

## GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED

### 45<sup>th</sup> ANNUAL GENERAL MEETING

Date : 21<sup>st</sup> September, 2007  
Day : Friday  
Time : 9.00 a.m.  
Place : Fertilizernagar - 391 750  
District Vadodara

### BOARD OF DIRECTORS (As on 13-07-2007)

S. G. MANKAD *Chairman*  
DR. MANJULA SUBRAMANIAM  
DR. AVINASH KUMAR  
D. C. ANJARIA  
PROF. VASANT P. GANDHI  
AJAY N. SHAH  
VIJAI KAPOOR  
SMT. VIJAY LAXMI JOSHI  
P. K. TANEJA *Managing Director*

### SPECIAL DIRECTOR

C. R. RAO

### GENERAL MANAGER (FINANCE)

B. M. BHORANIA

### COMPANY SECRETARY

V. D. NANA VATY

### BANKERS

Bank of Baroda  
State Bank of India  
Bank of India  
Vijaya Bank  
Central Bank of India  
Dena Bank  
Indian Bank  
Indian Overseas Bank  
Punjab National Bank  
ICICI Bank Ltd.  
Yes Bank Ltd.  
UTI Bank Ltd.

### STATUTORY AUDITORS

M/s. G. K. Choksi & Co., Ahmedabad

### BRANCH AUDITORS

(Polymers & Fibre Units)  
M/s. Talati & Talati, Vadodara

### COST AUDITORS

M/s. R. K. Patel & Co., Vadodara

### SOLICITORS

M/s. Bhaishanker Kanga & Girdharlal, Mumbai

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### REGISTRARS & TRANSFER AGENTS

M/s. MCS Limited  
Neelam Apartments, 1st Floor  
88, Sampatrao Colony  
Behind Standard Chartered Bank  
Productivity Road, Vadodara - 390 007

### REGISTERED OFFICE

P. O. Fertilizernagar - 391 750  
District Vadodara, Gujarat, India  
Phone : (0265) 2242451/651/751  
Website : www.gsfclimited.com

## MAIN PRODUCTS AND PRINCIPAL USES

SR. NO.	PRODUCTS	PRODUCTION (MTs)		CHANGE OVER PREVIOUS PERIOD %	PRINCIPAL USES
		2006-07	2005-06		
1	Urea *	302540	362885	-16.63	Used as fertilizers for all crops
2	Ammonium Sulphate *	290600	292390	-0.61	Used as fertilizers
3	Ammonium Sulphate Phosphate * Di-Ammonium Phosphate *	243000 859500	24840 809610	878.26 6.16	Base fertilizers for all crops
4	N.P.K. *	82430	38540	113.88	Used as balance fertilizers for all crops
5	Caprolactam	79666	78120	1.98	Textile yarn, Tyre cord, Monomer-casting, Speciality Chemicals for Textile, Leather & other industries.
6	Cyclohexanone	78348	78064	0.36	Solvent for organic phosphorus insecticides & Pesticides, Chemical intermediate for manufacture of Adipic Acid
7	Melamine	15335	15323	0.08	Laminates & Boards, MF Resin & Moulding Powder, Paints & Coatings, Construction chemicals, Paper and Leather chemicals
8	Nylon-6 Chips	9347	7975	17.21	Monofilament, Film, Automobile, Textile, Extrusion & Moulding
9	MEK Oxime	3875	2699	43.57	Paints & Ink
10	Nitric Acid	9210	8609	6.98	Used in manufacturing of Sodium & Potassium Nitrites, Dystuff & Dye intermediates
11	Argon ('000 NM3)	2912	3105	-6.22	Used in manufacture of stainless steel, used as Inert Gas shield in Arc Welding
12	Ammonia	412907	478209	-13.66	Chemicals Industry, Refrigeration Plant
13	Sulphuric Acid Monohydrate	575500	559957	2.78	Used for manufacturing Fertilizers, Petrochemicals & Dyestuffs
14	Phosphoric Acid	87100	91690	-5.01	Used in manufacturing of Phosphatic Fertilizers and Rock beneficiation
15	Acetone Cyano Hydrine	6235	5806	7.39	Chemicals Industry, Insecticides
16	Methyl Methacrylate Monomer	4449	4053	9.77	Paints, Pipes, Dental Prosthesis, Textile
17	Methacrylic Acid	892	663	34.54	Paints, Leather, Textile, Ion-exchange
18	Polymethyl Methacrylate Sheets	664	573	15.88	Automobiles, Sanitary Articles, Construction, Light Fittings
19	Polymethyl Methacrylate Pellets	2082	1936	7.54	Automobiles, Light Fittings, Sanitary Articles
20	Synthetic Filament Yarn Incl. Industrial Yarn /Tyre Cord	5169	5779	-10.56	Fabrics, Fishnets
21	Nylon Chips - Fibre	4083	4546	-10.18	Monofilament, Film, Extrusion & Moulding

