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**Annual General Meeting** – Thursday, December 31, 2009

**Time** – 10:00 A.M.

**Venue** – The Institution of Engineers (India), Gujarat State Centre,  
Bhaikaka Bhavan, Law College Road,  
Ahmedabad - 380 006 (Opp. Gajjar Hall)

**Book Closure Date** - From December 24, 2009 to December 31, 2009



**COMPANY INFORMATION**

**BOARD OF DIRECTORS**

<b>Sanjay Dalmia</b>	Chairman
<b>Anurag Dalmia</b>	
<b>Neelabh Dalmia</b>	
<b>Dr. B C Jain</b>	
<b>K C Jani</b>	Nominee (IDBI)
<b>R W Khanna</b>	Nominee (Exim Bank)
<b>Naresh Chandra</b>	
<b>G C Srivastava</b>	
<b>Mahesh Kheria</b>	Additional Director
<b>Sanjiv Tyagi</b>	Additional Director
<b>Vijay Kumar</b>	(Alt. to Mr. S H Ruparell)
<b>R S Jalan</b>	Managing Director
<b>Tej Malhotra</b>	Sr. Executive Director (Operations)
<b>Raman Chopra</b>	Executive Director (Finance)

**SECRETARIES**

**Bhwneshwar Mishra**  
General Manager & Company Secretary

**Manoj Kumar Ishwar**  
Dy. Manager (Secretarial)

**REGISTERED OFFICE**

“GHCL HOUSE”  
Opp. Punjabi Hall,  
Navrangpura,  
Ahmedabad -380 009 (Gujarat)

**CORPORATE OFFICE**

“GHCL House”  
B-38, Institutional Area,  
Sector - 1  
Noida - 201 301 (UP)  
Website: www.ghcl.co.in

**MAJOR SUBSIDIARIES**

1. Rosebys Interiors India Limited
2. Colwell & Salmon Communications Inc, USA
3. Indian Britain B V, the Netherlands
4. Indian England N V, the Netherlands
5. Indian Wales NV, the Netherlands
6. S C GHCL Upsom SA, Romania
7. Others - As per Statement given U/S 212

**COMPANY IDENTIFICATION NO.**

CIN – L24100GJ1983PLC006513

**STATUTORY AUDITORS**

Jayantilal Thakkar & Co.  
Rahul Gautam Divan & Associates

**WORKS**

**SODA ASH**

Village - Sutrapada,  
Near Veraval,  
Distt. Junagadh - 362 275  
Gujarat

**SALT REFINERIES**

- a) Ayyakaramulam  
Kadinalvayal - 614 707  
Distt. Nagapattinam  
Tamilnadu
- b) Nemeli Road,  
Thiruporur - 603 110  
Tamilnadu

**TEXTILES**

- a) Samayanallur P O  
Madurai -625 402
- b) Thaikesar Alai P O  
Manaparai - 621 312
- c) S. No.191, 192, Mahala Falia,  
Village Bhilad, Distt. Valsad,  
Gujarat-396105, India

**ITES**

A-17, Sector - 58  
Noida

**ENERGY DIVISION**

- (a) Muppandal, Irukandurai Village  
Sankaneri Post Radhapuram  
Taluk, Tirunelveli District  
Tamilnadu
- (b) Chinnaputhur village,  
Dharapuram Taluk,  
Erode District, Tamil Nadu

**BANKERS / FINANCIAL INSTITUTIONS**

IDBI Bank Ltd.  
Export Import Bank of India  
State Bank of India  
State Bank of Travancore  
State Bank of Patiala  
State Bank of Hyderabad  
State Bank of Mysore  
Canara Bank  
Bank of Maharashtra  
Union Bank of India  
Dena Bank  
Andhra Bank  
Bank of India

**SHARE TRANSFER AGENTS**

Link Intime India Private Limited  
(Formerly Intime Spectrum Registry  
Limited)  
C-13, Pannalal Silk Mills Compound  
LBS Marg, Bhandup - West  
Mumbai - 400 078

## CHAIRMAN'S STATEMENT

***"We are in the process of consolidating our operations to build a strong presence in the soda ash, home textiles and retail industry".***

The year 2008-09 has been a challenging year for the world economy including India. The sub-prime crisis that erupted in the US and Western Europe impacted the global financial system, resulting in a significant cut-back in investment flows and the availability of funds.

We in India too have been impacted by these events although not as severely as the developed countries of the world. Industrial growth has been falling for more than a year and GDP growth in 2008-09 has reduced to 6.7% from 9.1% in 2007-08.

Since global trade has dropped drastically, exports are badly affected. There is uncertainty and volatility in markets and not much clarity on the kind of level of economic growth that we have witnessed during the pre- sub prime era. We are hopeful of the overall pick up of international markets and looking keenly to increase our presence in the domestic sector as well within our lines of businesses.

Higher input costs have hit everyone across the board. The cost of and access to funds for both consumers and corporate was another major issue.

During the year your company has entered the fastest growing segment of the Indian Home Lifestyle & retail space through our franchise model that would allow the retail business to grow through a partnership model between retailers & the brand thereby curtailing the possible and unforeseeable risks in the largely nascent yet growing organized market. We are optimistic & hopeful of the strong economic growth which is likely to continue for the Indian market & would lead your company to assume the position of strength going forward in the retail space.

Your company focus is to scale up without losing sight of its competitive strengths like superior systems and processes, manpower development and training, customer satisfaction, productivity and quality.

We have always looked at positioning GHCL among the top players within its focused verticals of Soda Ash, Home Textiles manufacturing, and our front end business of Retail. We would create and build infrastructure and invest in people's initiatives and career growth despite the economic downturn.

We are expecting a much stronger year ahead both in terms of revenue and margin growth in the coming years on the back of successful execution and implementation of our business strategy & plan.

Continuous evolving of a strong risk management framework and policies would lead GHCL successfully confront any challenges and threats that come its way.



As it moves ahead, the Company will continue to deploy benchmarked practices followed worldwide to strengthen internal controls.

I would like to add that your company has been able to weather the sub-prime crisis and have taken tough steps to mitigate global risks and circumvent global and international influences of business down turn and at the same time protect its local interests and stabilized its operations nation wide. Such hardy measures were taken to secure a bigger and more stable future in the coming years and to position ourselves towards taking advantage of the signaled growth in our domestic markets.

We are progressing towards developing a sound strategy on reorganizing our efforts towards managing our business & operations in a manner that allows all our business lines to take full advantage of resources and structures prevalent in the industries' they represent through a restructuring process that not only benefits the businesses and the various stakeholders, but also caters to the growing needs of our customers.

We have an exciting opportunity ahead in terms of retail growth in all our segments. Given the continued good performance in these times I am reassured that our results for the coming year will turn out to be healthy.

I would like to use this opportunity to express our sincere sense of gratitude to all our stakeholders, including customers, vendors, investors, employees, bankers & lenders. They have continued to support us during these times and I trust will continue to do so for all times to come.

Sd/-  
**Sanjay Dalmia**  
Chairman

**NOTICE**

NOTICE is hereby given that the 26th Annual General Meeting of the members of GHCL Limited will be held at The Institution of Engineers (India), Gujarat State Centre, Bhaikaka Bhavan, Law College Road, Ahmedabad - 380 006 (Opp. Gajjar Hall) on Thursday, December 31, 2009 at 10.00 AM to transact the following businesses:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2009, Profit and Loss Account for the year ended on that date together with the Reports of the Directors' and Auditors' thereon.
2. To declare a dividend for the financial year ended March 31, 2009.
3. To appoint a director in place of Mr. Anurag Dalmia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Naresh Chandra, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Mr. R. S. Jalan, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint M/s Jayantilal Thakkar & Co., Chartered Accountants and M/s Rahul Gautam Divan & Associates, Chartered Accountants as Joint Auditors of the Company, to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting and to authorize Board of Directors to fix their remuneration.

**SPECIAL BUSINESS:****7. Appointment of Mr. Sanjiv Tyagi as Director of the Company**

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

"RESOLVED that Mr. Sanjiv Tyagi, who was appointed by the Board of Directors as an Additional Director of the Company and who holds office till the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

**8. Appointment of Mr. Mahesh Kheria as Director of the Company**

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

"RESOLVED that Mr. Mahesh Kheria, who was appointed by the Board of Directors as an Additional Director of the Company and who holds office till the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

**Registered Office:**

GHCL HOUSE  
Opp. Punjabi Hall  
Navrangpura, Ahmedabad - 380009  
Dated: December 1, 2009

By Order of the Board  
For **GHCL LIMITED**

Sd/-  
**Bhuvneshwar Mishra**  
**General Manager & Company Secretary**

**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. A proxy need not be a Member. Proxies in order to be effective must be deposited at the registered office of the Company not less than 48 hours before the commencement of the Meeting.
- (2) The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, December 24, 2009 to Thursday, December 31, 2009 (both days inclusive).
- (3) The dividend as recommended by the Board of Directors will be paid to those members whose names appear on the Company's Register of Members on December 24, 2009. In respect of the shares in electronic form, the dividend will be payable on the basis of beneficial ownership furnished by National Securities Depositories Limited (NSDL) and Central Depositories Services (India) Limited (CDSL) for this purpose.
- (4) The relevant details of directors seeking reappointment under Items No. 3 to 5, as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges is given herein below.
  - (a) Mr. Anurag Dalmia (DOB - May 11, 1956) is a Director of the Company. Mr. Dalmia is a Chairman of Share Transfer and Investors/Shareholders Grievance Committee of the Company. Mr. Dalmia is an eminent Industrialist and has represented PHD Chambers of Commerce and Industry and at present he is a member of committee of Confederation of Indian Textile Industry. Mr. Dalmia is neither a member of more than 10 Committee nor a Chairman of more than 5 Committees. He is a Director on the Board of Golden Tobacco Limited. He does not hold any shares in the Company.
  - (b) Mr. Naresh Chandra (DOB - February 11, 1935) is a Director of the Company. He is an Industrialist and is on the Board of Hercules Hoists Limited. He is neither a member of more than 10 Committees nor a Chairman of 5 Committees. He holds 30050 equity shares of the Company.
  - (c) Mr. R. S. Jalan (DOB - October 10, 1957) is Managing Director of the Company. Mr. Jalan is a Graduate in Commerce and Fellow member of Institute of Chartered Accountants of India. He is having rich experience in Finance and Operations. He is having more than 25 years of Industrial experience. He is neither a member of more than 10 Committees nor a Chairman of more than 5 Committees. He is a Director on the Board of GHCL Rosebys Limited, UK, Old Apparel Inc. (Formerly known as Best Textiles International Limited, USA) and Old Apparel Property Inc. (Formerly known as Best Real Properties Inc., USA). He does not hold any shares in the Company.



- (5) Members are requested to notify immediately any change of address to their Depositories Participants (DPs) in respect of their electronic share accounts and to the Share Transfer Registrar of the Company in respect of their physical share folios, if any.
- (6) Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for deletion or/ change in such bank details. Further instruction, if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, directly to their Depositories Participants.
- (7) 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.
- (8) All documents referred to in the Notice and Explanatory Statement is available for inspection at the Registered Office of the Company during the business hours on all working days of the Company up to the date of the Annual General Meeting.
- (9) Members attending the Meeting are requested to complete the enclosed slip and deliver the same at the entrance of the meeting hall.
- (10) Persons attending the Annual General Meeting are requested to bring their copies of Annual Reports as the practice of distribution of copies of the report at the meeting has been discontinued.
- (11) Dividend for the financial year ended March 31, 2002, which remains unpaid or unclaimed, was due for transfer to the Investor Education and Protection Fund of the Central Government (IEPF) in the month of October 2009 pursuant to provisions of Section 205A of the Companies Act, 1956. Members who have not en-cashed their dividend warrant(s) for the financial year ended March 31, 2003 or any subsequent financial year(s), are requested to lodge their claims with Link Intime India Private Limited (Formerly Intime Spectrum Registry Limited) (LI IPL). Members are advised that once the unclaimed dividend is transferred to IEPF no claims shall lie in respect thereof.
- (12) Electronic Clearing Service (ECS) Facility: With respect to payment of dividend, the Company provides the facility of ECS to all shareholders, holding shares in electronic and physical forms.

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

##### **Item No. 7**

Mr. Sanjiv Tyagi was appointed by the Board of Directors as an Additional Director of the Company at its meeting held on April 30, 2009 as per Article 131 and 138 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, Mr. Sanjiv Tyagi will hold office as an Additional Director up to the date of the ensuing Annual General Meeting. The Company has received notice in writing from member proposing the candidature of Mr. Sanjiv Tyagi for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. Sanjiv Tyagi, aged about 51 years (DOB – February 25, 1959) has completed Hotel Management from the prestigious Oberoi School of Hotel management. Mr. Tyagi had worked with Oberoi Group, Holiday Inn, Radisson, Unitech etc. He had worked as a Managing Director of Unitech Amusement Park. He has very rich experience in Hotel Industry. He is neither a member of more than 10 Committees nor a Chairman of more than 5 Committees. He does not hold any shares in the Company and his association with the Board will be of immense value to the overall progress of the Company.

Your Directors recommend the resolution for your approval. Save and except Mr. Sanjiv Tyagi, none of the Directors of the Company is interested in the resolution.

##### **Item No. 8**

Mr. Mahesh Kheria was appointed by the Board of Directors as an Additional Director of the Company with effect from June 25, 2009, as per Article 131 and 138 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, Mr. Mahesh Kheria will hold office as an Additional Director upto the date of the ensuing Annual General Meeting. The Company has received notice in writing from member proposing the candidature of Mr. Mahesh Kheria for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. Mahesh Kheria, aged about 54 years (DOB – July 18, 1955) was Alternate Director to Mr. S. H. Ruparell before his appointment as an Additional Director on the Board of the Company. Mr. Kheria is a Member of Share Transfer and Investors/Shareholders Grievance Committee of the Company. He is neither a member of more than 10 Committees nor a Chairman of more than 5 Committees. He does not hold any shares in the Company. He has very wide areas of industrial experience and very long association with the Company. His association with the Board will be of immense value to the overall progress of the Company.

Your Directors recommend the resolution for your approval. Save and except Mr. Mahesh Kheria, none of the Directors of the Company is interested in the resolution.

##### **Registered Office:**

GHCL HOUSE  
Opp. Punjabi Hall  
Navrangpura, Ahmedabad - 380009  
Dated: December 1, 2009

By Order of the Board  
For **GHCL LIMITED**

Sd/-

**Bhuvneshwar Mishra**  
General Manager & Company Secretary

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting to you the 26th Annual Report of the Company together with Audited Accounts of the Company for the financial year ended March 31, 2009.

**OPERATIONAL RESULTS**

The summary of the financial performance of the Company for the financial year ended March 31, 2009 compared to the previous year ended March 31, 2008 are given below:

Particulars	(Rs in lakhs)	
	Year Ended March 31, 2009 (12 months)	Year Ended March 31, 2008 (12 months)
Net Sales /Income	<b>124,697.05</b>	109,912.43
Gross profit before interest and depreciation	<b>28,486.65</b>	26,080.24
Interest	<b>9,000.42</b>	5,168.00
Profit before depreciation and amortisation - (Cash Profit)	<b>19,486.23</b>	20,912.24
Depreciation/Amortisation	<b>6,961.12</b>	6,442.02
Gain on exceptional items (Net)	-	653.18
Profit before Tax	<b>12,525.11</b>	15,123.40
Provision for Taxation – Current	<b>491.66</b>	2,689.72
Provision for Taxation – Deferred	<b>1,480.44</b>	2,228.62
Fringe Benefit Tax	<b>123.21</b>	123.10
Profit after Tax	<b>10,429.80</b>	10,081.96
Balance brought forward from last year	<b>32,389.73</b>	25,590.24
Balance brought forward from amalgamating company	<b>(1,222.49)</b>	-
Prior period adjustments	<b>99.12</b>	8.66
Excess provision for tax for earlier years	<b>118.29</b>	67.46
Debenture Redemption Reserve written back	-	458.33
Amount available for appropriation	<b>41,814.45</b>	36,206.65
<b>Appropriations</b>		
Transfer to General Reserve	<b>1,042.98</b>	1,008.50
Transfer to General Reserve as per scheme of arrangement	<b>10,000.00</b>	-
Proposed Dividend	<b>2,000.39</b>	2,400.46
Tax on Dividend	<b>339.97</b>	407.96
Balance carried to Balance sheet	<b>28,431.11</b>	32,389.73

**PERFORMANCE HIGHLIGHTS**
**Soda Ash**

The global Soda Ash demand was 48.3m tones in 2008 with a capacity of 55m tones. Everything was changed in late 2008 in the face of global economic meltdown leaving soda ash makers the world over scrambling to reposition them in a volatile market. Demand for glass, detergent, and other products made from soda ash plummeted the world over. The adverse economic conditions in automobile production and housing affected soda ash consumption in the flat glass and fibre glass sectors in 2008 continued through 2009. As a matter of the shrinking demand, Soda Ash producers round the globe had to resort to production cuts witnessed most profoundly in the largest producer i.e. China. Notwithstanding the continuing economic and energy problems in certain areas of the world, over all global demand for soda ash is expected to grow from 1.5% to 2% annually for the next several years. A global economic recovery is expected in the year 2010.

Your company had successfully completed its soda ash expansion during 2007-08 which has resulted increase in production capacity up to 8.50 lacs MTPA in India and globally 11.5 lacs MTPA. The Company's domestic production of Soda Ash for the year under review at 6,17,566 tones, which was 4.40% higher as compared to the previous year. The Company achieved sales of Soda Ash 5,62,516 tones during the year, which was 2.23% higher than the previous year.

The increase in cost of energy and other raw-materials have significantly affected the margin of Soda Ash manufacturers. However, your company is better placed because of its own captive lignite mines and in house developed briquette usages as an alternative source of fuel, which is cost effective and also reduced dependability on other source of energy.

**Bi-Carbonate (Bicarb)**

During the year, the Company achieved production of Bi-Carbonate 12,659 tones versus 6,355 tones in the previous year, which was 99.20% higher than the previous year. The Company achieved sales of Bi-Carbonate 12,343 tones during the year versus 5,569 tones in the previous year, which was 121.64% higher than the previous year.

**Home Textiles**

India is a textile hub of the world and major international brands are reaching out to the Indian textile industry for quality fabric. India is one of the significant producers of cotton, cotton yarns and textiles in the world. In fact, the country is the second biggest textiles manufacturer worldwide, right after China. Similar force is demonstrated in the cotton production and consumption trend where India ranks just after China and USA. The textiles manufacturing business is a pioneer activity in the Indian manufacturing sector and it has a primordial importance in the economic growth of the country. Employing around 35 million people, textiles industry stands as a major foreign currency revenue generator. India's home textile industry

suffered a drastic setback in growth in the recent past because of global crisis and forex fluctuations. Home textile exports are facing higher risks and domestic market is under pressure, as demand is shrinking in both developed countries and new emerging markets amid the global financial crisis. However, India's home textile enterprises will be benefited on account of several policy measures taken by the Government including stimulus package & export incentives apart from falling raw material prices. Hence, Indian Textiles industry will be able to achieve profitable growth despite market downturn. The impact of the stimulus package provided by the Government is already witnessed in improved performance of Textiles Industry in first half of the current financial year.

In the Home Textiles arena, your company has the most sophisticated processes in place as a Textile Company. Your company is a premium fabric manufacturer and weaving and interlacing processes produce different styles and tapestry, catering to a variety of customer tastes in the market today. As the Company constantly evolve and improve and aim to provide the best quality Home Textile products in affordable price range. The operations at Home Textiles plant at Vapi is stabilizing. The expertise of your Textile unit lies in designing Home Textile products. The wide range of products includes fabrics for Bed-linen, Curtains, Cotton Yarn and styling for Made-ups. The product range includes flat sheets, fitted sheets, pillow cases, Shams, Valences, Curtains, Duvet covers and other top of the bed items in 100% cotton and blends.

