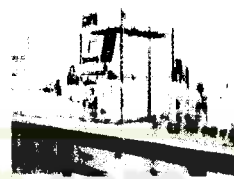
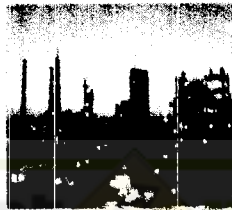


# Annual Report 2007-08



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**Gujarat Narmada Valley Fertilizers Company Limited**



## 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 holding shares in physical form 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

### 32ND ANNUAL GENERAL MEETING

Date : 25th September, 2008  
 Day : Thursday  
 Time : 2:30 PM  
 Place : Near Jan Vikas Temple,  
 Narmadanagar Township,  
 P.O. Narmadanagar-392 015,  
 District – Bharuch.

### BOARD OF DIRECTORS

Smt. Sudha Anchlia, IAS, *Chairperson & Managing Director*  
 Shri D Rajagopalan, IAS  
 Shri MM Srivastava, IAS  
 Shri PN Roychaudhari, IAS  
 Shri HV Patel, IAS  
 Shri Pankaj Kumar, IAS  
 Dr. TT Ram Mohan  
 Dr. Ashok Shah  
 Shri DC Anjaria  
 Shri T Natarajan, IAS, *Joint Managing Director*  
 Shri Balwant Singh, IAS, *Managing Director (upto 18.8.2008)*

### Special Director

Shri DS Taunk

### Executive Directors

Shri JJ Vaidya  
 Shri JS Kochar  
 Shri MN Tirmak  
 Shri S Arun  
 Shri SK Bannatwala  
 Shri GK Parikh  
 Shri SM Shah

### 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.

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**NOTICE**

NOTICE IS HEREBY given that the **32nd Annual General Meeting** of the Members of Gujarat Narmada Valley Fertilizers Company Limited will be held on **Thursday, the 25th September, 2008 at 2.30 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, 2008, 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 Shri DC Anjaria, who retires by rotation.
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 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 :**

5. **Appointment of Shri D Rajagopalan, 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 D Rajagopalan, IAS be and is hereby appointed a Director of the Company, liable to retire by rotation."

6. **Appointment of Shri MM Srivastava, 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 MM Srivastava, IAS be and is hereby appointed a Director of the Company, liable to retire by rotation."

7. **Appointment of Shri PN Roychaudhari, 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 PN Roychaudhari, IAS be and is hereby appointed a Director of the Company, liable to retire by rotation."

8. **Appointment of Smt. Sudha Anchlia, IAS as Chairperson and Managing 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 pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Smt. Sudha Anchlia, IAS, as the Chairperson and Managing Director of the Company to hold office for a period from

11th April, 2008 to 30th June, 2009 or until her services are withdrawn from the Company by the State Government, whichever is earlier, on the terms and conditions of her remuneration and perquisites, as set out in the explanatory statement annexed to the notice convening this meeting."

"FURTHER RESOLVED that the approval and consent of the Company be and is hereby given and the Board of Directors of the Company be and is hereby authorized to agree to any increase, variation, modification or amendment, as may be decided and conveyed by the Government of Gujarat in the terms and conditions of appointment and payment of remuneration and providing of perquisites by the Company to Smt. Sudha Anchlia, Chairperson and Managing Director in accordance with Articles of Association of the Company and Schedule XIII of the Companies Act, 1956 or as may be prescribed/approved by the Central Government, if such approval of the Central Government is required."

"FURTHER RESOLVED that Smt. Sudha Anchlia, Chairperson and Managing Director of the Company be and is hereby authorized to exercise substantial powers of Management and that she will 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 her by the Board of Directors of the Company, from time to time."

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

"RESOLVED FURTHER that the Board of Directors be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

9. **Re-appointment of Shri T Natarajan, IAS as Joint Managing 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 pursuant to the provisions of Sections 198, 269, 309, 310, 311 and 317 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force), the consent of the Company, be and is hereby accorded to the re-appointment of Shri T Natarajan, IAS, as the Joint Managing Director of the Company to hold office for a period not exceeding five years w.e.f. 7th June, 2008 or until his services are withdrawn from the Company by the State Government, whichever is earlier, on the terms and conditions of his remuneration and perquisites as set out in the explanatory statement annexed to the notice convening this meeting."

"FURTHER RESOLVED that the approval and consent of the Company be and is hereby given and the Board of Directors of the Company be and is hereby authorized to agree to any increase, variation, modification or amendment, as may be decided and 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 Shri T Natarajan, Joint Managing Director in accordance with Articles of Association of the Company and Schedule XIII of the Companies Act, 1956 or as may be prescribed/approved by the Central Government, if such approval of the Central Government is required."