\* Production data denotes loose production.



## FOR MEMBERS' ATTENTION

1. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, the 8<sup>th</sup> September, 2007 to Friday, the 21<sup>st</sup> September, 2007 (both days inclusive) for the purpose of ascertaining the entitlement for payment of dividend.
2. Dividend, upon its declaration at the meeting, will be paid on Equity Shares of the Company on or after 27<sup>th</sup> September, 2007, in respect of shares held in physical mode, to those members whose names appear on the Register of Members of the Company on 21<sup>st</sup> September, 2007 and in respect of shares held in electronic mode, to the beneficial owners of the shares as per details to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited as at the end of business hours on 7<sup>th</sup> September, 2007.
3. To make the payment of dividend through ECS or to print Bank particulars of the members on the dividend warrants, members are requested to furnish their Bank particulars viz. Name of Bank with its branch and address, Bank A/c. No., 9 Digit MICR Code appearing on the MICR cheque issued by the Bank etc. Please also send a copy of the MICR Cheque together with Bank particulars to the Company.  
  
The shareholders who hold shares in electronic form are requested to furnish their Bank particulars as aforesaid to their Depository Participant (DP).
4. The Central Government has granted exemption pursuant to Section 212 (8) of the Companies Act, 1956 from attaching Subsidiary Company's documents to the Company's Balance Sheet as at 31<sup>st</sup> March, 2007 and hence the documents of the Subsidiary Company has not been attached to the Balance Sheet of the Company. The Annual Accounts of the Subsidiary Company and the related detailed information will be made available to the investors of the Company and of the Subsidiary Company, seeking such information, at any point of time. The Annual Accounts of the Subsidiary Company will be available for inspection by any investor at the Registered Office of the Company.
5. Members are requested to quote Folio Number or DP ID and Clients ID No.(in case of shares held in demat forms) in all correspondence and also to bring with them the Attendance Card which may be submitted at the entrance duly signed.
6. Members who are registered under two or more Ledger Folios are requested to write to the Registrars and Transfer Agents of the Company for consolidation, giving particulars of such Folios and send relevant Share Certificates.
7. Those members who have not yet submitted their old shares of Rs.100/- each for exchange of new equity shares of Rs.10/- each are requested to send the said shares to the Registrars & Transfer Agents of the Company.
8. Shareholders of erstwhile Gujarat Nylons Ltd. who have yet not surrendered their GNL equity share certificate/s are advised to surrender the same immediately to the Registrars & Transfer Agents of the Company so as to enable the despatch of converted GSFC shares etc. in exchange thereof at the earliest.
9. Members holding shares in the Dematerialised Form are requested to intimate changes, if any, in respect of their Bank details, Mandate instructions, Nomination, Power of Attorney, Change of Address, Change of Name etc. to their Depository Participant (DP).
10. The Company's Equity Shares are listed on the following two Stock Exchanges :
  1. Bombay Stock Exchange Limited,  
Phiroze Jeejeebhoy Tower  
25<sup>th</sup> Floor, Dalal Street  
Mumbai – 400 001
  2. National Stock Exchange of India Ltd.  
Exchange Plaza, 5<sup>th</sup> Floor  
Plot No.C/1, G Block  
Bandra Kurla Complex  
Bandra (East)  
MUMBAI – 400 051

The Company has paid annual Listing fees to each of the above Stock Exchanges for the financial year 2006-07.
11. Members are requested to send their queries, if any, at least seven days in advance of the meeting so that the information can be made available at the meeting.

