

GNFC

Chemicals • Fertilizers • IT

**Gujarat Narmada Valley
Fertilizers & Chemicals Limited**

39th Annual Report
2014 - 2015

39TH ANNUAL GENERAL MEETING

Date : 26th September, 2015
 Day : Saturday
 Time : 3:00 P.M.
 Place : Open Air Theatre, Sports Complex,
 Narmadanagar Township,
 P.O. Narmadanagar-392 015,
 District : Bharuch.

Contents

Page No.

Directors' Report	1
Management Discussion & Analysis	21
Report on Corporate Governance	25
Auditors' Report	34
Balance Sheet	36
Statement of Profit & Loss	37
Cash Flow Statement	38
Significant Accounting Policies	39
Notes on Financial Statements	41
For Members' Attention	52
Additional Information for Shareholders	53

BOARD OF DIRECTORS

(As on 11th August, 2015)

Shri GR Aloria, IAS, *Chairman*

Dr. JN Singh, IAS

Dr. SK Nanda, IAS

Shri CS Mani

Prof. Arvind Sahay

Shri Piruz Khambatta

Shri Sunil Parekh

Shri HV Patel, IAS (Retd.)

Dr. Rajiv Kumar Gupta, IAS, *Managing Director*

Executive Directors

Shri RA Shah, CFO

Shri RT Bhargava

Shri PA Mankad

Shri KB Garvalia

Company Secretary

Shri RB Panchal

Statutory Auditors

M/s Deloitte Haskins & Sells

Chartered Accountants

Ahmedabad.

Cost Auditors

M/s Diwanji & Associates

Vadodara.

Registered Office :

P.O. Narmadanagar – 392 015,

District : Bharuch,

Gujarat, INDIA.

Website : www.gnfc.in



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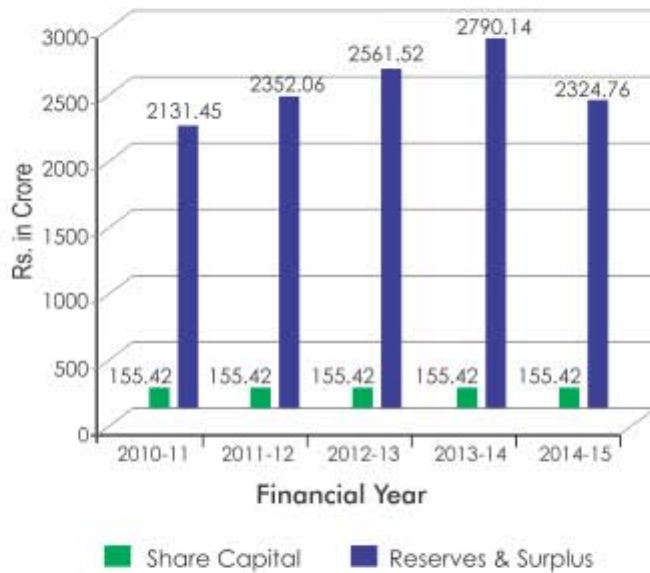
Gujarat Narmada Valley Fertilizers & Chemicals Limited

