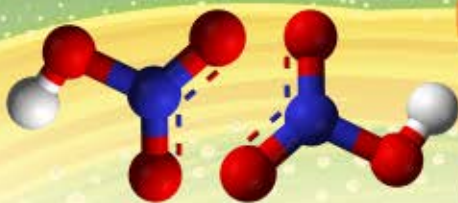


40th

ANNUAL REPORT 2015-16



Gujarat Narmada Valley Fertilizers & Chemicals Limited

40TH ANNUAL GENERAL MEETING

Date : 30th September, 2016
 Day : Friday
 Time : 11:30 AM
 Place : Open Air Theatre, Sports Complex,
 Narmadanagar Township,
 P.O. Narmadanagar-392 015,
 District : Bharuch.

Contents

Page No.

Directors' Report	1
Management Discussion & Analysis	20
Report on Corporate Governance	24
Additional Information for Shareholders	32
Auditors' Report on Standalone Financial Statements	33
Standalone Financial Statements	36
Auditors' Report on Consolidated Financial Statements	52
Consolidated Financial Statements	54
For Members' Attention	71

BOARD OF DIRECTORS

(As on 22nd August, 2016)

Shri GR Aloria, IAS, (Retd.) *Chairman*

Dr. JN Singh, IAS

Smt. Mamta Verma, IAS

Shri CS Mani

Prof. Arvind Sahay

Shri Piruz Khambatta

Shri Sunil Parekh

Shri VD Nanavaty

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

Executive Directors

Shri RT Bhargava

Shri PA Mankad

Shri YB Gandhi

Shri GC Shah

Company Secretary & Executive Director

Shri RB Panchal

Chief Financial Officer & General Manager

Shri Vikram Mathur

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



Fertilizers • Chemicals • IT

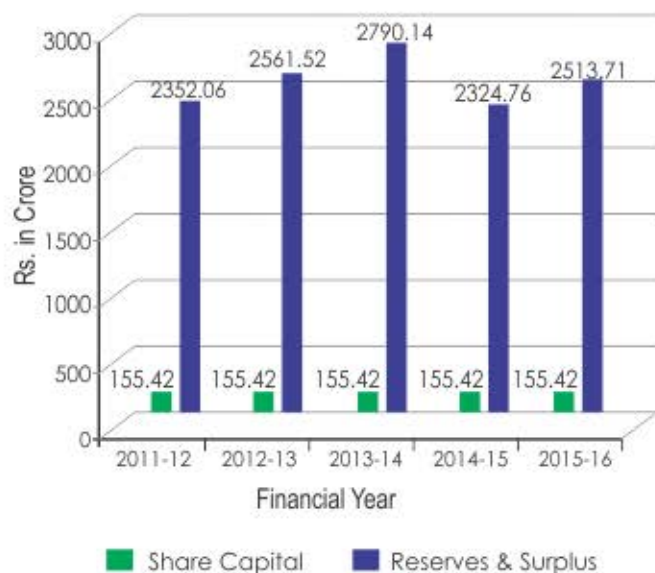
Gujarat Narmada Valley Fertilizers & Chemicals Limited

