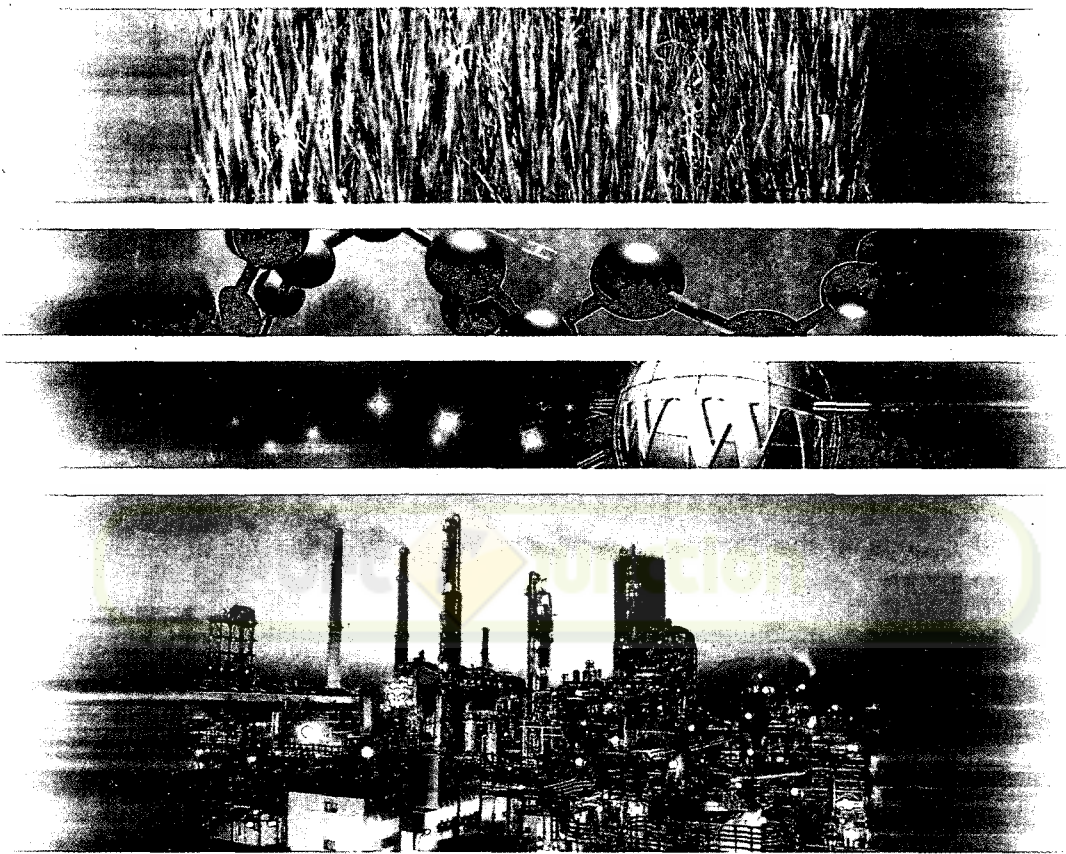


31st
Annual Report
2006 - 2007 (Abridged)



GNFC

Fertilizing the Future

Fertilizers • Chemicals • IT

**GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED****FOR MEMBERS' ATTENTION****(I) SOME IMPORTANT NOTES**

1. Members desirous of obtaining 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. Members holding shares in the physical form are requested to promptly notify to the Company, Change in their Address - Pin Code Number, Bank Account details, Nomination, Power of Attorney, etc.

Members holding shares in the dematerialised form are requested to send their instructions regarding Change of Address - Pin Code Number, Bank Account details, Nomination, Power of Attorney, etc. directly to their Depository Participant (DP) with whom Demat Account is maintained.

3. Non-Resident Indian Shareholders are requested to inform the Company immediately -
 - a) the change in the Residential status on return to India for permanent settlement.
 - b) the particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank, if not furnished earlier.

(II) REGARDING ANNUAL REPORT/ ANNUAL GENERAL MEETING

1. Kindly bring your copy of this Annual Report along with you for the Annual General Meeting.
2. If you hold equity shares of the Company, in more than one folio in your name or with the same address as other shareholders of the Company, you may kindly authorize the Company to discontinue mailing of multiple Annual Reports.
3. Arrangement for buses from ST Depot, Bharuch to the place of Meeting will be made by the Company on the day of the Meeting.
4. Members/Proxies are requested to detach the "Entrance Pass" from this Report and hand over at the Entrance duly signed by them.
5. Only Members and in their absence, duly appointed proxies will be allowed for the Meeting.

