



REPORT  JUNCTION.COM



Gujarat Narmada Valley
Fertilizers Company Limited



GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

FOR MEMBERS' ATTENTION

I SOME IMPORTANT NOTES

1. Members desiring information as regards the accounts are requested to send their queries at least fifteen (15) days before the date of the Meeting, so as to enable the Company to make the information available at the Meeting.
2. Under the provisions of Section 109A and 109B of the Companies Act, 1956, every individual member is entitled to nominate in the prescribed manner a person to whom his/her shares in the Company, shall vest in the event of his/her death. Members who are interested in availing this nomination facility are requested to write to the Company Secretary.
3. Members holding shares in the Dematerialised Form are requested to intimate changes, if any, in respect of their Bank details, ECS Mandate Instructions, Nomination, Power of Attorney, Change of Address, Change of Name, etc. only to their Depository Participant (DP) with whom Demat Account is maintained.

II REGARDING PAYMENT OF DIVIDEND / UNCLAIMED DIVIDEND

1. The Company has already notified the dates of closure of the Register of Members and the Share Transfer Books to be from Thursday, the 1st August, 2002 to Wednesday, the 14th August, 2002 (both days inclusive) for payment of dividend on equity shares. The dividend in respect of equity shares held in electronic form will be paid on the basis of beneficial ownership details furnished by the Depositories for this purpose. The dividend upon its declaration at the 26th Annual General Meeting will be paid from 14th October, 2002.
2. No tax will be deducted at source, if the dividend amount payable to individual shareholder does not exceed Rs.2,500/-. Shareholders who are entitled to receive income from dividend/interest and sources as provided in Section 197 A (1B) of Income Tax Act, 1961 in the aggregate not exceeding Rs.50,000/- during the financial year 2002-2003 and who desire to receive dividend without deduction of tax, may file with the Company, a declaration in Form 15G (in duplicate) on or before **10th September, 2002**.
3. The Company has already transferred the amount of unclaimed dividend declared up to the financial years 1993-1994 to the General Revenue Account of the Central Government, as required by the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978. Those shareholders who have so far not claimed their dividend up to the aforesaid financial years, may claim their dividend from the office of the Registrar of Companies (Gujarat), CGO Complex, Opposite Rupal Park, Near Ankur Bus-Stop, Naranpura, Ahmedabad-380 013.
4. Pursuant to the amendment to the Companies Act, 1956, the amount of dividend in respect of the financial years 1994-95 onwards, remaining unpaid or unclaimed for a period of 7 years from the date of transfer to unpaid dividend account of the Company, is required to be transferred to Investor Education & Protection Fund set up by Government of India. The Shareholders, who have not yet encashed their dividend warrants for the financial years 1994-95 onwards, are requested to make their claim to the Company without delay.
Once the unclaimed dividend is transferred to the "Investor Education & Protection Fund" as above, no claim shall lie in respect thereof.
5. A mandate form for payment of dividend through Electronic Clearing Services (ECS) / ~~Form~~ for furnishing Bank details is included in this report for the benefit of Shareholders. (Please refer Page Nos. 79 & 80)

III REGARDING ANNUAL GENERAL MEETING

1. Arrangement for buses from ST Depot, Bharuch to the place of meeting will be made by the Company on the day of the Meeting.
2. Members/Proxies are requested to detach the "Entrance Pass" from this Report and ~~handover~~ at the Entrance duly signed by them.
3. Kindly bring your copy of this Annual Report along with you for the Annual General Meeting.
4. 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 NARMADA VALLEY FERTILIZERS COMPANY LIMITED

26TH ANNUAL GENERAL MEETING

Date : 26th September, 2002
 Day : Thursday
 Time : 2.00 PM
 Place : Near Jan Vikas Temple,
 Narmadanagar Township,
 P.O. Narmadanagar-392 015
 District Bharuch.