## NOTICE

NOTICE is hereby given that the **Forty-fifth Annual General Meeting** of the Members of the Company will be held at the Registered Office of the Company at 9.00 a.m. on Friday, the 21<sup>st</sup> September, 2007 to transact the following business :

### Ordinary Business

1. To receive, consider and adopt the Audited Accounts, Balance Sheet as at 31<sup>st</sup> March, 2007, Profit & Loss Account for the year ended on that date & the reports of Directors and Auditors thereon.
2. To declare Dividend.
3. (a) To appoint a Director in place of Dr. Manjula Subramaniam, IAS who retires by rotation and being eligible offers herself for re- appointment.  
(b) To appoint a Director in place of Smt. Vijay Laxmi Joshi, IAS who retires by rotation and being eligible offers herself for re- appointment.
4. To pass the following resolution, with or without modifications, as an **Ordinary Resolution** :

“RESOLVED that, the Board of Directors of the Company be and is hereby authorized to fix the remuneration plus TA and out of pocket expenses, to be paid to the Statutory Auditors and Branch Auditors appointed by the Comptroller and Auditor General of India to audit the accounts of the Company for the financial year 2007-08 at Corporate level at Head Quarters for Baroda Unit including the Sikka Unit and to audit the accounts of Polymers and Fibre Units of the Company for the financial year 2007-08, as the Board may deem fit and appropriate in its absolute discretion.”

### Special Business

5. To consider and if thought fit, to pass the following resolution, with or without modifications, as an **Ordinary Resolution** :

“RESOLVED that subject to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its consent and approval to the appointment of Shri P.K. Taneja, IAS as Managing Director of the Company, on the terms & conditions of remuneration and perquisites as set out in the explanatory statement annexed hereto.”

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

“FURTHER RESOLVED that any revision/ modification to the remuneration, perquisites or terms & conditions as may be communicated by the Government of Gujarat from time to time shall be applicable.”

“FURTHER RESOLVED that so long as Shri P.K. Taneja functions as the Managing Director of the Company, he shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.”

By Order of the Board

**V. D. Nanavaty**  
Company Secretary

Fertilizernagar  
13<sup>th</sup> July, 2007



## 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 THE PROXY NEED NOT BE A MEMBER.

Please bring your copy of Annual Report and attendance card at the meeting. Persons other than members or proxy will not be allowed to attend the meeting.

2. As the Company continues to attract the provisions of Section 619-B read with the provision of Section 619(2) of the Companies Act, 1956 the Comptroller & Auditor General of India have appointed M/s. G. K. Choksi & Co., Chartered Accountants, Ahmedabad and M/s. Talati & Talati, Chartered Accountants, Vadodara respectively as Statutory & Branch Auditors of the Company for the financial year 2007-08.

3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.

The particulars of qualification, experience and other directorship etc. of Dr. Manjula Subramaniam, IAS, Director, Smt. Vijay Laxmi Joshi, IAS, Director and Shri P.K. Taneja, IAS, Managing Director are given in the annexure to this notice.

4. As required under the Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of Central Government) Rules, 1978, the Company hereby informs its Members that all unpaid/ unclaimed dividends declared for and upto the Financial Year ended 31<sup>st</sup> March, 1994 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies (Gujarat), Housing Board Building, Opp. Roopal Park Society, Ankur Char Rasta, Naranpura, Ahmedabad - 380 013.

Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims by the Fund. Accordingly, the unclaimed dividends for the financial years ended 31-03-1995 to 31-03-1999 have been transferred to the said fund.

Members who have not yet encashed their dividend warrant(s) for the financial year ended 31-03-2005 and 31-03-2006, are requested to make their claims to the Company accordingly, without any delay.

5. Relevancy of questions and the order of speakers at the meeting will be decided by the Chairman.

### ANNEXURE TO NOTICE

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

In conformity with the provisions of Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all the material facts relating to the Special Business mentioned in the accompanying Notice and should be taken as forming part of the Notice.

##### Item No. 5

As per Govt. of Gujarat Notification No. AIS/35/2006/ 28 /G dated 30-10-2006, followed by Resolution No. GSF-11-2006-4252-E dated 16-11-2006, Shri P. K. Taneja, IAS was appointed as "Government Director" and Managing Director of the Company vice Shri A.K. Luke, IAS. Shri P.K. Taneja, IAS assumed charge on 11-11-2006.

Later vide Resolution No.GSF-11-2006-4252-E dated 11-01-2007 Govt. of Gujarat had prescribed the terms & conditions of the remuneration in respect of the above appointment and the same were approved by the Board of Directors.

In terms of Schedule XIII and other applicable provisions of the Companies Act, 1956, the appointment of Shri P.K. Taneja as Managing Director and payment of remuneration to him require the consent and approval of the Company in General Meeting.



## ANNEXURE TO NOTICE (Contd.)

The terms & conditions of appointment and the particulars of remuneration and perquisites paid/payable to Shri P.K. Taneja are as follows :

- (1) **Period :**  
For a period of two years with effect from 11-11-2006 or until his services are withdrawn by the State Government whichever is earlier.
- (2) **Pay :**  
During the period of deputation, Shri P.K. Taneja, will be eligible to draw his pay in super-time scale of IAS (Rs. 18,400-500-22,400/-) by virtue of equation of the post of Managing Director, Gujarat State Fertilizers & Chemicals Ltd., Vadodara with the IAS Cadre post of Secretary to Govt., vide Govt. Resolution GAD No.AIS/30.2006/Eq-254152/G dated 07-11-2006.
- (3) **Dearness Allowance :**  
If he has given option to draw his grade pay of the cadre post, he will be eligible to draw dearness allowance at the State Government rates. However, in case, he has opted for pay of the post in the Company, this allowance would be admissible as per the existing rules of the Company.
- (4) **City Compensatory Allowance :**  
If he has opted for his grade pay of the cadre post, the city compensatory allowance would be applicable as per the State Government Rules.
- (5) **House Rent Allowance :**  
If he has opted for drawing his grade pay of the cadre, 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 Government, whichever is lower. However, if he has opted to draw pay scale of the post of the Company, this will be regulated as per existing rules of the Company.
- (6) **Transfer T.A./Joining Time :**  
He will be entitled to T.A. and Joining Time, both on joining the post of deputation and on reversion, under the rules of the Company, which shall not be inferior to the relevant provisions of the AIS Rules. The expenditure on this account will be borne by the Company.
- (7) **TA/DA for journey on duty :**  
He will be paid Travelling Allowance and Daily Allowance by the Company under the State Government Rules for the journey undertaken by him in connection with the official work under the Company whether in India or abroad which shall not be inferior to the relevant provisions of the All India Service Rules.
- (8) **Medical facilities :**  
The Company shall afford to him medical facilities not inferior to those which are admissible to an all India Service Officer of the same status under the Central Government rules for the same.
- (9) **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 expenditure in respect of leave taken during and at the end of deputation shall be borne by the Company. He shall not be allowed to join any of the pension schemes of the Company.
- (10) **Provident Fund :**  
During the period of the deputation, he will continue to subscribe to the All India Services (Provident Fund) Scheme to which he was subscribing at the time of proceeding on deputation in accordance with the rules of such fund.
- (11) **Conduct, Discipline and Appeal Rules :**  
He shall continue to be governed by the All India Services (Conduct) Rules, 1968 and the All India Services (Discipline and Appeal) Rules, 1969.