#### Retail Initiative

Your company has aggressively focused on retail business segment through Rosebys Interiors India Limited (RIIL). In continuation to our commitment to the retail business, despite the huge downturn which affected many retailers in the country, we persevered in our quest for excellence in this arena. Undaunted by the economic upheaval coupled with negative sentiments in the market, RIIL entered in the retail market aggressively. The launch of Rosebys Brand in the country has taken the retail industry with surprise. Starting our launch by end Oct. 08 we are already 60 stores old by end of March 09 and growing from strength to strength by the moment. Easy acceptability of the Rosebys brand created much furor in the bed, bath and gifting market. The uniqueness of the Rosebys retail venture was its ability to launch a single brand retail identity in the country. Expansion of the Rosebys brand to Eastern Europe and East Asia is on the anvil. The "Grace" brand entered the larger chunk of bed and bath retailers in the country and is able to sustain its own niche which it has created.

#### DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 2.00 per Equity Share for the financial year ended March 31, 2009.

#### FINANCE

The Company had issued an aggregate of US\$ 80.5 million Foreign Currency Convertible Bonds (FCCBs) at a coupon rate of 1% in 2005. Out of which USD 1.5 million FCCBs were converted into equity shares at the option of bondholders during previous year ended on March 31, 2008. Pursuant to circular issued by RBI vide AP(DIR Series) Circular No 39 dated December 8, 2008 and approval obtained by your Company vide letter dated January 30, 2009, during current financial year ended on March 31, 2009, your Company had bought back USD 11.00 million of FCCBs for USD 4.43 million at discount and extinguished the same. The total outstanding of FCCB

as on March 31, 2009 was USD 68.00 million. Subsequent to the close of financial year i.e. upto September 30, 2009, your company had further bought back USD 13.60 million of FCCBs for USD 8.01 million at discount and thereafter total outstanding of FCCBs were USD 54.40 million as on September 30, 2009.

During financial year ended March 31, 2009, pursuant to the provisions of Clause 13.1.2.3 of SEBI (Disclosures & Investor Protection) Guidelines 2000, the your Company had forfeited Rs. 7,15,73,000/-, the amount deposited by M/s Oval Investment Private Limited, a promoter company regarding issue of 45 lac Preferential Convertible warrants issued in 2006.

During the financial year your Company has transferred to investors education and protection fund account (IEPF) a sum of Rs. 31.78 lacs towards unclaimed dividend/unclaimed deposits along with interest thereon.

#### FIXED DEPOSITS

Your Company discontinued inviting, accepting and renewing of fixed deposits effective from September 24, 2002. However, unclaimed deposits of Rs. 2.34 lacs has been transferred to IEPF during the financial year, which is included in Rs. 31.78 lacs transferred, as stated above.

#### EMPLOYEES STOCK OPTION SCHEME

Members in their Extra Ordinary General Meeting held on March 19, 2008 had approved the Employees Stock Option Scheme (ESOS 2008) superceding the earlier Stock Option Scheme (ESOS – 2006) approved by shareholders in their General Meeting held on June 19, 2006. Accordingly the Employees Stock Option granted pursuant to ESOS 2006 had been cancelled and equivalent number of options granted by the compensation committee in their meeting held on March 24, 2008. Under ESOS 2008 the employees will be entitled for minimum guaranteed return of 20% on the Market price of the shares i.e. the latest available closing price prior to the date when the options are granted, at the time of exercise of the option. The ESOS is administered by Compensation Committee of the Company through a Trust formed for this purpose as per the Scheme. The details as per regulation 12 of SEBI (ESOS & ESOS) Guidelines 1999 are given as an Annexure – II forming part of this report.

#### SUBSIDIARIES

During the financial year your Company had incorporated Fabient Textiles Limited in state of Tamilnadu, Rosebys International Limited in state of Gujarat, Rosebys UK Limited in United Kingdom (UK) and Grace Home Fashions LLC in USA. The details of subsidiaries are contained in the statement made pursuant to Section 212 of the Companies Act, 1956, attached with this report. During the year Rosebys group of companies in UK, the step down subsidiaries of the Company went into pre - pack administration and the company had acquired the brand "Rosebys" including all Intellectual Property Rights and Trademarks through a wholly owned subsidiary of the company Rosebys UK Limited. The Chapter 11 proceedings related to Dan River Inc USA is in progress. Due to overall bleak US economic scenario and post Dan River exit, your Company decided to discontinue the operations of Old Apparel Inc. (Best Textiles). Accordingly, the trading operations along with investment, inventories and receivables were sold off to Patriarch Partner LLC on August 29, 2008 and the liabilities of secured lender i.e. Wells Fargo were paid off. During the financial year ended March 31, 2009, company has voluntarily wound up its non-operating step down subsidiary Indrom Chemicals SA incorporated in Romania.



Ministry of Corporate Affairs, Government of India, vide order No. 47/286/2009-CL-III dated May 15, 2009 has granted approval that the requirement to attach various documents in respect of subsidiary companies, as set out in sub-section (1) of Section 212 of the Companies Act, 1956, shall not apply to the Company. Accordingly, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Annual Report of the Company. Financial information of the subsidiary companies, as required by the said order, is disclosed in the Annual Report. Shareholders who wish to have a copy of the full report and accounts of the subsidiaries will be provided the same on receipt of a written request from them at the Registered Office of the Company. These documents will also be available for inspection by any shareholder at the Registered Office of the Company on any working day during business hours. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies.

#### **SCHEME OF ARRANGEMENT / RESTRUCTURING:**

Your Board of Directors in their meeting held on May 25, 2009 had approved "Scheme of Arrangement" under Section 391 -394 of the Companies Act, 1956 for the amalgamation of its 100% subsidiary namely Colwell and Salmon Communications (India) Limited with your company and inter alia to deal with suitable impairment / diminution in the value of investments, loans and advances to and receivables from its subsidiaries due to administration / restructuring of foreign subsidiaries in USA and UK and guarantees provided on behalf of these subsidiaries along with gain realized on buy back of FCCBs at a discount (details provided in note no. 3 to Notes on Accounts). The scheme has already been approved by BSE, NSE and ASE. The Hon'ble High Court of Gujarat has also granted the dispensation for holding separate meetings of the creditors and shareholders of your company for approving the scheme as it does not envisage any fresh issue of equity. Further, The Hon'ble High Court of Gujarat vide its order dated 30th November, 2009 has approved the Scheme of Arrangement.

#### **EXTENSION OF ANNUAL GENERAL MEETING:**

Your Board of Directors in their meeting held on July 18, 2009 had given their consent to file application with the Registrar of Companies, for seeking extension of time for convening of 26th Annual General Meeting (AGM) of the Company for the financial year 2008-09. This application was made for giving effect of the Scheme of Arrangement in the financial accounts of the Company for the year ending March 31, 2009, if it is approved by the High Court, before the accounts are adopted by the shareholders in the Annual General Meeting. This endeavor is in order to give true and fair reporting to the shareholders of the financial position of the company. The Registrar of Companies, Gujarat, Dadra and Nagar Haveli (ROC) vide their letter dated August 11, 2009 had granted the Company extension of time till December 31, 2009 for holding the Annual General Meeting (i.e. 26th AGM) for the financial year ended on March 31, 2009. The Company had intimated to the Stock Exchanges in this regard vide its letter dated August 13, 2009.

#### **CONSOLIDATED FINANCIAL STATEMENTS**

Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to Clause 32 read with Clause 41 of the Listing Agreement entered into with the Stock Exchanges and prepared in accordance with Accounting Standard 21 (Consolidated Financial Statements) of Institute of Chartered Accountants of India, for financial year ended March 31, 2009.

#### **MANAGEMENT DISCUSSION AND ANALYSIS**

In terms of Clause 49 of the Listing Agreement of the Stock Exchanges, Management Discussion Analysis Report is annexed herewith and forming part of this Report.

#### **CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a compliance report on Corporate Governance has been annexed as part of the Annual Report along with Auditor's certificate for the compliance.

#### **LISTING/DELISTING OF THE EQUITY SHARES/FCCBs**

The equity shares of your Company are listed at Ahmedabad Stock Exchange Limited, (ASE), Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE). The annual listing fees for the year 2008-09 have been paid to all these Stock Exchanges. The application for voluntarily delisting of Company's ordinary shares is pending with The Calcutta Stock Exchange Ltd. (CSE), in spite of the fact that company had submitted all relevant information asked by CSE. Company had also requested SEBI to interfere in the matter and direct CSE to delist the shares of the Company as the Company had complied with all statutory requirement. Company on its own had stopped filing of information to CSE and listing fee. The Foreign Currency Convertible Bonds (FCCBs) issued by the Company are listed on the Singapore Stock Exchange.

#### **DIRECTORS**

Mr. Anurag Dalmia, Mr. Naresh Chandra and Mr. R S Jalan, Directors retire by rotation and being eligible, offer themselves for re-appointment. The Board recommends their appointments at the ensuing Annual General Meeting.

Mr. Sanjiv Tyagi and Mr. Mahesh Kheria were appointed as Additional Directors on the Board of the Company w.e.f. April 30, 2009 and June 25, 2009 respectively. The Company has received notice u/s 257 of the Companies Act, 1956 from shareholders signifying intention to propose at the ensuing Annual General Meeting the candidature of Mr. Sanjiv Tyagi and Mr. Mahesh Kheria as Directors of the Company. The Board recommends their appointments at the ensuing Annual General Meeting.

Mr. Jagdish Capoor, Director resigned w.e.f. April 22, 2009. Mr. P.K. Laheri, Ex-IAS, Director resigned w.e.f. June 25, 2009. Mr. H. H. Faruqi, Director expired on June 19, 2009. Your Directors wish to record their gratitude and appreciation for the contribution by above directors during their tenure as Directors of the Company.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO**

Information pursuant to Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure-I forming part of this Report.

#### **PARTICULARS OF EMPLOYEES**

Particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are set out in Annexure to this Report and forms part of the Report. However, as per the provisions of Section 219 (1)(b) (iv) of the Companies Act, 1956, the Report and the accounts are





being sent to the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

#### **STATUTORY AUDITORS**

M/s Jayantilal Thakkar & Co., Chartered Accountants and M/s Rahul Gautam Divan & Associates, Chartered Accountants, the Joint Auditors of the Company will retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received certificates from the auditors to the effect that their re-appointment, if made, would be in accordance with Section 224 (1B) of the Companies Act, 1956. The Board recommends their re-appointment.

#### **COST AUDITORS**

The Board has appointed M/s R J Goel & Company, Cost Accountants, New Delhi, M/s L S Sathiamurthi & Co., Cost Accountants, Chennai and M/s N D Birla & Co., Cost Accountants, Ahmedabad as Cost Auditors for the Soda Ash division, Yarn division (Madurai) and Home Textile division (Vapi) of the Company respectively under Section 233B of the Companies Act, 1956 for the financial year 2009-10.

#### **AUDITORS**

The Auditors have qualified on certain matters and the same are clarified in notes on accounts no. 3,6,9 and 38 which are forming part of Balance Sheet as at March 31, 2009 and Profit and Loss Accounts for the year ended on that date, are self explanatory and therefore do not call for any further comment U/s 217(3) of the Companies Act, 1956.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, confirm that:

- a. in the preparation of the annual accounts for the financial year ended March 31, 2009 the applicable accounting standards have been followed and there has been no material departure;

- b. appropriate accounting policies have been selected by them and applied the same consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009 and of the profits of the Company for the financial year ended March 31, 2009;
- c. the proper and sufficient care has been taken by them for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d. the annual accounts for the financial year ended March 31, 2009 have been prepared by them on a going concern basis.

#### **ACKNOWLEDGEMENT**

The Directors express their gratitude to Financial Institutions, Banks, and various other agencies for the co-operation extended to the Company. The Directors also take this opportunity to thank the shareholders, bondholders, customers, suppliers, lenders and distributors for the confidence reposed by them in the Company. The employees of the Company contributed significantly in achieving the results. The Directors take this opportunity of thanking them and hope that they will maintain their commitment to excellence in the years to come.

By Order of the Board of  
**GHCL Limited**

Sd/-  
**SANJAY DALMIA**  
Chairman

Date: December 1, 2009  
Place: New Delhi

**ANNEXURE I TO THE DIRECTORS REPORT**

**A. CONSERVATION OF ENERGY**

**a) Energy Conservation Measure Taken**

- 1 Lignite beneficiation plant in successful operation, captive lignite usage increased.
- 2 Installation of two more streams of Nano filtration plant reducing load on high energy consuming RO plants and seawater processing.

**b) Additional Investment & proposals, if any, being implemented for reduction of consumption of energy**

- 1 Maximum usage of low GCV fuel in CFBC boiler.
- 2 Feasibility study for a condensing turbine for better steam power balance.

**B. POWER & FUEL CONSUMED**

	<b>Year ended March 31,2009</b>	Year ended March 31,2008	
<b>1 Electricity</b>			
(i) Purchased Units (lacs kwh)	<b>648.75</b>	683.81	
Total amount (Rs. lacs)	<b>3,053.29</b>	3,076.95	
Rate per Unit (Rs.)	<b>4.71</b>	4.50	
(ii) Own Generation			
(a) Through DG			
Units (lacs kwh)	<b>84.19</b>	150.04	
Units per ltr of Diesel Oil	<b>3.71</b>	3.19	
Cost per Unit (Rs.)	<b>7.27</b>	5.21	
(b) Through GTG			
Units (lacs kwh)	<b>177.12</b>	118.40	
Units per SCM of Gas	<b>2.56</b>	2.63	
Cost per Unit (Rs.)	<b>5.62</b>	4.83	
(c) Through TG			
Units (lacs kwh)	<b>1,474.58</b>	1,396.92	
Cost per Unit (Rs.)	<b>1.78</b>	1.60	
<b>2 Coal</b>			
Quantity (MT)	<b>192,686.00</b>	172,225.00	
Total Cost (Rs. lacs)	<b>12,728.44</b>	6,250.38	
Average Rate (Rs/MT)	<b>6,605.79</b>	3,629.19	
<b>3 Lignite</b>			
Quantity (MT)	<b>245,503.20</b>	233,695.73	
Total Cost (Rs. lacs)	<b>1,637.45</b>	3,058.60	
Average Rate (Rs/MT)	<b>666.98</b>	1,308.80	
<b>4 Consumption per Unit of Production</b>			
	<b>Production (MT)</b>	<b>Electricity (kwh/MT)</b>	
		<b>Year ended March 31, 2009</b>	
		Year ended March 31, 2008	
Soda Ash	617,566	<b>261.29</b>	254.88
Salt	31,203	<b>33.28</b>	38.40
Yarn	10,614	<b>5.01</b>	4.71
Cloth (Fabric '000 Meters)	30,293	<b>0.76</b>	0.78
Coal - Soda Ash (MT/MT)	617,566	<b>0.31</b>	0.29
Lignite - Soda Ash (MT/MT)	617,566	<b>0.40</b>	0.40

**C. TECHNOLOGY ABSORPTION**

**1 Research & Development**

Efforts continue to bring in operational efficiencies and product up gradations to meet specific customer need both domestic and export. No specific expense can be earmarked for R&D, as this is an ongoing process at the operational level.

**2 Technology -Absorption, Adoption and Innovation**

The technology for soda ash provided by M/s Akzo Zout Chemis of the Netherlands has been fully absorbed.

**3 Imported Technology**

- a) Technology Import  
Soda Ash manufacturing technology by Dry Process.
- b) Year of Import  
January 1984
- c) Has technology been fully absorbed?  
Yes, the technology has been fully absorbed.
- d) If technology has not been fully absorbed.  
Not applicable.

**D. FOREIGN EXCHANGE EARNING AND OUTGO**

Particulars with regard to foreign exchange earnings and outgo appear in the relevant Schedules of the Balance Sheet.

**Annexure – II**

The details as per regulation 12 of SEBI (ESOS & ESPS) Guidelines 1999 are as follows:

<b>Particulars</b>	<b>Details</b>																								
No of Options granted	16,55,000																								
Pricing Formula	Rs. 76.95 (Market Price i.e. the latest available closing price prior to the date when the options are granted )																								
Options Vested	Nil (Vesting Period is two year from the date of grant i.e. March 24, 2008 to March 24, 2010)																								
Options Exercised	Nil																								
Total Number of shares arising as a result of exercise of options	Not Applicable																								
Option Lapsed	Nil																								
Variation of Terms of Options	Nil																								
Money realized by exercise of options	Nil																								
Total Number of Options granted	16,55,000																								
Options lapsed for 2 employees left during the year	40,000																								
Total Number of Options in force as on March 31, 2009	16,15,000																								
Number of employees for whom above options are in force	36																								
Employee-wise details of options granted to:																									
(i) Senior Managerial personnel	<table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Name</th> <th style="text-align: right;">No. of Options Granted</th> </tr> </thead> <tbody> <tr> <td>Mr. R S Jalan</td> <td style="text-align: right;">2,00,000</td> </tr> <tr> <td>Mr. Tej Malhotra</td> <td style="text-align: right;">1,25,000</td> </tr> <tr> <td>Mr. Raman Chopra</td> <td style="text-align: right;">1,00,000</td> </tr> <tr> <td>Mr. Sunil Bhatnagar</td> <td style="text-align: right;">1,00,000</td> </tr> <tr> <td>Mr. K V Rajendran</td> <td style="text-align: right;">1,00,000</td> </tr> <tr> <td>Mr. Nikhil Sen</td> <td style="text-align: right;">75,000</td> </tr> <tr> <td>Mr. B R D Krishnamoorthy</td> <td style="text-align: right;">75,000</td> </tr> <tr> <td>Mr. R S Pandey</td> <td style="text-align: right;">75,000</td> </tr> <tr> <td>Mr. N N Radia</td> <td style="text-align: right;">75,000</td> </tr> <tr> <td>Mr. M. Sivabalasubramanian</td> <td style="text-align: right;">75,000</td> </tr> <tr> <td>Mr. Neeraj Jalan</td> <td style="text-align: right;">75,000</td> </tr> </tbody> </table>	Name	No. of Options Granted	Mr. R S Jalan	2,00,000	Mr. Tej Malhotra	1,25,000	Mr. Raman Chopra	1,00,000	Mr. Sunil Bhatnagar	1,00,000	Mr. K V Rajendran	1,00,000	Mr. Nikhil Sen	75,000	Mr. B R D Krishnamoorthy	75,000	Mr. R S Pandey	75,000	Mr. N N Radia	75,000	Mr. M. Sivabalasubramanian	75,000	Mr. Neeraj Jalan	75,000
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Mr. N N Radia	75,000																								
Mr. M. Sivabalasubramanian	75,000																								
Mr. Neeraj Jalan	75,000																								
(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during that year	None																								
(iii) Identified employees who where granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None																								
Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 "Earning Per Share"	Not Applicable																								
Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	Not Applicable																								
Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Not Applicable																								
A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information :	Options are granted at the Market price																								
(i) risk – free interest rate	Not Applicable																								
(ii) expected life,	Not Applicable																								
(iii) expected volatility	Not Applicable																								
(iv) expected dividends and	Not Applicable																								
(v) The price of the underlying share in the market at the time of option grant.	Rs 76.95 per share																								



## MANAGEMENT DISCUSSION AND ANALYSIS 2009

### Disclaimer:

Readers are cautioned that this Management Discussion and Analysis contains forward-looking statements that involve risks and uncertainties. When used in this discussion, the words “anticipate”, “believe”, “estimate”, “intend”, “will”, and “expected” and other similar expressions as they relate to the Company or its business are intended to identify such forward looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements and risks and opportunities could differ materially from those expressed or implied in such forward-looking statements. The important factors that would make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic and overseas markets, raw material prices, changes in the Governmental regulations, labour negotiations, tax laws and other statutes, economic development within India and the countries within which the Company conducts business and incidental factors. The Company undertakes no obligation to publicly amend, modify or revise any forward-looking statements on the basis, of any subsequent developments, information or events. The following discussion and analysis should be read in conjunction with the Company's financial statements included herein and the notes thereto.