BOARD OF DIRECTORS

(As on 1st August, 2002)

Shri Pradipsinh B. Jadeja, *Chairman*

Dr. Manjula Subramaniam

Shri S. G. Mankad

Shri Balwant Singh

Shri Manu Shroff

Shri N. R. Ranganathan

Shri S. M. Jain

Shri Rajnish Aggarwal

Shri Shirish C. Bengali

Shri A. D. Desai, *Managing Director*

Executive Directors

Shri J. K. Shah

Shri R. C. Desai

Shri P. B. Nanavati

Shri D. S. Taunk

Shri V. K. Khanna (On Deputation with NCPL)

Company Secretary

Shri R. B. Panchal

Auditors

M/s. C. C. Chokshi & Company,

Chartered Accountants,

Ahmedabad.

Registered Office:

P.O. Narmadanagar – 392 015

District : Bharuch

Gujarat, INDIA.

Contents	Page No.
GNFC	
Notice of Meeting	2
Directors' Report & its Annexures	6
Management Discussion & Analysis	13
Corporate Governance Report	19
Auditors' Report & its Annexure	26
Balance Sheet	28
Profit & Loss Account	29
Schedules to the Balance Sheet (1 to 12)	30
Schedules to the Profit & Loss Account (13 to 19)	33
Accounting Policies & Notes on Accounts	34
Additional Information	37
Cash Flow Statement	41
Statement Relating to Subsidiary Company	42
Accounts of the Subsidiary Company - NCPL	43
Consolidated Financial Statements	68


GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED
NOTICE

NOTICE IS HEREBY given that the **26th Annual General Meeting** of the Members of Gujarat Narmada Valley Fertilizers Company Limited will be held at the Registered Office of the Company, Near Janvikas Temple, Narmadanagar Township, P.O. Narmadanagar - 392 015 on Thursday, the 26th September, 2002 at 2.00 P.M. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002, the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri Rajnish Aggarwal, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration and, if thought fit, to pass with or without modification(s), the following Resolution :

As a Special Resolution :

"RESOLVED that pursuant to the provisions of Section 224A(1) and other applicable provisions, if any, of the Companies Act, 1956, the retiring Auditors M/s. C.C. Chokshi & Company, Chartered Accountants be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors and reasonable out-of-pocket expenses actually incurred by them in connection with the audit."

SPECIAL BUSINESS :

To consider and, if thought fit, to pass with or without modification(s), the following Resolution(s) :

5. **As an Ordinary Resolution :**
"RESOLVED that Shri S.G. Mankad be and is hereby appointed as a Director of the Company liable to retire by rotation."
6. **As an Ordinary Resolution :**
"RESOLVED that pursuant to the provisions of Sections 198, 269 and 309 read with provisions of Schedule XIII and all other applicable provisions of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force), the Company hereby accords its approval and consent to the re-appointment of Shri A.D. Desai, IAS, as the Managing Director of the Company for a period from 6th July, 2002 to hold office up to such period as may be notified by the Government of Gujarat on the terms and conditions of his remuneration, as set out in the explanatory statement annexed hereto."
"FURTHER RESOLVED that Shri A.D. Desai, Managing

Director of the Company be and is hereby authorized to exercise substantial powers of Management and shall be responsible for the day-to-day Management of the Company, subject to the superintendence, direction and control of the Board of Directors and shall carry out such duties as may be entrusted and/or delegated to him by the Board of Directors of the Company, from time to time."

"FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorized to agree to any variation, modification or amendment as may be conveyed by the Government of Gujarat in the terms and conditions of re-appointment and payment of remuneration and providing of perquisites by the Company to the Managing Director and if necessary, as may be prescribed/approved by the Central Government in accordance with Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force)."

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

"RESOLVED FURTHER that the Board be and is hereby authorized to take all such steps as may be necessary, for implementation of this Resolution."

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE INSTRUMENT APPOINTING PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The information as are required to be furnished under the Listing Agreement entered into with various Stock Exchanges, regarding the Directors, who are proposed to be appointed/re-appointed and the relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under Item Nos. 4 to 6 set out above, are annexed hereto.

**By Order of the Board of Directors,
For Gujarat Narmada Valley Fertilizers Co. Ltd.**

Registered Office :
P.O. Narmadanagar-392 015
Dist. Bharuch
Dated : 27th July, 2002

R. B. Panchal
Company Secretary

ANNEXURE TO THE NOTICE

AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956, THE FOLLOWING EXPLANATORY STATEMENT SET OUT ALL MATERIAL FACTS RELATING TO THE BUSINESS MENTIONED UNDER ITEM NOS. 4 TO 6 OF THE ACCOMPANYING NOTICE DATED 27TH JULY, 2002.