FINANCIALS AT A GLANCE

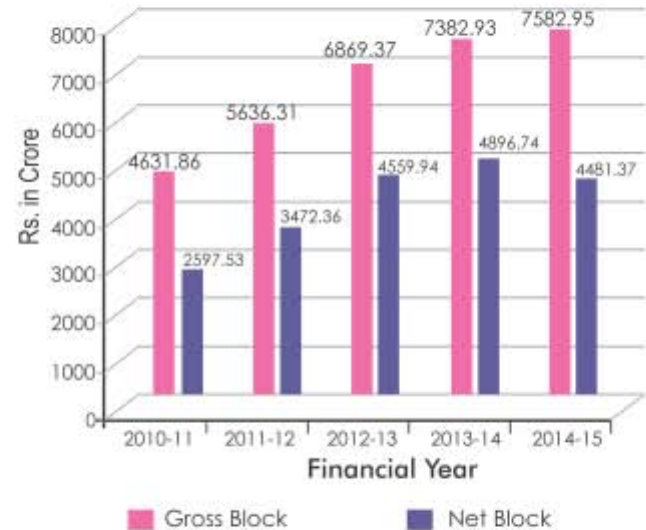
PARTICULARS	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
OPERATING RESULTS (Rs. in Crore)										
GROSS INCOME	4,988	5,196	4,527	4,062	3,129	2,799	3,128	3,713	2,992	2,367
PROFIT BEFORE FINANCE COST, DEPRECIATION, EXCEPTIONAL ITEMS AND TAX	361	662	634	582	523	360	500	698	612	571
DEPRECIATION	209	145	149	131	121	117	120	111	110	89
EXCEPTIONAL ITEMS	330	-	-	-	-	-	-	-	-	-
PROFIT/ (LOSS) BEFORE TAX	(452)	424	422	417	381	220	354	576	489	447
TAX	-	132	149	133	114	96	126	203	163	152
PROFIT/ (LOSS) AFTER TAX	(452)	292	273	284	267	124	228	373	326	295
DIVIDEND & DIVIDEND TAX	-	64	64	63	59	59	59	77	77	71
RETAINED EARNINGS	(452)	229	209	221	208	65	169	296	249	224
AMOUNT PER SHARE (Rs.)										
SALES	318	331	289	259	192	175	197	235	190	156
EARNING	(29.09)	18.81	17.57	18.26	17.15	7.97	14.64	23.99	21.01	20.12
EQUITY DIVIDEND	-	3.50	3.50	3.50	3.25	3.25	3.25	4.25	4.25	4.25
DIVIDEND %	-	35.00	35.00	35.00	32.50	32.50	32.50	42.50	42.50	42.50
BOOK VALUE	159.58	189.52	174.81	161.34	147.14	133.77	129.58	118.74	101.04	80.30
MARKET PRICE : HIGH	113.95	90.55	89.50	114.20	146.20	135.70	177.20	231.00	144.75	137.50
LOW	65.00	59.05	69.80	70.65	88.30	60.00	48.00	86.50	79.00	67.50

FINANCIAL HIGHLIGHTS

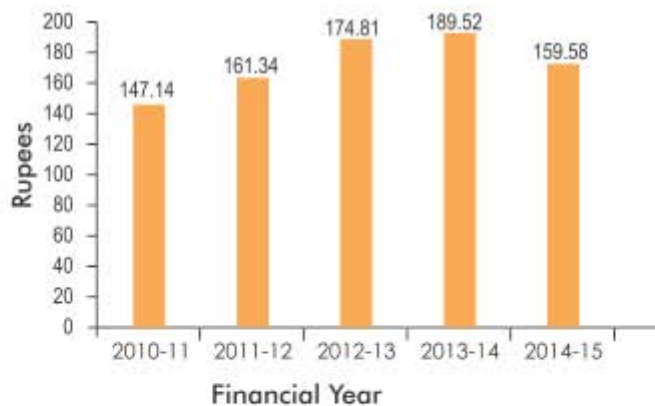
Share Capital - Reserves & Surplus



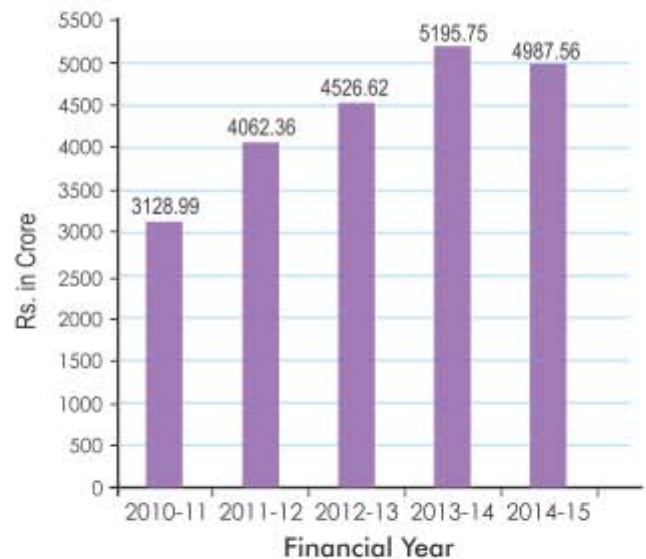
Gross & Net Block



Book Value Per Share



Gross Income



**DIRECTORS' REPORT**

To

The Members,

Your Directors present this 39th Annual Report together with Audited Financial Statements of the Company for the Financial Year ended 31st March, 2015.