### Management discussion and analysis

The management of GHCL Limited presents the analysis of division-wise performance of the Company for the financial year ended March 31, 2009 and its outlook for the future. This outlook is based on assessment of the current business environment. It may vary due to future economic and other developments, both in India and abroad.

### REVIEW OF ECONOMY

The growth of the Indian economy slowed down to 6.7% during the year 2008-09 as compared to 9 % in the previous year 2007-08. This may be seen to suggest that the process of economic acceleration that has characterized the economy over the past few years has lost some of its pace because of the impact of global recession.

In the past year, the Indian as well as the global economy has witnessed a very high degree of uncertainty and volatility. While the year began on a reasonably optimistic note - particularly for the Indian economy - sentiment was completely reversed as the year drew to a close. This sharp shift underscores the somewhat grey theme of the year gone by, as the global financial crisis turned into a global economic slowdown, impacting the fortunes of the Indian economy along its way. Central banks and governments across the world reacted to the situation by pumping in billions of dollars by way of fiscal and interest rate stimuli. According to some estimates, till March 2009, over 3% of the world's GDP in 2008 has been injected into economies across the world. In addition to the US\$ 800 billion that has been pumped into the US economy, the G20, in April 2009, announced a stimulus package of US\$ 1.1 trillion. The International Monetary fund (IMF) estimates that the global economy is expected to contract by 1.4% in 2009. USA has reported three successive quarters of negative growth. The Euro zone countries, too, are facing deflationary pressures.

Japan's GDP has shrunk by 12.1%. Over the past month, however, macroeconomic indicators point to stability and recovery. The worst phase of the recession seems to be over. Asian economies, in particular, seem to be returning to a growth path, albeit slowly. Recent reports published by a number of investment and research houses indicate cautious optimism about calendar 2009 and more robust hopes of growth for 2010, by which time the global economy is estimated to expand by 2.5%. The recovery in Global Economy is largely being led by China and India which are likely to grow by 8.1% and 6.1% respectively. However these economies would be under constant pressure of inflation and would have to be fine balance between growth and inflation. It would be difficult to predict on Global Economy, once the respective Governments gradually start rolling back the stimulus package somewhere in 2010.

The Indian economy registered around 9.0% growth during FY04 - FY07 and this growth rate gave rise to hopes of structural shift in economic growth. However, owing to a changing dynamics, concerns of overheating (till start of 2008) were replaced with concerns of the Indian economy moving into slowdown towards the end of 2008. Real GDP, which witnessed substantial moderation during Jan-Dec'08, is one of the key indicators of an economy that is losing steam. During Jan-Dec'08, India's GDP growth averaged 7.4% as compared with 9.2% during the corresponding period of the previous year. The manufacturing sector's growth slowdown was more pronounced and almost halved to 4.02% during Jan-Dec'08 from 9.9% during Jan-Dec'07, which caused moderation in industrial sector growth at 5.7% during Jan-Dec'08 as compared with 9.4% during Jan-Dec'07.

In the beginning of the current financial year, there was greater optimism about India's growth prospects and believed that the strength of domestic demand, particularly investment, would enable India to achieve a real GDP growth of 8.5% in FY09. While due consideration was given to the financial turmoil being witnessed in the developed economies, India was not expected to be seriously affected by the unfolding crisis. However, since Sept'08, the scale of crisis intensified and its knock-on effects were felt in the real estate sector. Risks to the global growth outlook were significant and tilted firmly towards downside. In such a scenario of changing dynamics of uncertainty, and downside risks to the global economic growth, the policy makers felt the need to revise India's growth prospects. It has revised GDP growth forecasts downwards to 6.5% in financial year 2009-10. The downward revision is driven largely because of (a) investment demand losing steam (b) uncertainty in global markets (c) downtrend in industrial production (d) slowing services sector growth (e) stress on external balance and (f) uncertainty on employment front. With timely and huge stimulus package given by the Indian Government, the Indian Economy has emerged very strong from the global downturn and its GDP is likely to achieve growth rate of approx 6.5% to 7% for financial year 2009-10.

### COMPANY PERFORMANCE-PERFORMANCE HIGHLIGHTS

- Revenue of the India business for the financial year ended March 31, 2009 has risen by 13.45% to Rs. 1246.97Cr as against Rs. 1099.12Cr for the previous financial year ended March 31, 2008.
- Profit before financial expenses and depreciation for the financial year ended March 31, 2009 of the India business has risen by 9.22% to Rs. 284.86Cr as compared to



Rs. 260.80Cr for the previous financial year ended March 31, 2008.

- PAT (Profit after Tax) for the financial year ended March 31, 2009 of the India business has risen by 3.44% to Rs. 104.29Cr against Rs. 100.82Cr for the previous financial year ended March 31, 2008

**INORGANIC CHEMICALS (SODA ASH) GLOBAL SODA ASH INDUSTRY**

**Demand-Supply Scenario**

**Demand**

Global economic problems have reduced world soda ash consumption. Per capita consumption of soda ash decline in the world's most developed countries. American soda ash consumption in 2008 was 19.21 kg per person, down 0.89 kg from 2007.

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Country</b>	<b>Soda Ash Consumption Per Capita (Kg)</b>								
<b>China</b>	5.6	6.34	7.29	7.81	8.82	9.59	10.91	12.18	12.6
<b>India</b>	1.6	1.55	1.41	1.47	1.74	2.11	1.87	1.97	2.06
<b>United States</b>	22.78	22.1	21.66	20.92	21.41	21.52	20.53	20.1	19.21
<b>Indonesia</b>	3.15	3.34	2.91	2.6	3.39	3.52	2.73	3.2	3.33
<b>Brazil</b>	3.48	3.66	3.45	3.57	3.56	4.13	4.14	4.25	4.4
<b>Russia</b>	12.2	13.35	13.38	13.18	15.71	15.6	17.8	18.66	NA

Source: Trona Patch Times August 2009

Other countries' data display the opposite trend. Chinese soda ash per capita consumption growth is the fastest of any large country in the world. Per capita consumption more than doubled from 2000 to 2008, from 5.60 kg to 12.60 kg. High GDP growth in developing countries is the driver for increased per capita soda ash consumption. Chinese GDP growth since the turn of the century after was double digit. Indian per capita consumption (2.06 Kg) has grown 29% since 2000 and Brazilian consumption (4.40 Kg) is up 26%.

The adverse economic conditions in automobile production and housing affected soda ash consumption in the flat glass and fibre glass sectors in 2008 continued through 2009. Notwithstanding the continuing economic and energy problems in certain areas of the world, over all global demand for soda ash is expected to grow from 1.5% to 2% annually for the next several years. A global economic recovery is expected in the year 2010.

**Supply**

China is the largest Soda Ash player in the world by having a capacity of 22 Mn. MT which is around 40% of the world capacity, whereas US capacity is only 11.29 Mn. MT. The five main US natural soda ash producers are - FMC, General Chemical (TCL), OCI Wyoming, Solvay and Searless Valley (Nirma). In 2008, Tata Chemicals acquired the soda ash business of US based General Chemical that has manufacturing facilities in Wyoming, making the former the second largest producer of soda ash in the world.

The capacity addition has slowed in the developed nations such as US & UK due to the increased use of liquid detergents,

replacement of glass containers by plastic containers, increased use of cullet in glass production coupled with the stagnant industrial growth.

The world's largest deposit of trona is in the Green River Basin of Wyoming in USA having a presence of world's major companies in the area contributing to the sustained growth of US exports. With abundant reserves, US soda ash players dominate the international trade.

**INDUSTRY OUTLOOK**

World's total soda ash demand which at present is at 49.00 Mn MT is expected to grow by at least 1 to 1.5% over the medium term with 50% of it is expected to come from Latin America, India, China and Middle East countries due to a higher GDP growth.

Analysts expect the new capacities to come mainly in the regions of high growth such as India, China or South East Asia due to easy availability of key raw materials. China is likely to add at least 1.00 to 1.5 Mn MT capacities every year in spite of declining domestic demand on the back of huge infrastructure investments.

There has been a major global meltdown in soda ash prices since last year caused by lower demand and by rising costs of energy and transport.

The demand for soda ash is primarily driven by the requirements of the glass industry while the needs of the fabric washing (detergents) and other cleaning sectors also play an important role inasmuch as they use soda ash both directly and in a derivative form. The estimated global consumption of soda ash is expected to be in the following ratio with glass contributing 50%, Detergents 15%, Chemical 10% and others 25%.

**Indian Scenario**

Global meltdown has affected the overall scenario and it has taken their toll on Indian soda ash industry too with automobiles and construction sectors both getting hit hard. Though domestic demand shows improvement, global economic slowdown continues to affect Indian soda ash industry due to increased imports and general financial crunch. Currently about 30% of the Indian demand is being met through imports, this was traditionally in the range of 10-12%. Import price variance continues to be extremely high.

The Indian Soda Ash market constitutes of two varieties – Light (used in detergent industry) & Dense (used in Glass industry), with a share of 70% and 30 % respectively. Total installed capacity in India is only 3.0 Mn MT. In last financial year (2008-09) the capacity utilization was of only 71% of the domestic production capacity.

Indian soda ash market which was growing at CAGR of 5% over last 5 years till Sept 2008, exported 15% of its production to South East Asia, Middle East & SAARC Countries (Bangladesh). Everything was changed in 2008 and industry reported a negative growth of -2% for FY 2008-09. The total size of the Indian soda ash market is about 2.4Mn MT with all the major industry players located in the state of Gujarat due to the closeness and ready availability of the main mother earth materials namely limestone and salt.

It is Advantage India because of huge reserve of limestone and large production of salt due to the availability of long coast line. Also India has the advantage of having energy efficient

technological plants and the position to cater to the soda ash needs of high growth nation viz. Middle East & South East Asian and SAARC countries. The Domestic demand is also likely to grow at a good pace.

#### **GHCL Soda Ash business**

GHCL Limited is a leading Indian producer of soda ash is well-poised to tap opportunities in the dense soda ash business which contributes about 30 per cent of the total revenues whereas the total soda ash business contributes about 68 per cent of total Indian Stand alone revenue (Dense soda ash Constitutes 45% while 55% is light).

In its first phase of expansion, GHCL has raised its domestic capacity by about 40 per cent to 8.5 lakhs tones with its over all capacity including the Romanian capacity going up to 11.5 lakhs tones. The company would further increase its domestic capacity by about 2.5 lakh tones to 11 lakh tones in the second phase in next couple of years depending upon industry requirement.

The company is one of the lowest cost producers of synthetic soda ash in the world due to 100% captive source of all the raw materials – Salt, Limestone, Met Coke and fuel. The other key factor for success is the innovation brought in by the company by replacing the imported Met Coke with in-house Developed Briquette Coke. GHCL is the only soda ash manufacturing company in India which has the captive mining of fuel (Lignite) leading to substantial cost reduction on the back the Kaizen System.

GHCL shares highly successful client relationships and is the preferred supplier to all major soda ash consumers; its clients include Hindustan Unilever Limited, Ghari Group, Gujarat Guardian Limited, Videocon Industries Limited, Gujarat Borosil Limited, Piramal Glass Limited and Phillips.

#### **Opportunity and Concerns**

GHCL in order to capitalize on the demand opportunity from the real estate & construction and automobile sector has added capacity for a higher share in the world's fastest growing market of Asia, growing @ 5% approximately by increasing its global capacity to 1.1 million MT. The company is replicating its domestic cost control methods at its facilities in the European market to have higher margins.

The product quality is comparable to the best European producers with cost being comparable to Chinese units. The industry offers huge opportunity for growth as the Indian per capita consumption of soda ash is the lowest (2.06 Kg) and there are opportunities for capacity expansion because of product acceptability in the export markets.

The industry suffers from the weaknesses of concentration of 95% capacity in Gujarat and the cost of transport to markets in South and East India, which constitutes 30% of consumption, is high as compared to the ocean freights to South and East India where product is imported from China/Kenya and Europe. Currently around 30% of the Indian demand is being met by cheap imports. Import price variance continues to be extremely high.

GHCL has been able to maintain a domestic market share through a combination of market development, pro-active Direct Customer Relationship management (CSI) Satisfaction initiatives and the speedy response to the needs of the market

place. The impact of Global slowdown also impacted Romania Soda Ash operations. We have put a lot of focus on cost control and have been able to bring down the costs. Now with the improved outlook for Global Economy in 2010 and reduction in gas cost in Romania, we are likely to achieve better margin in next year.

#### **Delivery Model & Approach**

GHCL's core operations & management team over the last few years have come up with a focused model & approach towards implementing turnaround & growth strategies that would be implemented to develop the growth potential of the company and create replicable model to be used globally.

In India, GHCL is well placed to leverage the opportunity in the soda ash business due to the Entry Barrier for any kind of Greenfield Investments. As typical Modular Capacity for Greenfield Project needs to be 600,000 TPA which would come at a high cost of: US \$400 million. Also the time Frame for Project completion is minimum 4 years for a plant, moreover the major constraint comes in creation of Raw Material resources. With the Strong customer relationship in both domestic & Export market GHCL would be the major beneficiary.

#### **HOME TEXTILES - Outlook and Growth**

The dismantling of the quotas in the Textiles arena has led to India and China emerging as winners. This has led to aggressive realignment of production and outsourcing facilities being shifted to India & China due to the cost advantage it brings. The home textiles market in India is growing with leaps and bounds and in the process has attracted the attention of foreign brands that have entered the Indian markets on their own or through joint ventures. This has happened due to the growing affluence levels of the Indian consumers who are becoming more and more demanding by asking for exquisite home textile fabrics.

The domestic home textile market size, which was estimated at Rs. 600 billion in 2007-08, is expected to touch Rs. 775 billion in 2010-11. Exports are expected to grow at a CAGR of 12.3% from Rs. 120 billion in 2007-08 to Rs. 170 billion in 2010-11. Home textile companies are also foraying into domestic retail to reach the customers directly. Domestic companies are also buying similar companies abroad, in order to tap the overseas market. The manufacturing base is gradually shifting from the western countries to the low-cost countries in the East. AT Kearney, a well-known international management consultancy, recently identified India as the most attractive retail destination globally. In India the unorganized sector is about 80% and organized is approx 20%. According to a Knight Frank survey, India ranks fifth amongst the 30 emerging retail markets in the developing countries now.

Favorable Government policies, low finance cost under TUF comparable to any country in the world and capital subsidy makes finance cost extremely low, Zero duty CENVAT chain and textile & apparel parks are the major positives which are going to drive the sector growth. Home textile continues its strong growth in the country, with a number of new projects and the growing domestic market is attracting international companies too. Inherent strengths & cost competitiveness of Indian textiles industry is catalyzing major retailers & brands of the world such as Wal-Mart, Target, Gap, Marks & Spencer & Tesco to set up shops/increasing their Indian presence augurs well for the sector.



**GHCL – Home Textiles**

GHCL Limited is one of the largest textile manufacturers in the country with an installed capacity of 140,000 spindles manufacturing 100% cotton and polyester cotton blended yarns. Company's textile plant at Vapi is vertically integrated with its in-house, weaving, fabric processing with a capacity of 34 mn meters per annum, and cut & sew facilities. The Company's sales and profitability of Home Textiles division were affected due to impact of global slowdown and lower off take from USA and Europe. However, the Company is introducing a MASS PRODUCT to increase its market share in the Domestic Market. The Company is taking necessary measures to cut down the cost and improve the profitability of Home Textiles division.

**Opportunity & Concerns**

The Home Textiles industry has started improving now, but competition from China remains strong. India should focus on high value items, in which China does not operate. Home textiles industry attracting a number of foreign companies to participate in textiles segment. Amid growing international competitiveness, the reasons for India's success are not hard to find as apart from China, no other country can match the size, depth, spread and competitiveness of the Indian textile industry as India has a complete supply chain, from a vast raw material supply to high quality finished products, with labour costs among the lowest in the world along with which Indian firms offer experience, entrepreneurship and design skills which Chinese firms find hard to match.

The US and EU markets presents a huge growth opportunity for the Home Textile trade due to its inability to be cost competitive which has led to closure of the manufacturing units in the area. There could be some unforeseen factors such as change or slow down in the growth and demand for Home Textile products or company not being able to turnaround the portfolio or replace the trend in the markets. The other factor which can affect the growth is the change in government policies, or anti trade lobbyists within India or even in the US or EU which could affect the company's ability to source the goods in time and hence could lead to a disruption in supply. These factors could have an impact on the revenues of the company but just temporarily.

**Outlook**

Global economies are showing signs of recovery and it is expected that a clear up –tick will be visible by the end of calendar 2009. In spite of deceleration from 9% GDP growth to 6.7% GDP growth, India remains the second largest growing economy in the world; and according to a report by Goldman Sachs, India is expected to become the world's third largest economy by 2035. The Index of Industrial Production (IIP) data released on July 10, 2009 reflects a growth of 2.7% for the first quarter of fiscal 2009-10. What is more encouraging is that the textiles sector's year –on-year growth has improved from 9.8% to 11.5% for the first two months of the current financial year. The Indian textile industry has laid considerable emphasis on exports. At a macro level, the recession affecting the Western economies has shrunk overall demand for textiles products. At micro level, however the pattern is different. Large international buyers are examining ways and means to reduce the procurement cost of their textiles and this has resulted in them buying from a few large suppliers rather than many small ones. GHCL believes that the integration, scale and overall

value addition that it offers will stand it in good stead even in the current macroeconomic conditions and that over a period of time the company will yield enhanced stakeholder value.

**The Retail Venture-Rosebys**

According to the Global Retail Development Index (GRDI) developed by A T Kearney, a global consulting firm, India has been ranked the most attractive nation for retail investment among 30 emerging markets – the fourth time in five years that India has topped the survey. This is an indicator of the depth, resilience and potential of the Indian retail market, of which garments and apparel consists of a substantial portion. Although the growth potential of the retail market in India is high, the Indian retail consumer is conscious of 'value for money' offerings. GHCL launched Rosebys retail stores in India under a company focused on retail - Rosebys Interiors India Limited (RIIL). Rosebys retail initiatives in India are primarily focused in the business of home and life style retailing. RIIL plans to set up a footprint of around 500 retail outlets in India in the next few years. Rosebys plans to achieve this footprint through the franchisees model. At present, total 70 Stores are operational in 9 states and another 15 stores will be opened immediately.

Brand creation of Rosebys has been widely appreciated by the consumer and advertisements have been seen in all arenas like TV, Cinema, News Paper, Magazine, Outdoor and localized activities. Further, Rosebys Brand is being currently tracked by Dun & Bradstreet, a well known Industry research firm, along with other prominent brands in the same category, which reflects the brand value established in the industry in a short span of time. We believe that retail business offers growth potential in both the internationals and the domestic markets.

**Colwell and Salmon Communications (India) Limited (CSI)**

The Board of Directors of GHCL has approved Scheme of Arrangement in the form of merger of Colwell and Salmon Communications (India) Limited (CSI) pursuant to provisions of Section 391-394 of the Companies Act, 1956. The Scheme has also been approved by Bombay Stock Exchange, National Stock Exchange and Ahmedabad Stock Exchanges. The Hon'ble High Court of Gujarat vide its order dated 30th November, 2009 has approved the Scheme of Arrangement.