## ANNEXURE TO NOTICE (Contd.)

**(12) Leave Travel Concession :**

The Company shall allow Leave Travel Concession, if any, to him as admissible under the State Government Rules provided these are not inferior to those admissible to him under the AIS (LTC) Rules, 1975. The whole expenditure in this regard shall be met by the Company. This is however, subject to the condition that he had not already, before proceeding on deputation, availed of the concession during the particular block years period of his deputation.

**(13) Disability Leave :**

The Company will be liable to pay leave emoluments in respect of disability leave, if any, granted to him on account of any disability incurred in and through foreign service even though such disability manifests itself after termination of deputation. The relevant AIS rules will be applicable in such cases.

**(14) Leave Salary / Pension contributions :**

The Company will pay to the Government of the parent cadre of the member of the service, 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 deputation if the deputation expires before the end of a financial year. Delayed payment will attract liability of payment of interest in terms of the instructions contained in the Ministry of Finance's Notification No.F.1(1)-E.III/83 dated 10-08-1983, as amended from time to time. Pending intimation of the rates of leave salary and pension contributions by the concerned Accountant General, the Company shall pay leave salary and Pension contribution provisionally at the prescribed rates.

**(15) Group Insurance :**

If he has not opted out of the Central Govt. Employees Group Insurance Scheme, 1980, before 31.12.1981, the said scheme as appended to the schedule to then AIS (Group Insurance) Rules, 1981 shall be applicable to him. In that case, the amount deducted from his salary as per prescribed rates as subscription towards the Insurance Scheme shall be remitted to the concerned Accountant General by the Company. If at any time the recovery of subscription falls in arrears, the same shall be recovered with interest admissible under the scheme on the accretions to the saving fund.

**(16) Residuary Matters :**

In all matters relating to conditions of service and benefits/facilities and perquisites in the Company not covered above, he shall be governed by the existing rules, regulations and orders of the Company.

**(17) The above mentioned terms & conditions would be applicable till Shri P.K. Taneja, IAS remains on deputation with the Company. On reversion from deputation, he will be governed by the relevant rules laid down for All India Service Officers.**

The appointment of Shri P.K. Taneja and the remuneration and perquisites payable to him are in accordance with Schedule XIII to the Companies Act, 1956. Shri P.K. Taneja has long and extensive experience in Government Service. Accordingly, the Directors recommend this resolution for your consent and approval.

The above terms & conditions may be treated as an abstract of the terms & conditions of appointment of Shri P.K. Taneja pursuant to Section 302 of the Companies Act, 1956.

None of the Directors except Shri P. K. Taneja is concerned or interested in passing this resolution.