FINANCIALS AT A GLANCE

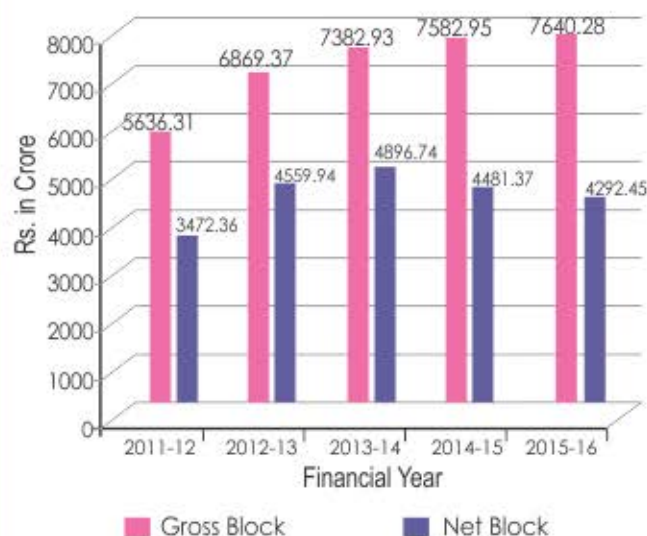
PARTICULARS	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
OPERATING RESULTS										(Rs. in Crore)
GROSS INCOME	4,956	4,988	5,196	4,527	4,062	3,129	2,799	3,128	3,713	2,992
PROFIT BEFORE FINANCE COST, DEPRECIATION, EXCEPTIONAL ITEMS AND TAX	661	361	662	634	582	523	360	500	698	612
DEPRECIATION	189	209	145	149	131	121	117	120	111	110
EXCEPTIONAL ITEMS	-	330	-	-	-	-	-	-	-	-
PROFIT/ (LOSS) BEFORE TAX	226	(452)	424	422	417	381	220	354	576	489
TAX	-	-	132	149	133	114	96	126	203	163
PROFIT/ (LOSS) AFTER TAX	226	(452)	292	273	284	267	124	228	373	326
DIVIDEND & DIVIDEND TAX	37	-	64	64	63	59	59	59	77	77
RETAINED EARNINGS	189	(452)	229	209	221	208	65	169	296	249
AMOUNT PER SHARE										(Rs.)
SALES	312	318	331	289	259	192	175	197	235	190
EARNING	14.56	(29.09)	18.81	17.57	18.26	17.15	7.97	14.64	23.99	21.01
EQUITY DIVIDEND	2.00	-	3.50	3.50	3.50	3.25	3.25	3.25	4.25	4.25
DIVIDEND %	20.00	-	35.00	35.00	35.00	32.50	32.50	32.50	42.50	42.50
BOOK VALUE	171.74	159.58	189.52	174.81	161.34	147.14	133.77	129.58	118.74	101.04
MARKET PRICE : HIGH	89.00	113.95	90.55	89.50	114.20	146.20	135.70	177.20	231.00	144.75
LOW	50.00	65.00	59.05	69.80	70.65	88.30	60.00	48.00	86.50	79.00

FINANCIAL HIGHLIGHTS

Share Capital - Reserves & Surplus



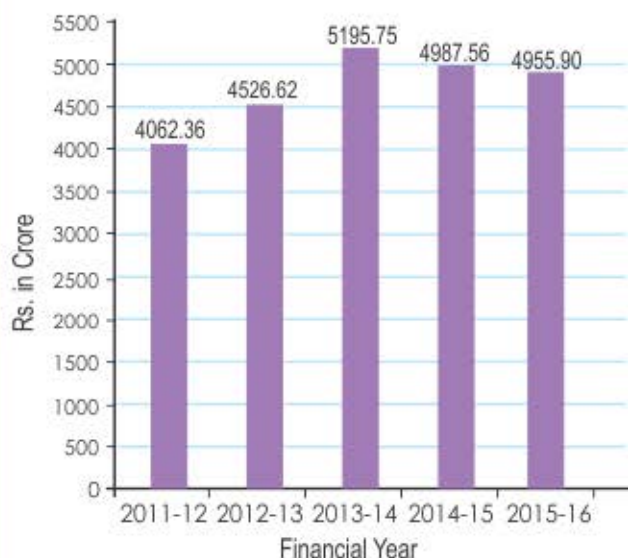
Gross & Net Block



Book Value Per Share



Gross Income



**DIRECTORS' REPORT**

To
The Members,

Your Directors are delighted to present this 40th Annual Report on Company's business and operations together with Audited Financial Statements (Standalone and Consolidated) for the Financial Year ended 31st March, 2016.

FINANCIAL RESULTS

The Company's financial performance for the year ended 31st March, 2016 is summarized below:

(Rs. in Crore)

Particulars	Standalone	
	2015-16	2014-15
Income from operations	4,548.30	4,641.52
Other Income	113.23	51.75
Total Income	4,661.53	4,693.27
Total Expenditure	4,000.14	4,332.07
Profit before Depreciation, Finance Cost and Tax	661.39	361.20
Depreciation	189.28	208.77
Finance Cost	245.75	274.50
Exceptional Item (Impairment of TDI-II Assets)	-	330.00
Profit / (Loss) Before Tax	226.36	(452.07)
Provision for Tax	-	-
Net Profit / (Loss) for the year	226.36	(452.07)
Balance brought forward from previous year	(128.95)	323.12
Amount available for Appropriation	97.41	-
Appropriations :		
Proposed Dividend	31.08	-
Tax on Dividend	6.33	-
Transferred to General Reserve	50.00	-
Surplus / (Deficit) carried to Balance Sheet	10.00	(128.95)

PERFORMANCE REVIEW

The year 2015-16 was the outstanding year for your Company. Focused attention and continued thrust on higher productivity, energy conservation and efficiency improvement, innovation / cost reduction, appropriate marketing strategy, all have contributed towards achieving commendable financial and operational performance of the Company.

