GSFC nominee Director on the Board of GATL. Further, the Board has delegated the power to Shri H.R. Brahmbhatt to sign along with or alternate to Shri Atanu Chakraborty.

## G. 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 31<sup>st</sup> March, 2014 and of the profit of the Company for the period from 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014;
- 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.

## H. DEPOSITS

Your Company has not accepted any deposits from the public.

## I. AUDITORS

M/s. Parikh Mehta & Associates, Vadodara, has been re-appointed as the Statutory Auditors of the Company for the year 2013-14, pursuant to sub-section 1(B) of Section 224 of the Companies Act, 1956.

Niraj Trivedi, Practicing Company Secretary has also examined the registers, records, books and papers of the Company and provided the Compliance Certificate.

## J. AUDITORS' REPORT

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

## K. PARTICULARS OF EMPLOYEES

Your Directors are pleased to report that your Company has started appointment of employees on its role and availed services of GSFC employees on deputation basis.

## L. ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Place : Fertilizernagar  
Date : 17th June, 2014

Sd/-  
**Atanu Chakraborty**  
Chairman

## COMPLIANCE CERTIFICATE

To,  
The Members  
**GSFC AGROTECH LIMITED**  
Administrative Building, 1<sup>st</sup> Floor, Fertilizernagar  
P.O. 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 Year ended on 31<sup>st</sup> March, 2014. 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 year:

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, ~~Regional Director, Central Government, Company Law Board~~ 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 4 (Four) times respectively on 14.05.2013, 16.08.2013, 14.11.2013 and 18.03.2014 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. No Circular Resolution was passed during the year under report.
5. The Company was not required to close its Register of Members or Debenture holders during the said financial year.
6. The Annual General Meeting for the financial year ended on 31<sup>st</sup> March 2013 was held on 13<sup>th</sup> September 2013 with a valid Notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extraordinary General Meeting was held during the financial year.
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 year.
9. The Company 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 needs not to obtain, any approval from the Board of Directors, Members or Central Government during the said financial year.
12. The Company has not issued any duplicate certificates during the said financial year.
13. The Company has:
  - (i) Not made allotment/ transfer/ transmission of securities during financial year;
  - (ii) Not deposited any amount in a separate Bank Account as no dividend was declared during the said financial year;
  - (iii) Not required to post warrants to any members of the Company as no dividend was declared during the said financial year;
  - (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.
14. The Board of Directors of the Company is duly constituted and the appointment of additional directors, ~~alternate directors and directors~~ were made in compliance of the Act.
15. The Company has not appointed any Managing Director / Whole Time Director / Manager during the said financial year.
16. The Company has not appointed any sole selling agent during said financial year.
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 year.
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 year.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the said financial year.
21. There was no redemption of preference shares or debentures during the said financial year.
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 year.
23. The Company has not invited / accepted any deposits including any unsecured loan falling within the purview of section 58A during the said financial year.



## COMPLIANCE CERTIFICATE (Contd.)

24. The Company has not made any borrowings during the said financial year.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate during the said financial year 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 year.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the said financial year.
28. The Company has not altered the provisions of Memorandum with respect to name of the Company during the said financial year.
29. The Company has not altered the provisions of Memorandum with respect to share capital of the Company during the said financial year.
30. The Company has not altered its Articles of Association during the said financial year.
31. There was no prosecution initiated against or show cause notices received by the Company for offences under the Act during the said financial year.
32. The Company has not received any money as security from its employees during the said financial year.
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 : 29<sup>th</sup> April, 2014

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, 29<sup>th</sup> April, 2014.

### Annexure 'B'

Particulars of Forms and Returns as filed by the Company with the Office of Registrar of Companies / MCA during the financial year ended on 31.03.2014.