**Internal Controls and Risk Management**

GHCL has adequate and proper system of internal controls commensurate with its size and business operations at all plants, divisions and the corporate office to ensure that its assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are reliably authorized, accurately recorded and reported quickly. The company has appointed outside internal audit agency to carry out concurrent internal audit at all its locations. The scope of its internal audit program is laid down by the Audit Committee of the Board of Directors. The Audit Committee meets periodically to discuss findings of the internal auditors along with the remedial actions that have been recorded or have been taken by the management to plug weakness of the system. Risk Management and internal audit functions complement each other at GHCL. The company strives to adopt a de-risking strategy in its operations while making growth investments. This involves setting up and monitoring risk on a regular basis.

**Human Resource Development in GHCL**

As on March 31, 2009, the Company had 2692 employees across all divisions and levels of the organizational structure and hierarchy. As in the past few years, the Company continued to strive towards enhancing the competence and employability of its human capital during the year 2008 – 09 too.

One of the significant objectives of human resource strategy, focus and initiatives during the year had been to equip the people of company to overcome the impact of the turbulent external economic environment by providing stability in operations, achievable goals, realistic financial targets and continuous monitoring of developments taking place in industries and sectors where company is a stakeholder. The Company paid special attention to developmental activities viz. sharpening of skills and abilities, developing academic and professional knowledge and cultivating appropriate behavioural skill sets such as effective interpersonal relations, team building abilities amongst its employee base. Particularly, in senior managerial levels, the performance management system not only encourages and assesses work performance but also evaluates the time and efforts invested by executives in self and subordinate development. Employees are provided access to internet, library, internal and external training programmes and interaction opportunities with area experts, counseling by behavioural specialists etc. to achieve these objectives.

With regard to developing an effective second line of leadership and succession programme, the Company is following a specific action plan in which key and critical positions in the organisation have been identified. Amongst the employees, the best performers are also being identified for putting them in to a fast track mode. The company is aiming to develop teams of multi talented and skilled employees in line with the different lines of business in which it is currently engaged. Going forward, the key for organisations to perform would be through their human talent only which can make all the difference between mere existence and outstanding performance. Realising this, even in the time of economic slow down, the company had not chosen any step that would really impact the confidence levels of its people. Emerging out of its belief in having the right human talent, while continuing to develop the capabilities of its existing employee base, the company adopts an elaborate and scientific selection process in recruitment. Apart from other selection tools, psychological profiling is also done to have the right people on board. Periodic employee satisfaction and compensation surveys are also being carried out and the company is also putting in lots of importance to its performance management system to encourage overall improvement in performance on a continuous basis. The 3P principle of pay for position, pay for person and pay for performance has been adopted in the organisation and the compensation restructuring initiatives are also undertaken time to time. At the work place level also, the company adheres to the highest benchmarks in

safety, security and cordial industrial relations in all its divisions and work sites. All these initiatives reflect clearly in one of the lowest attrition rates among its comparable organisations.

**Social Responsibility and Community Development Programmes**

True to its tradition of being an organisation actively engaged in the social environment in and around its manufacturing facilities, the company, during 2008 – 09 also contributed immensely to the betterment of general public.

**Environment Conservation :** GHCL puts in lot of efforts in conserving the natural environment around its operations and its engineers are also developing many innovative practices in protecting and preserving valuable natural resources. The 9th Greentech silver medal for Environment Excellence 2008 won by GHCL Soda Ash Plant at Sutrapada in the Chemical Industry sector and the various awards won by the limestone mining division in air and water pollution control, forestation, reclamation and rehabilitation of mined land stand testimony to the extent of such efforts.

Technology is being used fully to minimise the pollution levels at its manufacturing facilities of home textiles, yarn and salt divisions also. Substantial investments have been done to conserve and recycle precious water at these locations and the company is totally committed to its policy of environmental protection. At the soda ash plant, a Nano waterplant was commissioned in 2008 which has resulted in a significant reduction in the overall water consumption by the plant.

**Healthcare** – Periodic health camps, sanitation drives, distribution of free medicines and other medical equipments are organised by the company at its manufacturing locations which are beneficial to both employees and surrounding people.

**Education** – The Company firmly believes that the foundation for all growth and development of society lies in education and pitches in all ways it can in furthering education of its employees' children and also that of the families staying nearby. The school run by the company at its soda ash manufacturing facility at Sutrapada, has grown to a prestigious institution in the area which is a boon to the local population also. In the academic year ended in March 2009, the school achieved 100% success in both Class X and XII standards with a significant percentage of students securing first class and above. In addition, company also extend help and cooperation to other schools in and around Sutrapada regularly.

**Community Development** – The company continues to maintain roads, water supply facilities etc. in Sutrapada Village which are immensely helpful to the people. Other infrastructural aids are also being provided to local administration, temples, cultural bodies etc.





**CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009**

(as required under clause 49 of the Listing Agreement entered into with the Stock Exchanges)

**1. Company's Philosophy on Code of Corporate Governance**

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. The Company continues to focus on good Corporate Governance, in line with the best practices in the areas of Corporate Governance.

Your Company believes that sustainable and long-term growth of every stakeholder depends upon the judicious and effective use of available resources and consistent endeavour to achieve excellence in business along with active participation in the growth of society, building of environmental balances and significant contribution in economic growth.

The Governance for your Company means being true to own belief and constantly strengthening and increasing stakeholders' values and return on investment by adopting principles of transparency, accountability and adherence of committed value creation principles. We are firm in the

belief that Corporate Governance means commitment for achievement of value based growth and meeting the commitment within the predefined time frame without compromising with ethical standards, set paradigms, transparency in transactions and fixing of accountability.

**2. Board of Directors**

The Company understands that good and quality governance is a powerful competitive differentiator and critical to economic and social progress. The "Board", being the trustee of the Company, responsible for the establishment of cultural, ethical and accountable growth of the Company, is constituted with a high level of integrated, knowledgeable and committed professionals. The Board of the Company is independent in making its decision and also capable and committed to address conflict of interest and impress upon the functionaries of the Company to focus on transparency, accountability, probity, integrity, equity and responsibility. The Composition of the Board as on March 31, 2009 is given herein below:

<b>COMPOSITION OF BOARD OF DIRECTORS AS ON MARCH 31, 2009</b>			
<b>Category</b>	<b>Name of Directors</b>	<b>No. of Directors</b>	<b>% of total number of Directors</b>
Promoter - Non Executive Director	Mr. Sanjay Dalmia	3	18.75%
	Mr. Anurag Dalmia		
	Mr. Neelabh Dalmia		
Promoter Nominee - Non Executive Director	Mr. S H Ruparell <sup>1</sup>	1	6.25%
Non Executive - Independent Director	Dr. B C Jain	6	37.50%
	Mr. H H Faruqi <sup>2</sup>		
	Mr. Jagdish Capoor <sup>3</sup>		
	Mr. Naresh Chandra <sup>4</sup>		
	Mr. G. C. Srivastava		
Representing Lending Institutions	Mr. P. K. Laheri <sup>5</sup>	2	12.50%
	Mr. K. C. Jani – Nominee IDBI <sup>6</sup> Mr. R W Khanna – Nominee EXIM Bank		
Non Executive – Non-independent Director	Mr. Pramod Jain <sup>7</sup>	1	6.25%
Executive Directors	Mr. R S Jalan – Managing Director	3	18.75%
	Mr. Tej Malhotra – Sr. Executive Director (Operations)		
	Mr. Raman Chopra – Executive Director (Finance)		
	<b>TOTAL NO. OF DIRECTORS</b>	<b>16</b>	<b>100%</b>

**Notes:**

- Mr. Mahesh Kheria was Alternate Director to Mr. S. H. Ruparell at March 31, 2009. Mr. Kheria has since been appointed as an Additional Director in the Company effective June 25, 2009. The Board has appointed Mr. Vijay Kumar as an Alternate Director to Mr. S. H. Ruparell w.e.f July 18, 2009.
- Mr. H. H. Faruqi expired on June 19, 2009.
- Mr. Jagdish Capoor resigned w.e.f. April 22, 2009.
- Pursuant to the approval given by the Board of Directors through circular resolution dated March 23, 2009, Mr. Naresh Chandra was re-categorized as an Independent Director as he satisfies the conditions of Clause 49 relating to Independent Director.
- Mr. P.K. Laheri resigned w.e.f June 25, 2009.
- IDBI Bank Limited had nominated Mr. K.C. Jani in place of Mr. G. A. Tadas as a Nominee Director of the Company w.e.f February 21, 2009.
- The Board had appointed Mr. Pramod Jain as an Additional Director w.e.f January 30, 2009 and subsequent to the year end, he had resigned w.e.f. April 30, 2009.

The Board of GHCL Limited consists of 16 Directors, 13 of whom are Non Executive Directors. The Chairman of the Company is a Non Executive Director and promoter of the Company and hence the requirement that at least one – half

of the Board shall consist of Independent Directors is complied with as the Company has 8 Independent Directors. All of the Non Executive Directors have extensive business experience and are considered by the Board to be independent in character

and judgment of the management of the Company and free from any business or other relationship, which could materially interfere with the exercise of their independent judgment.

The Board of Directors meets regularly to review strategic, operational and financial matters and has a formal schedule of matters reserved for its decision. It approves the interim and preliminary financial statements, the annual financial plan, significant contracts and capital investment along with strategic decisions like Restructuring of Business, Debt and Human Resources etc. wherever appropriate, the Board delegates its authority to Committees of Directors like Banking & Operations Committee, Investment /Project Committee, Share Transfer & Investors Grievance Committee, Remuneration Committee, Audit Committee and Subsidiary Monitoring Committee. Information is provided to the Board in advance of every

meeting and the Chairman ensures that all Directors are properly briefed on the matters being discussed. The Board reviews compliance reports of applicable laws in the Board meetings and also deliberates the compliance of code of conduct for Board Members and Senior Management.

Dates of the Board Meeting are fixed in advance and the agenda is circulated to the Directors at least seven days before the meeting. During the financial year ended March 31, 2009, five Board Meetings were held on May 10, 2008, June 28, 2008, July 29, 2008, October 31, 2008 and January 30, 2009. The gap between any two Meetings has been less than four months, ensuring compliance with the requirement of Clause 49 of the Listing Agreement and the Companies Act 1956. The attendance of Directors at the Board Meeting held during the financial year ended March 31, 2009 is given herein below:

SL. NO.	NAME	DATE OF BOARD MEETING					AGM ATTENDANCE (SEPTEMBER 12, 2008)
		MAY 10, 2008	JUNE 28, 2008	JULY 29, 2008	OCTOBER 31, 2008	JANUARY 30, 2009	
1	Mr Sanjay Dalmia	Yes	Yes	Yes	Yes	Yes	Yes
2	Mr Anurag Dalmia	Yes	Yes	Yes	Yes	Yes	Yes
3	Mr Neelabh Dalmia	Yes	Yes	Yes	Yes	Yes	Yes
4	Dr. B C Jain	Yes	Yes	Yes	Yes	Yes	Yes
5	Mr Jagdish Capoor	Yes	No	Yes	No	Yes	No
6	Mr H H Faruqi	Yes	Yes	Yes	Yes	Yes	No
7	Mr G A Tadas -- Nominee IDBI	Yes	Yes	Yes	No	Yes	No
8	Mr K C Jani -- Nominee IDBI	N/A	N/A	N/A	N/A	N/A	N/A
9	Mr R W Khanna – Nominee EXIM Bank	Yes	Yes	Yes	Yes	Yes	No
10	Mr Naresh Chandra	No	No	No	Yes	No	No
11	Mr Mahesh Kheria (Alt. to Mr S H Ruparell)	Yes	Yes	Yes	Yes	Yes	No
12	Mr. G. C. Srivastava	No	Yes	Yes	Yes	Yes	No
13.	Mr. P. K. Laheri	No	Yes	Yes	No	Yes	No
14	Mr R S Jalan	Yes	Yes	Yes	Yes	Yes	Yes
15	Mr Tej Malhotra	Yes	No	Yes	Yes	Yes	Yes
16	Mr Raman Chopra	Yes	Yes	Yes	Yes	Yes	Yes

- Note :
1. The word N/A denotes that person was not a member of the Board of the Company at the date of the relevant Board Meeting.
  2. Mr. Anurag Dalmia, Mr. Naresh Chandra and Mr. R S Jalan are Directors retiring by rotation and are eligible for re-appointment. Information as required under Clause 49(VI) of the Listing Agreement is annexed to the notice of the AGM.
  3. Mr. Pramod Jain has not attended any meeting.

None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 (C) (ii)) across all the Companies in which he is a Director. The necessary disclosure regarding Directorship and Committee positions have been made by the Directors who are on the Board of the Company as on March 31, 2009 and the same is reproduced herein below:

SL. NO.	NAME	No. of Directorship in other Public Companies	No. of committee positions held as Chairman in other Public Companies	No. of Committee positions held as Member in other Public Companies
1	Mr. Sanjay Dalmia	2	-	-
2	Mr. Anurag Dalmia	2	-	-
3	Mr. Neelabh Dalmia	-	-	-
4	Dr. B C Jain	-	-	-
5	Mr. Jagdish Capoor	5	2	3
6	Mr. H H Faruqi	-	-	-
7	Mr. K C Jani	-	-	-

SL. NO.	NAME	No. of Directorship in other Public Companies	No. of committee positions held as Chairman in other Public Companies	No. of Committee positions held as Member in other Public Companies
8	Mr. R W Khanna	2	-	-
9	Mr. S H Ruparell Mr. Mahesh Kheria (Alt. to Mr. S H Ruparell)	N/A	N/A	N/A
10	Mr. Naresh Chandra	1	1	-
11	Mr. G. C. Srivastava	-	-	-
12	Mr. P. K. Laheri	2	-	2
13	Mr. Pramod Jain	-	-	-
14	Mr. R S Jalan	-	-	-
15	Mr. Tej Malhotra	-	-	-
16	Mr. Raman Chopra	5	-	-

Note: For the purpose of considering the limit of the number of directorship and chairman/member of committees, Private Limited Companies and Foreign Companies are excluded.



During the financial year ended March 31, 2009, the Company has not entered into any transaction with its Non Executive Directors, which establishes any pecuniary relationship with them. Thus the requirement of Clause 49, pertaining to independence of Non Executive Directors has been duly complied with.

The Audit Committee of the Board of the Company has reviewed the financial statements of its subsidiaries.

The requirement of appointment of an Independent Director of the Company on the Board of the Indian Subsidiaries is not mandatory as the turnover / net worth criteria as mentioned in the Listing Agreement is not applicable.

**3. Committees of the Board**

**(i) Audit Committee**

The Board of Directors had constituted the Audit Committee with four Independent Directors having expertise in financial and accounting areas. The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence and performance of the statutory auditors and the internal auditors.

Audit Committee of the Board has been constituted as per Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreement with the Stock Exchanges. Subsequent to the year end and due to change in the constitution of the Board of Directors of the Company, the Board have reconstituted the Audit Committee in their meeting held on July 18, 2009 and accordingly adequate intimation was given to the Stock Exchanges.

**Terms of Reference:**

The scope of activities of the Audit Committee includes the following:

- a. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on;
  - Matters required to be included in the Director's Responsibility statement to be included in the Board's Report in terms of Section 217(2AA) of the Companies Act, 1956
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgement by management.
  - Qualifications in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements

- Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.

- d. Reviewing with the management, performance of the statutory and internal auditors' and adequacy of internal control systems.
- e. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- f. Discussion with internal auditors any significant findings and follow up there on.
- g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- h. Discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- i. Reviewing the company's financial and risk management policies.
- j. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

Executive summary of the Audit Committee Meetings are placed before the immediate next Board Meeting held after the Audit Committee for deliberation and the full minutes of the same are placed before the following Board Meeting for record. The Chairman of the Audit Committee apprises the Board on the recommendations made by the Committee. Further, at the beginning of the financial year, the Committee discuss the plan for the internal audit and statutory audit. Dates of the Audit Committee Meetings are fixed in advance and agenda is circulated at least seven days before the meeting.

During the financial year ended March 31, 2009, the Audit Committee of the Board met six times and as per requirement of the Listing Agreement, the gap between any two meetings of the Committee is less than four month. The adequate quorums were present at every Audit Committee Meeting. The Composition of Audit Committee and attendance of members at the meetings are given herein below:

Name of the Committee members				
	Dr. B C Jain -Chairman of the Committee	Mr. Jagdish Capoor	Mr. H H Faruqi	Mr. G A Tadas / Mr. K C Jani*
Category	Independent Director (Expertise in Finance, Banking & Accounting)	Independent Director - (Expertise in Finance, Banking & Accounting)	Independent Director (Expertise in Finance & Accounting)	Nominee Director - IDBI Ltd (Expertise in Finance & Accounting)
Date of the Meeting				
May 10, 2008	Yes	Yes	Yes	Yes
June 28, 2008	Yes	No	Yes	Yes
July 29, 2008	Yes	Yes	Yes	Yes
October 31, 2008	Yes	No	Yes	No
January 30, 2009	Yes	Yes	Yes	Yes
March 18, 2009	Yes	No	Yes	Yes
Whether attended Last AGM (Yes/ No)	Yes	No	No	No

Note : Managing Director, Executive Director (Finance), VP (Accounts), Statutory Auditors and concerned employees for Internal Audit were invitees to the Audit Committee Meetings whenever required. Secretary of the Company is the Secretary of the Committee.

\*IDBI Bank Ltd. has nominated/ appointed Mr. K. C. Jani in place of Mr. G. A. Tadas w.e.f. February 21, 2009.

The Company has complied with the requirements of Clause 49 II (A) as regards composition of the Audit Committee. Dr. B C Jain, Chairman of the Audit Committee is a qualified Chartered Accountant and an expert in Finance, Banking and Accounting. He was present in the 25th Annual General Meeting held on September 12, 2008 to answer the queries of shareholders.

As required under Clause 49(III) (E) of the Listing Agreement, the Audit Committee had reviewed the following information:

- Management Discussion and Analysis of financial condition and results of operations.
- Statement of significant related party transactions submitted by management.
- Management letter(s)/letters of Internal control, weaknesses issued by the Statutory Auditors.
- Internal Auditor's Reports relating to internal control weaknesses.
- Appointment, removal and terms of remuneration of the internal auditors.

#### (ii) Remuneration Committee:

The Company is transparent in compensation policy of Directors. The Remuneration Committee of the Company was constituted as early as in 1995. Subsequent to the year end and due to change in the constitution of the Board of Directors of the Company, the Board have reconstituted the Remuneration Committee in their meeting held on July 18, 2009 and accordingly adequate intimation was given to the Stock Exchanges in this regard.

The Remuneration Committee sets the overall policy on remuneration and the other terms of employment of Executive Directors of the Company as well as the sitting fee and commission to the Non Executive Directors within the overall ceiling fixed by members of the Company and recommend the same for the approval of the Board. The Committee recommends remuneration package of Executive Directors to the Board by reference to individual performance, experience and market conditions with a view to providing a remuneration package which is appropriate for the responsibilities involved. The Committee also has ultimate control over the GHCL Employees Stock Option Trust and regulates its affairs through appointed Trustees. The Remuneration Committee monitors the affairs of the GHCL Employees Stock Option Trust and directs the Trustees for discharge of their duties from time to time.

The executive summary of the Remuneration Committee Meeting is placed before the immediate next Board Meeting held after the Remuneration Committee, for deliberation and the full minutes of the same are placed before the following Board Meeting for record. Dates of the Remuneration Committee Meeting are fixed in advance and agenda is circulated to the Directors at least seven days before the meeting.