1. Financial Performance :

In spite of sluggish market conditions in India and Worldwide, your Company has reported a splendid financial performance on standalone basis by registering a Profit Before Tax of Rs.226.36 Crore for 2015-16 as against a huge loss of Rs.452.07 Crore incurred in the previous year. The Company registered a turnover of Rs.4548.30 Crore for the year 2015-16 as compared to Rs.4641.52 Crore during previous year, a marginal decrease of 2%.

The Net Profit on consolidated basis amounted to Rs.233.54 Crore against a loss of Rs.443.01 Crore in the previous year.

The Company achieved highest ever export realization of Rs.212 Crore during 2015-16 against Rs.46 Crore in FY 2011-12 through export of various Industrial Chemical Products and registered a tremendous increase of 358%. TDI was the major contributor in export realization registering sales of Rs.147 Crore and the other Industrial Products viz. Ethyl Acetate, Methyl Format, Acetic Acid, Formic Acid, Aniline, etc., contributed Rs.65 Crore in export realization. The Company exported its products to more than 45 countries across the world particularly in Africa and Middle East Countries.

2. Operational performance :

Your Company has achieved excellent production performance during the year. Major plants of the Company performed at high capacity utilization level. Ever highest annual production was achieved in Ammonia 636766 MTs (143%), Urea 766718 MTs (120%), Ammonium Nitrophosphate 209180 MTs (147%), Concentrated Nitric Acid 121621 MTs (105%), Formic Acid 21530 MTs (215%), TDI-I 19166 MTs (137%) and TDI-II 26514 MTs (53%) plants.

Your Directors are happy to inform that TDI-II Plant at Dahej has been stabilized and currently operating at more than 100% capacity on a consistent basis. During 2015-16, it produced 26514 MTs of TDI against 6316 MTs in the previous year. The Company has increased its share in domestic TDI market from 36% to 54% (in terms of tonnage from 18571 MTs to 32158 MTs) capturing the Indian market and reducing the country's dependency on imported TDI.

The Company established total 217 Nos. of highest ever production (141 Nos.) and sales (76 Nos.) records during 2015-16 surpassing previous best of total 141 Nos. of records established in 2014-15.

SALES**1. Industrial Products :**

The year 2015-16 was successful year for the Company in the sales of Industrial Chemical Products



inspite of competitive scenario of Chemicals business in the country and International Market. Almost all Industrial Products performed well in terms of sales and their realization during the year. The Company sold in aggregate 12,05,859 MTs of Industrial Products during 2015-16 as against 10,73,094 MTs in the previous year thereby achieved total sales turnover of Rs.3003.25 Crore as compared to Rs.2931.07 Crore achieved in the previous year. There was all-round increase in quantity sold, price realization and contribution of Industrial Chemical Products during the year compared to previous year.

The Company continued its trading activities in Imported Methanol and Acetic Acid. Highest ever trading of 57,200 MTs of imported Methanol amounting to Rs.108 Crore was handled by your Company during the year.

2. Fertilizer Business:

Your Company performed well in the Fertilizer business also inspite of bad monsoon which affected the consumption of Fertilizers in the Country. The Company achieved total sale of Urea (Manufactured and Traded) at 8.1 Lac MTs as compared to 7.4 Lac MTs in the previous year. The sale of Ammonium Nitrophosphate (ANP) was marginally lower at 2.02 Lac MTs compared to 2.07 Lac MTs in the previous year. Out of the total sale of Fertilizers, around 1.2 Lac MTs Fertilizers were sold through its 69 Narmada Khedut Sahay Kendras (NKSs), including 6 new NKSs opened during the year. Your Company has decided to expand its network of NKSs progressively over a period of time.

The trading activities were continued in Imported Urea, Muriate of Potash (MOP), indigenously sourced Di-Ammonium Phosphate (DAP), Single Super Phosphate (SSP), Cattle Feed and Pesticides during the year and total 26900 MTs Fertilizers were sold as a part of trading activities.