Item No. 4

The holding of Gujarat State Investments Ltd., a Government of Gujarat undertaking as also of the Public Financial Institutions, Nationalized Banks and Insurance Companies is more than 25% of the subscribed share capital of the Company in aggregate and hence, the re-appointment of M/s. C.C. Chokshi & Co, Chartered Accountants, as Auditors of the Company is required to be made by a Special Resolution, as contemplated under Section 224A of the Companies Act, 1956.

Your Directors, therefore, commend this resolution for your approval.

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

Item No. 5

In accordance with Article 141 of the Company's Articles of Association, Shri S.G. Mankad, IAS was appointed as a Director on the Board of the Company w.e.f. 24th October, 2000 in the casual vacancy caused by the resignation of Shri K.V. Bhanujan. Pursuant to Section 262 of the Companies Act, 1956, Shri S.G. Mankad will hold office of Director up to the date of the ensuing Annual General meeting when Shri K.V. Bhanujan would have retired had he continued as a Director. As required by Section 257 of the Companies Act, 1956, a notice together with deposit of Rs.500/- has been received from Gujarat State Investments Ltd., signifying its intention to propose Shri S.G. Mankad for the office of Director of the Company. Shri S.G. Mankad is a very senior IAS Officer and is presently the Principal Secretary to Government of Gujarat, Finance Department. He has a very rich experience in the field of Finance and Administration. The Board considers that it would be in the interest of the Company to appoint him as a Director and therefore, commends the resolution for his appointment.

Shri S.G. Mankad is interested in the resolution. None of the remaining Directors is, in any way, concerned or interested in the said resolution.

Item No. 6

The shareholders of the Company had, at the 24th Annual

General Meeting (AGM) held on 28th September, 2000 approved appointment of Shri A.D. Desai as Managing Director of the Company for a period of 2 years w.e.f. 6th July, 2000 or until his services are withdrawn from the Company by the State Government; whichever is earlier. As such his tenure of Office as Managing Director of the Company came to an end on 5th July, 2002. In pursuance of provisions of Article 173 of Articles of Association of the Company, the Board of Directors re-appointed Shri A.D. Desai as Managing Director of the Company in consultation with Government of Gujarat for a period from 6th July, 2002 to hold Office up to such period as may be notified by the Government of Gujarat, so however his tenure will not exceed the maximum period prescribed under the Companies Act, 1956.

In terms of the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, the re-appointment of Shri A.D. Desai as Managing Director of the Company and payment of remuneration to him are subject to the approval of shareholders in General Meeting. The re-appointment of Shri Desai and the remuneration payable to him are in accordance with Schedule XIII of the Companies Act, 1956 and hence do not require the approval of Central Govt.

The particulars of remuneration payable to Shri A.D. Desai are as follows:

1. **Pay** : He shall be entitled to draw, pay and allowances in the Super Time Scale of the IAS by virtue of the equation of the post of Managing Director of the Company with the IAS cadre post of the Secretary to Government vide Government Order, General Administration Department No AIS-30-2000-Eq-3007-G dated 14-7-2000.
2. **Dearness Allowance** : He will be governed by the Provisions of the All India Services (Dearness Allowances) Rules, 1972.
3. **City Compensatory Allowance and House Rent Allowance** : City Compensatory Allowance and House Rent Allowance shall be regulated under the Rules of the Company, if any residential accommodation is hired/owned by the Company. 10% of the pay plus DA/DP and CCA will be payable by Shri A.D. Desai, IAS for availing of such accommodation and in that case, his entitlement to draw HRA will also cease.
4. **Transfer TA/Joining Time** : He shall be entitled to TA and joining time both on joining the post of Managing



GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

Director of the Company and on reversion under the rules of the Company to which he is deputed and will not be inferior to the relevant provisions of the AIS Rules. The expenditure on this account will be borne by the Company.