Sr. No.	Form No./ Return	Filed under relevant Section of the Act.	Particulars	Date of Filing	Whether filed within prescribed time. Yes / No	If delay in filling whether requisite additional fee paid. Yes/N.A.
1.	20B	159	Annual Return for the AGM held on 13.09.2013	08.11.2013	Yes	Not Applicable
2.	23AC & ACA - XBRL	220	Annual Accounts for the financial period ended 31.03.2013	19.09.2013	Yes	Not Applicable
3.	66	383A	Compliance Certificate for the financial period ended 31.03.2013	19.09.2013	Yes	Not Applicable
4.	32	303	Change in Director	26.02.2014	Yes	Not Applicable
5.	23	192	Registration of resolution under section 81(1)	19.09.2013	Yes	Not Applicable

Vadodara, 29<sup>th</sup> April, 2014.

## 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 31<sup>st</sup> March 2014, the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and 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 sub-section (3C) of section 211 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.

#### 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, 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 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, 2014;
- b) in the case of the Profit and Loss Account, of the profit 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 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, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**Parikh Mehta & Associates**  
Chartered Accountants  
Firm Registration No. 112832W

**Ashish Parikh**  
Partner

Membership No.: 116745

Place: Vadodara  
Date: 12th May, 2014

## Annexure to the Auditors' Report

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of the even date on the accounts of GSFC Agrotech Limited for the year ended 31st March, 2014)**

1. In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
  - (b) The 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) There were no Fixed Assets disposed off during the year.
2. 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.
3. 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.
4. 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.
5. 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.
6. The Company has not accepted any deposits from the public covered under Section 58A and 58AA of the Companies Act, 1956.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209(1) of the Companies Act, 1956 for sales & services carried out by the Company.
9. 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 income tax, sales tax, service tax and other material statutory dues applicable to it with appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of income tax, sales tax, service tax and other material statutory dues in arrears, as at 31st March, 2014 for a period of more than six months from the date they became payable.
10. This being the second year of the Company, the clause pertaining to the accumulated losses & cash losses is not applicable.
11. 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.
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. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
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 31<sup>st</sup> March, 2014, 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. According to the information and explanations given to us, the Company has not issued any debentures during the period covered by our audit.
20. According to the information and explanations given to us, 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 & Associates**  
 Chartered Accountants  
 Firm Registration No. 112832W

**Ashish Parikh**  
 Partner  
 Membership No.: 116745

Place: Vadodara  
 Date: 12th May, 2014

## Balance Sheet as at 31st March, 2014

		Amount (₹)	
Particulars	Note No.	As At 31st March 2014	As At 31st March 2013
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	2	1,00,00,000	1,00,00,000
(b) Reserves and Surplus	3	(38,45,266)	(1,08,81,837)
		<b>61,54,734</b>	<b>(8,81,837)</b>
<b>2 Current Liabilities</b>			
(a) Trade Payables	4	4,94,85,893	84,27,627
(b) Other Current Liabilities	5	39,32,954	11,95,729
(c) Short Term Provisions	6	16,42,162	-
		<b>5,50,61,010</b>	<b>96,23,356</b>
<b>TOTAL</b>		<b>6,12,15,743</b>	<b>87,41,519</b>
<b>B ASSETS</b>			
<b>1 Non-current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	7	6,29,158	-
(ii) Intangible Assets	7	11,21,822	-
(iii) Capital Work-in-Progress	7	96,35,728	17,66,857
(b) Deferred Tax Assets (net)	8	60,723	-
(c) Long-term Loans and Advances	9	20,000	20,000
		<b>1,14,67,431</b>	<b>17,86,857</b>
<b>2 Current Assets</b>			
(a) Inventories	10	2,49,95,476	-
(b) Trade Receivables	11	22,86,834	-
(c) Cash and Bank Balance	12	2,06,52,818	69,29,662
(d) Short-term Loans and Advances	13	18,13,184	25,000
		<b>4,97,48,312</b>	<b>69,54,662</b>
<b>TOTAL</b>		<b>6,12,15,743</b>	<b>87,41,519</b>

Notes 1 to 23 are an integral part of the Financial Statements.