3. (n)Code Solutions – IT Division:

Apart from achieving excellent performance in the Company's core business of Fertilizers and Chemicals during the year, (n)Code Solutions - IT Division of our Company has also performed extraordinarily well and reported the highest ever sales since its inception. (n)Code posted a total sales turnover of Rs.146.00 Crore against Rs.129.27 Crore in previous year, registering a growth of 12.94%. This division has contributed highest ever profit of Rs.37.00 Crore against Rs.29.52 Crore in previous year, an increase of 25.34% across all its business segments.

(n)Code has been appraised at level 5 of the Capability Maturity Model Integration for Services (CMMI-SVC) by M/s KPMG based on the standard method developed by Carnegie Mellon University, USA. It is a noteworthy achievement for (n)Code as it is amongst the four organizations in Gujarat and 43 organizations globally to whom such certification have been issued.

To achieve sustained growth in IT business, (n)Code has undertaken several new initiatives in the areas of smart cities, intelligent transportation, system integration, Geographical Information Systems, security and surveillance, Digital Mapping and Surveys, business intelligence, Data Analytics etc.

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

Considering the Company's excellent financial performance and to ensure that shareholders get sustained return on their investments, your Directors have recommended a dividend of Rs.2/- per equity share (20%) on 15,54,18,783 equity shares for the year ended 31st March, 2016 for approval by the shareholders at this Annual General Meeting. The dividend payout will work out to Rs.31.08 Crore plus dividend tax of Rs.6.33 Crore and the total outgo works out to around Rs.37.41 Crore. This amounts to 16.53% of the Net Profits of the Company.

APPROPRIATIONS

Your Company has earned Net Profit of Rs.226.36 Crore for the year 2015-16. After deducting therefrom Rs.128.95 Crore being the balance of Statement of Profit & Loss brought forward from the previous year, an amount of Rs.97.41 Crore is available for appropriation. Out of this, Rs.37.41 Crore inclusive of Tax on Dividend is earmarked for dividend. The Company proposes to transfer Rs.50 Crore to General Reserve. The balance amount of Rs.10 Crore is proposed to be carried to Balance Sheet.

FERTILIZER POLICY

International market of fertilizers saw a sharp fall in prices during the year. Looking to the low international prices, Government of India (GoI) reduced subsidy on P&K fertilizers covered under the Nutrient Based Subsidy (NBS) for 2016-17.

A huge outstanding on account of unpaid subsidy and freight payments is creating a heavy interest burden on Fertilizer Industry. GoI is slowly but steadily pursuing its initiatives to transfer subsidy directly to the farmers and is in the process of identifying 16 Districts across the country for undertaking pilot project for payment of fertilizers subsidy as Direct Benefit Transfer (DBT) to the beneficiaries engaged in agriculture production.

GoI has directed fertilizer companies to open 'Model Fertilizer Retail Shops' all over the country. GoI has made it mandatory for all chemical fertilizers suppliers to promote and market City Compost Fertilizers (CCF) by scientifically processing the Urban Solid Waste and has announced a Market Development Assistance of Rs.1,500/- PMT to fertilizers suppliers on its sale. Your Company has started marketing of CCF in Gujarat as per the directive of GoI.

NEW INITIATIVES**1) Di-Calcium Phosphate Project :**

It was reported last year that as a part of expansion plan, the Company has initiated actions for setting-up Di-Calcium Phosphate (DCP) Project based on HCl in a joint venture with M/s Ecophos SA, Belgium. Your Directors are happy to inform that the Company has entered into a Joint Venture Agreement with Ecophos and a Company in the name of "EcoPhos GNFC India Private Limited" has been incorporated on 14th March, 2016 for setting-up of the said project at a total estimated cost of Rs.526 Crore with an equity investment of Rs.24 Crore for GNFC and Rs.134 Crore for EcoPhos in the ratio of 15:85 respectively.

With the implementation of this project, entire HCl generated as by-product from TDI-II Plant, Dahej will be utilized for production of DCP, resulting into improvement in the profitability of TDI business. The Company is concentrating on speedy implementation of DCP Project as a downstream integration of TDI-II Dahej Plant.