5. **Conduct, Discipline and Appeal Rules** : He shall continue to be governed by the All India Services (Conduct) Rules, 1968 and All India (Discipline and Appeal) Rules, 1969.
6. **TA and DA for journey on duty** : He will be paid Travelling Allowance and Daily Allowance by the Company under its own rules for the journeys undertaken by him in connection with the official work under the Company.
7. **Leave and Pension** : During the period of deputation, he will continue to be governed by the AIS (leave) Rules, 1955 and the AIS(DCRB) Rules, 1958. The entire expenditure in respect of leave taken during or at the end of deputation shall be borne by the Company. In later cases, the leave and its period will be regulated by the orders of the State Government issued on the subject. He will not be allowed to join any of the pension schemes of the Company.
8. **Provident Fund** : During the period of the deputation, he will continue to subscribe to the AIS Provident Fund Scheme to which he was subscribing at the time of proceeding on foreign service in accordance with the rules of such Fund.
9. **Medical Facilities** : The Company shall afford to Shri AD Desai, IAS medical facilities not inferior to those, which are admissible to an IAS officer of the same status under the Central Government rules on the subject.
10. **Transport Allowance** : He shall be eligible to draw Transport Allowance in accordance with and subject to the conditions mentioned in Govt. Order, GAD No. AIS/1097. GOI. 670/G dated 6-8-1998, provided he is not provided with an official car by the Company for commuting between office and residence, as available to the Officers of the rank of Secretary to Government, as provided under G.R. GAD No AIS/3185/1468/G dated 11-9-1985, as amended from time to time during his deputation with the Company.
11. **Leave Travel Concession** : The Company shall allow Leave Travel Concession to Shri A.D. Desai, IAS as admissible under its rules, provided these are not inferior to those admissible to him under the AIS(L.T.C) Rules, 1975. The whole expenditure in this regard will be met by the Company. This, however, is subject to the condition that the Officer had not already, before proceeding on deputation, availed of concession during that particular block of years.
12. **Disability Leave** : The Company will be liable to pay leave emoluments in respect of disability leave, if any, granted to him on account of any disability incurred in and through foreign service eventhough such disability manifests itself after termination of foreign service. The relevant AIS rules will be applicable in such cases.
13. **Leave Salary/Pension Contributions** : The Company will pay to the Govt. of the parent cadre of Shri A.D. Desai, IAS, leave salary and pension contributions at the rates in force from time to time in accordance with the orders issued by the President under F.R. 116. The payment of these contributions must be paid annually within 15 days from the end of each financial year or at the end of Foreign Service if the deputation expires before the end of a financial year. Delayed payment will attract liability of payment of interest in terms of the instructions contained in the Ministry of Finance's Notification No F.1(1)-E.iii/83 dated the 10th August,1983, as amended from time to time. Pending intimation of the rates of leave salary and pension contribution by the concerned Accountant General, the Company shall pay leave salary and pension contributions provisionally at the prescribed rates.
14. **Group Insurance** : If he has not opted out of the Central Govt. Employees Group Insurance Scheme, 1980, before 31-12-1981, the said scheme as appended to the schedule to the AIS (Group Insurance) Rules, 1981 shall be applicable to him. In that case, an amount of Rs. 120/- p.m. deducted from his salary as subscription towards the Insurance Scheme shall be remitted to the concerned Accountant General by the Company. If at any time the recovery of subscription falls in arrears, the same shall be recovered with interest admissible under the Scheme on the accretions to the Saving Fund.
15. **Residuary Matters** : In all matters relating to conditions of service and benefits/facilities and perks in the Company not covered by items 1 to 14 above, Shri A.D. Desai, IAS shall be governed by the rules, regulations and orders applicable to a member of the

All India Services serving in connection with the affairs of the Union/State Government.

The proposed resolution is for the aforesaid purpose and is commended to the Shareholders for their approval.

The above shall also be regarded as an abstract of the remuneration, terms and conditions of re-appointment of Shri A.D. Desai as Managing Director and Memorandum of concern or interest under Section 302 of the Companies Act, 1956.

Shri A.D. Desai is interested in the resolution. None of the remaining Directors is, in any way, concerned or interested in the said resolution.

Inspection of Documents :

All documents referred to in this Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company between 9:30 A.M. and 11:30 A.M. during working days of the Company.

By Order of the Board of Directors,
For Gujarat Narmada Valley Fertilizers Co. Ltd.