**S. K. Bajpai**  
Company Secretary

**Shrinivas Kale**  
CEO

**S. A. Patel**  
Director

**H. R. Brahmbhatt**  
Director

Vadodara  
12th May, 2014

**Atanu Chakraborty**  
Chairman

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

Vadodara  
12th May, 2014

**Ashish Parikh**  
Partner  
Membership No. 116745

## Statement of Profit and Loss for the year ended on 31st March, 2014

		Amount (₹)	
Particulars	Note No.	For the year ended on 31st March 2014	For the year ended on 31st March 2013
<b>I Incomes</b>			
Revenue from Operations	14	8,43,10,602	-
<b>Total Revenue</b>		<b>8,43,10,602</b>	-
<b>II Expenses</b>			
Cost of Material Consumed	15	2,41,44,603	-
Purchase of Stock in Trade	16	3,03,09,680	-
Change in Inventories of Finished Goods, Work in Progress and Stock in Trade	17	(1,59,20,945)	-
Employee Benefit Expenses	18	2,13,710	-
Depreciation and Amortisation Expense	7	56,312	-
Other Expenses	19	3,68,89,233	1,08,81,837
<b>Total Expenses</b>		<b>7,56,92,593</b>	1,08,81,837
<b>III Profit before Exceptional and Extraordinary Items and Tax (I-II)</b>		<b>86,18,009</b>	(1,08,81,837)
<b>IV Exceptional Items</b>		-	-
<b>V Profit before Extraordinary Items and Tax (III-IV)</b>		<b>86,18,009</b>	(1,08,81,837)
<b>VI Extraordinary Items</b>		-	-
<b>VII Profit before Tax (V-VI)</b>		<b>86,18,009</b>	(1,08,81,837)
<b>VIII Tax Expense :</b>			
(1) Current Tax		16,42,162	-
(2) Deferred Tax	8	(60,723)	-
<b>IX Profit (Loss) for the Period (VII-VIII)</b>		<b>70,36,571</b>	(1,08,81,837)
<b>Basic and Diluted Earning per Equity Share (Rs.)</b>	20	<b>7.04</b>	(10.88)

Notes 1 to 23 are an integral part of the Financial Statements.

**S. K. Bajpai**  
Company Secretary

**Shrinivas Kale**  
CEO

**S. A. Patel**  
Director

**H. R. Brahmbhatt**  
Director

Vadodara  
12th May, 2014

**Atanu Chakraborty**  
Chairman

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

Vadodara  
12th May, 2014

**Ashish Parikh**  
Partner  
Membership No. 116745

## Cash Flow Statement for the year ended 31st March, 2014

Particulars	Amount (₹)	
	For the year ended on 31st March 2014	For the year ended on 31st March 2013
<b>A Cash Flow from Operating Activities</b>		
Profit Before Tax	86,18,009	(1,08,81,837)
Adjustment for :		
Depreciation and Amortisation Expenses	56,312	-
<b>Operating Profit before Working Capital Changes</b>	<b>86,74,321</b>	<b>(1,08,81,837)</b>
Changes in Working Capital :		
Inventories	(2,49,95,476)	-
Trade Receivables and Loans & Advances	(40,75,018)	(25,000)
Trade Payables, Other Current Liabilities and Provisions	4,54,37,654	96,23,356
<b>Cash Generated from Operations</b>	<b>2,50,41,480</b>	<b>(12,83,481)</b>
Direct Taxes	(16,42,162)	-
<b>Net Cash from Operating Activities</b>	<b>2,33,99,318</b>	<b>(12,83,481)</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(96,76,163)	(17,66,857)
Loans and Advances given	-	(20,000)
<b>Net Cash Flow from Investing Activities</b>	<b>(96,76,163)</b>	<b>(17,86,857)</b>
<b>C Cash Flow from Financing Activities</b>		
Equity Share Capital	-	1,00,00,000
<b>Net Cash used in Financing Activities</b>	<b>-</b>	<b>1,00,00,000</b>
<b>Net increase in Cash &amp; Cash Equivalents</b>	<b>1,37,23,155</b>	<b>69,29,662</b>
<b>Cash &amp; Cash Equivalents as at the Beginning of the Year</b>	<b>69,29,662</b>	<b>-</b>
<b>Cash &amp; Cash Equivalents as at End of the Year</b>	<b>2,06,52,818</b>	<b>69,29,662</b>

Notes 1 to 23 are an integral part of the Financial Statements.