During the financial year ended March 31, 2009, the Remuneration Committee met twice. The Remuneration Committee of the Board comprises of Non-Executive Directors

and the details of meeting attended by the Directors are as follows:

COMPOSITION AND ATTENDANCE OF MEMBERS AT THE REMUNERATION COMMITTEE MEETINGS HELD DURING THE FINANCIAL YEAR ENDED MARCH 31, 2009			
Name of the Committee Members			
	Mr. Sanjay Dalmia - Chairman of the Committee	Dr. B C Jain	Mr. H H Faruqi
Category of Director	Non Executive Director (Industrialist)	Non Executive - Independent Director (Expertise in Finance Banking & Accounting)	Non Executive - Independent Director (Expertise in Finance & Accounting)
Date of the Meeting			
May 10, 2008	Yes	Yes	Yes
June 28, 2008	Yes	Yes	Yes
Whether attended Last AGM (Yes/ No)	Yes	Yes	No

#### Remuneration Policy:

Payment of remuneration to the Managing / Whole Time Director(s) is governed by the Uniform Remuneration Package approved by the Board and the Shareholders. Their Remuneration structure comprises salary / commission linked to profits, perquisites and allowances, contribution to Provident Fund and Superannuation Fund and premium on Gratuity Policy.

The Non - Executive Directors do not draw any remuneration from the Company other than the sitting fee and such commission as may be determined by the Board from time to time within the overall approval given by the shareholders and pursuant to the relevant provisions of the Companies Act, 1956.

Details of remuneration, commission and sitting fee paid/payable to the Directors of the Company for the financial year ended March 31, 2009 are given below:

Name	Non-Whole time Directors (in Rupees)	
	Sitting Fees	Commission
Mr. Sanjay Dalmia	1,40,000	11,11,460
Mr. Anurag Dalmia	1,00,000	11,11,460
Mr. Neelabh Dalmia	1,00,000	11,11,460
Dr. B C Jain	2,60,000	11,11,460
Mr. Jagdish Capoor	1,20,000	11,11,460
Mr. H H Faruqi	2,60,000	11,11,460
Mr. G A Tadas / Mr. K. C. Jani – Nominee IDBI*	1,80,000	11,11,460
Mr. R W Khanna – Nominee EXIM Bank*	1,00,000	11,11,460
Mr. Naresh Chandra	20,000	11,11,460
Mr. Mahesh Kheria (Alternate to Mr. S. H. Ruparell)	1,00,000	11,11,460
Mr. G. C. Srivastava	80,000	9,92,700
Mr. P. K. Laheri	60,000	9,92,700
<b>TOTAL</b>	<b>15,20,000</b>	<b>1,31,00,000</b>

Note : Commission payable to all or any one of the Non Whole Time Directors shall in aggregate not exceed 1% per annum of the net profit of the Company calculated under the provisions of the Companies Act, 1956.

\*Commission and Sitting fee paid to Institutions which they represent.

Whole Time Directors		(in Rupees)	
Name	Salary and other perquisites	Commission	
Mr. R S Jalan, Managing Director	1,48,40,065	1,70,00,000	
Mr. Tej Malhotra, Sr. Executive Director (Operations)	91,05,080	–	
Mr. Raman Chopra, Executive Director (Finance)	76,25,621	1,00,00,000	
<b>Total</b>	<b>3,15,70,766</b>	<b>2,70,00,000</b>	

- (a) The agreement with the Whole Time Directors is for a period of five years. Either party to the agreement is entitled to terminate the agreement by giving six calendar month prior notice in writing to the other party.
- (b) Presently the Company has an Employee Stock Option Scheme for its employees including Whole Time Directors of the Company.
- (c) Salary and perquisites Includes Company's contribution to Provident Fund, Superannuation Fund and premium on Gratuity Policy.

### (iii) Share Transfer and Investors Grievance Committee:

The Board had constituted the Share Transfer & Investors Grievance Committee. Subsequent to the year end, the Board have reconstituted the Share Transfer & Investors Grievance Committee in their meeting held on July 18, 2009 and proper intimation was given to the Stock Exchanges in this regard. The committee expedite the process of redressal of complaints like non-transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividends, etc. The Committee meet at least once in a week to expedite all matters relating to Shareholders / Investors Grievances received and pending during the previous week.

The composition of Committee as on March 31, 2009 is as under:

Sl. No.	Name of Directors	Status
1	Mr. Anurag Dalmia	Chairman
2	Mr. Neelabh Dalmia	Member
3	Mr. H H Faruqi	Member
4	Mr. R S Jalan	Member
5	Mr. Mahesh Kheria	Member

The Company addresses all complaints and grievances expeditiously and replies are sent/issues resolved usually within fifteen days, unless there is a dispute or other legal constraints. The Company received 10 shareholders complaints from Stock Exchanges and SEBI that inter-alia include non-receipt of dividend, share transfer (including demat etc.) and non receipt of annual report. The Complaints were duly attended to and the Company has furnished necessary documents / information to the shareholders.

### Status of total complaints received during the financial year ended March 31, 2009:

Sl. No.	Type of Complaints	Total No. of Complaints received during the financial year ended March 31, 2009	Total No. of Complaints resolved during the financial year ended March 31, 2009	No. of Complaints pending as on March 31, 2009
1	Non-receipt of dividend	224	224	0
2	Share transfer including Dmat request	80	80	0
3	Non receipt of Annual Report	28	28	0
	<b>Total</b>	<b>332</b>	<b>332</b>	<b>0</b>

The Share Transfer and Investors Grievance Committee reviews the summary of the complaints received and appropriate action is taken promptly. No requests for share transfer or payment of dividend are pending except those that are disputed or sub-judice.

Mr. Bhuneshwar Mishra, General Manager & Company Secretary of the Company was present at all Meetings of the Committee as the Secretary of the Committee.

Mr. Bhuneshwar Mishra, General Manager & Company Secretary is the Compliance Officer of the Company.

### (iv) Banking and Operations Committee

The Board had constituted the Banking and Operations Committee to expedite the day to day functioning and exercise of delegated powers of the Board. This Committee meets as per the requirement of business, to expedite all matters relating to operations and granting authority for various functional requirements such as issue of Power of Attorney, arranging/ negotiating of term loans, working capital loan, short term loan, dealings with Central/ State Governments including their agents and various statutory/ judicial/ regulatory/ local/ commercial/ excise / customs / port / sales tax / income tax / electricity board etc. and other authorities on behalf of the Company in line with the delegated authority of Board of Directors from time to time.

The composition of the Committee as on March 31, 2009 is as under:

Sl. No.	Name	Status
1	Mr. Neelabh Dalmia – Director	Member
2	Mr. R S Jalan – Managing Director	Member
3	Mr. Tej Malhotra – Sr. Executive Director (Operations)	Member
4	Mr. Raman Chopra – Executive Director (Finance)	Member

### (v) Project Committee

This Committee was constituted to review and recommend proposals relating to new projects, expansion, modernization, diversification, acquisitions, various kind of compromise, arrangement or amalgamation, restructuring of business of the Company and/or its subsidiaries. Subsequent to the year end and due to change in the constitution of the Board of Directors of the Company, the Board have reconstituted the Project Committee in their meeting held on July 18, 2009 and accordingly adequate intimation was given to the Stock Exchanges in this regard.

The composition of the Committee as on March 31, 2009 is as under:

Sl. No.	Name	Status
1	Mr. Sanjay Dalmia – Chairman	Chairman
2	Mr. Neelabh Dalmia – Director	Member
3	Mr. P K Laheri – Director	Member
4	Mr. R W Khanna – Nominee Director (EXIM Bank)	Member
5	Mr. K C Jani – Nominee Director (IDBI Bank)	Member



**(vi) Subsidiary Monitoring Committee**

The Board had constituted the Subsidiary Monitoring Committee in their meeting held on January 30, 2009. The Committee was constituted to review and monitor the financial performance, revenue and capex budget of the Subsidiaries besides other activities. Subsequent to the year end and due to change in the constitution of Board of Directors of the Company, the Board have reconstituted the Subsidiary Monitoring Committee in their meeting held on July 18, 2009 and accordingly adequate intimation was given to the Stock Exchanges in this regard.

The composition of the Committee as on March 31, 2009 is as under:

Sl. No.	Name	Status
1	Dr. B. C. Jain	Chairman
2	Mr. G C Srivastava	Member
3	Mr. P K Laheri	Member
4	Mr. Neelabh Dalmia	Member

**4. General Body Meeting:**

a) The last three Annual General Meetings of the Company were held within the Statutory Time period and the details of the same are reproduced herein below:

Financial Year	Date	Time	Venue
2007-08	September 12, 2008	10.00 AM	The Institution of Engineers (India), Gujarat State Centre, Bhaikaka Bhavan, Law College Road, Ahmedabad-380 006
2006-07 (15 months)	July 30, 2007	10.15 AM	The Institution of Engineers (India), Gujarat State Centre, Bhaikaka Bhavan, Law College Road, Ahmedabad-380 006
2005 (9 months)	June 19, 2006	10.30 AM	The Institution of Engineers (India), Gujarat State Centre, Bhaikaka Bhavan, Law College Road, Ahmedabad-380 006

**The last three Extraordinary General Meetings were held as under:**

Financial Year	Date	Time	Venue
2007-2008	March 19, 2008	10.00 AM	The Institution of Engineers (India), Gujarat State Centre, Bhaikaka Bhavan, Law College Road, Ahmedabad-380 006
2006-2007	August 4, 2006	10.30 AM	The Institution of Engineers (India), Gujarat State Centre, Bhaikaka Bhavan, Law College Road, Ahmedabad-380 006
2000-2001	December 8, 2000	11.00 AM	Gajar Hall, Nariman Bhawan, Law College Road, Ahmedabad

**(b) Special Resolutions:**

**Annual General Meeting**

The following special resolutions were passed in previous Three Annual General Meetings.

Year 2007-08:

- Amendment in Articles of Association

Year 2006-07 (15 months):

No special resolution was passed at the 24th Annual General Meeting held on July 30, 2007.

Year 2005 (9 months):

- Payment of Commission to Non Executive Directors
- Approval of Employees Stock Options Scheme (ESOS)
- Increase of Foreign Institutional Investors (FIIs) investment limit upto 49%

**Extraordinary General Meeting (EGM)**

The following special resolutions were passed in the Extraordinary General Meeting held during the three financial years.

Year 2008-09:

No EGM was held during the financial year 2008-09.

Year 2007-08 :

The following special resolutions were passed in the Extraordinary General Meeting held on March 19, 2008:

- Approval of Employees Stock Options Scheme (ESOS).
- Approval of Employees Stock Options to employees of subsidiary companies.

Year 2006-07 (15 months):

The following special resolution was passed in the Extraordinary General Meeting held on August 4, 2006:

- Issue of warrants convertible into equity shares on preferential basis to a Promoter company.
- (c) No Special Resolution was passed in the last year through postal ballot and hence the provisions relating to postal ballot were not applicable.
- (d) Normally, all Special Resolutions moved at the above AGMs and EGMs were unanimously passed by a show of hands by the shareholders present at the meeting except at the 25th AGM held on September 12, 2008 for the financial year 2007-08, where all the resolutions were approved by shareholders by vote through ballot.

**5. Disclosures:**

**Disclosure on materially significant related party transactions**

No transactions of a material nature have been entered into by the Company with its promoters, Directors, or the management or relatives etc. that may have potential conflict of interest of the Company. Transactions with related parties are disclosed in the notes to the accounts in this Annual Report.

**Disclosure of accounting treatment in preparation of financial statements**

GHCL Limited has followed the Accounting Standards issued by the Institute of Chartered Accountants of India and notified in the Companies (Accounting Standards) Rules 2006, in the preparation of its financial statements.

**Details of non compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on the matter related to capital markets, during the last three years.**

GHCL Limited has complied with all the requirement of regulatory authorities. No penalties/strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on the matter related to capital markets, during the last three years. However, subsequent to year end, SEBI had passed ad interim, ex-parte order dated April 20, 2009 regarding disclosure made by the company on shareholding pattern. SEBI directed GHCL Limited, its promoter entities, Chairman, Managing Director and Company Secretary not to buy, sell or deal in the securities market until further orders. SEBI also directed the Company to file the correct shareholding details with the Stock Exchanges and the Company had filed

the same. Aggrieved from SEBI order, the Company had filed its objection to the SEBI on April 27, 2009. Further, SEBI vide its order dated July 7, 2009 had vacated its earlier order dated April 20, 2009 in respect of 33 promoter entities. The remaining matter is still pending before the SEBI.

**Details of compliance with mandatory requirements and adoption of the non mandatory requirements of Clause 49 of the Listing Agreement**

**Code for prevention of insider trading practices**

In compliance with the SEBI regulation on prevention of Insider Trading, the Company has placed a comprehensive code of conduct for its management and its staff. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them of the consequences of violations.

**Code of Conduct:**

GHCL Limited has well defined policy framework which lays down procedures to be adhered to by all Board Members

and Senior Management for ethical professional conduct. The Code outlines fundamental ethical considerations as well as specified considerations that need to be maintained for professional conduct. The Annual Report contains the declaration to this effect that the Code of Conduct has been complied by the Board Members and Senior Management. The Code of Conduct is also posted on the website of the company [www.ghclindia.com](http://www.ghclindia.com)

Pursuant to the requirement of Clause 51 of Listing Agreement, Company has also posted its quarterly and half yearly results through Electronic Data Information Filing and Retrieval (EDIFAR) on the website [www.sebi.edifar.nic.in](http://www.sebi.edifar.nic.in)

**Risk Management:**

**The Company shall lay down procedures to inform Board members about the risk assessment and minimization procedures. These procedures shall be periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.**

The Company has complied with the above requirement.

**6. Means of communications:**

PUBLICATION OF UNAUDITED QUARTERLY / HALFYEARLY RESULTS AND RELATED MATTERS								
Sl. No.	Particulars		Quarter - I	Quarter - II	Quarter - III	Quarter - IV	Financial Year ended March 31, 2009 (Un-audited)	
1	English Newspapers in which quarterly results were published	Business Standard (English)	July 30, 2008	November 1, 2008	January 31, 2009	May 2, 2009	May 2, 2009	
2	Vernacular Newspapers in which quarterly results were published	Gujarati	July 30, 2008 (Jai Hind)	November 2, 2008 (Jai Hind)	January 31, 2009 (Financial Express)	May 2, 2009 (Loksatta)	May 2, 2009 (Loksatta)	
3	Website Address of the Company on which financial results are posted	<a href="http://www.ghcl.co.in">www.ghcl.co.in</a>						
4	Website Address of the Stock Exchange(s) on which financial results are posted.		Quarter - I	Quarter - II	Quarter - III	Quarter - IV	Financial Year ended March 31, 2009 (Un-audited)	
	<b>Name of Stock Exchange (s)</b>	<b>Website Address(es)</b>	<b>Date of Filing of Results</b>					
	National Stock Exchange of India Limited (NSE)	<a href="http://www.nseindia.com">www.nseindia.com</a>	July 29, 2008	October 31, 2008	January 30, 2009	April 30, 2009	April 30, 2009	
	The Bombay Stock Exchange Ltd. (BSE)	<a href="http://www.bseindia.com">www.bseindia.com</a>	July 29, 2008	October 31, 2008	January 30, 2009	April 30, 2009	April 30, 2009	

During the financial year ended March 31, 2009, the Company has made the following press release and the same has been communicated to the Stock Exchanges.

April 21, 2008 : GHCL to Restructures the US Operations

June 6, 2008 : Business Update : Price Increase in Soda Ash

**7. Management Discussion and Analysis Report form part of this Annual Report**

The complete reports on Management Discussion and Analysis report are placed in the separate section of the Annual Report.

**8. General shareholder's Information:**

Sl. No.	Particulars	Details		
1	Annual General Meeting	Thursday, December 31, 2009	10.00 AM	The Institution of Engineers (India), Gujarat State Centre, Bhaikaka Bhavan, Law College Road, Ahmedabad - 380006
2	Financial Calendar			
	Financial Reporting for - Quarter - I (ending June 30, 2009)	3rd / 4th week of July 2009		
	Financial Reporting for - Quarter - II (ending September 30, 2009)	3rd / 4th week of October 2009		
	Financial Reporting for - Quarter - III (ending December 31, 2009)	3rd / 4th week of January 2010		
	Financial Reporting for - Quarter - IV (ending March 31, 2010)	3rd / 4th week of April 2010		
3	Date of Book Closure	Thursday, December 24, 2009 to Thursday, December 31, 2009 (both days inclusive)		
4	Dividend Payment	Final Dividend Rs. 2.00 per share (20%) will be paid on or after Monday, January 4, 2010, if approved by the members in the ensuing Annual General Meeting		
5	Listing on Stock Exchanges	Name & Address of Stock Exchanges	Stock Code	ISIN WITH NSDL & CDSL
		The Stock Exchange, Mumbai, Phiroze Jeejeebhoy, Dalal Street, Mumbai - 400 001	500171	INE 539 A01019
		National Stock Exchange of India Limited , "Exchange Plaza", Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051	GHCL	INE 539 A01019
		The Stock Exchange, Ahmedabad, KamDhenu Complex, Opp. Sahajanand College, Ahmedabad - 380 015	20850	INE 539 A01019
6	Listing Exchange of Foreign Currency Convertible Bonds	Singapore Stock Exchange		XS0229495782
7	Listing fees:	Listing fee for all the aforesaid Stock Exchanges have been paid for the financial year ended March 31, 2009		
8	Details of Registrar and Share Transfer Agent	Link Intime India Private Limited (Formerly Intime Spectrum Registry Limited), C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai - 400 078. Phone: 022 25963838, Fax: 022 25946969 (Email : mumbai@linktime.co.in)		
9	<b>Outstanding GDRs/ADRs/Warrants or any convertible instruments:</b>			
	<p>1. The Company had issued an aggregate of US\$ 80.5 million Foreign Currency Convertible Bonds (FCCBs) at a coupon rate of 1%. The subscribers have an option to convert bonds into shares at a price based on price mechanism determined in the offering documents. Presently bond can be converted at a price of Rs. 147.9533 per share equivalent to USD 3.2278 is exercisable between September 2006 to March 2011. At the beginning of Financial year 2008-09, the outstanding FCCBs were USD 79.00 million. During the Financial year 2008-09, the Company had repurchased (bought back) FCCBs aggregating to face value of USD 11.00 million at a discount and extinguished the same in line with the approval received from Reserve Bank of India. After said buy back, the outstanding FCCBs were USD 68.00 million at the close of Financial Year 2008-09 i.e. March 31, 2009. Subsequent to the year end, buy back process of FCCBs is still going on pursuant to said approval of the Reserve Bank of India.</p> <p>2. The Company had issued 45,00,000 warrants convertible into equity shares on preferential basis to M/s Oval Investment Private Limited, a promoter company. During the Financial Year 2008-09, the amount deposited by promoter company of Rs. 7,15,73,000/- against said warrants has been forfeited, pursuant to the provisions of Clause 13.1.2.3 of SEBI (Disclosures &amp; Investor Protection) Guidelines 2000 and the Company has informed to the Stock Exchanges in this regard.</p>			
10	<b>Address for Correspondence</b>			
	Share Transfer System: Company processes the share transfer and other related shareholders services through Registrar & Share Transfer Agent (RTA) on a weekly basis. The share transfer in physical form is registered within 15 days from the date of receipt, provided the documents are complete in all respects. The Company provides facility for simultaneous transfer and dematerialization of equity shares as per the procedures provided by NSDL/CDSL. For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non receipt of dividend or annual report or any other query relating to shares be addressed to <b>Link Intime India Private Limited (Formerly Intime Spectrum Registry Limited), C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078. Phone: 022 25963838, Fax: 022 25946969 (Email : mumbai@linktime.co.in)</b>			
	For General Correspondence: <b>GHCL Limited, "GHCL House" Opp. Punjabi Hall, Near Navrangpura, Ahmedabad - 380 009. Phone : 079 -26427818/26442677, 079-30918905, Fax: 079-26423623</b>			
11	<b>Dematerialization of Shares and Liquidity:</b> 92.68% of the Company's total equity shares representing 9,26,99,428 shares were held in dematerialized form as on March 31, 2009. The trading in the Company's shares is permitted only in dematerialized form with effect from October 28, 2000 as per notification issued by SEBI.			
12	As required under Clause 49 (IV) (G) of Listing Agreement, particulars of Directors seeking appointment/ re appointment are given in Notice to the ensuing Annual General Meeting.			