Registered Office :
P.O. Narmadanagar-392 015
Dist. Bharuch
Dated : 27th July, 2002

R. B. Panchal
Company Secretary

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT

As required under the Listing Agreement, the particulars of Directors who are proposed to be appointed/reappointed are given below :

Name	Shri Rajnish Aggarwal	Shri S.G. Mankad, IAS	Shri A.D. Desai, IAS
Age	46 Years	54 Years	59 Years
Qualification	B.Com. (Hons), Chartered Accountant	M.A.	B.Sc., LL.B.
Expertise	Vast experience in the fields of Finance and Accounts, Taxation, Company Law matters, etc. Director of the Company since 30th October, 1999.	Vast experience in the fields of Finance, Management, Administration, etc. Has held distinguished positions in the Government of Gujarat. Presently he is the Principal Secretary to Government of Gujarat, Finance Department. Director of the Company since 24th October, 2000.	Vast experience in the fields of Administration and Management. Has held distinguished positions in the Government of Gujarat. Managing Director of the Company since 6th July, 2000.
Other Directorship	Haryana State Industrial Development Corpn. Ltd. Delhi and District Cricket Association	GSFS Capital & Securities Ltd. Gujarat State Financial Services Ltd. Sardar Sarovar Narmada Nigam Ltd. Infrastructure Finance Co. Gujarat Ltd. Gujarat Industrial Investment Corpn. Ltd. Gujarat Electricity Board Gujarat State Investments Ltd. Gujarat Alumina & Bauxite Ltd. Gujarat State Fertilizers & Chemicals Ltd.	Narmada Chematur Petrochemicals Ltd. Gujarat Chemical Port Terminal Company Ltd. Gujarat State Fertilizers & Chemicals Ltd. Gujarat Narmada Finance & Investment Company Ltd. Gujarat State Fuel Management Co. Ltd. Gujarat Film Vikas Nigam Ltd. The Fertilizer Association of India Gujarat Agri Processing Co. Ltd.


GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED
DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting this 26th Annual Report and Audited Statements of Accounts of the Company for the financial year ended 31st March, 2002.

The first year of the new millennium - was a year of many tragic events. International Terrorism and Global Economic Slowdown have been the saddest features of this year. The economy world over remained under stress due to slowdown, which also affected the industrial sector of India. The persistent lack of buoyancy in the economy did not deter us, but only made us work harder. Our efforts have resulted in achieving many significant milestones in the fields of Production and Marketing. Aggressive cost cutting measures and the quest for achieving excellence through various innovative methods helped Company posting good performance for the year 2001-2002.

1. FINANCIAL HIGHLIGHTS

There has been a marginal increase in the sales turnover of the Company in comparison to last year. But the profitability of the Company has remained under pressure mainly on account of continued global recession and unprecedented fall in the prices of industrial chemicals manufactured by the Company.

Following are the financial highlights :

	(Rs. In Crores)	
	2001-2002	2000-2001
Sales Turnover	1477.63	1422.25
Other Income	30.32	56.51
Gross profit for the year after meeting all expenses but before interest, depreciation and tax	266.34	268.34
Interest (Net)	72.92	86.48
Depreciation	75.23	68.91
Profit before tax	118.19	112.95
Less : Provision for current taxation	29.28	22.70
Profit after current taxation	88.91	90.25
Less : Provision for deferred taxation	17.23	NIL
Add : Excess provision for Income tax written back	NIL	15.30
Net Profit	71.68	105.55
Less : Transferred to Debenture Redemption Reserve	5.42	10.83
Add : Balance brought forward from previous year	133.48	94.34
Amount available for appropriation	199.74	189.06
Appropriations :		
a. General Reserve	50.00	12.00
b. Proposed Dividend	36.62	39.55
c. Tax on Dividend	NIL	4.03
Balance carried to Balance Sheet	113.12	133.48

2 PERFORMANCE HIGHLIGHTS

"Management Discussion & Analysis" forming part of this Report, inter alia, adequately deals with the operational and marketing highlights as also about the progress made in respect of the projects on hand and the future projects, etc. The performance highlights in brief are, however, mentioned hereunder :