FINANCIAL RESULTS

Summary of financial results: (Rs. in Crore)

Particulars	2014-15	2013-14
Income from operations	4,641.52	4,847.19
Other Income	51.75	45.05
Total Income	4,693.27	4,892.24
Total Expenditure	4,332.07	4,230.73
Profit before Depreciation, Finance Cost, Tax and Exceptional Item	361.20	661.51
Depreciation	208.77	145.31
Finance Cost	274.50	92.37
Exceptional Item	330.00	–
Profit / (Loss) Before Tax	(452.07)	423.83
Provision for Taxes	–	131.56
Net Profit / (Loss) for the year	(452.07)	292.27
Balance brought forward from previous year	323.12	394.49
Amount available for Appropriation	–	686.76
Appropriations :		
Proposed Dividend	–	54.40
Tax on Dividend	–	9.24
Transferred to General Reserve	–	300.00
Surplus / (Deficit) carried to Balance Sheet	(128.95)	323.12

Summary of Loss from TDI-II Dahej Operations and Profit from other Operations for FY 2014-15:

(Rs. in Crore)

Particulars	Bharuch Operations	TDI-II Dahej Operations	Combined Operations
Profit / (Loss) from Ordinary Activities before Tax	317.87	(439.94)	(122.07)
Exceptional Item - Impairment	–	(330.00)	(330.00)
Net Profit / (Loss) for the year	317.87	(769.94)	(452.07)

PERFORMANCE REVIEW

The year under review was the most difficult year and the Company has incurred loss for the first time in the history of the Company. Your Company achieved a Net Sales Turnover of Rs.4641.52 Crore for the year 2014-15 as compared to Rs.4847.19 Crore in the previous year, a decrease of 4.24% during the year. Total Revenue stood at Rs.4693.27 Crore during the year as compared to Rs.4892.24 Crore during the previous year.

The operational performance of the Company with respect to main plants at Bharuch has increased / improved compared to previous year. Most plants of the Company operated at over 100% capacity utilization during the year. The Company has achieved a record annual production in Formic Acid Plant (208.75%), Acetic Acid Plant (159.32%), Ammonium Nitro-phosphaite Plant (144.49%) and Ammonia Plant (139.61%). Total 100 Nos. of ever highest production records were established during 2014-15. In spite of improved production performance, the profitability was adversely affected due to higher utilization of funds and once in four years wage revision with employees.

Loss After Tax was Rs.452 Crore as against Profit After Tax of Rs.292 Crore achieved during the previous year. The substantial decrease in the profit as compared to the previous year is mainly on account of commercial production of TDI-II Dahej Plant declared towards the fag-end of March, 2014 and a loss of Rs.440 Crore comprising fixed cost and contribution loss incurred due to operationalization of TDI-II Dahej Plant. Impairment of TDI-II Dahej Plant amounting to Rs.330 Crore has also been accounted for.

SALES**Industrial Products :**

The year 2014-15 was one of the most challenging year like previous year for Chemical business in the Country due to overall cost increase and moderate industrial growth coupled with increased competition due to free flow of material from International markets. The Company has to sell its products keeping parity in prices with imports.

Under this competitive scenario, the performance of your Company in Chemicals business was satisfactory. The Company achieved a total sales realization of Rs.2382.12 Crore from Industrial Products (including trading activities) as compared to Rs.2430.60 Crore of previous year. All time best annual sales records were made in Toluene Di-Isocyanate, AN Melt, Methyl Format, Ortho Toluene Diamine (OTD), Calcium Carbonate, Methanol (Imported), etc. There was all-round increase in quantity sold, price realization and contribution of these Chemical Industrial Products during 2014-15 compared to previous year. This was possible due to smart and dynamic pricing of the Company's products, keeping a close watch on cost of production and opportunity to increase price during the year.



During the year, the Company increased its trading activities in imported Acetic Acid and Methanol with total sales turn-over of Rs.142 Crore as against Rs.49 Crore during previous year.