"FURTHER RESOLVED that Shri T Natarajan, Joint Managing Director of the Company be and is hereby authorized to exercise substantial powers of Management and that he shall be responsible for the day to day management of the Company, subject to the superintendence, direction and control of the Managing Director/

Board of Directors and shall carry out such duties as may be entrusted and/or delegated to him by the Managing Director/Board of Directors of the Company, from time to time."

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

"RESOLVED FURTHER that the Board, be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

**10. Payment of Special Pay to Shri Balwant Singh, IAS, Managing Director :**  
To consider and, if thought fit, to pass with or without modification(s), the following Resolution :

**As an Ordinary Resolution :**

"RESOLVED that pursuant to the provisions of Sections 198, 309 and 310/311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the payment of "Special Pay" to Shri Balwant Singh, IAS, Principal Secretary to Government of Gujarat, as granted and conveyed by the Government of Gujarat, for holding the additional charge of the post of Managing Director of the Company during the period from 14th September, 2005 to 11th April, 2008 (excluding leave period), @ 5% of "presumptive pay" which works out to Rs. 52,377/-."

**11. Appointment of Shri Balwant Singh, IAS as Managing 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 subject to the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Shri Balwant Singh, IAS, Principal Secretary to Government of Gujarat, Home Department to hold the additional charge of Managing Director of the Company during the period Smt. Sudha Anchlia, IAS, Chairperson & Managing Director of the Company is on leave i.e. from 27th June, 2008 to 18th August, 2008."

"FURTHER RESOLVED that the approval and consent of the Company be and is hereby given and the Board of Directors of the Company be and is hereby authorized to agree to the payment of remuneration/special pay, if any, as may be granted and conveyed by the Government of Gujarat to Shri Balwant Singh for holding the additional charge of the post of Managing Director of the Company during the aforesaid period, subject to the same not exceeding the limit specified under Schedule XIII of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof."

"RESOLVED FURTHER that the Board, be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**12. Increase in the Borrowing Limits 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 consent of the Company be and is hereby accorded under Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company to borrow from time to time, all such sums of money as they may deem requisite, necessary or expedient, for the purpose of the business of the Company upon such terms and conditions and with or without security, as the Board of Directors may in its

absolute discretion think fit, notwithstanding that the money or monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) would exceed 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; provided, however, that the total amount upto which monies may be borrowed by the Board of Directors shall not exceed the sum of Rs.3,000 Crores (Rupees Three Thousand Crores only) outstanding at any point of time."

**13. Authorization for creation of mortgage(s)/charge(s) :**

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

**As an Ordinary Resolution :**

"RESOLVED that in addition to the mortgages and charges created and to be created by the Company pursuant to the consents given at the General Meetings of the Company held from time to time, the consent of the Company be and is hereby accorded pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the mortgaging and/or charging by the Board of Directors of the Company of all or any of the immovable and movable properties of the Company, wheresoever situate, both present and future, and the whole of the undertaking of the Company with or without conferring the power to enter upon and to take possession of assets of the Company and/or to take over the management of the business and undertaking of the Company, in certain events, to secure a loan or loans and/or deposits and/or credit facilities and/or deferred payment facilities and/or guarantees for securing any loans or deferred payment facilities and/or debentures or bonds and/or any other form of borrowing, in any currency or currencies, for amounts not exceeding in the aggregate Rs.3,000 Crores remaining outstanding at any point of time and interest and all other monies payable in connection therewith, to be obtained from or to be issued to Financial Institutions and/or Banks and/or other Parties, by the Company."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise and execute all such documents for creating the aforesaid mortgage(s) and/or charge(s) and on such terms and conditions as they may deem fit, proper or appropriate in their absolute discretion and to do all such acts, things and matters as may be necessary for giving effect to the above 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 relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 4 to 13 set out above are annexed hereto. The information 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 & 5 to 9 are also annexed.

**By Order of the Board of Directors,**

**For Gujarat Narmada Valley Fertilizers Co. Ltd.**

Registered Office :

P.O. Narmadanagar

Dist. Bharuch : 392 015

Dated : 23rd August, 2008

**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 13 OF THE ACCOMPANYING NOTICE DATED 23RD AUGUST, 2008.

### Item No. 4

The shareholding 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 Nos. 5, 6 & 7

In accordance with Article 142 of the Articles of Association of the Company, S/Shri D Rajagopalan, IAS, MM Srivastava, IAS and PN Roychaudhari, IAS, were appointed as Additional Directors on the Board of the Company with effect from 17th June, 2008. Pursuant to Section 260 of the Companies Act, 1956, these three Directors hold office up to the date of this Annual General Meeting and are eligible for appointment as Directors. The Company has received notice(s) under Section 257 of the Companies Act, 1956 in respect of the candidates, proposing their appointment as a Director of the Company, along with the requisite deposit.