The year under review witnessed significant achievements and all round satisfactory performance. Even with the planned shutdown for a period of 21 days undertaken during the year, all the major plants of the Company performed at levels of the high capacity utilisation and have in the process, established several new records. The Government of India has restricted the production of Urea. They have permitted Urea manufacturers to produce only up to 100% of their reassessed capacity. The movement orders are also issued accordingly under Essential Commodities Allocation (ECA). The Company was, therefore, given permission to produce 6,43,500 MTs of Urea during the year. The Plant was operated as per the demand at a higher capacity during the peak season and therefore Urea Plant was shutdown for 13 days in March, 2002, after achieving the permitted production. The sale of the fertilizers was significantly higher at 12.60 Lacs MTs in comparison to 10.94 Lacs MTs last year. The increase was mainly due to handling of imported fertilizers. The sale of manufactured fertilizers by your Company would have been still higher, but for the constraint of ECA in the sale of Urea.

3. FERTILIZER POLICY

We had mentioned to you last year that the Expenditure Reforms Commission, had recommended 7% increase on retail selling price annually every year and to move towards decontrol over the next five years. However, the expected 7% increase in retail price effective from 1st April, 2001 was not declared. A modest beginning has been made in this direction by announcing an increase of 5% in the retail selling price of Urea with effect from 28th February, 2002.

Government of India has set up a Group of Ministers to look into the matters relating to 7th and 8th pricing period,

under the Retention Price Scheme, which will also study the implications of implementing the recommendations of the ERC and matters relating to Group Retention Prices and Fertilizer Policy in general. The Government of India is making all efforts to frame the long term policy for fertilizer industry and it is hoped that the same will be announced during the current year.

4. DIVIDEND

We value our shareholders the most and have always endeavoured to reward them by the appropriate return on their investment. The Company has rewarded its shareholders by declaring uninterrupted dividend for the last 18 years. So as to ensure that the shareholders of the Company get sustained and stable return, your Directors have, considering the profits for the year and the Company's fund requirement for the future, decided to recommend payment of dividend @ 25% for the year 2001-2002. The payment of dividend will be subject to the deduction of tax at source in terms of the revised provisions of the Income Tax Act, 1961. The dividend, if approved, will involve payment of Rs. 36.62 Crores.

5. PROMOTIONAL ACTIVITIES

To serve the farming community better, the Company has undertaken various need based promotional programmes in all the States of its marketing operations through fertilizer demonstrations, Dealers'/ Retailers' and Co-operative Personnel training programmes, participation in Agricultural fairs, visits of farmers, etc. to Company's Plants, Demonstration Farm, Soil Testing Laboratory and conduct of slide shows, etc. The Company participated in various agricultural fairs and the stalls of the Company were adjudged the Best Stalls at the Fairs organized at Ratlam, Indore, Dhar, Pantnagar, Ludhiana and Meerut. Development of high tech Agriculture and propagation of vermi compost are in vogue at the Company's Demonstration farm. Besides, Narmada Krishi Parivar and Narmada Kisan Parivar Patra Magazines brought out in Gujarati and Hindi languages continued to provide valuable information on agricultural and allied activities to the farming community. Intensive promotional programmes have helped the Company, strengthening its bond with the farmers and the distribution channels. The "Narmada"

Brand fertilizers of the Company have continued to remain a preferred brand among the farmers.

6. NARMADA CHEMATUR PETROCHEMICALS LTD. - SUBSIDIARY OF THE COMPANY

Narmada Chematur Petrochemicals Limited (NCPL), the subsidiary of the Company also continued its onward march towards achieving better performance. NCPL during the year 2001-2002 registered highest ever production in both the products Aniline and TDI by producing 26,170 MTs of Aniline and 10,770 MTs of TDI. NCPL increased its penetration in the domestic market and achieved the highest ever sales in quantitative terms. The continued recession in the economy, affected the profitability of NCPL too. There has been a decline in the turnover and profit after tax, as this stood at Rs. 241.32 Crores and Rs.17.80 Crores as compared to the turnover of Rs. 290.84 Crores and profit after current tax of Rs.18.43 Crores, last year. The Members will, however, be happy to note that NCPL has fully wiped out its balance of past accumulated losses of Rs. 2.66 Crores.