**S. K. Bajpai**  
Company Secretary

**Shrinivas Kale**  
CEO

**S. A. Patel**  
Director

**H. R. Brahmbhatt**  
Director

Vadodara  
12th May, 2014

**Atanu Chakraborty**  
Chairman

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

Vadodara  
12th May, 2014

**Ashish Parikh**  
Partner  
Membership No. 116745



## Notes Forming Part of the Financial Statements

### 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 :

- 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.
- Renewals and replacements are either capitalized or charged to revenue as appropriate, depending upon the nature and long term utility of such renewals and/or replacements.
- Intangible assets are stated as cost.

#### C. 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.

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

#### D. Inventories :

Items of inventories are measured at lower of cost or 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 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.

#### E. Revenue Recognition :

Sales has been recognized on the basis of dispatch of goods. 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.

#### F. Employees Benefits :

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 related service is rendered.

#### G. 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 and the tax laws 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 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.

#### H. Segment Reporting :

The Company has no distinguishable business or geographical segments.

#### I. 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 statements. Contingent Assets are neither recognised nor disclosed in the financial statements.

## Notes Forming Part of the Financial Statements

### 2. SHARE CAPITAL

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Number	Amount	Number	Amount
<b>Authorised</b>				
Equity Shares of Rs. 10/- each	5,00,00,000	50,00,00,000	5,00,00,000	50,00,00,000
<b>Issued Subscribed &amp; Paid up shares</b>				
Equity Shares: Face Value of Rs. 10/- each				
Shares outstanding at the beginning of the year	10,00,000	1,00,00,000	10,00,000	1,00,00,000
Shares outstanding at year end	10,00,000	1,00,00,000	10,00,000	1,00,00,000
<b>Total</b>	<b>10,00,000</b>	<b>1,00,00,000</b>	<b>10,00,000</b>	<b>1,00,00,000</b>

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

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Number	Percentage	Number	Percentage
Gujarat State Fertilizers & Chemicals Limited	9,99,994	99.99	9,99,994	99.99
	9,99,994	99.99	9,99,994	99.99

#### 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, 2014		As at 31st March, 2013	
	Number	Amount (Rs.)	Number	Amount (Rs.)
Shares outstanding at the beginning of the year	10,00,000	1,00,00,000	-	-
Shares issued during the year	-	-	10,00,000	1,00,00,000
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	10,00,000	1,00,00,000	10,00,000	1,00,00,000

### 3. RESERVES AND SURPLUS

Particulars	As at 31st March, 2014		As at 31st March, 2013	
<b>Profit and Loss Account :</b>				
Balance at the beginning of the year		(1,08,81,837)		-
Add : Profit for the year		70,36,571		(1,08,81,837)
		<u>(38,45,266)</u>		<u>(1,08,81,837)</u>

### 4. TRADE PAYABLES

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Due to Micro Enterprises & Small Enterprises (MSMED) *		5,73,336		-
Others		4,89,12,557		84,27,627
		<u>4,94,85,893</u>		<u>84,27,627</u>

\* No interest due thereon is remaining unpaid as on 31st March, 2014. 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

### 5. OTHER CURRENT LIABILITIES

Amount(₹)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Deposits Received	9,78,187	50,000
Statutory Dues	5,32,998	1,20,448
Creditors for Capital Goods	1,55,000	10,00,000
Other Payables	22,66,769	25,281
	39,32,954	11,95,729

### 6. SHORT TERM PROVISIONS

Amount(₹)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Provision for Statutory Liability :		
Provision for Income Tax	16,42,162	-
	16,42,162	-

### 7. FIXED ASSETS

Amount(₹)