Shri D Rajagopalan is a Senior IAS Officer and is presently the Additional Chief Secretary to Government of Gujarat, Finance Department. He has a rich experience in the field of finance, management and administration.

Shri MM Srivastava is a Senior IAS Officer and is presently the Principal Secretary to Government of Gujarat, Energy & Petrochemicals Department. He has a rich experience in the field of management and administration.

Shri PN Roychaudhari is a Senior IAS Officer and is presently the Principal Secretary to Government of Gujarat, Agriculture & Co-operation Department. 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 S/Shri D Rajagopalan, MM Srivastava and PN Roychaudhari as Rotational Directors and therefore commends the resolutions for their appointment as a Director of the Company for your approval.

S/Shri D Rajagopalan, MM Srivastava and PN Roychaudhari are concerned or interested in the respective resolutions relating to their own appointment at Item Nos. 5 to 7 of the accompanying notice. None of the remaining Directors is, in any way, concerned or interested in the said resolutions.

### Item No. 8

In accordance with the provisions of Article 134 of the Articles of Association of the Company, the Government of Gujarat has nominated Smt. Sudha Anchlia, IAS as Government Director on the Board of the Company. The Board has appointed Smt. Sudha Anchlia as the Chairperson & Managing Director of the Company with effect from 11th April, 2008.

In terms of the provisions of Sections 198, 269, 309, 310 & 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the appointment of Smt. Sudha Anchlia as Chairperson & Managing Director of the Company and payment of remuneration to her are subject to the approval of shareholders in General Meeting. The appointment of Smt. Sudha Anchlia and the remuneration payable to her

are in accordance with Schedule XIII of the Companies Act, 1956 and hence do not require the approval of Central Government.

The terms and conditions of appointment and the particulars of remuneration and perquisites paid/payable to Smt. Sudha Anchlia are as follows :

- 1) **Period of Deputation** : Smt. Sudha Anchlia, IAS, will hold office of the Chairperson & Managing Director of the Company for a period from 11th April, 2008 to 30th June, 2009 or till her services are withdrawn by the State Government, whichever is earlier.
- 2) **Pay** : During the period of deputation, she will be eligible to draw her pay in the grade of Additional Chief Secretary to Government (i.e. Rs.26,000/- fixed) by virtue of equation of the post of Chairperson & Managing Director of the Company, with the IAS Cadre post of Additional Chief Secretary to Government, vide GAD Resolution No. AIS/30/2006/Eq-202433/G dated 11.4.2008.
- 3) **Dearness Allowance (DA)** : She will be eligible to draw Dearness Allowance at such rate as the Central Government may prescribe from time to time.
- 4) **City Compensatory Allowance (CCA)** : She will be eligible to draw City Compensatory Allowance as per the Rules applicable to the IAS Officers working in connection with the affairs of the State.
- 5) **House Rent Allowance (HRA)** : She would be required to pay 10% of the Pay plus DA / DP and CCA or the prescribed license fee for similar class of accommodation in the State Government, whichever is lower.
- 6) **Transfer TA / Joining Time** : She will be entitled to Transfer TA and Joining Time, both on joining the post on deputation and on reversion under the Rules of the Company, and which shall not be inferior to the relevant provisions of the All India Services Rules. The expenditure on this account will be borne by the Company.
- 7) **TA / DA for journey on duty** : She will be paid Travelling Allowance and Daily Allowance by the Company under its own Rules for the journey undertaken by her in connection with the official work of the Company. While undertaking foreign visits by Smt. Anchlia, the instructions contained in GAD Circular No.AIS/1099/1720/G dated 17th April, 1999, as amended from time to time, will be applicable for the purpose of drawal of per diem and in other matters.
- 8) **Medical Facilities** : The Company shall afford to Smt. Anchlia, IAS, the medical service facilities as per the Rules of the Company, but shall not be inferior to those admissible to an All India Service Officer of her rank and seniority under the All India Services (Medical Attendance) Rules, 1954.
- 9) **Leave and Pension** : During the period of deputation, she will continue to be governed by the All India Services (Leave) Rules, 1955 and the All India Services (DCRB) Rules, 1958. The entire expenditure in respect of leave taken during and at the end of deputation shall be borne by the Company.
- 10) **Provident Fund** : During the period of Foreign Service, she will continue to subscribe to the All India Services (Provident Fund) Scheme/ Contributory Provident Fund Scheme to which she was subscribing at the time of proceeding on Foreign Service in accordance with the rules of such Fund/Scheme.
- 11) **Conduct, Discipline and Appeal Rules** : During the period of Foreign Service, she will continue to be governed by the All India Services (Conduct) Rules, 1968 and the All India Services (Discipline and Appeal) Rules, 1969.
- 12) **Leave Travel Concession** : The Company shall allow Leave Travel Concession to Smt. Anchlia, as admissible to her under the All India Services (LTC) Rules, 1975. The whole expenditure in this regard will be borne by the Company.
- 13) **Disability Leave** : The Company will be liable to pay leave emoluments in respect of disability leave, if any, granted to her on account of any disability incurred in and through Foreign Service,

