

**GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LTD.  
P.O.NARMADANAGAR : 392 015, DIST. BHARUCH, GUJARAT**

**QUARTERLY COMPLIANCE REPORT ON CORPORATE GOVERNANCE (Clause 49 of the Listing Agreement)**

Name of the Company : GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LTD.  
Quarter ending on : 31st December, 2014

| Particulars                   | Clause of Listing Agreement | Compliance Status Yes/No | Remarks   |
|-------------------------------|-----------------------------|--------------------------|---|
| 1                             | 2                           | 3                        | 4   |
| <b>II. Board of Directors</b> | 49 (II)                     |                          |   |
| (A) Composition of Board      | 49(IIA)                     | Yes                      | The Board of Directors of the company presently comprises total 7 (Seven) Directors, of which, 6 Directors are the Non-Executive Directors (NEDs), representing 86% of the total strength.<br><br>Out of 6 (Six) NEDs on the Board, 5 (Five) NEDs are Independent Directors (IDs) including 1 (One) Woman Director.<br><br>The composition of the Board is in conformity with this clause.  |
| (B) Independent Directors     | 49 (IIB)                    | Yes                      | Clause 49(IIB) (1) : Independent Directors appointed meet with the criteria stipulated under this Clause.<br><br>Clause 49(IIB) (2) : None of the IDs is a director in more than 7 (Seven) listed Companies and none of the IDs is serving as whole-time-director in any listed company.<br><br>Clause 49(IIB) (3) : Tenure of IDs has been fixed in accordance with the Companies Act, 2013.<br><br>Clause 49(IIB) (4) : The formal letters of appointment have been issued to 2 (Two) IDs appointed at the last AGM held on 26th September, 2014 and the same have been posted on the Company's website. Formal letters of appointment to other 3 (Three) IDs will be issued, when appointed at the ensuing AGM to be held in 2015.<br><br>Clause 49(IIB) (5) :The details with regard to criteria for performance of evaluation will be disclosed in Annual Report 2014-15.<br><br>Clause 49(IIB) (6) : A separate meeting of IDs will be held during the quarter ending 31st March, 2015. |



Clause 49(IIB) (7) : IDs have been suitably familiarized as required under this Sub-clause, the details thereof are being posted on the Company's website. A weblink of the same will be provided in the Annual Report 2014-15.

NEDs of the company are paid remuneration by way of sitting fees only for attending the meetings of the Board and / or Committees thereof. Sitting Fees paid to NEDs are within the limits prescribed under the Companies Act, 2013. Hence, approval of shareholders is not required.

In case of Directors, who are from Indian Administrative Service, sitting fees payable to them for attending the meeting(s), is deposited with Government Treasury.

Four Board Meetings have been held so far during the financial year 2014-15 with a time gap of not more than 120 days between any two meetings. The information as required under this clause is made available to the Board of Directors.

None of the Directors holds membership in more than 10 Committees or acts as Chairman of more than 5 Committees across all companies in which he/ she is a Director.

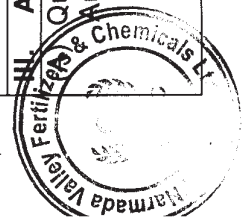
The Board of Directors periodically reviews the Compliance Report of Laws applicable to the company.

The Company has adopted Code of Conduct, after incorporating suitably the duties of IDs, which is applicable to all its Directors and Senior Management Personnel. The said Code has been posted on the company's website.

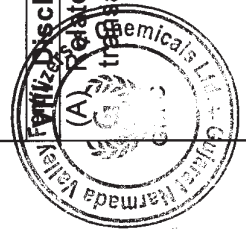
Annual Report 2014-15 will contain a declaration as to affirmation of compliance with the Code of Conduct by Directors and Senior Management Personnel.

The Company has established a Whistle Blower cum Vigil Mechanism Policy for Directors and Employees. The policy has been posted on the company's website and details whereof will be disclosed in the Board Report forming part of AR 2014-15.

Audit Committee comprises 5 (Five) Members, of which, 3 (Three) Members are Independent Non-Executive Directors. All the Members of Audit Committee are financially literate.