Fertilizer Business:

The Fertilizer business was good through-out the year. The Company achieved a highest ever sale of Urea and Ammonium Nitrophosphate (ANP) during the year. The total sale of manufactured fertilizers was 9.51 Lac MTs, which includes the sale of 1.67 Lac MTs of Fertilizer through its 63 Narmada Khedut Sahay Kendras (NKSKs). Your Company has decided to progressively expand its network of Fertilizer sale by opening new NKSKs during the current year. On account of Sardar Sarovar Dam Project, there has been considerable increase in the irrigation facility in the Home State of Gujarat, which has resulted in an increase in the consumption of Urea in the State. In view of this, your Company achieved record sales of 6.96 Lac MTs of Fertilizers in the Home State.

Your Company continued its trading activities in Single Super Phosphate (SSP), indigenously sourced Di-Ammonium Phosphate (DAP), Urea and Muriate of Potash (MOP), Cattle Feed and Pesticides.

(n)Code Solutions – IT Division:

(n)Code Solutions, IT Division of the Company, has once again continued its journey of growth and expansion in IT business during 2014-15, registering strong performance in the business of Digital Signature Certificate, CCTV & Data Centre Projects, e-procurement Service and e-Governance Projects. It remained a market leader in DSC business due to its quality service and support.

(n)Code is focusing on retaining its market leadership as also exploiting the new opportunities like net banking, where DSC / PKI business would see the next phase of growth in the coming years. To achieve sustained growth in IT business, (n)Code has undertaken several new initiatives in the areas of education, data analytic, smart city mining, etc., in the current year.

A detailed analysis of Company's operational and financial performance is presented under a separate section on "Management Discussion & Analysis" forming part of this report.

DIVIDEND

In view of the loss incurred by the Company and with a view to conserve the resources of the Company, the Board of

Directors have not recommended any dividend on the equity shares of the Company for FY 2014-15.

APPROPRIATIONS

Your Company has incurred a Net Loss of Rs.452.07 Crore for the year ended 31st March, 2015 after making provision of Rs.330 Crore for impairment of TDI-II Plant Dahej assets and Nil Tax provision. After deducting therefrom Rs.323.12 Crore, being the surplus balance of Statement of Profit & Loss brought forward from previous year, the deficit in the Statement of Profit & Loss was Rs.128.95 Crore as on 31st March, 2015. In view of the deficit in Statement of Profit & Loss, no amount is proposed to be transferred to General Reserve and negative balance of Rs.128.95 Crore of Profit & Loss as on 31st March, 2015 is proposed to be carried to the Balance Sheet.

FERTILIZER POLICY

Government of India (GoI) has made radical changes in Fertilizer Policy. Earlier as per the policy, the Fertilizer companies were allowed to manufacture Neem Coated Urea to the extent of maximum 35% of the total plant capacity of Urea production. This restriction has now been lifted by GoI and made it mandatory to coat the entire 100% production of Urea with Neem oil. GoI is also exploring the possibilities of getting Imported Urea coated with Neem oil. The use of Neem coated Urea will benefit the farmers in many ways like saving of Urea consumption by about 10% due to slow release in soil, reduction in the degradation of soil and will act as pesticides apart from increasing the yield. This would prevent the use of Urea for purposes other than Agriculture.

The subsidy rates for Phosphatic and Potassic Fertilizers notified by GoI last year under the Nutrient Based Subsidy Scheme have also been continued during the current year.

GoI has recently notified the Guidelines for pooling of gas in Fertilizer (Urea Sector). As per the Guidelines, with effect from 1st June, 2015, domestic gas allocated to all Fertilizer Units will be used only for production of Urea and gas will be supplied at a common pool price to all Fertilizer Units so as to have uniform input cost.

TDI-II PLANT AT DAHEJ

Although the commercial production of TDI-II was declared on 24th March, 2014, the stabilization of plant has not been achieved. The plant is facing various problems in stabilizing and bottleneck for attaining sustained plant load. For achieving stabilization and sustained plant load to its installed capacity, concerted efforts and actions are being taken by your Company under the guidance and supervision of Technology Supplier, M/s Chematur AB Sweden. The position has further

been compounded on account of International prices of TDI presently hovering around 10 years' lowest, adversely affecting the domestic prices of TDI. Your Company has incurred a loss of Rs.440 Crore from the operations of TDI-II Dahej and made a provision for impairment of Rs.330 Crore towards the assets of TDI-II Plant. This has impacted adversely the overall financial health of the Company.