	Gross Block			Depreciation			Net Block		
	As at 01-Apr-13	Asset Acquisitions	Asset Disposals/ Capitalized	As at 31-Mar-14	As at 01-Apr-13	Adjusted/ Written back	For the period	As at 31-Mar-14	As at 31-Mar-13
<b>a] Tangible Assets</b>									
Plant & Machinery	-	6,34,112	-	6,34,112	-	-	21,236	21,236	6,12,876
Office Equipments	-	18,180	-	18,180	-	-	1,898	1,898	16,281
Total	-	6,52,292	-	6,52,292	-	-	23,135	23,135	6,29,158
Previous year	-	17,66,857	-	17,66,857	-	-	-	-	17,66,857
Capital Work in Progress	17,66,857	89,71,871	11,03,000	96,35,728	-	-	-	96,35,728	17,66,857
<b>b] Intangible Assets</b>									
Computer Software	-	52,000	-	52,000	-	-	5,981	5,981	46,019
Technical Knowhow	-	11,03,000	-	11,03,000	-	-	27,197	27,197	10,75,803
Total	-	11,55,000	-	11,55,000	-	-	33,179	33,179	11,21,822
Total	17,66,857	1,07,79,163	11,03,000	1,14,43,020	-	-	56,312	56,312	1,13,86,708

### 8. DEFERRED TAX ASSETS (net)

Amount(₹)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>A) Deferred Tax Liability:</b>		
Depreciation	62,982	-
	62,982	-
<b>B) Deferred Tax Asset :</b>		
Expenses allowable for Tax purpose in subsequent periods	1,23,705	-
	1,23,705	-
<b>Net Deferred Tax Asset</b>	60,723	-

Deferred Tax Assets of the previous year not recognised on Preliminary Expenses amounting to Rs. 22.27 Lacs based on Prudence. In the current year, based on the qualifying amount on account of Preliminary Expenses, DTA has been recognized.

## Notes Forming Part of the Financial Statements

Amount(₹)		
Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>9. LONG TERM LOANS AND ADVANCES</b>		
Unsecured Considered Good :		
Deposit with Government Agencies	20,000	20,000
	<u>20,000</u>	<u>20,000</u>
<b>10. INVENTORIES (at lower of cost or net realizable value)</b>		
Raw Materials	42,78,810	-
Work in Progress	1,19,85,110	-
Finished Goods	39,35,835	-
Stores & Spares	47,95,721	-
	<u>2,49,95,476</u>	<u>-</u>
<b>11. TRADE RECEIVABLES</b>		
Unsecured, Considered Good	22,86,834	-
	<u>22,86,834</u>	<u>-</u>
<b>12. CASH &amp; BANK BALANCE</b>		
Cash & Cash Equivalent :		
Balance with Bank :		
- In Current Account (Bank of Baroda)	2,06,52,818	69,29,662
	<u>2,06,52,818</u>	<u>69,29,662</u>
<b>13. SHORT TERM LOANS AND ADVANCES</b>		
Statutory Advances	18,13,184	25,000
	<u>18,13,184</u>	<u>25,000</u>

## 14. REVENUE FROM OPERATIONS

Amount(₹)		
Particulars	Year Ended 31st March, 2014	Year Ended 31st March, 2013
<b>Revenue from Sale of Products :</b>		
Manufactured/Generated Products	5,12,87,930	-
Traded Products	3,30,22,672	-
Total	<u>8,43,10,602</u>	<u>-</u>
Less Excise Duty	-	-
	<u>8,43,10,602</u>	<u>-</u>
<b>Details of Sale of Products :</b>		
<b>Manufactured Products :</b>		
Sardar Amin Granules	3,09,50,821	-
Sardar Amin Liquid	18,54,842	-
Liquid Bio-Fertilizer	32,77,800	-
Tissue Culture	1,52,04,467	-
Total Manufactured Products	<u>5,12,87,930</u>	<u>-</u>
<b>Trading Products :</b>		
Seeds	3,30,22,672	-
Total Trading Products	<u>3,30,22,672</u>	<u>-</u>
<b>Total (Manufactured + Traded)</b>	<u>8,43,10,602</u>	<u>-</u>