2) Neem Oil Project :

Government of India (GoI) last year made it mandatory in the Fertilizer Policy to manufacture 100% Neem coated Urea by all Fertilizer Companies. In pursuance of the said policy, your Company has undertaken a Socio-economic Neem Project for captive requirement as well as catering the market requirements with a social-economic objective to generate income for poor rural women / landless labours / farmers. During FY 2015-16, the Company produced around 800 MTs of Neem Oil and 6,000 MTs of Neem Cake by processing about 10,000 MTs of Neem Seeds through Neem Oil producers with a total revenue generation of around Rs.13.61 Crore, which has directly benefitted to the poor rural women / labours / farmers. Neem cake is used as organic fertilizer by farmers.

The Company is planning to set-up its own production facility of Neem Oil by installing an expelling unit in addition to the processing of Neem Seeds through existing Neem Oil producers in Gujarat. During the current year, the Company is planning to process around 20,000 MTs of Neem Seeds for production of Neem Oil and Neem cake.

3) Lime Purification Project:

GNFC is planning to set up a Joint Venture Company with M/s Santosh Agrochem LLP to purify its by product - Lime, to make it more marketable. This will resolve the environmental issues and at the same time add value to the product.

4) Solar Power Generation Project :

Gujarat Electricity Regulatory Commission (GERC), vide gazette notification dated 01-07-2015, has notified

that Renewable Purchase Obligation (RPO) will be applicable to the companies consuming electricity generated from conventional Captive Generating Plant for its own use and / or electricity procured from conventional generation through Open Access. As per the notification, minimum quantum of electricity from solar source currently should be 1.75% of total captive power generation and /or procured through Open Access. The percentage share of solar power is expected to increase substantially over a period of time.

RPO will be applicable as Company is having conventional Captive Generating Plant at Bharuch site and procuring electricity from conventional generation through Open Access at Dahej site.

In order to fulfill the RPO as per GERC notification, the Company is planning to set up 5 MW Solar power generation facilities at Bharuch and Dahej Complex.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of Annual Accounts for the year ended 31st March, 2016, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any, therefrom had been furnished;
- ii) they had 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 as at end of the financial year and of the profit of the Company for that period;
- iii) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, if any;
- iv) they had prepared Annual Accounts on a going concern basis;
- v) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There has been no material changes and commitments 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 any subsidiary Company. However, the Company has an Associate Company namely Gujarat Green Revolution Co. Ltd. (GGRCL). A report on performance and financial position of GGRCL is given in Form No. AOC-1 to the Consolidated Financial Statements and the same has not been repeated here for the sake of brevity.

During the year 2015-16, a Company in the name of "Ecophos GNFC India Private Limited" (EGIL) was incorporated on 14th March, 2016 in joint venture with M/s EcoPhos SA, Belgium for setting up of 2,00,000 MTPA Dicalcium Phosphate Project at Dahej. The first Accounting Year of EGIL is from the date of incorporation i.e. from 14th March, 2016 to 31st March, 2017 and therefore, Report on Performance and Financial Position for FY 2015-16 in respect of EGIL has not been provided in the Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

As required under Section 129(3) of the Companies Act, 2013 read with Regulation 33 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has prepared Consolidated Financial Statement in respect of its Associate Company namely Gujarat Green Revolution Co. Ltd., for FY 2015-16 and forms part of this Annual Report.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year, the Company made an investment in the equity of Ecophos GNFC India Private Ltd., a Joint Venture Company as one of the subscribers to the Memorandum of Association by subscribing 1500 Shares of Rs.10/- each amounting to Rs.15,000/-.

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

The Company has formulated a Policy for Related Party Transactions (RPTs), which is available on Company's website. This policy deals with the review and approval of RPTs. The Board of Directors has approved the criteria for granting Omnibus approval by the Audit Committee within the overall framework of policy on RPTs.

The Company has not entered into any materially significant RPTs during the year and do not attract the provisions of Section 188 of the Companies Act, 2013. Accordingly, the disclosure of RPTs as required under

Section 134(3)(h) of the Act, in Form AOC-2 is not applicable. Suitable disclosure as required by Accounting Standards (AS-18) relating to RPTs has been made in the Notes to the Financial Statement.

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 :

Six (6) meetings of the Board were held during the year 2015-16.

(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.