**MONTHWISE STOCK MARKET DATA (BSE & NSE) RELATING TO EQUITY SHARES OF THE COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009**

MARKET PRICE DATA						
Month of the financial year 2008-09	BSE, MUMBAI			NSE, MUMBAI		
	Share Price		Traded Quantity	Share Price		Traded Quantity
	High	Low		High	Low	
April 08	104.90	80.90	10256158	104.95	81.20	16653975
May 08	95.30	68.50	7415598	95.50	68.90	14694772
June 08	79.65	44.30	52079543	80.05	44.15	76945275
July 08	74.00	60.90	12660205	74.00	61.55	17176553
August 08	92.40	65.40	29936977	95.00	65.05	43485283
September 08	88.50	50.20	8519826	88.50	50.10	12030081
October 08	58.40	28.35	6114945	58.40	28.40	8292060
November 08	37.50	23.45	2111813	37.20	23.10	3323057
December 08	32.30	21.00	6002907	32.30	20.55	9057936
January 09	36.10	26.05	4394930	36.10	25.00	5812950
February 09	33.65	26.60	3779297	35.85	26.85	5498806
March 09	28.75	24.50	2829105	28.90	24.35	4580877

Performance in comparison to broad based indices such as NSE



(Formerly Intime Spectrum Registry Limited) confirming non – encashment / non - receipt of dividend warrant (s). Once the unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.

Financial Year	Date of AGM	Due for Transfer to IEPF
2002-03	26-09-2003	September 2010
2003-04	24-09-2004	September 2011
2004-05	02-09-2005	September 2012
2005 (9 months)	19-06-2006	June 2013
2006-07 (15 months)	30-07-2007	July 2014
2007-08	12-09-2008	September 2015

**Shareholders Referencer**

**Unclaimed Dividend**

Pursuant to Section 205 A of the Companies Act, 1956 unclaimed dividend for the financial years 2000-2001 and 2001-02 have been transferred to the Investors Education and Protection Fund established by the Central Government (IEPF) pursuant to Section 205 C of the Companies Act, 1956 and no claim shall lie with the Company in respect of the unclaimed dividend transferred to IEPF for the financial years 2000-2001 and 2001-2002.

The dividend for the following years remaining unclaimed for seven years will be transferred by the Company to IEPF according to the schedule given below. Shareholders who have not so far encashed their dividend warrant (s) or have not received the same are requested to seek issue of duplicate warrant (s) by writing to Link Intime India Private Limited

**DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2009**

No. of Shares held of Rs. 10 each between	No. of shareholders	% of total shareholders	No. of shares	% of total shares	
From	To				
1	2500	73.46%	5713124	5.71%	
2501	5000	14.85%	4251822	4.25%	
5001	10000	6.51%	3926144	3.93%	
10001	20000	2.68%	2975072	2.97%	
20001	30000	0.81%	1492366	1.49%	
30001	40000	0.35%	897521	0.90%	
40001	50000	0.36%	1209870	1.21%	
50001	100000	0.40%	2078028	2.08%	
100001	Above	0.58%	77475339	77.46%	
		<b>70900</b>	<b>100.00%</b>	<b>100019286</b>	<b>100.00%</b>



**SHAREHOLDING PATTERN AS ON 31ST MARCH 2009**

Category	No. of shares held	% of shareholding
<b>A Promoters Holding</b>		
<b>1 Promoters</b>		
Indian Promoters	12499969	12.50%
Foreign Promoters	5507900	5.51%
<b>2 Others</b>		
Trust	152000	0.15%
<b>Sub-Total</b>	<b>18159869</b>	<b>18.16%</b>
<b>B Non-promoters Holding</b>		
<b>3 Institutional Investors</b>		
Mutual Funds and UTI	121913	0.12%
Banks, Financial Institutions & Insurance Companies	6835907	6.84%
FIs	1000500	1.00%
Foreign Mutual Fund	204940	0.20%
<b>Sub-Total</b>	<b>8163260</b>	<b>8.16%</b>
<b>4 Non-institutional Investors</b>		
Bodies Corporate	42181148	42.17%
Indian public	26451255	26.45%
NRIs & Foreign Companies	1927868	1.93%
Directors & relatives	30050	0.03%
Others	3105836	3.11%
<b>Sub-Total</b>	<b>73696157</b>	<b>73.68%</b>
<b>Grand Total</b>	<b>100019286</b>	<b>100.00%</b>

**Plant Locations:**

<b>Soda Ash Plant</b>	Village: Sutrapada Near Veraval, Dist. Junagarh – 362 275 Gujarat
<b>Salt Works &amp; Refinery</b>	(a) Ayyakaramulam, Kadinalvayal - 614 707 Distt Nagapattinam, Tamilnadu (b) Nemeli Road, Thirupurur - 603 110, Tamilnadu
<b>Textile Division</b>	(a) Samayanallur P.O, Madurai-625 402 (b) Thaikesar Alai P.O, Manaparai-621 312 (c) S. No. 191, 192, Mahala Falia, Village, Bhilad, Vapi - 396191, Valsad District, Gujarat, India
<b>ITES Division</b>	A – 17 Sector – 58, NOIDA
<b>Energy Division</b>	(a) Muppandal, Irukkandurai Village Sankaneri Post Radhapuram Taluk, Tirunelveli District Tamilnadu (b) Chinnaputhur village, Dharapuram Taluk, Erode District, Tamil Nadu

**DECLARATION**

The Board has laid down a code of conduct for all Board Members and Senior Management of the Company, which is posted on the Website of the Company. The Board Members and Senior Management Personnel have affirmed to the compliance with the Code of Conduct for the financial year ended March 31, 2009.

**For GHCL LIMITED**

Sd/  
R S Jalan  
Managing Director

Sd/  
Raman Chopra  
Executive Director (Finance)

**CERTIFICATE UNDER CLAUSE 49(V)**

The Board of Directors  
GHCL Ltd.

We the undersigned certify to the Board that:

- (a) We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2009 and that to the best of my knowledge and belief :
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee-
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**For GHCL LIMITED**

Sd/  
R S Jalan  
Managing Director  
Date: December 1, 2009

Sd/  
Raman Chopra  
Executive Director (Finance)

**AUDITORS' CERTIFICATE**

To the Members of  
GHCL LIMITED

We have examined the compliance of conditions of corporate governance by GHCL Limited ('the Company'), for the year ended on 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and, to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For and on behalf of  
JAYANTILAL THAKKAR & CO.  
ASSOCIATES  
Chartered Accountants  
(C. V. THAKKER)  
Partner  
Membership No: 6205

For and on behalf of  
RAHUL GAUTAM DIVAN &  
ASSOCIATES  
Chartered Accountants  
(RAHUL DIVAN)  
Partner  
Membership No: 100733

Place : New Delhi  
Date : December 1, 2009

## AUDITORS' REPORT

To the Members of  
GHCL LIMITED

1. We have audited the attached Balance Sheet of GHCL Limited as at 31st March 2009 and also the Profit and Loss Account annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that :
  - a) As per Scheme of Arrangement u/s 391 to 394 of the Companies Act, 1956 approved by The Honourable High Court of Gujarat vide its Order dated 30th November, 2009 the company has been allowed to create Business Development Reserve. Accordingly the management of the company has revalued certain fixed assets and transferred Rs. 1,01,184.68 lakhs being the amount of revaluation and gains realised on account of buyback and cancellation of 1100 Foreign Currency Convertible Bonds (FCCB) amounting to Rs. 2,169.91 lakhs to Business Development Reserves and adjusted diminution in value of investments and loans and advances aggregating to Rs. 25,500 lakhs and depreciation on revalued amount of fixed assets aggregating to Rs. 1,936.95 lakhs against the same. An amount of Rs 8,529.85 lakhs is transferred from General Reserve to the Profit and Loss Account and like amount receivable from certain subsidiaries is written off as irrecoverable balance in Profit and Loss Account, as per scheme. The net impact on reserves, as a consequence, is a credit of Rs. 67,387.79 lakhs.
  - b) no provision has been made in respect of Loans and Advances aggregating to Rs. 25,291 lakhs due from subsidiaries and step down subsidiaries and no provisions for outstanding Guarantees aggregating to Rs. 41,095 lakhs furnished to subsidiaries and step down subsidiaries (considered as contingent liabilities in notes to accounts) since it cannot be quantified as on date.
  - c) no income is recognized for interest receivable on outstanding loans to foreign subsidiaries for the year ended 31 March 2009 amounting to Rs 795 lakh, due to the uncertainty of recoverability of this amount.
  - d) The company has reclassified its foreign operations as non-integral operations under Accounting Standard-11 The Effect of Changes in Foreign Exchange Rates during the year. Consequently, the foreign exchange fluctuation loss (Net) amounting to Rs 4,039.09 lakhs on loan balances and receivable from foreign subsidiaries and the related borrowing under Foreign Currency Convertible Bonds (FCCB) for investment in foreign subsidiaries, hitherto accounted for through Profit and Loss Account, has been transferred to Foreign Currency Translation Reserve. As a result, the corresponding year's figures are not comparable to this extent. As a result, the net total impact of the items mentioned in paragraph 4 (c) and (d) above on the Profit and Loss Account for the year ended 31 March 2009 is an overstatement of profit by Rs. 3,244 lakhs
  - e) We draw your attention to Note 38 of Schedule 16 in respect of the Employee Stock Option Scheme of the Company, wherein the potential diminution in the value of the assets of the Scheme are disclosed.
  - f) In our opinion, proper books of accounts, as required by law have been kept by the Company so far as appears from our examination of such books;
  - g) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - h) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - i) On the basis of the written representations received from the Directors as at 31st March 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - j) Subject to our comments in paragraphs 4(a) to (d) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009;
    - ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of  
JAYANTILAL THAKKAR & CO  
Chartered Accountants

(C. V. THAKKER)  
Partner  
Membership No: 6205  
Place : New Delhi  
Date : 1st December, 2009

For and on behalf of  
RAHUL GAUTAM DIVAN & ASSOCIATES  
Chartered Accountants

(RAHUL DIVAN)  
Partner  
Membership No: 100733

## ANNEXURE TO THE AUDITORS' REPORT

(Annexure referred to in paragraph 3 of the Auditors' Report of even date to the Members of GHCL Limited on the accounts for the year ended 31st March 2009.)

- (i) (a) In our opinion, the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, some of the fixed assets have been physically verified by the management according to a programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.
- (c) In our opinion and according to explanations given to us, fixed assets disposed off during the year were not substantial and as such the disposal has not affected the going concern status of the Company.



- (ii) (a) As explained to us, physical verification of inventory has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. Discrepancies noticed on verification of inventory as compared to book records were not material and these have been properly dealt with in the books of account.
- (iii) In our opinion and according to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties as covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (b) (c) (d) (f) and (g) of the order are not applicable.
- (iv) In our opinion and according to the information and explanation given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- (v) In our opinion and according to the information and explanations given to us, there are no contracts and arrangements, particulars of which need to be entered into the register maintained under Section 301 of the Companies Act, 1956.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public within the meaning of Section 58A, 58AA of the Companies Act, 1956, and the rules framed thereunder.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government, the maintenance of cost records have been prescribed under Section 209 (1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (ix) (a) According to the records of the Company and the information and explanations given to us, the Company has been regularly depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee State Insurance, Income tax, Sales Tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Cess and any other statutory dues applicable to it. There are no undisputed statutory dues as referred to above as at 31st March 2009 outstanding for a period of more than six months from the date they become payable.
- (b) The disputed statutory dues aggregating to Rs. 53.20 lakhs that have not been deposited on account of matters pending before the appropriate authority are as under:

Sr. No.	Name of the statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount (Rs. in Lakhs)
1	Income Tax Act, 1961	Income on Domestic Services and Transfer Pricing	Commissioner of Income Tax (Appeal), Ghaziabad	F. Y. 2004-2005	8.38
2	Central Excise Act, 1944	CENVAT credit	High Court Chennai	2001-02	2.72
			Customs, Excise and Service Tax Appellate Tribunal	2002-03	0.73
			Commissioner (Appeals) Central Excise	2002-03 & 2003-04	6.36
3	Urban Land Tax Act	Urban Land Tax	Madurai Corporation	1981-2007	19.43
			High Court Chennai	1981-2009	11.34
4.	The Employee's State Insurance Act, 1948	Contribution Demand	ESI Court, Madurai	Various Years	2.93
			Supreme Court	1985-1986	1.31

- (x) The Company neither has any accumulated losses at the end of the financial year nor has incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our audit procedures and according to the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks or financial institutions.
- (xii) Based on our audit procedures and according to the information and explanations given by the management, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund/nidhi/mutual benefit fund/society to which the provisions of special statute relating to chit fund are applicable.
- (xiv) According to the information and explanations given by management, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) Based on our examination of the records, we are of the opinion that the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are prima facie not prejudicial to the interest of the Company.
- (xvi) In our opinion, the term loans have been applied for the purposes for which they were obtained.
- (xvii) Based on our examination of the Balance Sheet and cash flows of the Company as at 31st March 2009 and according to the information and explanations given to us, we report that funds raised on a short-term basis have not been used for long-term investment.
- (xviii) During the year, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures at the year end.
- (xx) During the year, the Company has not raised money by way of public issue.
- (xxi) Based on the audit procedures performed and according to the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year ended 31st March 2009.

For and on behalf of  
**JAYANTILAL THAKKAR & CO**  
 Chartered Accountants

(C. V. THAKKER)  
 Partner  
 Membership No: 6205  
 Place : New Delhi  
 Date : 1st December, 2009

For and on behalf of  
**RAHUL GAUTAM DIVAN & ASSOCIATES**  
 Chartered Accountants

(RAHUL DIVAN)  
 Partner  
 Membership No: 100733


**BALANCE SHEET AS AT 31ST MARCH 2009**

	Schedules	As at 31.03.2009 (Rs. in Lacs)	As at 31.03.2008 (Rs. in Lacs)
<b>SOURCES OF FUNDS</b>			
<b>Shareholder's Funds</b>			
Capital	1	10,001.93	10,001.93
Advance against Preferential Convertible Warrants	1A	-	715.73
Reserves and Surplus	2	111,400.97	40,252.19
		<b>121,402.90</b>	50,969.85
<b>Loan Funds</b>			
Secured Loans	3	94,429.75	82,617.79
Unsecured Loans	4	4,500.00	2,042.87
Unsecured - Foreign Currency Convertible Bonds	4A	34,499.80	31,702.70
		<b>133,429.55</b>	116,363.36
<b>Deferred Tax Liability (Net)</b>		<b>15,343.42</b>	13,880.44
<b>Total</b>		<b>270,175.87</b>	<b>181,213.65</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block		261,930.87	147,797.14
Less : Depreciation		58,752.87	49,952.00
Net Block	5	203,178.00	97,845.14
Capital Work-in-Progress		2,035.55	1,143.04
Advances against capital expenditure		1,005.06	2,326.24
		<b>206,218.61</b>	101,314.42
<b>Investments</b>	6	<b>3,859.76</b>	13,882.10
<b>Current Assets, Loans and Advances</b>			
Inventories	7	26,025.23	26,015.28
Sundry Debtors		11874.48	13,532.80
Cash and Bank Balances		4,694.51	2,391.42
Loans and Advances		45,672.78	45,199.80
		<b>88,267.00</b>	87,139.30
<b>Less : Current Liabilities and Provisions</b>			
Liabilities	8	25,803.42	18,313.72
Provisions		2,377.84	2,841.98
		<b>28,181.26</b>	21,155.70
<b>Net Current Assets</b>		<b>60,085.74</b>	65,983.60
<b>Miscellaneous Expenditure</b>			
(to the extent not written off or adjusted)			
Deferred Revenue Expenses		11.76	33.53
<b>Total</b>		<b>270,175.87</b>	<b>181,213.65</b>
<b>Notes on Accounts</b>	16		

The Schedules referred to above form an integral part of the Balance Sheet

As per our report attached		For and on behalf of the Board	
For and on behalf of Jayantilal Thakkar & Co. Chartered Accountants	For and on behalf of Rahul Gautam Divan & Associates Chartered Accountants	Sanjay Dalmia Chairman	Dr. B. C. Jain Director
(C. V. Thakker) Partner M. No. - 6205	(Rahul Divan) Partner M. No. - 100733	R. S. Jalan Managing Director	Raman Chopra Executive Director - Finance
		Jagdish Daral Vice President - Finance & Accounts	Bhuweshwar Mishra Company Secretary


**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

	Schedules	For the Year Ended 31.03.2009 (Rs. in Lacs)	For the Year Ended 31.03.2008 (Rs. in Lacs)
<b>INCOME</b>			
Sales - Gross		131,163.29	114,591.10
Less: Excise Duty		9,681.41	121,481.88
Income from Services		2,529.23	9,492.06
Insurance Claim for Loss of Profit		-	105,099.04
Other Income	9	685.94	1,890.40
<b>TOTAL INCOME</b>		<b>124,697.05</b>	<b>1,649.04</b>
<b>EXPENDITURE</b>			
Manufacturing Expenses	10	72,136.46	69,560.16
Purchase of Trading Goods		964.47	3,021.70
Payments to and Provisions for Employees	11	8,181.19	6,728.01
Administrative and Miscellaneous Expenses	12	6,790.45	3,875.65
Selling and Distribution Expenses	13	6,155.23	5,407.23
Excise Duty		70.54	148.24
(Increase)/Decrease in Stock	14	1,912.06	(4,908.80)
		<b>96,210.40</b>	<b>83,832.19</b>
Profit Before Financial Expenses, Depreciation and Exceptional Items		28,486.65	26,080.24
Financial Expenses	15	9,000.42	5,168.00
Profit Before Depreciation		19,486.23	20,912.24
Depreciation/ Amortisation		8,898.07	6,442.02
Less : Transferred from Business Development Reserve		1,936.95	-
Gain / (Loss) on Exceptional Items (Net)		-	653.18
<b>Profit Before Taxation</b>		<b>12,525.11</b>	<b>15,123.40</b>
Provision For Taxes			
- Current Tax		491.66	2,689.72
- Fringe Benefit Tax		123.21	123.10
- Deferred Tax (Net)		1,480.44	2,228.62
<b>Profit For The Year after Tax</b>		<b>10,429.80</b>	<b>10,081.96</b>
Balance brought forward from previous year		32,389.73	25,590.24
Balance brought forward from amalgamating company		(1,222.49)	
Prior period adjustments (See note no 16 of Schedule 16)		99.12	8.66
Excess/ (Short) provision for Tax for earlier years		100.84	(261.84)
Excess provision for Deferred Tax for earlier years		17.45	329.30
Debenture Redemption Reserve written back		-	458.33
Transferred from General Reserve as per scheme of arrangement		8,529.85	-
Receivables/ Balances Written off as per scheme of arrangement		(8,529.85)	-
Amount Available For Appropriation		41,814.45	36,206.65
<b>APPROPRIATIONS</b>			
Transfer to General Reserve		1,042.98	1,008.50
Transfer to General Reserve as per scheme of arrangement		10,000.00	
Proposed Dividend on Equity Shares		2,000.39	2,400.46
Tax on Dividend		339.97	407.96
Balance Carried To Balance Sheet		28,431.11	32,389.73
		<b>41,814.45</b>	<b>36,206.65</b>
Earnings per Share (Rupees) - Basic		10.65	10.19
Earnings per Share (Rupees) - Diluted		8.76	8.46
(See note no 34 of Schedule 16)			