even though, such disability manifests itself after termination of the Foreign Service. The relevant All India Services Rules will be applicable in such cases.

- 14) **Leave Salary / Pension Contribution** : She will not be permitted to join the Pension Schemes of the Company under any circumstances. The entire expenditure in respect of pension and leave salary contributions for the period of deputation shall be borne by the Company, failing which by Smt. Sudha Anchlia, herself. The Company will pay to the Government, the leave salary and pension contributions at the rates in force from time to time in accordance with the orders issued by the President under 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 F1(1)-E.III/83 dated the 10th August, 1983, as amended from time to time. Pending intimation of the rates of leave salary and pension contributions by the Accountant General, Gujarat, Rajkot / Ahmedabad, the Company shall pay Leave Salary and Pension Contribution provisionally at the prescribed rates.
- 15) **Group Insurance** : She will be governed by the All India Services (Group Insurance) Rules, 1981. The amount deducted from her salary as per the prescribed rates as subscription towards the Central Government Employees Group Insurance Scheme, 1980, shall be remitted to the concerned Accountant General, Gujarat, Rajkot/Ahmedabad by the Company. If at any time, the recovery of subscription falls in arrears, the same shall be recovered with interest admissible under the Scheme on the accretions to the Saving Fund.
- 16) **Residuary Matters** : In all matters relating to conditions of service and benefits/facilities and perquisites in the Company not covered by items 1 to 15 above, she shall be governed by the corresponding rules, regulations and orders laid down for the AIS Officers working in connection with the affairs of the State.

The above mentioned terms & conditions would be applicable till Smt. Sudha Anchlia, IAS, remains on deputation with the Company. On reversion from deputation, she will be governed by the relevant rules laid down for the All India Services Officers.

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 terms and conditions of the appointment of Smt. Sudha Anchlia as Chairperson & Managing Director including payment of remuneration and Memorandum of concern or interest, under Section 302 of the Companies Act, 1956. Smt. Sudha Anchlia is interested in the resolution. None of the remaining Directors is, in any way, concerned or interested in the said resolution.

#### Item No. 9

The Shareholders of the Company had, at the 30th Annual General Meeting held on 23rd September, 2006, approved appointment of Shri T Natarajan, IAS as Joint Managing Director of the Company for a period of 2 years effective from 7th June, 2006. In pursuance of the provisions of Article 173 of the Articles of Association of the Company, the Board of Directors re-appointed Shri T Natarajan as Joint Managing Director of the Company in consultation with Government of Gujarat to hold office for a period not exceeding 5 years w.e.f. 7th June, 2008 or until his services are withdrawn from the Company by the State Government, whichever is earlier.

In terms of the provisions of Sections 198, 269, 309, 310, 311 and 317 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the re-appointment of Shri T Natarajan as Joint 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 T Natarajan and the remuneration paid/payable to

him are in accordance with Schedule XIII of the Companies Act, 1956 and hence do not require the approval of Central Government.

The terms and conditions of re-appointment and the particulars of remuneration and perquisites paid/payable to Shri T Natarajan are as follows :