With a view to effectively deal with the current situation of the plant, the Company has appointed a renowned consultant, M/s AT Kearney to carry out the business viability assessment of TDI-II Dahej Plant and advise the Company on the options available and recommend the way forward. Appropriate actions would be taken by your Company to wriggle out from the rigour created from TDI-II Dahej plant.

NEW INITIATIVES

In terms of Company's growth strategy, the following two projects are under active consideration by the Company:

1. **Brown Field Ammonia-Urea Project:**

Government of India, announced the amendment to the New Investment Policy-2012 for Urea in October, 2014. Based on the same, the Company has received revised proposals for setting-up a world scale Ammonia ~ Urea facility at Bharuch and the same are being evaluated. Environmental Clearance for the said project has been received. Your Company will decide further course of action based on the final cost and economical feasibility of the project.

2. **Di-Calcium Phosphate Project :**

TDI Plant at Dahej is generating Hydrochloric Acid (HCl) as its by-product. Actions have been initiated for setting-up Di-Calcium Phosphate Project, based on the HCl in a joint venture with M/s Ecophos SA, Belgium. Detailed Project Report prepared by a renowned consultant is being reviewed and further appropriate actions will be taken to move forward for implementation of the project.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, your Directors state that –

- in the preparation of the annual accounts for the year ended 31st March, 2015, the applicable accounting standards have been followed and there are no material departures;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true

and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a 'going concern' basis;
- they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

DETAILS OF SUBSIDIARY / JOINT VENTURES / ASSOCIATE COMPANIES

The Company does not have a Subsidiary Company or a Joint Venture Company. However, the Company has an Associate Company i.e. Gujarat Green Revolution Co. Ltd. (GGRCL), the particulars of which are given in Form MGT-9 annexed to this Report.

Ministry of Corporate Affairs, Government of India has vide Notification dated 14th October, 2014 granted exemption to the companies in preparation of Consolidated Financial Statement in respect of Financial Year ended 31st March, 2015. In terms of the said exemption, your Company has not prepared the Consolidated Financial Statement in respect of its Associate Company namely GGRCL for the year ended 31st March, 2015.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year, the Company made an additional investment in the equity of Bhavnagar Energy Co. Ltd., by subscribing 50 Lacs and 82.10 Lacs (on Rights basis) equity shares of Rs.10/- each for an aggregate amount of Rs.13.21 Crore.

The Company has not given any loan or guarantee or provided any security in connection with a loan to any other body corporate or person during the year.

**RELATED PARTY TRANSACTIONS**

During the year, the Company has not entered into any materially significant Related Party Transactions (RPTs) and do not attract the provisions of Section 188 of the Companies Act, 2013. Suitable disclosure as required by Accounting Standards (AS-18) relating to RPTs has been made in the Notes to the Financial Statement. The disclosure as required under Section 134(3) (h) of the Companies Act, 2013 in respect of RPTs in Form AOC-2 is not applicable.

A disclosure on RPTs has also been furnished in the 'Report on Corporate Governance' forming part of this report.

MEETINGS OF THE BOARD & COMMITTEES THEREOF**(i) Board Meeting :**

Five (5) meetings of the Board were held during the year 2014-15.

(ii) Committees of the Board :

Currently, there are six Committees of the Board as under :

1. Audit Committee;
2. Stakeholders' Relationship Committee;
3. Nomination and Remuneration Committee;
4. Corporate Social Responsibility Committee;
5. Project Committee; and
6. Human Resource Development Committee.

All the recommendations made by the Audit Committee were accepted by the Board.

Details of composition of Board and its Committees, which are mandatorily required to be constituted, major terms of reference of these Committees, the meetings held during the year and attendance of the Directors at such meetings are provided in the 'Report on Corporate Governance' forming part of this report.