Pursuant to the provisions of Section 212 of the Companies Act, 1956, the Annual Accounts of Narmada Chematur Petrochemicals Limited for the year ended on 31st March, 2002 are annexed.

7. CONSOLIDATED FINANCIAL STATEMENTS

As stipulated under Clause 32 of the Listing Agreement, consolidated financial statements have been prepared in respect of the Company and its subsidiary - NCPL in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India. The Audited Consolidated Financial Statements form part of the Annual Report.

8. FIXED DEPOSITS

The Company had an aggregate amount of Rs. 3,433.98 Lacs as deposits from public, shareholders, employees and others, as on 31st March, 2002. Of the said deposits, a sum of Rs. 84.75 Lacs was due for repayment as on 31st March, 2002 to 821 Depositors, but remained unclaimed. The Company sent reminders to the depositors for complying with the formalities for claiming



these deposits. Subsequently, Rs. 38.21 Lacs were claimed by 358 depositors.

9. LISTING AGREEMENT COMPLIANCE

The Company's Equity Shares have been listed at Ahmedabad, Vadodara, Mumbai, Delhi & Calcutta Stock Exchanges and National Stock Exchange, Mumbai. The Company has already made the payment of listing fees to each of the above Stock Exchanges in compliance of the provisions of the Listing Agreement.

10. PERSONNEL - INDUSTRIAL RELATIONS

The Industrial relations have remained extremely cordial and harmonious. The efficient and loyal services rendered by the employees at all levels have not only helped in ensuring uninterrupted high level of performance in production, despatch and marketing of fertilizers & Industrial Chemicals including electronic products and services but have also helped achieving substantial cost reduction in the various fields. Your Directors heartily convey their appreciation for the excellent contributions made by the employees.

11. INSURANCE

The Company has made necessary arrangements for adequately insuring its insurable interests.

12. INFORMATION REGARDING CONSERVATION OF ENERGY, ETC., AND PARTICULARS OF EMPLOYEES

Information required under Section 217(1) (e) of the Companies Act, 1956, read with Rule (2) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time, are given in Annexures "A" & "B" respectively forming part of this report.

13. DIRECTORS

During the year under review, S/Shri Vijay Ranchan, RC Sharma and Dr PK Das tendered their resignations from the Board of the Company. Dr Manjula Subramaniam has been appointed Director on the Board in the casual vacancy caused by the resignation of Shri Vijay Ranchan w.e.f. 5th December,

2001. Shri Balwant Singh has been appointed Director on the Board in the casual vacancy caused by the resignation of Dr PK Das w.e.f. 25th October, 2001. Nomination of Dr K Kameswara Rao was withdrawn by IDBI and in his place Shri SM Jain has been nominated w.e.f. 7th December, 2001.

In pursuance of the provisions of Article 139 of the Articles of Association of the Company as also of the provisions of the Companies Act, 1956, Shri Rajnish Aggarwal retires by rotation at this Annual General Meeting and being eligible, has offered himself for re-appointment. Pursuant to the provisions of Section 262 of the Companies Act, 1956, Shri SG Mankad, who was appointed in the casual vacancy of Shri KV Bhanujan, holds office up to the date of this Annual General Meeting. A notice proposing his candidature for the appointment as Rotational Director has been received from a shareholder of the Company. Accordingly, he is being proposed for the appointment as Rotational Director.

The Board places on record, its appreciation for the valuable services rendered by the outgoing Directors and take the opportunity of welcoming Dr Manjula Subramaniam, Shri Balwant Singh and Shri SM Jain.

14. AUDITORS

M/s C. C. Chokshi & Co, Auditors of the Company will retire at the conclusion of the 26th Annual General Meeting and, being eligible, have expressed their willingness for re-appointment. Their re-appointment, will be by a Special Resolution as required by Section 224A of the Companies Act, 1956.

In pursuance of the directives received from Department of Company Affairs for the appointment of Cost Auditors, your Directors have appointed Shri BC Desai, as the Cost Auditor to conduct the cost audit of fertilizer products in respect of financial year 2002-2003.

15. AUDITORS' REPORT

With reference to the observations made in the Auditors' Report, the Notes on Accounts as contained in Schedule 20 of the Annual Accounts are self-explanatory and therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956.