- 1) **Pay** : During the period of deputation, he will be eligible to draw his pay in the Junior Administrative grade of IAS (i.e. Rs.12750-375-16500/-) by virtue of equation of the post of Joint Managing Director of the Company, with the IAS Cadre post of Joint Secretary to Government vide GAD Resolution No. AIS/30.2006/Eq-87881/G dated 21.6.2006.
- 2) **Dearness Allowance (DA)** : He will be eligible to draw Dearness Allowance at such rate as the Central Government may prescribe from time to time.
- 3) **City Compensatory Allowance (CCA)** : He will be eligible to draw City Compensatory Allowance as per the Rules applicable to the IAS Officers working in connection with the affairs of the State.
- 4) **House Rent Allowance (HRA)** : He would be required to pay 10% of the Pay plus DA / DP and CCA or the prescribed license fee for similar class of accommodation in the State Government, whichever is lower.
- 5) **Transfer TA / Joining Time** : He will be entitled to Transfer TA and Joining Time, both on joining the post on deputation and on reversion under the Rules of the Company, which shall not be inferior to the relevant provisions of the All India Services Rules. The expenditure on this account will be borne by the Company.
- 6) **TA / DA for journey on duty** : He will be paid Travelling Allowance and Daily Allowance by the Company under its own Rules for the journey undertaken by him in connection with the official work of the Company. While undertaking foreign visits by Shri T Natarajan, the instructions contained in GAD Circular No.AIS/1099/1720/G dated 17th April, 1999 as amended from time to time, will be applicable for the purpose of drawal of per diem and in other matters.
- 7) **Medical Facilities** : The Company shall afford to Shri T Natarajan, IAS, the medical service facilities as per the Rules of the Company but shall not be inferior to those admissible to an All India Service Officer of his rank and seniority under the All India Services (Medical Attendance) Rules, 1954.
- 8) **Leave and Pension** : During the period of deputation, he will continue to be governed by the All India Services (Leave) Rules, 1955 and the All India Services (DCRB) Rules, 1958. The entire expenditure in respect of leave taken during and at the end of deputation shall be borne by the Company.
- 9) **Provident Fund** : During the period of Foreign Service, he will continue to subscribe to the All India Services (Provident Fund) Scheme/ Contributory Provident Fund Scheme to which he was subscribing at the time of proceeding on Foreign Service in accordance with the rules of such Fund/Scheme.
- 10) **Conduct, Discipline and Appeal Rules** : He will continue to be governed by the All India Services (Conduct) Rules, 1968 and All India Services (Discipline and Appeal) Rules, 1969.
- 11) **Leave Travel Concession** : The Company shall allow Leave Travel Concession to him, as admissible under the All India Services (LTC) Rules, 1975. The whole expenditure in this regard will be borne by the Company.
- 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 the Foreign Service even though such disability manifests itself after termination of the Foreign Service. The relevant All India Services Rules will be applicable in such cases.
- 13) **Leave Salary / Pension Contributions** : He will not be permitted to join the Pension Schemes of the Company under any circumstances.



The entire expenditure in respect of pension and leave salary contributions for the period of deputation shall be borne by the Company, failing which by Shri T Natarajan, himself.

The Company will pay to the Government the leave salary and pension contributions at the rates in force from time to time in accordance with the orders issued by the President under 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 F1(1)-E.III/83 dated the 10th August, 1983, as amended from time to time. Pending intimation of the rates of leave salary and pension contributions by the Accountant General, Gujarat, Rajkot / Ahmedabad, the Company shall pay leave salary and pension contributions provisionally at the prescribed rates.

- 14) **Group Insurance** : He will be governed by the All India Services (Group Insurance) Rules, 1981. The amount deducted from his salary as per the prescribed rates as subscription towards the Central Government Employees Group Insurance Scheme, 1980, shall be remitted to the concerned Accountant General, Gujarat, Rajkot/Ahmedabad by the Company. If at any time, the recovery of subscription falls in arrears, the same shall be recovered with interest admissible under the Scheme on the accretions to the Saving Fund.
- 15) **Residuary Matters** : In all matters relating to conditions of service and benefits/facilities and perquisites in the Company not covered by items 1 to 14 above, he shall be governed by the corresponding rules, regulations and orders laid down for the AIS Officers working in connection with the affairs of the State.

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

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 terms and conditions of the re-appointment of Shri T Natarajan as Joint Managing Director including payment of remuneration and Memorandum of concern or interest, under Section 302 of the Companies Act, 1956.

Shri T Natarajan is interested in the resolution. None of the remaining Directors is, in any way, concerned or interested in the said resolution.

#### **Item No. 10**

Shri Balwant Singh, IAS, Principal Secretary to Government, held additional charge of the post of Managing Director of the Company from 14.9.2005 till 11.4.2008. His appointment as Managing Director of the Company was approved by the shareholders at the 30th Annual General Meeting held on 23.9.2006. No remuneration was paid to Shri Balwant Singh for holding the additional charge of the post of Managing Director of the Company during the said period.