NOMINATION, REMUNERATION AND EVALUATION POLICY

The Board of Directors of the Company, based on the recommendations of Nomination & Remuneration Committee has approved the "Nomination, Remuneration & Evaluation Policy" of the Company to ensure that the Board and top management is appropriately constituted, to identify persons who are qualified to become Directors or who may be appointed in Key Managerial Personnel and/or Senior

Management. This policy lays down the criteria relating to remuneration for Executive / Non Executive Directors, Key Managerial Personnel and Senior Management Personnel. Further, the said policy also lays down the criteria for performance evaluation of Directors.

The Company is committed to carry out the annual performance evaluation of the Board, its Committees and individual Directors by putting in place the framework in line with the criteria formulated in the policy.

DIRECTORATE AND KEY MANAGERIAL PERSONNEL

During the year, Shri CS Mani and Prof. Arvind Sahay were appointed as Independent Directors at the last Annual General Meeting (AGM) held on 26th September, 2014 for a term of three consecutive years up to 30th September, 2017. They are not liable to retire by rotation.

In terms of the provisions of Section 161 of the Companies Act, 2013, Shri Sunil Parekh and Shri Piruz Khambatta were appointed by the Board as Additional Director (Independent Category) with effect from 10th October, 2014 and Shri HV Patel, IAS (Retd.) was appointed as Additional Director (Independent Category) with effect from 8th April, 2015. They will hold office of Director upto the date of this AGM. The Board has recommended their appointment as Independent Directors at this AGM. Accordingly, suitable Ordinary Resolutions proposing their appointment as Independent Directors have been included in the Notice of AGM for your approval.

Dr. Manjula Subramaniam, IAS (Retd.) was appointed by the Board as Additional Director (Independent category) and Woman Director with effect from 10th October, 2014. Dr. Manjula Subramaniam, IAS (Retd.) has tendered resignation as Director from the Board of the Company effective 3rd August, 2015.

The Company has received declarations from all the Independent Directors confirming that they meet with the criteria of independence as laid down under Section 149(6) of the Act and Clause 49 of the Listing Agreement.

In pursuance of the provisions of Articles of Association and the Companies Act, 2013, Dr. Rajiv Kumar Gupta, IAS, who is liable to retire by rotation, will retire at this AGM and he is proposed to be reappointed as Director at this AGM.

Dr. SK Nanda, IAS, Chairman & Managing Director, Gujarat State Fertilizers & Chemicals Ltd., was appointed as Director in the casual vacancy caused by the resignation of Shri Atanu Chakraborty, IAS, who would have held office of Director upto

the date of this AGM, had he not resigned. Accordingly, Dr. SK Nanda, IAS will hold the office of Director upto the date of this AGM. A suitable Ordinary Resolution proposing his appointment as Rotational Director is included in the Notice of this AGM for your approval.

The information relating to change in other Directorship during the year is furnished in the 'Report on Corporate Governance' forming part of this report.

None of the Independent Directors is due for reappointment.

No Key Managerial Personnel was appointed or resigned during the year.

Your Directors place on record their deep sense of appreciation of the valuable services rendered by the outgoing Directors and take this opportunity to welcome the new Directors.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and Rules made thereunder, your Company has constituted Internal Complaints Committee / Gender Equality Committee to redress the complaint(s) received, if any, regarding sexual harassment. During the year, two complaints were received and resolved by the Company.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has in place a Risk Management Policy. Under this Policy, various risks relating to operations & maintenance, financial and other organizational risks are assessed, evaluated and continuously monitored for taking effective mitigation steps. Risk Management Report, inter-alia, containing major anxiety areas and action plan for their mitigation and noteworthy risk management activities carried out by the Company is periodically reviewed by the Audit Committee and the Board of Directors.

The Company has adequate internal controls commensurate with the nature of its business and size and complexity of its operations. Details of internal control system are given in "Management Discussion & Analysis", forming part of this Report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return in Form MGT-9 is enclosed as Annexure - I to this Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has constituted Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013. The Board has on the recommendations of CSR Committee, approved the CSR Policy of the Company. The brief outline of CSR policy and CSR initiatives taken by the Company during the year are given in Annual Report on CSR activities, enclosed as Annexure - II to this Report.