**Notes on Accounts**

16

**The Schedules referred to above form an integral part of the Profit and Loss Account**

As per our report attached		For and on behalf of the Board	
For and on behalf of Jayantilal Thakkar & Co. Chartered Accountants	For and on behalf of Rahul Gautam Divan & Associates Chartered Accountants	Sanjay Dalmia Chairman	Dr. B. C. Jain Director
(C. V. Thakker) Partner M. No. - 6205	(Rahul Divan) Partner M. No. - 100733	R. S. Jalan Managing Director	Raman Chopra Executive Director - Finance
		Jagdish Daral Vice President - Finance & Accounts	Bhuwneshwar Mishra Company Secretary

 Place : New Delhi  
 Date : December 1, 2009

 Place : New Delhi  
 Date : December 1, 2009


**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

	For the Year Ended 31.03.2009 (Rs. in Lacs)	For the Year Ended 31.03.2008 (Rs. in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and Extraordinary items	12,525.11	15,123.40
<b>Adjustment for:</b>		
Depreciation / Amortisation	6,961.12	6,442.02
Foreign Exchange Loss/ (Gain) (Net)	2,429.87	(367.61)
Gain on Exceptional Item	-	(653.18)
Interest on Investments	(0.68)	(0.03)
Income From Dividend	(2.46)	(2.59)
Prior Period Adjustments	99.12	8.66
Profit on Sales / Discarding of Fixed Assets (Net)	(97.75)	(340.51)
Provision for Doubtful Debts / Advances (Net)	-	0.00
Profit on Sale of Investments (Net)	(0.12)	(11.00)
Financial Expenses (Net)	9,000.42	18,389.52
<b>Operating Profit before Working Capital Changes</b>	<b>30,914.63</b>	<b>25,367.16</b>
<b>Adjustments for:</b>		
Trade & other Receivables	(3568.82)	(6,733.87)
Inventories	(9.96)	(4,703.59)
Trade payables	6,962.78	4,818.98
<b>Other Adjustments</b>		
Deferred Revenue Expenses	21.77	57.23
<b>Cash Generated from Operations</b>	<b>34,320.40</b>	<b>18,805.91</b>
Direct taxes paid	(820.90)	(2,836.05)
<b>Net cash from Operating Activities</b>	<b>33,499.50</b>	<b>15,969.86</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(13,642.18)	(16,899.28)
Subsidies Received	313.29	93.50
Advance for Capital Expenditure	1,321.18	77.57
Sale of Fixed Assets	249.18	611.21
Sale/ (Purchase) of Investments	2.34	(491.53)
Profit on Sale of Investments (Net)	0.12	11.00
Investment in Subsidiaries	(5.00)	(55.00)
Advances in Subsidiaries	(16,968.03)	1,498.05
Interest on Investments	0.68	0.03
Interest Received	22.90	115.27
Dividend Received	2.46	2.59
<b>Net cash used in Investing Activities</b>	<b>(28,703.06)</b>	<b>(15,036.59)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Secured Loans	23,419.70	9,727.00
Advance against Preferential Warrants	-	50.00
Repayment of Secured Loans	(11,607.64)	(5,476.90)
Proceeds from Unsecured Loans	4,500.00	2,042.87
Repayment of Unsecured Loans	(2,042.87)	(14.48)
Proceeds (Repayment) of Foreign Currency Convertible Bonds	(2,244.39)	0.00
Foreign Exchange (Loss)/ Gain (Net)	(2,429.87)	367.61
Interest and Finance Charges Paid	(9,285.31)	(6,528.94)
Dividend and tax thereon paid	(2,802.92)	(3,149.00)
<b>Net Cash from Financing Activities</b>	<b>(2,493.30)</b>	<b>(2,981.84)</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>2,303.14</b>	<b>(2,048.57)</b>
<b>Cash and Cash Equivalents at beginning of year</b>	<b>2,391.37</b>	<b>4,439.99</b>
<b>Cash and Cash Equivalents at end of year</b>	<b>4,694.51</b>	<b>2,391.37</b>
<b>Note :</b>		
<b>Cash and Cash Equivalents at end of year</b>	<b>4,690.86</b>	<b>2,392.58</b>
<b>Effect of exchange rate changes - Gain/(Loss)</b>	<b>3.65</b>	<b>(1.21)</b>
<b>Cash and Cash Equivalents as restated</b>	<b>4,694.51</b>	<b>2,391.37</b>

As per our report attached

For and on behalf of the Board

 For and on behalf of  
Jayantilal Thakkar & Co.  
Chartered Accountants

 For and on behalf of  
Rahul Gautam Divan & Associates  
Chartered Accountants

 Sanjay Dalmia  
Chairman

 Dr. B. C. Jain  
Director

 (C. V. Thakker)  
Partner  
M. No. - 6205

 (Rahul Divan)  
Partner  
M. No. - 100733

 R. S. Jalan  
Managing Director

 Raman Chopra  
Executive Director - Finance

 Jagdish Daral  
Vice President - Finance & Accounts

 Bhuvneshwar Mishra  
Company Secretary


**SCHEDULES FORMING PART OF THE BALANCE SHEET**
**SCHEDULE 1 : SHARE CAPITAL**

	<b>As at 31.03.2009 (Rs. in Lacs)</b>	<b>As at 31.03.2008 (Rs. in Lacs)</b>
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
175,000,000 Equity Shares of Rs.10/- each	<b>17,500.00</b>	17,500.00
	<b>17,500.00</b>	17,500.00
<b>Issued, Subscribed and Paid up</b>		
100,019,286 Equity Shares of Rs. 10/- each fully paid up	<b>10,001.93</b>	10,001.93
	<b>10,001.93</b>	10,001.93

**Notes :**

- 1) a) 21,250,400 Equity Shares of Rs. 10/- each fully paid up were issued to Financial Institution at par on conversion of loan of Rs. 2125.00 lacs.
- b) 1,838,011 Equity Shares of Rs. 10/- each fully paid up were issued pursuant to the Scheme of Amalgamation for consideration other than cash.
- c) 430,875 Equity Shares of Rs 10/- each fully paid up were allotted on conversion of Foreign Currency Convertible Bonds.

**SCHEDULE 1A : ADVANCE AGAINST PREFERENTIAL CONVERTIBLE WARRANTS**

	<b>As at 31.03.2009 (Rs. in Lacs)</b>	<b>As at 31.03.2008 (Rs. in Lacs)</b>
4,500,000 Preferential Convertible Warrants	<b>715.73</b>	665.73
Add : Amount received during the year	-	50.00
Less : Amount forfeited and transfered to Capital Reserve	<b>715.73</b>	-
	<b>-</b>	715.73

- 1) The Company had allotted 4,500,000 Warrants to a Promoter Company on preferential basis convertible into Equity Shares of Rs.10/- each fully paid up, in the ratio of 1:1, on or before 22.04.2008 at Rs.147.94 per warrant (including premium of Rs. 137.94 per share). Against this the Company had received Rs 14.79 per warrant, which will be forfeited if the option of conversion is not excercised before the specified date. The Company had also received an additional amount of Rs. 50.00 lacs from the said Promoter Company.
- 2) The Promoter Company has not excercised the option of conversion on or before the specified date accordingly advance received against preferential convertible warrants has been forfeited and transferred to Capital Reserve.




**SCHEDULE 2 : RESERVES AND SURPLUS**

	As at 31.03.2009 (Rs. in Lacs)	As at 31.03.2008 (Rs. in Lacs)
<b>CAPITAL RESERVE</b>		
Cash subsidy	25.69	25.69
Surplus on re-issue of forfeited Shares	15.50	15.50
Forfeiture of Preferential Convertible Warrants	715.73	-
	<u>756.92</u>	41.19
<b>BUSINESS DEVELOPMENT RESERVE</b>		
Created During the year (Refer note no. 3 (b) of schedule 16)	103,354.59	
Less: Diminution in value of investment	25,500.00	
Less: Depreciation on revalued Assets	1,936.95	
	<u>75,917.64</u>	
<b>CAPITAL REDEMPTION RESERVE</b>		
As per last Balance Sheet	1,000.00	1,000.00
<b>FOREIGN CURRENCY TRANSLATION RESERVE</b>		
Created During the year	(4,039.09)	-
<b>SECURITIES PREMIUM ACCOUNT</b>		
As per last Balance Sheet	1,815.04	1,170.56
Add : Premium Received on Conversion of Foreign Currency Convertible Bonds	-	644.48
	<u>1,815.04</u>	1,815.04
<b>GENERAL RESERVE</b>		
As per last Balance Sheet	5,006.22	3,997.72
Add : Transferred from Profit and Loss Account	1,042.98	-
Add : Transferred from Profit and Loss Account as per Scheme of arrangement	10,000.00	-
Less : Transfer to Profit and Loss Account as per Scheme of arrangement	8,529.85	1,008.50
	<u>7,519.35</u>	5,006.22
<b>PROFIT AND LOSS ACCOUNT</b>		
Balance as per account annexed	28,431.11	32,389.73
<b>Total</b>	<u>111,400.97</u>	<u>40,252.19</u>

**SCHEDULE 3 : SECURED LOANS**

	As at 31.03.2009 (Rs. in Lacs)	As at 31.03.2008 (Rs. in Lacs)
<b>FROM BANKS / FINANCIAL INSTITUTIONS</b>		
Working Capital Loans	28,629.79	24,025.72
Foreign Currency Loans	-	531.13
Rupee Term Loans	65,799.96	58,060.94
<b>Total</b>	<u>94,429.75</u>	<u>82,617.79</u>

**Notes:**
**1) Rupee Term Loans from Banks / Institutions have been secured against :-**

- a) Loan aggregating to Rs. 7,444.23 Lacs is secured by first charge on pari passu basis by way of equitable mortgage on Factory Land & Building of Textile Division situated at Paravai and Manaparai, Tamil Nadu and

hypothecation of specified movable assets, both present and future of the Company's Textile Division. The said loan is availed under Technology Upgradation Fund Scheme for Textile.

- b) Loan aggregating to Rs. 14,939.84 Lacs is secured by first charge on pari passu basis by way of equitable mortgage on fixed assets of the Textile Division situated at Vapi, Gujarat and hypothecation of movable assets both present and future of the Company's Textile Division at Vapi, Gujarat with other term lenders of the said project. The said loan is availed under Technology Upgradation Fund Scheme for Textile.
  - c) Loan aggregating to Rs. 776.56 Lacs is secured by an exclusive first charge by way of equitable mortgage on immovable properties pertaining to Wind Mill Division – I situated at Irukkandurai village, Tirunelveli District in the state of Tamil Nadu and hypothecation of all present and future movable assets of Wind Mill Division – I. The said loan is availed under Technology Upgradation Fund Scheme for Textile.
  - d) Loan aggregating to Rs. 1,099.79 Lacs is secured by an exclusive first charge on all present and future movable assets of Wind Mill Division – II situated at Chinnaputhur, near Poolavadi in the state of Tamil Nadu. The said loan is availed under Technology Upgradation Fund Scheme for Textile.
  - e) Loan aggregating to Rs. 2,725 Lacs is secured by an exclusive first charge on all present movable assets of Edible Salt division situated at Thiruporur, Vedaranyam and Industrial Salt Division.
  - f) Loan aggregating to Rs. 9,166.67 Lacs is secured by way of Demand Promissory Note and first pari passu charge on movable fixed assets of Soda Ash Division situated at village Sutrapada, Veraval in Gujarat.
  - g) Loan aggregating to Rs. 21,500 Lacs is secured by extension of first charge on pari passu basis, by way of equitable mortgage on immovable properties of the Soda Ash Division situated at Sutrapada, Veraval, Gujarat and extension of hypothecation charge on movable assets, both present and future of the company's Soda Ash division situated at village – Sutrapada, Veraval in Gujarat with other term lenders of the said project.
  - h) Loan aggregating to Rs. 5,075.05 Lacs is secured by extension of first Hypothecation charge on pari passu basis, on movable assets, both present and future of the company's Soda Ash division situated at village – Sutrapada, Veraval in Gujarat with other term lenders of the said project.
  - i) Loan aggregating to Rs. 1,684.40 Lacs is secured by exclusive charge on the specific fixed assets created out of the proceeds of the loan for Company's Soda Ash Division situated at village Sutrapada, Veraval in Gujarat.
  - j) Loan aggregating to Rs. 594.33 Lacs is secured by exclusive charge on the specific fixed assets created out of the proceeds of the loan for Company's Soda Ash Division situated at village Sutrapada, Veraval in Gujarat.
  - k) Loan aggregating to Rs. 437.53 Lacs is secured by exclusive charge on the specific fixed assets created out of the proceeds of the loan for Company's Home Textile Division situated at Vapi in Gujarat. The said loan is availed under Technology Upgradation Fund Scheme for Textile.
  - l) Loan aggregating to Rs. 356.57 Lacs is secured by exclusive charge on the specific fixed assets created out of the proceeds of the loan for Company's Textile Division situated at Madurai, Tamil Nadu. The said loan is availed under Technology Upgradation Fund Scheme for Textile.
- 2) Working Capital Loans / Bill discounting from Banks / Financial Institutions are secured by way of hypothecation of stock-in-trade and book debts of Soda Ash / Home Textile Division / Edible Salt / Textile Divisions / ITES Division and second charge on fixed assets of Soda Ash Division / Home Textile Division, both present and future.
- 3) Specified movable assets referred to in the above notes include all movable assets of Soda Ash Division, Home Textile Division and Textile Division (save and except book debts and assets acquired on Hire Purchase) both present and future but subject to prior charge created and / or that may be created in favour of Company's Bankers on stock-in-trade for securing borrowing for working capital.

**SCHEDULE 4 : UNSECURED LOANS**

	<b>As at 31.03.2009 (Rs. in Lacs)</b>	<b>As at 31.03.2008 (Rs. in Lacs)</b>
Loan from banks	<u>4,500.00</u>	<u>2,042.87</u>
Total	<u>4,500.00</u>	<u>2,042.87</u>

**SCHEDULE 4A : UNSECURED FOREIGN CURRENCY CONVERTIBLE BONDS**

	<b>As at 31.03.2009 (Rs. in Lacs)</b>	<b>As at 31.03.2008 (Rs. in Lacs)</b>
Foreign Currency Convertible Bonds	<b>34,499.80</b>	31,702.70
<b>Total</b>	<b>34,499.80</b>	31,702.70

- The Company has issued 1% Foreign Currency Convertible Bonds (FCCBs) of a face value of US \$ 10,000 each, aggregating to US \$ 80.50 Million. As per the terms of the issue, the subscribers have an option to convert bonds into Equity Shares at a price which has been fixed as of 21st September 2008 at Rs. 147.9533 (US \$ 1 = Rs. 45.838). Such conversion option is exercisable between 21st September 2008 and 21st March 2011. The FCCB may be redeemed in whole, but not in part, at the option of the Company at any time on or after 21st September 2008 and prior to 21st March 2011, at an early redemption amount on predetermined terms. Unless previously converted, redeemed or cancelled, the FCCBs will be redeemed in US Dollars on 21st March 2011 at 139.426 % of their principal amount.
- During the year the Company has bought back and cancelled 1100 No. of Foreign Currency Convertible Bonds (FCCBs) of a face value of US \$ 10,000 each, purchase being with the approval of Reserve Bank of India, at a discount to the face value. As on 31st March, 2009 outstanding balance of FCCBs is US \$ 68 Million.
- Currently the FCCBs is traded at discounted price and company is trying to buy back the bonds at discount and in that case no premium would be payable and on that basis same has not been provided and is shown as contingent liability. However the premium, if paid, would be adjusted against the available Securities Premium Account / charged to Profit and Loss Account at the time of redemption.

**SCHEDULE 5 : FIXED ASSETS**

PARTICULARS											(Rs. in Lacs)		
	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK		
	As at 01-04-2008	Addition on Amalgamation	Addition on Revaluation	Additions (Deletions)	As at 31-03-2009	As at 01-04-2008	Addition on Amalgamation	On Revaluation	Additions (Deletions)	As at 31-03-2009	As at 31-03-2009	As at 31-03-2008	
<b>TANGIBLE ASSETS</b>													
Leasehold Land	600.66	-	38,131.77	-	38,732.43	93.92	-	479.64	5.93	579.49	38,152.94	506.74	
Freehold Land	3,287.38	-	36,423.69	8.75 (92.64)	39,627.18	-	-	-	-	-	39,627.18	3,287.38	
Buildings	13,990.56	-	2,757.38	216.08	16,964.02	2,930.15	-	96.57	384.15	3,410.87	13,553.15	11,060.41	
Plant and Machinery	113,857.26	81.52	23,871.84	10,545.66 (388.15)	147,968.14	42,011.82	9.75	1,360.74	4,772.97 (74.87)	48,080.40	99,887.73	71,845.44	
Furniture and Fixtures	897.49	5.59	-	44.80 (19.87)	928.21	423.71	2.19	-	50.31 (11.10)	465.11	463.10	473.78	
Office Equipments	1,274.73	6.44	-	66.36 (5.27)	1,342.26	636.05	1.02	-	105.84 (2.34)	740.57	601.69	638.68	
Vehicles	358.16	-	-	72.20 (44.74)	385.62	163.30	-	-	35.06 (31.07)	167.29	218.33	194.86	
Wind Turbine Generators	4,043.00	-	-	-	4,043.00	688.50	-	-	213.47	901.97	3,141.03	3,354.50	
Leased Mines	4,956.93	-	-	1,157.50	6,114.43	1,067.65	-	-	521.18	1,588.83	4,525.60	3,889.28	
<b>INTANGIBLE ASSETS</b>													
Goodwill	262.32	-	-	-	262.32	262.32	-	-	-	262.32	-	-	
Software	264.78	31.65	-	4.96	301.39	97.17	9.23	-	82.74	189.14	112.25	167.61	
Salt Works Reservoirs and Pans	4,003.87	-	-	1,258.00	5,261.87	1,577.41	-	-	789.47	2,366.88	2,895.00	2,426.46	
<b>Total</b>	<b>147,797.14</b>	<b>125.20</b>	<b>101,184.68</b>	<b>13,374.31 (550.47)</b>	<b>261,930.87</b>	<b>49,952.00</b>	<b>22.19</b>	<b>1,936.95</b>	<b>6,961.12 (119.38)</b>	<b>58,752.87</b>	<b>203,178.00</b>	<b>97,845.14</b>	
Previous Year	131,960.85	-	-	16,317.20 (480.91)	147,797.14	43,626.69	-	-	6,442.02 (116.71)	49,952.00	97,845.14		

- Building include a sum of Rs. 91.40 Lacs (previous year Rs. 91.40 Lacs) being cost of office premises acquired on ownership basis.
- Leased mines represent expenditure incurred on development of mines.
- Cash Subsidy amounting to Rs. 823.35 Lacs including previous years Rs. 510.1 Lacs relating to Home Textile division at Vapi has been reduced from respective Fixed Assets.
- Current year Depreciation is after adjustment of Rs. 33.63 Lacs (previous year Rs.5.10 Lacs) of depreciation relating to earlier years on Capital Subsidy received during the year.
- Some of the fixed assets revalued as per scheme of arrangement by Rs. 1,01,184.68 lacs (refer note no. 3(b) of schedule 16).