Government of Gujarat has vide its order dated 6.5.2008 granted / sanctioned "special pay" to Shri Balwant Singh @ 5% of the presumptive pay for holding additional charge of the post of Managing Director of the Company during the period from 14.9.2005 to 11.4.2008 (excluding leave period). Presumptive pay of a post, when used with reference to a Government employee, means the pay to which he would be entitled, if he held the post substantively and was performing its duties. The special pay calculated @ 5% of the presumptive pay to Shri Balwant Singh for the aforesaid period works out to Rs.52,377/-. The payment of special pay to Shri Balwant Singh is in accordance with Schedule XIII of the Companies Act, 1956 and is subject to the approval of the shareholders in General Meeting.

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

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

#### **Item No.11**

Smt. Sudha Anchlia, IAS, Chairperson & Managing Director of the Company is on leave for a period from 27.6.2008 to 18.8.2008 (with permission to suffix 19.8.2008 being a Public Holiday). Shri Balwant Singh, IAS, Principal Secretary to Government of Gujarat, Home Department has been appointed Additional Director on the Board and has also been appointed to hold the additional charge of Managing Director of the Company during the period Smt. Anchlia is on leave i.e. from 27.6.2008 to 18.8.2008. No remuneration is paid to Shri Balwant Singh for holding the additional charge of Managing Director of the Company.

In pursuance of the provisions of Section 269 of the Companies Act, 1956, read with Schedule XIII of the said Act, the appointment of Shri Balwant Singh as Managing Director of the Company and payment of remuneration/special pay, if any, is subject to the approval of the shareholders in General Meeting. Accordingly, your Directors commend the proposed resolution for your approval.

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

#### **Item Nos. 12 & 13**

The Company has drawn up a Road Map for growth over the next 5 years. Under its Growth Plan, the Company is considering to set-up various projects. The fund requirement for these projects is estimated to be Rs.4000 Crores. The existing borrowing powers of the Board of Directors of the Company is Rs.1200 Crores only. So as to augment the Long Term financial resources of the Company for implementation of the said projects as also for the normal capital expenditure, it is necessary to raise the funds by resorting to borrowings from Financial Institutions / Banks / other Parties, as also by issuance of securities such as, Debentures / Bonds, etc. In view of this, it is proposed to further increase the borrowing limits of the Board of Directors from the present limit of Rs.1200 Crores to Rs.3000 Crores. The financial assistance that may be granted by the Banks / Financial Institutions / other Parties, etc., would be required to be secured by mortgage and / or hypothecation of the immovable and movable properties of the Company, both present and future, with a provision to enter into and to take over the possession and the management of the business and the concern of the Company in certain events.

In pursuance of Section 293(1)(a) and Section 293(1)(d) of the Companies Act, 1956, approval of the shareholders is required for borrowing in excess of the paid-up capital and free reserves of the Company as also for creation of security for the borrowings. As on 31.3.2008 the paid up equity share capital of the Company is Rs.155.43 Crores and the Free Reserves are Rs.1,689.64 Crores. Resolutions placed at Item Nos. 12 & 13 of the accompanying Notice are for the aforesaid purposes and are therefore commended to the shareholders for their approval.

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

#### **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 : 23rd August, 2008

**R B Panchal**  
Company Secretary



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

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

**Shri D. C. Anjaria**

Shri D. C. Anjaria (62), is a Director of the Company since 4th January, 2006. He is B.Com. and MBA (Finance), from IIM, Ahmedabad. He has long commercial banking experience spanning around 20 years in India and abroad. His expertise extends to operations management, foreign exchange trading, treasury management, financial control and international trade finance. He has held distinguished positions such as Chief Trader, Country Treasurer and Country Financial Controller in India.

Details of his other directorships and committee memberships are -

1. Standard Chartered - STCI Capital Markets Ltd.-Director and Member of Audit Committee, 2. Ratnamani Metals & Tubes Ltd.-Director, Chairman of Audit Committee and member of Shareholders'/ Investors' Grievance Committee, 3. Gujarat State Fertilizers & Chemicals Ltd.-Director and Chairman of Audit Committee, 4. Gujarat International Finance Tech. City Co. Ltd.-Director and Chairman of Audit Committee, 5. GIFT Investment Management Co. Ltd.-Director and Chairman of Audit Committee, 6. International Financial Solutions (P) Ltd.-Director, 7. Indian Institute of Financial Services (P) Ltd.-Director.

He holds 500 Equity Shares of the Company jointly with Gujarat State Investments Ltd.