**Members are requested to read the
"Additional Information for Shareholders"
in this Report .**



GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

31ST ANNUAL GENERAL MEETING

Date : 22nd September, 2007
 Day : Saturday
 Time : 2:00 PM
 Place : Near Jan Vikas Temple,
 Narmadanagar Township,
 P.O. Narmadanagar-392 015,
 District - Bharuch.

BOARD OF DIRECTORS

(As on 10th August, 2007)

Shri SG Mankad, IAS, *Chairman*
 Dr. Manjula Subramaniam, IAS
 Dr. Avinash Kumar, IAS
 Smt. VL Joshi, IAS
 Shri PK Taneja, IAS
 Shri Pankaj Kumar, IAS
 Dr. TT Ram Mohan
 Dr. Ashok Shah
 Shri DC Anjaria
 Shri PN Vijay
 Shri T Natarajan, IAS, *Joint Managing Director*
 Shri Balwant Singh, IAS, *Managing Director*

Special Director

Shri DS Taunk

Executive Directors

Shri KA Shah
 Shri JS Kochar
 Shri JJ Vaidya

Company Secretary

Shri RB Panchal

Auditors

M/s SR Batliboi & Company,
 Chartered Accountants,
 Mumbai.

Registered Office :

P.O. Narmadanagar – 392 015
 District : Bharuch
 Gujarat, INDIA.

Contents

Page No.

Notice & Annexure to the Notice	2
Directors' Report & its Annexures	6
Management Discussion & Analysis	14
Report on Corporate Governance	24
Additional Information for Shareholders	33
Auditors' Report & its Annexure	35
Abridged Balance Sheet	38
Abridged Profit & Loss Account	40
Cash Flow Statement	42
Accounting Policies & Notes on Accounts	43
Balance Sheet Abstract & Company's General Business Profile	51
Financial Highlights	52



GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

NOTICE

NOTICE IS HEREBY given that the **31st Annual General Meeting** of the Members of Gujarat Narmada Valley Fertilizers Company Limited will be held on **Saturday, the 22nd September, 2007 at 2.00 P.M.** at the Registered Office of the Company, Near Janvikas Temple, Narmadanagar Township at P.O. Narmadanagar - 392 015, District Bharuch to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007, the Audited 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 a Dividend on Equity Shares.
3. To appoint a Director in place of Dr. TT Ram Mohan, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri Pankaj Kumar, IAS, who retires by rotation and is eligible for re-appointment.
5. 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 and other applicable provisions, if any, of the Companies Act, 1956, the retiring Auditors M/s. SR Batliboi & 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

6. **Appointment of Shri PK Taneja, IAS, as a Director of the Company :**

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

As an Ordinary Resolution :

"RESOLVED that Shri PK Taneja, IAS, be and is hereby appointed a Director of the Company, liable to retire by rotation."

7. **Appointment of Smt. VL Joshi, IAS, as a Director of the Company :**

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

As an Ordinary Resolution :

"RESOLVED that Smt. VL Joshi, IAS, be and is hereby appointed a Director of the Company, liable to retire by rotation."

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 relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 5 to 7 set out above is annexed hereto. The relevant details as are required to be furnished under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, of persons seeking appointment as Director under Item Nos. 3, 4, 6 and 7 are also annexed.

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

R B Panchal
Company Secretary

Registered Office :
P.O. Narmadanagar
Dist. Bharuch : 392 015
Dated : 10th August, 2007

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. 5 to 7 OF THE ACCOMPANYING NOTICE DATED 10TH AUGUST, 2007.

Item No. 5

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. SR Batliboi & Co, Chartered Accountants, Mumbai, 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 the resolution for your approval.

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

Item No. 6

In accordance with Article 142 of the Articles of Association of the Company, Shri PK Taneja, IAS, was appointed as an Additional Director on the Board of the Company with effect from 27th November, 2006. Pursuant to Section 260 of the Companies Act, 1956, he retains office up to the date of this Annual General Meeting. As required under Section 257 of the Companies Act, 1956, a notice has been received from a member of the Company, signifying its intention to propose Shri PK Taneja, for the office of Director of the Company. Shri PK Taneja is a Senior IAS Officer and is presently the Managing Director of Gujarat State Fertilizers &

Chemicals Ltd (GSFC Ltd). He has a rich experience in the field of management and administration. The Board considers that it would be in the interest of the Company to appoint him as Director and therefore commends the resolution for your approval.