Your Directors are happy to inform you that the Company has undertaken a socio-economic "Neem oil Project" as a backward integration project to manufacture Neem oil required for captive consumption for production of Neem coated Urea, which will also cater the requirement of other Urea manufacturers and consumers for varied applications in cosmetics, bio-pesticides, pharmaceuticals, etc. Neem Cake, an organic fertilizer will also be produced as a co-product. The socio-economic objective of this project is to generate income to women, poor rural population, landless labourers and farmers by way of Neem seeds collection.

VIGIL MECHANISM-CUM-WHISTLE BLOWER POLICY

The Company has established a Vigil Mechanism-cum-Whistle Blower Policy for Directors and employees of the Company to report their genuine concerns, details of which have been given in the "Report on Corporate Governance", forming part of this Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

No significant or material orders were passed by the Regulators or Courts or Tribunals, which impact the going concern status and Company's operations in future.

MANAGEMENT DISCUSSION & ANALYSIS AND REPORT ON CORPORATE GOVERNANCE

The "Management Discussion & Analysis" on the business and operations of the Company and the Report on Corporate Governance together with the following are attached herewith and form part of this Annual Report.

- Declaration of Code of Conduct.
- Certificate from Practicing Company Secretary with regard to Company's compliance with the conditions of Corporate Governance.

INFORMATION REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as



required under Section 134(3) (m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is enclosed as Annexure - III to this Report.

PARTICULARS OF EMPLOYEES AND REMUNERATION

The information required under Section 197(12) of Companies Act, 2013 read with Rule 5(1) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as Annexure - IV to this Report.

The information as required under Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as Annexure - V to this Report.

AUDITORS AND AUDITORS' REPORT

At the last Annual General Meeting held on 26th September, 2014, M/s Deloitte Haskins & Sells, Chartered Accountants, were re-appointed as Statutory Auditors of the Company to hold office till the conclusion of the 40th Annual General Meeting to be held in the year 2016, subject to the ratification by Members at the 39th AGM as required under Section 139 of the Act, on such remuneration as may be determined by the Board of Directors and reasonable out of pocket expenses actually incurred by them. A suitable Ordinary Resolution in this regard is included in the Notice of this AGM for your ratification. The Company has received a written consent as required under Section 139(1) of the Act and a Certificate confirming that they are not disqualified for such appointment within the meaning of Section 141 of the Act.

Notes to Accounts forming part of Audited Financial Statements are self explanatory and need no further explanation. There are no qualifications or adverse remarks in the Auditors' Report, which require any clarification / explanation.

COST AUDITOR

The Board of Directors has on the recommendations of Audit Committee, re-appointed Shri Shirish V Diwanji, Cost Accountant of M/s Diwanji & Associates, Vadodara, as the Cost Auditor of the Company for financial year 2015-16.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit & Auditors) Rules, 2014, the remuneration payable to Cost Auditor is required to be ratified by the Shareholders at the AGM. A suitable ordinary resolution in this regard, is included in the Notice of this AGM for your ratification / approval.

The Company has e-filed the Cost Audit Report for the financial year 2013-14 with the Ministry of Corporate Affairs (Cost Audit Branch) on 18th September, 2014. The due date of filing the said report was 27th September, 2014.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed Shri VL Vyas, Practicing Company Secretary to conduct Secretarial Audit of the Company for the financial year ended 31st March, 2015. The Secretarial Audit Report in Form MR-3 is enclosed as Annexure – VI, which does not contain any qualification, reservation or adverse remark.

FIXED DEPOSITS

The Company has not accepted any Fixed Deposit during the year. No amount on account of principal or interest was outstanding as on the date of Balance Sheet.

INSURANCE

The properties and insurable assets and interest of your Company such as buildings, plants & machineries and stocks amongst others, are adequately insured. As required under Public Liability Insurance Act, 1991, your Company has also taken necessary insurance cover.

INDUSTRIAL RELATIONS

Industrial relations during the year under review have remained extremely cordial and harmonious. Your Directors convey their high sense of appreciation for the contribution made by the employees at all levels.

ACKNOWLEDGEMENTS

The Directors wish to place on record their deep sense of gratitude for the support received from Government of India and 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. Your 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 : 17th August, 2015

Shri G. R. Aloria
Chairman