**Shri D Rajagopalan, IAS**

Shri D Rajagopalan (59), is a Director of the Company since 17th June, 2008. He is a B.Sc. (Physics) and M.Sc.(Physics). He is a senior IAS Officer having vast experience in the field of Finance, Management and Administration. He has held distinguished positions in the Government of Gujarat. Presently, he is the Additional Chief Secretary to Government of Gujarat, Finance Department.

Details of his other directorships are -

1. Gujarat State Petroleum Corporation Ltd. - Chairman, 2. Gujarat State Petronet Ltd. - Chairman, 3. Gujarat State Financial Services Ltd., Chairman, 4. Gujarat State Investments Ltd. - Director, 5. Gujarat International Finance Tech. City Co. Ltd. - Director, 6. Gujarat State Fertilizers & Chemicals Ltd. - Director.

He holds 500 Equity Shares of the Company jointly with Gujarat State Investments Ltd.

**Shri MM Srivastava, IAS**

Shri MM Srivastava, IAS (56), is a Director of the Company since 17th June, 2008. He is M.Sc. and MBA. 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. Presently, he is Principal Secretary to Government of Gujarat, Energy & Petrochemicals Department.

Details of his other directorships and committee memberships are -

1. Gujarat Urja Vikas Nigam Ltd. - Chairman, 2. Gujarat State Electricity Corpn. Ltd. - Chairman, 3. Gujarat Energy Transmission Corpn. Ltd.-Chairman, 4. GSPC Pipavav Power Co. Ltd. - Chairman, 5. Gujarat Industries Power Co. Ltd. - Chairman, 6. Gujarat State Energy Generation Ltd. - Chairman, 7. Gujarat Power Corpn. Ltd. - Chairman

and Managing Director, 8. GSPC Gas Co. Ltd. - Chairman, 9. Gujarat State Petroleum Corpn. Ltd. - Director, 10. Gujarat Alkalies & Chemicals Ltd. - Director, Member of Audit Committee and Chairman of Shareholders'/ Investors' Grievance Committee, 11. Torrent Power Ltd. - Director, 12. Gujarat State Fertilizers & Chemicals Ltd. - Director, 13. Gujarat State Petronet Ltd, Director.

He holds 500 Equity Shares of the Company jointly with Gujarat State Investments Ltd.

**Shri PN Roychaudhari, IAS**

Shri PN Roychaudhari, IAS (57), is a Director of the Company since 17th June, 2008. He is M.A. with Mathematics from Kolkata University, M.Sc. (Finance) (UK) and MBA (USA). 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. Presently, he is Principal Secretary to Government of Gujarat, Agriculture & Co-operation Department.

Details of his other directorships are -

1. Gujarat Agro Industries Corporation Ltd. - Chairman, 2. Gujarat State Seed Corporation Ltd. - Chairman, 3. Gujarat State Land Devt. Corpn Ltd. - Chairman, 4. Mahindra Gujarat Tractors Ltd. - Director.

He holds 500 Equity Shares of the Company jointly with Gujarat State Investments Ltd.

**Smt. Sudha Anchlia, IAS**

Smt. Sudha Anchlia, IAS (59), is the Chairperson & Managing Director of the Company since 11th April, 2008. She is M.A. in Economics from University of Rajasthan and MD in Development Economics, Sussex University, UK. She is a Senior IAS Officer. She has a rich and varied experience of over 30 years in public service organizations, such as Chairperson & Managing Director of Gujarat Mineral Development Corporation Ltd., National Agricultural Cooperative Marketing Federation (NAFED), Delhi. She has held distinguished positions in the Government of Gujarat. During her tenure as an Administrative Officer, Smt. Sudha Anchlia has also focused on various training programs on diverse topics like, Personnel & General administration, Agriculture & Cooperation, Science & Technology, Finance, Environment & Forests from reputed institutions like IIM Ahmedabad, IIM Kolkata, IIFT Delhi, ASCI Hyderabad etc.

She is also the Chairperson of Gujarat Chemical Port Terminal Co. Ltd. and Director of The Fertilizer Association of India.

She does not hold any shares of the Company.

**Shri T Natarajan, IAS**

Shri T Natarajan, IAS (37), is Joint Managing Director of the Company since 7th June, 2006. He is B.E. (Mining Engineering) and MBA (Finance & Marketing). He has worked in Industrial Finance Corporation for 2 years and has also held distinguished positions in the Government of Gujarat.

He is the Director of Bhavnagar Energy Co.Ltd.and Gujarat Green Revolution Co.Ltd.

He does not hold any shares of the Company.



## DIRECTORS' REPORT

To

### The Members,

Your Directors have pleasure in presenting this 32nd Annual Report together with Audited Statements of Accounts of the Company for the year ended 31st March, 2008.