Shri PK Taneja is interested in the resolution. None of the remaining Directors is, in any way, concerned or interested in the said Resolution.

Item No. 7

In accordance with Article 142 of the Articles of Association of the Company, Smt. VL Joshi, IAS, was appointed as an Additional Director on the Board of the Company with effect from 19th May, 2007. Pursuant to Section 260 of the Companies Act, 1956, she retains office up to the date of this Annual General Meeting. As required under Section 257 of the Companies Act, 1956, a notice has been received from a member of the Company, signifying its intention to propose Smt. VL Joshi for the office of Director of the Company. Smt. VL Joshi is a Senior IAS Officer and is presently the Principal Secretary to Government of Gujarat, Energy & Petrochemicals Department. She has a rich experience in the field of management and administration. The Board considers that it would be in the interest of the Company to appoint her as Director and therefore commends the resolution for your approval.

Smt. VL Joshi 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
Dist. Bharuch : 392 015
Dated : 10th August, 2007

R B Panchal
Company Secretary



GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

**INFORMATION REQUIRED TO BE FURNISHED IN
PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT**

Details of Directors seeking appointment/re-appointment at the Annual General Meeting are furnished below :

Name	Dr. TT Ram Mohan	Shri Pankaj Kumar, IAS
Date of Birth & Age	28-01-1956 - 51 Years	06-05-1962 - 45 Years
Qualification	B.Tech (Metallurgy) IIT, Mumbai, PGDM, IIM, Kolkata, MBA, Stern School of Business, New York University, Ph.D. (Economics) Stern School of Business, New York University.	B.Tech (Civil Engg.) IIT (Topper), Kanpur, MBA,
Expertise in specific functional areas	<p>He has vast experience in Academics, Finance & Accounting and the Management. He has worked with various institutions of repute in India and abroad viz. Tata Economic Consultancy Services, Mumbai, Standard Chartered Bank, Mumbai, Bear Sterns, Hong Kong, Birla Marlin Securities, Mumbai, SP Jain Institute of Management and Research, Mumbai, Stern School of Business, New York University, etc.</p> <p>Presently, he is a Professor & Chairman of Finance & Accounting Area, Indian Institute of Management, Ahmedabad. He is also a columnist in the "Economic Times" since 1997.</p>	<p>He is a senior IAS Officer. He has held high positions in Government as Collector, District Development Officer, Municipal Commissioner, Commissioner of Relief & Secretary, Revenue Department.</p> <p>Presently, he is working as Addl. Principal Secretary to the Hon'ble Chief Minister of Gujarat and is also holding additional charge as Secretary, Information & Broadcasting Department. He has expertise in the field of Public Policy and Administration, Disaster Management and Media Management.</p>
Date since the Directorship held in the Company	31st August, 2005	31st August, 2005
No. of Shares held in the Company	500 (Jointly with GSIL)	500 (Jointly with GSIL)
Directorships held in other Companies	Rail Vikas Nigam Ltd. - Director IndusInd Bank - Director International Asset Reconstruction Company - Director Brics Securities Ltd. - Director	NIL
Committee position held in other Companies	<p><u>Audit Committee :</u></p> <p>Rail Vikas Nigam Ltd. - Member Brics Securities Ltd. - Member</p> <p><u>Shareholders'/ Investors' Grievance Committee :</u></p> <p>Nil</p>	<p><u>Audit Committee :</u></p> <p>Nil</p> <p><u>Shareholders'/ Investors' Grievance Committee :</u></p> <p>Nil</p>