By Order of the Board

Fertilizernagar  
13<sup>th</sup> July, 2007

**V. D. Nanavaty**  
Company Secretary



## ANNEXURE

### DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING (IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT)

Name of the Director	Dr. Manjula Subramaniam, IAS										
Date of Birth	19-09-1948										
Date of Appointment as a Director of GSFC	24-12-2001										
Qualification	M.Sc (Physics), M.P.A. (Harvard), Ph D. (Commerce), IAS										
Expertise	Dr. Manjula Subramaniam has completed her M.Sc. in Physics from the Delhi University, Masters in Public Administration from Harvard University, USA and Ph.D. in Commerce from the Sardar Patel University, Vallabh Vidyanagar. Dr Manjula Subramaniam is an All India Service Officer of 1972 batch allotted to the Gujarat Cadre. After holding many important positions in the State Government as well as in the Central Government, she is now heading the State Finance Department as Additional Chief Secretary. In addition to the above responsibilities, she is holding the post of Chairperson in Gujarat State Financial Services Ltd., GSFS Capital & Securities Ltd. and Gujarat State Investments Ltd. and Director in GSFC, GNFC, SSNNL etc.										
No. of Shares held of the Company	500 (jointly with GSIL)										
Names of other Companies in which directorship is held	<div>1 Gujarat State Financial Services Ltd.</div> <div>2 GSFS Capital &amp; Securities Ltd.</div> <div>3 Gujarat State Investments Ltd.</div> <div>4 Gujarat Narmada Valley Fertilizers Co. Ltd.</div> <div>5 Sardar Sarovar Narmada Nigam Ltd.</div> <div>6 Gujarat Finance City Development Co. Ltd.</div>										
Committee position for Audit and Investors Grievance Committees	<table><tr><th>Name of the Company</th><th>Position in Audit Comm.</th></tr><tr><td>1 Sardar Sarovar Narmada Nigam Ltd.</td><td>Chairperson</td></tr><tr><td>2 Gujarat State Fertilizers &amp; Chemicals Ltd.</td><td>Member</td></tr><tr><td>3 Gujarat Narmada Valley Fertilizers Co. Ltd.</td><td>Member</td></tr></table>			Name of the Company	Position in Audit Comm.	1 Sardar Sarovar Narmada Nigam Ltd.	Chairperson	2 Gujarat State Fertilizers & Chemicals Ltd.	Member	3 Gujarat Narmada Valley Fertilizers Co. Ltd.	Member
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<b>Smt. Vijay Laxmi Joshi, IAS</b>	<b>Shri P.K. Taneja, IAS</b>												
01-08-1958	05-02-1957												
10-03-2007	11-11-2006												
B.A. (Eng. Geography, Sco), M.A. (Psycho), IAS	B.E. (Electronics & Communication), IAS												
Smt. Vijay Laxmi Joshi is B.A. (Eng., Geography & Sco), M.A. (Psycho) and IAS of 1980 batch having rich experience in different departments of the Govt. of Gujarat. At present she is Principal Secretary, Energy & Petrochemicals Department, Govt. of Gujarat. In addition to the above responsibilities, she is holding additional charge as Chairperson & Managing Director of Gujarat Urja Vikas Nigam Ltd., and Gujarat Power Corporation Ltd., Chairperson of Gujarat State Electricity Corpn. Ltd., Gujarat Energy Transmission Corpn. Ltd. and Director in many other Companies.	Shri P. K. Taneja is B.E. (Electronics & Communication) and an All India Service Officer of 1984 batch allotted to the Gujarat Cadre. He served in Govt. of India in Department of Electronics, in Ministry of Chemicals & Fertilizers and in the Corporate Sector and also held many important positions in the State Govt.												
500 (jointly with GSIL)													
<ol style="list-style-type: none"> <li>1 Gujarat Urja Vikas Nigam Limited.</li> <li>2 Gujarat State Electricity Corporation Ltd.</li> <li>3 Gujarat Energy Transmission Corp.Ltd.</li> <li>4 GVFL Trustee Co.Pvt.Ltd.</li> <li>5 Gujarat Power Corporation Ltd.</li> <li>6 GSPC Pipavav Power Co. Ltd.</li> <li>7 Gujarat Industries Power Company Ltd.</li> <li>8 Gujarat Alkalies &amp; Chemicals Ltd.</li> <li>9 Torrent Power Ltd.</li> <li>10 Mahaguj Collieries Ltd., Mumbai</li> <li>11 Gujarat State Petroleum Corpn. Ltd., Gandhinagar</li> </ol>	<ol style="list-style-type: none"> <li>1 GSFC Investment And Leasing Co.Ltd.</li> <li>2 Gujarat Green Revolution Co.Ltd.</li> <li>3 The Fertiliser Association of India</li> <li>4 M/s. Tunisian Indian Fertilizers S.A. (TIFERT)</li> <li>5 Gujarat Industries Power Co.Ltd.</li> <li>6 Gujarat Narmada Valley Fertilizers Co. Ltd.</li> <li>7 Indian Potash Ltd.</li> <li>8 Gujarat Chemical Port Terminal Co.Ltd.</li> <li>9 GSPC Gas Co.Ltd.</li> </ol>												
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2 Gujarat State Fertilizers & Chemicals Ltd.	Member												

## DIRECTORS' REPORT

To  
The Members,  
Your Directors have pleasure in presenting the 45th Annual Report and audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2007.