## Notes Forming Part of the Financial Statements

Particulars	Amount(₹)	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
<b>15. COST OF MATERIAL CONSUMED</b>		
Raw Materials :		
Opening Stock	-	-
Add : Purchases	2,84,23,413	-
Less : Closing Stock	42,78,810	-
	<u>2,41,44,603</u>	<u>-</u>
Materials Consumed Comprise :		
Bentonite Granules	56,95,093	-
Cereal Protein Hydrolysate	45,93,655	-
Others	1,38,55,855	-
	<u>2,41,44,603</u>	<u>-</u>
<b>16. PURCHASES OF STOCK IN TRADE</b>		
Seeds	3,03,09,680	-
	<u>3,03,09,680</u>	<u>-</u>
<b>17. CHANGES IN INVENTORIES</b>		
Opening Stock :		
Finished Goods	-	-
Work in Progress	-	-
	<u>-</u>	<u>-</u>
Closing Stock :		
Finished Goods*	39,35,835	-
Work in Progress	1,19,85,110	-
	<u>1,59,20,945</u>	<u>-</u>
(Increase)/Decrease	<u>(1,59,20,945)</u>	<u>-</u>
* Details of Inventory of Finished Goods :		
Sardar Amin Granules & Sardar Amin Liquid (SAG/SAL)	31,10,700	-
Liquid Bio Fertilizers (LBF)	8,25,135	-
	<u>39,35,835</u>	<u>-</u>
<b>18. EMPLOYEE BENEFIT EXPENSES</b>		
Salaries	2,13,710	-
	<u>2,13,710</u>	<u>-</u>
<b>19. OTHER EXPENSES</b>		
Consumption of Stores & Spare Parts	40,637	-
Water Charges	1,09,697	-
Packing Expenses	32,45,108	-
Power & Fuel Expense	19,23,900	-
Repairs to Machinery	1,29,460	-
Rates & Taxes (excluding income taxes)	66,478	-
Transportation Expense	24,43,103	-
Commission Expenses	35,65,380	-
Job Work Expenses	85,30,123	-
Legal & Professional Charges	1,19,973	-
Consultancy Expenses	9,34,923	-
Reimbursement of Personnel Expenses	1,39,69,492	33,21,617
Net House Outsourcing Charges	4,53,674	-
Miscellaneous Expenses	2,18,855	-
Lease Rent	10,70,250	2,69,355
Auditors' Remuneration *	56,180	68,539
Reimbursement of Expenses to Directors	12,000	16,000
total c/f	<u>3,68,89,233</u>	<u>36,75,511</u>

(Contd.)

## Notes Forming Part of the Financial Statements

		Amount(₹)	
Particulars		Year Ended 31st March, 2014	Year Ended 31st March, 2013
<b>19. OTHER EXPENSES (Contd.)</b>			
total c/f		<b>3,68,89,233</b>	36,75,511
Preliminary Expenses Written Off :			
- Logo Design Charges	-	2,86,050	
- Legal, Professional and Consultancy Charges	-	35,00,806	
- Printing Expenses	-	9,000	
- Others	-	34,10,470	
		<b>3,68,89,233</b>	1,08,81,837
* Auditors Remuneration :			
Payment to Auditor as :			
For Statutory Audit	28,090	28,090	
For Taxation Matters	28,090	40,449	
	<b>56,180</b>	68,539	
<b>20. EARNING PER SHARE (EPS)</b>			
Profit for the Year ended (Rs.)		<b>70,36,571</b>	(1,08,81,837)
Weighted average Number of Equity Shares outstanding during the year (Nos.)		<b>10,00,000</b>	10,00,000
Basic and Diluted EPS (Rs.)		<b>7.04</b>	(10.88)
Nominal Value per Share (Rs.)		<b>10.00</b>	10.00

### 21. 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.	Sale of Goods	8,43,10,602
2.	Purchase of Materials	2,26,49,960
3.	Purchase of Fixed Assets	5,61,857
4.	Commission Expenses	35,65,380
5.	Rent Expense	10,70,250

- (c) Outstanding Balances :

Particulars	As at 31st March, 2014 Amount (₹)	As at 31st March, 2013 Amount (₹)
Balances (payable) / receivable from GSFC	(4,19,42,081)	(81,03,577)

### 22. SUPPLEMENTARY STATUTORY INFORMATION

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

### 23. 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 effect from 1st April 1995, there are no foreign currency transaction.