Name	Shri PK Taneja, IAS	Smt. VL Joshi, IAS
Date of Birth & Age	05-02-1957 - 50 Years	01-08-1958 - 49 Years
Qualification	B.E. (Electronics & Communication)	B.A. (Eng. Geography, Sco.) M.A, (Psycho.)
Expertise in specific functional areas	<p>He is a Senior IAS Officer. He has expertise in Cost Management, Corporate Governance, Environmental Management System and Energy Conservation. He has rich experience in various important positions of Public Administration of Government of Gujarat and in Department of Electronics & Ministry of Chemicals & Fertilizers of Government of India.</p> <p>Presently he is the Managing Director of Gujarat State Fertilizers & Chemicals Ltd.</p>	<p>She is a Senior IAS Officer. She has vast experience in the field of Management and Administration. She has held distinguished positions in the Government of Gujarat.</p> <p>Presently she is the Principal Secretary to Government of Gujarat, Energy & Petrochemicals Department.</p>
Date since the Directorship held in the Company	27th November, 2006.	19th May, 2007.
No of Shares held in the Company	500 (Jointly with GSIL)	500 (Jointly with GSIL)
Directorships held in other Companies	<p>GSFC Investment & Leasing Co. Ltd. - Chairman Gujarat Green Revolution Co. Ltd. - Chairman Gujarat Industries Power Co. Ltd. - Director The Fertilizer Association of India - Director Tunisian Indian Fertilizers SA (TIFERT) - Director Indian Potash Ltd. - Director Gujarat Chemical Port Terminal Co. Ltd. - Director GSPC Gas Company Ltd. - Director Gujarat State Fertilizers & Chemicals Ltd. - Managing Director</p>	<p>Gujarat Urja Vikas Nigam Ltd. - Chairperson & Managing Director Gujarat State Electricity Corpn. Ltd. - Chairperson Gujarat Energy Transmission Corpn. Ltd. - Chairperson Gujarat Power Corpn. Ltd. - Chairperson & Managing Director Gujarat Industries Power Co. Ltd. - Chairperson GVFL Trustee Co. Pvt. Ltd. - Director GSPC Pipavav Power Co. Ltd. - Director Gujarat Alkalies & Chemicals Ltd. - Director Torrent Power Ltd. - Director Mahaguj Collieries Ltd. - Director Gujarat State Petroleum Corpn. Ltd. - Director Gujarat State Fertilizers & Chemicals Ltd. - Director Gujarat State Energy Generation Ltd. - Director</p>
Committee position held in other Companies	<p><u>Audit Committee</u></p> <p>Gujarat Industries Power Co. Ltd. - Member Gujarat Chemical Port Terminal Co. Ltd. - Member</p> <p><u>Shareholders'/ Investors' Grievance Committee :</u></p> <p>Gujarat Industries Power Co. Ltd. - Chairman Gujarat State Fertilizers & Chemicals Ltd. - Member</p>	<p><u>Audit Committee :</u></p> <p>Gujarat Alkalies & Chemicals Ltd. - Member</p> <p><u>Shareholders'/ Investors' Grievance Committee :</u></p> <p>Gujarat Alkalies & Chemicals Ltd. - Chairperson Gujarat State Fertilizers & Chemicals Ltd. - Chairperson</p>



GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting this 31st Annual Report together with Audited Statements of Accounts of the Company for the year ended 31st March, 2007.

During the year under review, the Hon'ble High Court of Gujarat sanctioned the Scheme of Amalgamation of Narmada Chematur Petrochemicals Ltd., (NCPL) with the Company. Consequent upon the Amalgamation of NCPL with the Company, operative retrospectively from 1st April, 2005, the figures of current financial year 2006-07 are not comparable with the figures of the previous period.

The Company has achieved overall satisfactory performance during the year under review. The Company has posted impressive financial results by achieving the highest ever sales turn-over, the highest ever profit before tax and the highest ever profit after tax for the year 2006-07. Many new records have been established in terms of production, marketing and despatches.

FINANCIAL RESULTS

(Rs. in Crores)

Particulars	2006-07	2005-06
Income from Sales	2,739.27	2,147.57
Other Income	35.33	85.23
Total Income	2,774.60	2,232.80
Total Expenditure	2,163.00	1,661.41
Profit before Depreciation, Interest and Tax	611.60	571.39
Depreciation	109.57	88.59
Interest (Net)	12.64	36.24
Profit before taxes	489.39	446.56
Provision for Taxes (Net)	162.92	151.84
Net Profit for the year	326.47	294.72
Balance brought forward from previous year	359.78	336.04
Amount transferred on Amalgamation of Company	68.65	0.00
Amount available for Appropriation	754.90	630.76
Appropriations		
Proposed Dividend	66.05	62.25
Tax on Dividend	11.23	8.73
General Reserve	200.00	200.00
Balance carried to Balance Sheet	477.62	359.78