The year 2007-08 was the year of outstanding performance for your Company. The continued emphasis on higher productivity, environmental & safety consciousness, energy conservation & efficiency improvement and innovation / cost reduction, has contributed towards achieving the commendable performance for the year 2007-08. The Company scaled new heights by achieving the highest ever sales turn-over, the profit before tax and the profit after tax. Many new benchmarks have been established in terms of production, marketing and despatches.

### FINANCIAL RESULTS

During the year under review, profit before tax was significantly higher at Rs.576.21 Crores registering a growth of 17.74% in comparison to last year. Net profit for the year too, was higher at Rs.372.88 Crores, registering an appreciable growth of 14.22% over the last year.

Following are the financial highlights :

(Rs. in Crores)		
Particulars	2007-08	2006-07
Income from Sales	3,433.91	2,739.27
Other Income	49.32	35.33
Total Income	3,483.23	2,774.60
Total Expenditure	2,795.79	2,163.00
Profit before Depreciation, Interest and Tax	687.44	611.60
Depreciation	110.52	109.57
Interest (Net)	0.71	12.64
Profit Before Taxes (PBT)	576.21	489.39
Provision for Taxes (Net)	203.33	162.92
<b>Net Profit for the year</b>	<b>372.88</b>	<b>326.47</b>
Balance brought forward from previous year	477.62	359.78
Amount transferred on Amalgamation of Company	—	68.65
Amount available for Appropriation	850.50	754.90
<b>Appropriations</b>		
Proposed Dividend	66.05	66.05
Tax on Dividend	11.23	11.23
General Reserve	250.00	200.00
Balance carried to Balance Sheet	523.22	477.62

### DIVIDEND

Keeping in view the Company's need for capital for its Growth Plan and to ensure that the shareholders of the Company get sustained and stable return on their investments, your Directors have recommended a dividend of Rs.4.25 per equity share i.e. @ 42.50%, for the financial year ended 31st March, 2008. On its approval, the dividend pay out will be Rs.77.28 Crores, including tax on dividend of Rs.11.23 Crores.

### TRANSFER TO RESERVES

The Company proposes to transfer Rs.250 Crores to the General Reserve out of the amount available for appropriations. An amount of Rs.523.22 Crores is proposed to be retained in the Profit & Loss Account.

### PERFORMANCE HIGHLIGHTS

"Management Discussion & Analysis" forming part of the Annual Report deal with the operational and marketing highlights as also the status of project completed during the year, projects under execution and projects under active consideration.

The performance highlights, however, in brief are mentioned hereunder:

- ❖ During the year under review, the operation of the plants was affected by the collapse of Cooling Towers of Nitrophosphate Complex leading to lower output from Nitrophosphate Group of Plants as well as by the unexpected heavy rains resulting into water logging in the Captive Power Plant of the Company. Despite this, the Company has achieved satisfactory production level during the year 2007-08. The Company has established several new records of production, including continuous running of the plants. All the major plants of the Company viz. Ammonia, Urea, Methanol, Formic Acid, Acetic Acid, Weak Nitric Acid, Concentrated Nitric Acid, Ammonium Nitrophosphate, Aniline, TDI and Nitro Benzene plants performed at over 100% capacity utilization.
- ❖ The Company achieved the highest ever sales turn-over during the year, registering an increase of 25.36% over the last year. This top-line growth was mainly backed by higher volume of Fertilizer trading, higher volume of own Fertilizer products, better price realisation of Fertilizers and Chemical products manufactured by the Company as well as upward revision in the subsidies of Fertilizer products.

### FERTILIZER POLICY

The Government of India (GOI) has notified a New Pricing Scheme - III (NPS-III) for Urea to remain in force till 31st March, 2010, the salient features of which were reported last year. During the year under review, GoI has switched over the payment of subsidy on Urea from dispatch basis to receipt basis. In order to promote balanced use of fertilizers, GoI has recently notified nutrient based prices of complex Fertilizers. GoI has also decided to pay freight subsidy on actual expenditure basis on decontrolled fertilizers to ensure equitable distribution and even availability throughout the Country.

### 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, 2008 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

In pursuance of Clause 49 of the Listing Agreement, a Management Discussion and Analysis 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 conditions of Corporate Governance and a declaration by the Chairperson & Managing Director of the Company regarding compliance of the Code of Conduct are enclosed as a part of the Corporate Governance Report.

### FIXED DEPOSITS

The Company has discontinued acceptance of Fixed Deposits w.e.f. 1.4.2007. However, as on 31.3.2008, the Company had unclaimed