#### Signatures to Notes 1 to 23 forming part of the Financial Statements 2013-14

**S. K. Bajpai**  
Company Secretary  
Vadodara  
12th May, 2014

**Shrinivas Kale**  
CEO

**S. A. Patel**  
Director

**H. R. Brahmbhatt**  
Director  
**Atanu Chakraborty**  
Chairman

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

Vadodara  
12th May, 2014

**Ashish Parikh**  
Partner  
Membership No. 116745





# GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

(CIN : L99999GJ1962PLC001121)

## ATTENDANCE CARD

I/We

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

hereby record my/our presence at the **FIFTY SECOND ANNUAL GENERAL MEETING** of the Company held at **Cultural Centre Auditorium** situate at its Registered Office at **Fertilizernagar, District Vadodara, at 12.30 p.m. on Friday, the 8th August, 2014.**

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

(CIN : L99999GJ1962PLC001121)

Registered Office: Fertilizernagar - 391 750, Dist. Vadodara.  
E-mail: vishvesh@gscfcltd.com, Website: www.gscfclimited.com

## FIFTY SECOND ANNUAL GENERAL MEETING

Friday, August 08, 2014 at 12.30 p.m.

## PROXY FORM

I/We, being the member(s), holding \_\_\_\_\_ shares of the above named Company, hereby appoint:

- |     |                  |                                    |
|-----|------------------|------------------------------------|
| (1) | Name _____       | Address _____                      |
|     | E-mail ID: _____ | Signature _____ or failing him/her |
| (2) | Name _____       | Address _____                      |
|     | E-mail ID: _____ | Signature _____ or failing him/her |
| (3) | Name _____       | Address _____                      |
|     | E-mail ID: _____ | Signature _____                    |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Fifty Second Annual General Meeting of the Company, to be held on Friday, August 08, 2014 at 12.30 p.m. at Cultural Centre Auditorium, Fertilizernagar - 391 750 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	Optional*	
		For	Against
Ordinary Business			
1.	Adoption of Accounts.		
2.	Declaration of dividend on Equity Shares.		
3.	Re-appointment of Shri P N Roy Chowdhury who retires by rotation and being eligible, offers himself for re-appointment.		
4.	Appointment of Statutory Auditors.		
5.	Fixation of Remuneration of Cost Auditors.		
Special Business			
6.	Appointment of Shri D C Anjaria as an Independent Director.		
7.	Appointment of Prof. Vasant Gandhi as an Independent Director.		
8.	Appointment of Shri Ajay Shah as an Independent Director.		
9.	Appointment of Shri Vijai Kapoor as an Independent Director.		
10.	Special Resolution for borrowing limits under section 180(1)(c) of the Companies Act, 2013.		
11.	Special Resolution for creating charge etc. on company's properties under section 180 (1) (a) of the Companies Act, 2013.		
12.	Special Resolution regarding Articles of Association of the Company aligning them with the provisions of Companies Act. 2013.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Member's Folio/ DP ID- Client ID No. \_\_\_\_\_

Signature of shareholder(s) \_\_\_\_\_

Signature of Proxy holder(s) \_\_\_\_\_

Affix  
Revenue  
Stamp  
Re. 1/-

- Note: 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.  
2. For the Resolutions, Explanatory Statement and Notes, please refer to the notice of the Fifty Second Annual General Meeting.  
\*3. It is optional to put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.  
4. Please complete all details including details of member(s) in above box before submission.