CHANGE IN PAID-UP SHARE CAPITAL

As per the Scheme of Amalgamation of NCPL with the Company, the shareholders of NCPL were entitled to receive one equity share of Rs.10/- each of the Company for every three equity shares of Rs.10/- each held in NCPL. Upon the sanction of the scheme of amalgamation, the shares held by the Company in NCPL got cancelled and no new shares have been issued against such shares. 89,42,569 equity shares of Rs.10/- each of the Company were issued and allotted to the shareholders of the erstwhile NCPL on 31.3.2007 resulting into the increase in the paid-up share capital of the Company from Rs.146.47 Crores to Rs.155.42 Crores, consisting of 15,54,18,783 equity shares of Rs.10/- each.

DIVIDEND

So as to ensure that the shareholders of the Company get sustained and stable return on their investment, your Directors have, considering the increased share capital of the Company as also the fund requirement for the future, recommended to maintain the payment of dividend @ 42.50% for the year 2006-07. On its approval and payment, aggregate cash out flow would be Rs.77.28 Crores, including tax on dividend of Rs.11.23 Crores.

TRANSFER TO RESERVES

Your Company proposes to transfer Rs.200 Crores to the General Reserve out of the amount available for appropriation. An amount of Rs.477.62 Crores is proposed to be retained in the Profit & Loss Account.

PERFORMANCE HIGHLIGHTS & FERTILIZER POLICY

"Management Discussion & Analysis" forming part of this Report deal with the operational and marketing highlights as also the status of project completed during the year, projects under execution and projects on anvil, in a very comprehensive manner. The performance highlights, however, in brief are mentioned hereunder:

The Company achieved satisfactory production levels during the year 2006-07 and in the process established several new records of production including continuous running of the plants. All the major plants of the Company except the Urea plant performed at over 100% capacity utilisation. Both Aniline and TDI Plants of erstwhile NCPL performed well. The production of Aniline and TDI was higher compared to last year.

During the year, the highest ever sales turn-over was achieved with an increase of 29.60% over the last year. This top line growth was backed by amalgamation of NCPL with the Company, the higher volume of Chemical products, increase in the selling prices of Chemical products, higher volume of trading as well as upward revisions in the subsidies of Fertilizer products.

The Government of India (GOI) notified a New Pricing Scheme - III (NPS-III) for Urea effective 1st October, 2006. This will remain in force till 31st March, 2010. Salient features of NPS-III as applicable to the Company are as under :

- The Company will be required to change-over the feed-stock of the existing Ammonia / Urea Units from FO / LSHS to NG / LNG in three years' time.
- GOI will consider one time subsidy for such conversion, for which the guide-lines will be formulated by Department of Fertilizers.
- Energy efficiency resulting from conversion of feed stock will be allowed to be retained by the Company for a period of 5 years after the conversion.
- Capacity utilization norm has been raised to 93% of the re-assessed capacity.
- Effective 1st October, 2006, freight on movement of decontrolled Urea will be paid on actuals.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors 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;
- appropriate accounting policies have been selected and applied consistently and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2007 and of the profit of the Company for the year ended on that date;
- 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.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, a Management Discussion and Analysis Report and a Report on Corporate Governance are included in the Annual Report.

In terms of Clause 49 of the Listing Agreement, a Certificate by the Practising Company Secretary certifying the Company's compliance with the requirements of

Corporate Governance and a declaration by the Managing Director regarding compliance of Code of Conduct are enclosed as a part of the Corporate Governance Report.

AMALGAMATION

As mentioned hereinabove, Narmada Chematur Petrochemicals Ltd (NCPL), the subsidiary of the Company has amalgamated with the Company. The said amalgamation has become effective 15th February, 2007. The amalgamation of NCPL with the Company will strengthen the Chemical Business of the Company. Besides, it will help in product planning and product development as also effective marketing.

SUBSIDIARY COMPANIES

Consequent upon the amalgamation of NCPL, the subsidiary of the Company, with the Company, it has ceased to exist as such. The entire shareholding of the Company in ING Satcom Ltd., another subsidiary of the Company, has since been transferred. As such, it also has ceased to be the subsidiary of the Company. In view of this, consolidated financial statements for the year 2006-07 have not been prepared.