REMUNERATION POLICY FOR DIRECTORS / KEY MANAGERIAL PERSONNEL / SENIOR MANAGEMENT AND OTHER EMPLOYEES

The Company has formulated a Nomination, Remuneration & Evaluation Policy as required under Section 178 of the Act and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The details of remuneration to Directors / Key Managerial Personnel / Senior Management and other employees are furnished in the "Report on Corporate Governance", forming part of this Report.

PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUAL 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.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, S/Shri HV Patel, IAS (Retd.), Sunil Parekh and Piruz Khambatta were appointed Independent Directors (IDs) at the last AGM held on 26th

September, 2015 for a term of three consecutive years up to 30th September, 2018. They are not liable to retire by rotation. None of the ID is due for reappointment.

In terms of Section 161 of the Companies Act, 2013, Smt. Mamta Verma, IAS and Shri VD Nanavaty were appointed Additional Director with effect from 5th October, 2015 and 5th April, 2016 respectively. They will hold office of Directors upto the date of this AGM. Dr. JN Singh, IAS who was appointed a Director in the casual vacancy caused by the resignation of Dr. Has Mukh Adhia, IAS will hold office up to the date of this AGM. Suitable resolutions proposing the appointment of Smt. Mamta Verma, IAS, Shri VD Nanavaty and Dr. JN Singh, IAS as Rotational Directors are included in the Notice of this AGM for your approval.

Retirement by Rotation:

In terms of Section 152 of the Companies Act, 2013, Dr. Rajiv Kumar Gupta, IAS being Director liable to retire by rotation will retire and is proposed to be reappointed at this AGM.

Declaration by Independent Directors:

The Company has received necessary declarations from all Independent Directors under Section 149(7) of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 to the effect that they meet criteria of independence as laid down in the said Act and Listing Regulations.

Change in Directorate :

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

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.

Key Managerial Personnel :

During the year under review, Shri RA Shah ceased to be Chief Financial Officer (CFO) w.e.f. 02/01/2016 and Shri Vikram Mathur was appointed as CFO effective from that date.

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 ('Act') 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. No complaint was received during the year. A formal Policy against Sexual Harassment of Women at Workplace is in place.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has in place a Risk Management Policy. Under this Policy, various risks pertaining 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 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 Report", 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, an extract of Annual Return in Form MGT-9 is enclosed as Annexure - I to this Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In accordance with the requirement of Section 135 of the Companies Act, 2013 read with the Companies (CSR Policy) Rules, 2014, the Company has constituted a Corporate Social Responsibility Committee and formulated a CSR Policy. Annual Report on CSR activities is enclosed as Annexure - II to this Report. As a responsible corporate, the Company has been implementing societal activities directly as well as through its CSR arm – Narmadanagar Rural Development Society (NARDES) in the areas covered in CSR Policy and Schedule-VII to the Companies Act, 2013.

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

M/s. Deloitte Haskins and Sells, Chartered Accountants, the existing Statutory Auditors of the Company were reappointed at the 38th AGM held on 26.09.2014 to hold office till the conclusion of forthcoming 40th AGM for a period of two years. Accordingly, they will retire at this 40th AGM.

In accordance with the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the relevant Rules framed thereunder, it is proposed to appoint M/s. SRBC & Co. LLP, Chartered Accountants, a Member firm of E&Y India, as Statutory Auditor of the Company for a term of five consecutive years at the ensuing 40th AGM till the conclusion of 45th AGM, in place of retiring Auditors M/s. Deloitte Haskins and Sells, Chartered Accountants.

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

COST AUDITOR

The Board of Directors has on the recommendations of Audit Committee, appointed M/s Diwanji & Co., Cost Accountants, Vadodara, as the Cost Auditor of the Company for financial year 2016-17.

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 approval.

The Company has e-filed the Cost Audit Report for the financial year 2014-15 with the Ministry of Corporate Affairs (Cost Audit Branch) on 29th September, 2015. The due date of filing the said report was 30th September, 2015.

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, 2016. The Secretarial Audit Report in Form MR-3 is enclosed as Annexure – VI, which does not contain any qualification, reservation or adverse remark.

DETAILS OF FRAUDS, IF ANY, REPORTED BY THE AUDITORS:

During the year, there was no fraud to be reported by Auditors under Section 142(12) of the Act.

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 : 22nd August, 2016

G R Aloria
Chairman