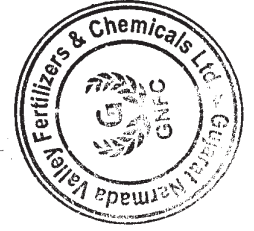


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|  |                          |     | <p>Shri CS Mani is Chairman of Audit Committee, who is an Independent Director. One of the Members of Audit Committee remained present at the last AGM held on 26th September, 2014.</p> <p>Representatives of Internal Auditors and Statutory Auditors attend the Audit Committee Meeting by invitation. Chief Financial Officer of the company attends the Audit Committee Meeting.</p> <p>The Company Secretary acts as a Secretary to the Committee.</p> |
| (B) Meeting of Audit Committee                                 | 49 (IIIB)                | Yes | Three Audit Committee Meetings have been held so far during FY 2014-15 with a time gap of not more than four months between any two meetings. Requisite quorum was present at the said meetings.   |
| (C) Powers of Audit Committee                                  | 49 (IIIC)                | Yes | The terms of reference of Audit Committee include the matters referred to in this Sub-clause and Section 177 of the Companies Act, 2013.   |
| (D) Role of Audit Committee                                    | 49 (IIID)                | Yes | The terms of reference of Audit Committee include the matters referred to in Sub-clause and Section 177 of the Companies Act, 2013.  |
| (E) Review of Information by Audit Committee                   | 49 (IIIE)                | Yes | The relevant information as referred to in this sub-clause is submitted to the Audit Committee for its review on an on-going basis.  |
| IV. Nomination & Remuneration Committee                        | 49 (IV)                  | Yes | Nomination & Remuneration Committee (NRC) comprises of 4 (Four) Members (NEDs), of which 3 (Three) Members are IDs. Chairman of the Committee is ID.   |
| V. Subsidiary Companies  | 49 (V)                   | NA  | The company does not have any subsidiary company.  |
| VI. Risk Management  | 49 (VI)                  | Yes | The company has in place a Risk Assessment and Risk Mitigation Mechanism. Risk Management Report is periodically reviewed by the Audit Committee / Board of Directors.   |
| VII. Related Party Transactions                                | 49(VII)                  | Yes | A policy on Related Party Transactions is being placed before the Board for approval at its ensuing meeting to be held on 30th January, 2015.  |
| <p>VIII. Disclosures</p> <p>(A) Related party transactions</p> | 49 (VIII)<br>49 (VIII A) | Yes | During this quarter, no material related transaction entered by the Company. A Policy for Related Party Transactions, upon approval by the Board at its ensuing meeting, will be displayed on the company's website and a web link thereto will be provided in the Annual Report 2014-15.  |



| 1  | 2           | 3   | 4  |
|--|-------------|-----|--|
| (B) Disclosure of Accounting Treatment                                   | 49 (VIII B) | NA  | Financial Statements are prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, from time to time.  |
| (C) Remuneration of Directors  | 49(VIII C)  | Yes | Requisite details as required to be disclosed under this sub-clause will be disclosed / included in the Annual Report 2014-15.   |
| (D) Management   | 49(VIII D)  | Yes | Requisite details as required to be disclosed under this sub-clause will be disclosed / included in the Annual Report 2014-15.   |
| (E) Shareholders   | 49(VIII E)  | Yes | Requisite details as required to be disclosed under this sub-clause will be disclosed / included in the Annual Report 2014-15.   |
| (F) Proceeds from public issues, rights issues, preferential issues etc. | 49 (VIII F) | NA  | The company has not raised any money through issue of securities during the quarter.   |
| IX. CEO / CFO Certification  | 49 (IX)     | Yes | A Certificate as required under this clause will be placed before the Board at the time of approval of Audited Annual Financial Statements of the company for 2014-15.   |
| X. Report on Corporate Governance  | 49 (X)      | Yes | Report on Corporate Governance will form a part of the Annual Report 2014-15. The company has been submitting the quarterly compliance report to BSE and NSE, in accordance with this sub-clause.  |
| XI. Compliance   | 49 (XI)     | Yes | A Certificate regarding compliance with the conditions of Corporate Governance under Clause 49 will be annexed to the Directors' Report, forming part of the Annual Report 2014-15.<br><br>Disclosure as to the compliance of mandatory requirements and adoption of non-mandatory requirements will be made in the Annual Report 2014-15. |

For GUJARAT NARMADA VALLEY FERTILIZERS & CHEMICALS LTD.



*R B Panchal*  
R B PANCHAL  
COMPANY SECRETARY

Date : 15th January, 2015  
Place : Narmadanagar