FIXED DEPOSITS

The number of depositors as on 31st March, 2007, who had not claimed their deposits and accordingly could not be paid by the Company after the due date for repayment was 76 and the amount due to them aggregated to Rs.5.87 Lacs. The Company sent reminders to the depositors for complying with the formalities for claiming these deposits. Subsequently, the deposits for an aggregate amount of Rs.3.89 Lacs were claimed by 53 depositors and paid by the Company. The Company has discontinued acceptance of Fixed Deposits.

The Company has during the year transferred Rs.7,23,362/- being the unclaimed deposit and interest amount to the Investors' Education and Protection Fund set-up by the Government of India.

DIRECTORS

During the year under review -

- Shri AK Luke, IAS, tendered his resignation from the Board of the Company effective 7th April, 2006.
- Shri T Natarajan, IAS, has been nominated by the Government of Gujarat as its nominee effective 7th June, 2006. He has been appointed Joint Managing Director of the Company.
- Shri PK Pujari, IAS, tendered his resignation from the Board of the Company effective 17th July, 2006.
- Dr. Avinash Kumar, Dr. Ashok Shah, Shri DC Anjaria and Shri PN Vijay were appointed Rotational Directors



GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED

at the last Annual General Meeting held on 23rd September, 2006.

- Shri PK Taneja, IAS has been appointed Additional Director on the Board of the Company effective 27th November, 2006.

Smt. VL Joshi, IAS, has been appointed Additional Director on the Board of the Company effective 19th May, 2007.

In pursuance of the Articles of Association of the Company as also of the provisions of the Companies Act, 1956 -

- Dr. TT Ram Mohan and Shri Pankaj Kumar, IAS, retire by rotation at the forthcoming AGM and they are eligible for re-appointment.
- Shri PK Taneja, IAS and Smt. VL Joshi, IAS who have been appointed Additional Directors on the Board of the Company retain their offices upto the date of the forthcoming AGM. Notices signifying the intention to propose them for the office of Directors at the forthcoming AGM have been received from a Member of the Company.

The Board places on record its sincere appreciation for the valuable contribution made by the outgoing Directors and takes the opportunity of welcoming the new Directors.

ABRIDGED ACCOUNTS

Securities & Exchange Board of India has recently permitted the listed companies to send a statement containing the salient features of the Balance Sheet, Profit & Loss Account and Auditors' Report to each shareholder in line with the requirements stipulated in Section 219(1)(b)(iv) of the Companies Act, 1956. Accordingly, an abridged Balance Sheet is sent to the shareholders of the Company. Any shareholder interested in having a copy of the complete and full Balance Sheet and Profit & Loss Account may write to the Company Secretary at the Registered Office of the Company. The complete and full Balance Sheet and Profit & Loss Account will also be available for inspection at the Registered Office of the Company during working hours of the Company.

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.

AUDITORS

In pursuance of the provisions of the Companies Act, 1956, M/s SR Batliboi & Co., Chartered Accountants, Mumbai, who are the Statutory Auditors of the Company, hold office upto the conclusion of the forthcoming Annual General Meeting and they are eligible for reappointment.

COST AUDITOR

Shri BC Desai has been the Cost Auditor of the Company for a long time. As a measure of good Corporate Governance practice, your Directors decided to rotate the Cost Auditor for the year 2007-08. Accordingly, the Board appointed Shri Shirish V Diwanji, Cost Accountant of M/s Diwanji & Associates, Vadodara, as the Cost Auditor of the Company to conduct the cost audit of fertilizer products in respect of financial year 2007-08 under the Cost Accounting Records (Fertilizers) Rules, 1993.

HUMAN RESOURCES

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 the marketing of Fertilizers and Industrial Chemicals as also in marketing of Digital Signature Certificates, but have also helped in achieving significant cost reduction in the various fields. The Directors heartily convey their appreciation for the excellent contribution made by the employees at all levels.

ACKNOWLEDGEMENT

The Directors wish to place on record their deep sense of gratitude for the support received from the Government of India and the Government of Gujarat. We take this opportunity of extending our wholehearted thanks to all our Consumers, Dealers, Customers, Banks, Business Associates, SEBI, NSDL, CDSL, Stock Exchanges and other Agencies for their continued support and co-operation. The Directors are also thankful to the valued Investors for strengthening their bond with the Company.

For and on behalf of the Board of Directors,

Place : Gandhinagar
Date : 10th August, 2007

S G MANKAD
Chairman