## This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are no margins, text, or other markings on the paper.



## RESEARCH & PROMOTIONAL ACTIVITIES



GSFC's full-fledged research and development facility allows it to provide farmers, industry partners and customers, the benefit of cutting-edge products, methodology and solutions. The robust R&D activities

underline the commitment to innovation and ensure that GSFC will continue to meet the current as well as the future needs of its markets and customers.

The company has promoted a new subsidiary Company namely **GSFC Agrotech Limited** under which production activity of "**Sardar Liquid Bio-fertilizers**" viz. Azotobacter, Azospirillum, and Phosphate Solubilizing Bacteria is carried out with technological know-how from Anand Agricultural University. The Liquid Bio-fertilizers have the added advantage of higher bacterial count, longer shelf-life and application through Micro Irrigation System. The company is a leader in Banana Tissue Culture plants providing laboratory produced disease-free banana tissue culture plants.

## SAFETY, HEALTH & ENVIRONMENT

GSFC was also conferred with the prestigious '**Gujarat State Safety Award 2012**' in the form of a Certificate of Honor from 'Gujarat Safety Council and Director of Industrial Safety & Health' for achieving **Three Million Accident-free Man-hours** amongst Category - I of Group - A Industries.



## RISK MANAGEMENT

The Company is focusing on 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 and proper product / segment strategies to maximize the sales to achieve better contribution from its product basket.



## INTEGRATED MANAGEMENT SYSTEM



From its very inception, GSFC has focused on integrating its systems of management. Five core values constitute the system – Ethics, Education, Management Excellence, Enhanced Social Responsibility and Environment Management. These will be the guiding principle of GSFC's new journey. Team GSFC is committed to leverage on its accumulated expertise and experience for achieving higher growth and enhancing shareholders' value.

## CORPORATE SOCIAL RESPONSIBILITY

Ever since its incorporation, GSFC is involved in CSR Activities and is steadily poised to promote the overall development, progress and betterment of the people, especially belonging to weaker sections of society with a view to improve 'Human Development Index' (HDI).

To attain this objective GSFC has identified six core areas for CSR functioning and they are Education, Village Development Activities (viz. Social & Infrastructural), Environment, Health & Sanitation, Contributions & Sponsorships to NGOs and Industry-Academic Interface.

Improvement in Nutritional Level of School Children has been identified as one of its core area under CSR and GSFC sponsors mid-day meal for 1,30,000 school & Aanganwadi children by supporting the nutrition program of 'Akshaya Patra' foundation for providing balanced food for the school-going children in villages.



## HUMAN RESOURCE MANAGEMENT

GSFC has been able to constantly hone the skills of its human assets. Regular training and refresher courses keep them updated and enhance their efficiency. Having the right people with right skills and attitude at the right time help achieve set corporate goals. Innovative HR initiatives have been instrumental in according overall performance for the company. GSFC has a comprehensive approach to HR, with the policy of

genuine care to employees manifesting in full-fledged, self-contained townships with excellent facilities.

As a part of encouragement to its Officers, GSFC has also introduced **Performance Management System (PMS)** with a candid objective to incentivize them by making them Partners in the Company's performance.

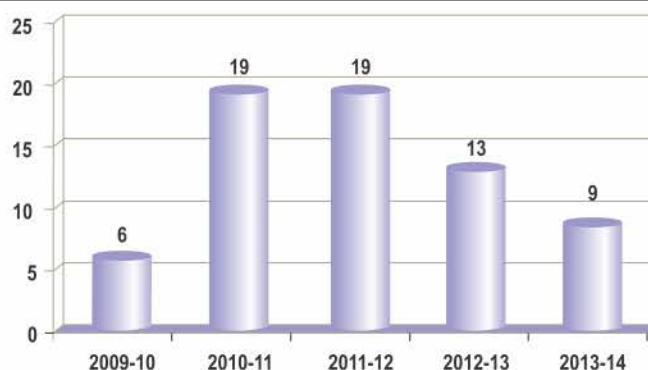


## PERFORMANCE HIGHLIGHTS

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 31<sup>st</sup> March of respective year)



## BOOK-POST

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Fertilizernagar - 391 750, Vadodara, Gujarat, India.

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