### FINANCIAL RESULTS

(Rs. in Crores)

Particulars	2006-07	2005-06
1. <b>Gross Sales</b>	<b>3516.03</b>	3004.35
Less : Excise Duty Recovered	<b>197.31</b>	173.64
<b>Net Sales</b>	<b>3318.72</b>	2830.71
2. Other Income	<b>93.92</b>	109.41
3. <b>Total Revenue</b>	<b>3412.64</b>	2940.12
4. Less : Operating Expenses	<b>2831.79</b>	2278.68
5. <b>Operating Profit</b>	<b>580.85</b>	661.44
6. Less : Interest	<b>71.78</b>	81.68
7. <b>Gross Profit</b>	<b>509.07</b>	579.76
8. Less : Depreciation	<b>142.52</b>	141.55
9. Prior Period Adjustment	<b>(13.44)</b>	(1.28)
10. <b>Profit before taxes</b>	<b>353.11</b>	436.93
11. Taxation - Current Taxation (MAT + Wealth Tax)	<b>(132.06)</b>	(35.32)
- FBT	<b>(1.35)</b>	(4.80)
- Deferred Tax (net)	<b>9.91</b>	(103.01)
- MAT Credit Recognised	<b>18.37</b>	—
- Excess provision for taxation written back	<b>18.93</b>	0.01
12. <b>Profit after taxes</b>	<b>266.91</b>	293.81
13. Balance brought forward from last year	<b>43.60</b>	20.57
14. Debenture/Bond Redemption Reserve written back	<b>—</b>	72.12
15. <b>Amount available for appropriations</b>	<b>310.51</b>	386.50
16. Out of which your Directors have proposed appropriation and transfer as under :		
a) Proposed Dividend on Equity shares	<b>35.87</b>	35.87
b) Tax on Proposed Dividend	<b>6.09</b>	5.03
c) General Reserve	<b>221.00</b>	302.00
17. Leaving a balance in the Profit & Loss Account of	<b>47.55</b>	43.60

### OPERATIONAL PERFORMANCE

Your Company achieved new heights on the operational front. The Company's fertilizer production of 17.78 lacs MTs during the year, showed an improvement of 16% as compared to 15.28 lacs MTs in the previous year. The production of major Industrial Products like Caprolactam, Nylon-6, MEK Oxime and Polymer Unit products was better than last year. The fertilizers sales was 16.59 lacs MTs during 2006-07 which was higher by 18% as compared to 14.05 lacs MTs in 2005-06.

Your Company has achieved the ever-highest net sales in its history of 45 years during 2006-07. The net sales grew by 17% from Rs.2830.71 crores in 2005-06 to Rs.3318.72 crores in 2006-07. The EBIDTA was Rs.580.85 crores as against Rs.661.44 crores in 2005-06. The interest cost reduced by 12% from Rs.81.68 crores in 2005-06 to Rs.71.78 crores in 2006-07. The profit before tax was Rs.353.11 crores as against Rs.436.93 crores in previous year. The Company has come under normal income tax regime from this financial year. The profit after tax was Rs.266.91 crores in 2006-07 as compared to Rs.293.80 crores in 2005-06.

The broad reasons for reduction in profit before tax are effect of reduction in Urea Concession Rates for the year 2004-05 by the Govt. of India, accounted during 2006-07 totalling to Rs.24 crores, effect of capitalizing the machinery spares in the nature of capital spares / insurance spares for Rs.17.33 crores and consequential provision of depreciation to the tune of Rs.14.06 crores, in compliance of Accounting Standard 10 read with Accounting Standard Interpretation (ASI) 2, higher maintenance expenditure of Rs.37.38 crores compared to 2005-06, reduction in other income during 2006-07 compared