**SCHEDULE 6 : INVESTMENTS**

		As at 31.03.2009 (Rs. in Lacs)	As at 31.03.2008 (Rs. in Lacs)
<b>LONG TERM INVESTMENTS - (AT COST)</b>			
<b>OTHER THAN TRADE</b>			
<b>Quoted</b>			
8,300	Equity Shares of HDFC Bank Limited of Rs. 10/- each fully paid up	0.83	0.83
68,598	Equity Shares of IDBI Limited of Rs. 10/- each fully paid up	49.34	49.34
2,595	Equity Shares of Dena Bank of Rs. 10/- each fully paid up	0.70	0.70
272,146	Equity Shares of GTC Industries Limited of Rs. 10/- each fully paid up	495.01	495.01
4,500	Equity Shares of Canara Bank of Rs. 10/- each fully paid up	1.58	1.58
		<u>547.46</u>	<u>547.46</u>
<b>Unquoted</b>			
	Govt. securities - 7 year National Savings Certificates (Pledged with Government Authorities)	1.83	4.17
<b>SHARES IN WHOLLY OWNED SUBSIDIARY COMPANIES - (UNQUOTED)</b>			
750,000	Equity Shares of Rs 10 each fully paid of Colwell & Salmon Communications (India) Limited (Extinguish on amalgamation)	-	75.00
2,000	Equity Shares of US \$ 1.00 each fully paid up of Colwell & Salmon Communications Inc	1,314.44	1,314.44
221,586	Equity Shares of EURO 100/- each fully paid up of Indian Britain B.V	1,936.03	11,936.03
500,000	Equity Shares of Rs 10 each fully paid of Fabient Global Limited (Subscribed during the year)	50.00	-
50,000	Equity Shares of Rs 10 each fully paid of Fabient Textile Limited (Subscribed during the year)	5.00	-
		<u>3,305.47</u>	<u>13,325.47</u>
<b>CURRENT INVESTMENTS IN SUBSIDIARY COMPANY - (UNQUOTED)</b>			
50,000	Equity Shares of Rosebys Interiors India Limited (RIIL) Rs. 10/- each fully paid up (5,000 Shares pledged with IDBI Bank against Loan to RIIL)	5.00	5.00
	<b>Total</b>	<u>3,859.76</u>	<u>13,882.10</u>
		<b>As at 31.03.2009</b>	<b>As at 31.03.2008</b>
		<b>Book Value</b>	<b>Market Value</b>
	Quoted	547.46	230.04
	Others	3,312.30	-
		<u>3,859.76</u>	<u>13,334.64</u>
			798.11
			-
			<u>13,882.10</u>

(Details of Investments purchased and sold during the year - See Note No. 30 of Schedule 16)


**SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES**

	As at 31.03.2009 (Rs. in Lacs)	As at 31.03.2008 (Rs. in Lacs)
<b>CURRENT ASSETS</b>		
<b>Inventory (as taken, valued and certified by the Management)</b>		
At cost or net realisable value which ever is lower		
Raw materials	11,985.23	11,072.19
Finished goods	7,752.03	9,667.04
Stock in process	947.93	944.98
Stores and spares	5,340.04	4,331.07
<b>Total</b>	<b>26,025.23</b>	<b>26,015.28</b>
<b>Sundry Debtors (Unsecured, considered good unless stated otherwise)</b>		
Outstanding over six months		
Considered good	720.24	1,488.23
Considered doubtful	109.84	111.41
Provision for Doubtful Debts	(109.84)	(111.41)
	720.24	1,488.23
Other debts	11,154.24	12,044.57
<b>Total</b>	<b>11,874.48</b>	<b>13,532.80</b>
<b>Cash &amp; Bank Balances</b>		
Cash balance on hand		
	18.96	67.41
Current Account with Banks		
- Scheduled Banks	905.23	1,281.82
- Non Scheduled Banks		
Deutsche Bank (maximum balance Rs. 1115.06 Lacs, Previous Year Rs. 15 Lacs)	1,115.06	13.80
Fixed deposit		
- Scheduled Banks	67.80	90.80
(Pledged with Govt. Authorities / Banks - Rs. 66.8 Lacs, Previous Year Rs. 85.4 Lacs)		
In Margin Account	776.52	56.99
Remittances in transit	1,810.94	880.60
<b>Total</b>	<b>4,694.51</b>	<b>2,391.42</b>
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received - considered good		
	12,395.80	13,464.67
Loan to Employee Stock Option Scheme Trust	6,371.10	5,316.10
Share application money for Shares in Subsidiary Company		50.00
Due from Wholly owned Subsidiary Companies		
- Loans	22,404.08	22,220.20
- Others	2,897.60	2,662.91
	25,301.68	24,883.11
Interest Accrued on Investments	1.23	3.13
Balances with Customs, Port Trust, Central Excise etc.	987.54	1,178.18
Income Tax paid / Fringe Benefit Tax paid / Tax Deducted at Source (net of provisions)	615.43	304.61
<b>Total</b>	<b>45,672.78</b>	<b>45,199.80</b>


**SCHEDULE 8 : CURRENT LIABILITIES & PROVISIONS**

	As at 31.03.2009 (Rs. in Lacs)	As at 31.03.2008 (Rs. in Lacs)
<b>CURRENT LIABILITIES</b>		
Acceptances	-	548.24
Sundry Creditors for Goods and Expenses	17,700.00	11,136.42
Sundry Creditors for Capital Expenditure	1,205.61	1,089.47
* Sundry Creditors- Micro, Small & Medium Enterprises	203.70	21.41
Advances against sale of Assets	800.00	800.00
Advances from Customers	173.18	195.20
Trade Deposits from Dealers	150.32	120.25
**Investor Education & Protection Fund in respect of		
- Unclaimed Dividend	226.73	221.11
- Unclaimed Fixed Deposits	2.96	5.30
- Interest Accrued on Unclaimed Fixed Deposits	0.43	1.00
Other liabilities	4,761.38	4,001.38
Interest accrued but not due	579.11	173.94
<b>Total</b>	<b>25,803.42</b>	<b>18,313.72</b>
<b>PROVISIONS</b>		
Wealth Tax	37.48	33.56
Proposed Dividend on Equity Shares	2,000.39	2,400.46
Tax on Dividend	339.97	407.96
<b>Total</b>	<b>2,377.84</b>	<b>2,841.98</b>

\* See Note No. 35 of Schedule 16

\*\* The figure reflects the position as of 31st March, 2009. The actual amount to be transferred to the Investor Education & Protection Fund in this respect shall be determined on the due date.

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT**
**SCHEDULE 9 : OTHER INCOME**

	For the Year Ended 31.03.2009 (Rs. in Lacs)	For the Year Ended 31.03.2008 (Rs. in Lacs)
Interest on Investment	0.68	0.03
Dividend Income	2.46	2.59
Interest on Income Tax Refund	10.08	0.78
Gain on Exchange (net)	-	367.61
Profit on sale of assets (net)	97.75	340.51
Profit on sale of Investment (net)	0.12	11.00
Bad debts written off recovered	-	6.00
Sundry Credit Balances Written back (net)	95.62	60.15
Rent Income (Tax Deducted at Source Rs. 68.45 Lacs Previous year Rs. 53.84 Lacs)	255.95	198.23
Provision for Doubtful Debts written back (Previous year Rs. 250)	-	0.00
Miscellaneous Income	223.28	662.14
<b>Total</b>	<b>685.94</b>	<b>1,649.04</b>


**SCHEDULE 10 : MANUFACTURING EXPENSES**

	<b>For the Year Ended 31.03.2009 (Rs. in Lacs)</b>	<b>For the Year Ended 31.03.2008 (Rs. in Lacs)</b>
Raw Materials Consumed	42,483.64	44,066.90
Stores and Spares	2,443.22	2,067.20
Repairs and Maintenance		
Machinery	947.36	844.65
Building	96.91	77.23
Others	166.24	153.14
	<b>1,210.51</b>	<b>1,075.02</b>
Power, Fuel and Water	20,914.79	16,170.56
Other Manufacturing Expenses	2,044.09	3,392.13
Packing Expenses	2,881.19	2,626.90
Operating Expenses for Services	159.02	161.45
<b>Total</b>	<b>72,136.46</b>	<b>69,560.16</b>

**SCHEDULE 11 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES**

	<b>For the Year Ended 31.03.2009 (Rs. in Lacs)</b>	<b>For the Year Ended 31.03.2008 (Rs. in Lacs)</b>
Salaries, Wages and Bonus	6,709.06	5,324.40
Contribution to PF and other funds	723.51	630.63
Staff Welfare	478.62	437.98
Commission to Whole time Directors	270.00	335.00
<b>Total</b>	<b>8,181.19</b>	<b>6,728.01</b>

**SCHEDULE 12 : ADMINISTRATIVE AND MISCELLANEOUS EXPENSES**

	<b>For the Year Ended 31.03.2009 (Rs. in Lacs)</b>	<b>For the Year Ended 31.03.2008 (Rs. in Lacs)</b>
Travelling & Conveyance	949.48	1,002.99
Rent and Lease Rent	391.57	323.00
Rates and Taxes	100.44	85.17
Insurance	424.79	461.78
Loss on Exchange (net)	2,429.87	-
Commission to Non Whole time Directors	131.00	150.00
Communication Expenses	221.30	187.22
Legal & Professional Expenses	1,224.00	762.87
Miscellaneous Expenses	861.48	862.92
Deferred Revenue Expenditure Written Off	10.18	31.64
Sundry Balances Written Off (net)	3.68	-
Donation	42.66	8.06
<b>Total</b>	<b>6,790.45</b>	<b>3,875.65</b>


**SCHEDULE 13 : SELLING AND DISTRIBUTION EXPENSES**

	<b>For the Year Ended 31.03.2009 (Rs. in Lacs)</b>	<b>For the Year Ended 31.03.2008 (Rs. in Lacs)</b>
Cash Discount	891.01	624.80
Freight and Forwarding	2,766.34	2,598.21
Commission on Sales	2,194.46	2,121.27
Sales Promotion Expenses	303.42	62.95
<b>Total</b>	<b>6,155.23</b>	<b>5,407.23</b>

**SCHEDULE 14 : (INCREASE)/DECREASE IN STOCK**

	<b>For the Year Ended 31.03.2009 (Rs. in Lacs)</b>	<b>For the Year Ended 31.03.2008 (Rs. in Lacs)</b>
<b>Opening stock</b>		
Finished Goods	9,667.04	4,099.67
Stock in Process	944.98	1,603.55
<b>(A)</b>	<b>10,612.02</b>	<b>5,703.22</b>
<b>Closing stock</b>		
Finished Goods	7,752.03	9,667.04
Stock in Process	947.93	944.98
<b>(B)</b>	<b>8,699.96</b>	<b>10,612.02</b>
(Increase)/Decrease in Stock	<b>Total (A-B)</b>	<b>(4,908.80)</b>

**SCHEDULE 15 : FINANCIAL EXPENSES**

	<b>For the Year Ended 31.03.2009 (Rs. in Lacs)</b>	<b>For the Year Ended 31.03.2008 (Rs. in Lacs)</b>
Interest - Fixed Loans	5,727.02	4,096.98
- Others	3,482.72	2,190.67
Other Financial Charges	480.75	401.91
	<b>9,690.49</b>	<b>6,689.56</b>
Less : Interest and Financial charges capitalised	667.17	286.80
Less : Interest from Subsidiary Companies	-	1,119.50
Less : Interest Income Others	22.90	115.26
<b>Total</b>	<b>9,000.42</b>	<b>5,168.00</b>



## SCHEDULE 16 : NOTES ON ACCOUNTS

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### A. SIGNIFICANT ACCOUNTING POLICIES

##### Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention (except for revaluation of certain fixed assets) in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

##### Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting year. Difference between the actual results and estimates are recognised in the year in which the results are known/materialised.

##### Revenue Recognition

Sales represent value of goods sold and revenue from trade related activities as reduced by quality claims and rebates but includes excise duty and export benefits under DFRC Scheme. Income from services represents revenue from IT - Enabled services and job charges rendered during the year.

##### Fixed Assets and Depreciation

Fixed Assets are recorded at cost net of CENVAT, VAT and subsidies less depreciation and impairment loss, if any. During the year, some of the fixed assets have been revalued at their respective fair market value and such assets are stated at revalued amount. Depreciation is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on revalued fixed assets is provided on a straight line method over the remaining useful life as determined by the valuer. Intangible assets are depreciated on straight line basis over the useful life of the assets not exceeding ten years. Continuous process plants as defined therein have been taken on technical assessment and depreciation is provided accordingly. Assets acquired during the year whose cost does not exceed Rs. 5,000 are fully depreciated in the year of acquisition. Depreciation on certain assets are provided at a higher rate depending upon their useful life. Depreciation is adjusted in subsequent years to allocate the asset's revised carrying amount after the recognition of an impairment loss, if any, on systematic basis over its remaining life. Additional depreciation on account of any upward revaluation of assets is charged to Business Development Reserve until such reserve exists.

Exchange differences adjusted to the cost of assets are depreciated equally over the balance useful life of the assets. Leases relating to land are amortized equally over the period of lease. Leased mines are depreciated over the estimated useful life of the mine or lease period, whichever is lower.

Machinery spares which are used only in connection with an item of fixed assets and whose use is not regular in nature are capitalised and written off over the estimated useful life of the relevant assets. The written down value of such spares is charged to the Profit and Loss Account on issue for consumption.

##### Government Grants

Cash Subsidies relating to specific fixed assets are shown as deduction from the cost of the assets concerned in arriving at its book value.

##### Impairment of Assets

Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price or its value in use. Value in use is the present value of estimated future cash flow expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset at an arm's length transaction between knowledgeable willing parties, less the costs of disposal.

##### Investments

Investments are classified into current and long term investments. Current investments are stated at the lower of cost or fair value. Long term investments are stated at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of long term investments. Investments in subsidiary companies are of long term strategic value and except as already provided diminution if any in the value of these investments is temporary in nature.

##### Inventories

Inventories comprising Raw Materials and Finished Goods are stated at cost or net realizable value, whichever is lower. Cost of Raw Materials is arrived at mainly on weighted average basis for every month. The cost of Finished Goods include material cost, cost of conversion, depreciation, other overheads to the extent applicable and excise duty.

Stock-in-process is valued at cost determined by taking material cost, labour charges, and direct expenses.

Stores and Spares are stated at cost less provision, if any, for obsolescence. The cost of Loose Tools is written off equally over three years.

##### Foreign Currency Transactions

Transaction denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.

Non-monetary foreign currency items are carried at cost.

Any income or expenses on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss Account.

##### Derivative Instruments

Gain or loss in respect of Financial Derivatives are accounted in Profit and Loss Account. In addition where there are contracts for termination or winding up of financial derivatives, they are also given effect in the Profit and Loss Account.

##### Retirement Benefits

Contribution payable to recognized Provident Fund and Superannuation Scheme which are defined contribution scheme is charged to Profit and Loss Account. Gratuity and Leave Encashment which are defined benefits are accrued based on actuarial valuation as at the



Balance Sheet date. The Company has opted for a Group Gratuity Scheme and the contribution is charged to the Profit and Loss Account each year.

**Deferred Revenue Expenditure**

In terms of Accounting Standard 26 - Intangible Assets issued by the Institute of Chartered Accountants of India, the carrying amounts of Deferred Revenue Expenditure are amortized / written off over the number of years in which the benefits are expected to accrue to the Company as per the accounting policy followed by the company.

However, expenditure incurred during the year, on such items which do not meet the definition of Intangible Assets as per the said Standard are charged off to the Profit and Loss Account except VRS expenditure which is amortized as per the existing Accounting Policy.

**Intangible Assets**

Intangible Assets are stated at cost of acquisition less accumulated amortization/depreciation.

On amalgamation/acquisition the excess of consideration over the value of net assets acquired is treated as goodwill arising on amalgamation and is written off over a period of five years.

**Borrowing costs**

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets. The capitalization rate is the weighted average of the borrowing cost applicable to the borrowings of the Company that are outstanding during the year. All other borrowing costs are recognized as an expense in the year in which they are incurred.

**Leases**

Leases entered into before 1st April, 2001 are treated as operating leases and lease rental paid are charged to Profit and Loss Account. Leases entered into on or after 1st April, 2001 are accounted for in accordance with Accounting Standard - 19 "Leases" issued by the Institute of Chartered Accountants of India.

**Taxation**

Income Tax expenses comprises current tax and deferred tax charge or credit. The deferred tax assets and liabilities are calculated by applying tax rates and tax laws that have been enacted at the Balance Sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation (due to amalgamation) under tax laws, are recognized, only if there is virtual certainty of its realization, supported by convincing evidence. Deferred tax assets on account of other timing difference are recognized only to the extent there is a reasonable certainty of its realization. At each Balance Sheet date, the carrying amount of deferred tax assets are reviewed to re-assess realization.

**Provisions, Contingent Liabilities and Contingent Assets**

In accordance with Accounting Standard - 29 Provisions, Contingent Liabilities and Contingent Assets, issued by the Institute of Chartered Accountants of India, provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

**B. NOTES**

	<b>As at 31st March, 2009 (Rs. in Lacs)</b>	<b>As at 31st March, 2008 (Rs. in Lacs)</b>
1 a) Estimated value of contracts remaining to be executed on Capital Account and not provided for	<b>1,552.01</b>	6,984.90
b) Contingent Liabilities :		
(i) Guarantees issued by banks	<b>1,001.23</b>	383.53
(ii) Bank Guarantee on behalf of others	-	264.50
(iii) Letters of Credit	<b>4,326.34</b>	6,905.66
(iv) Bills discounted with banks (since realized)	<b>2,082.23</b>	1,376.59
(v) Claims against the Company not acknowledged as debts		
- Income Tax & Wealth Tax	<b>41.72</b>	42.74
- Excise matters	<b>1,671.82</b>	1,045.40
- Other claims	<b>1,303.00</b>	1,194.18
(vi) Corporate guarantee & Standby Letters of Credit to Bank on behalf of subsidiaries of the Company	<b>70,969.28</b>	56,741.80
(vii) Premium on redemption of Foreign Currency Convertible Bonds	<b>13,601.89</b>	12,499.10
c) Export Obligation on duty free imports	<b>21,148.50</b>	8,388.05
2 Company had allotted 45,00,000 Warrants to a Promoter Company on preferential basis convertible into Equity Shares . The promoter company did not exercise the option of conversion within the stipulated time. Accordingly, the amount of Rs. 715.73 Lacs received against said warrants has been forfeited and transferred to Capital Reserve during the year.		
3 The company has filed a "Scheme of Arrangement" for amalgamation of its 100% subsidiary Colwell and Salmon Communications (India) Limited from the appointed date 1st April, 2008 and interalia to deal with suitable impairment/ diminution in the value of investments, loans and advances to and receivables from its subsidiaries due to administration/ restructuring of foreign subsidiaries in US / UK recoverability from Indian subsidiaries, guarantees provided on behalf of these subsidiaries along with gain realized on buyback of FCCBs at discount. The Company has received the approvals of BSE and NSE Stock Exchange and submitted the Scheme to The Hon'ble High Court of Gujarat under section 391-394 of the Companies Act, 1956 for its approval. The Hon'able Gujarat High Court vide its order dated 30th November, 2009 has approved the Scheme of Arrangement. The Financial Statements of the company are based on the Scheme of Arrangement and the effects are as under:-		
a) A wholly owned subsidiary Colwell and Salmon Communications (India) Limited has been amalgamated with GHCL Limited in accordance with AS- 14 Accounting for Amalgamations. No fresh shares have been issued upon amalgamation since 100% share capital in the transferor company is held by GHCL Limited.		



- b) Some of the fixed assets of the Company, as considered appropriate by the management have been reinstated at their respective fair values. Such revaluation has been carried out by government approved competent valuer appointed by the Company. The amount of such revaluation being Rs. 101184.68 Lacs has been transferred to Business Development Reserve as envisaged by the aforesaid scheme (refer schedule 5 of Balance Sheet).
- c) Gains realised on account of buyback and cancellation of 1,100 Foreign Currency Convertible Bonds (FCCBs) of USD 10,000 each at discount amounting to Rs. 2169.91 Lacs has been transferred to Business Development Reserve Account in accordance with the scheme.
- d) In accordance with the aforesaid scheme, goodwill arising on amalgamation or acquisition or consolidation of financials statements of subsidiaries and which requires amortisation or impairment, any unrealizable assets whether fixed or current or tangible or intangible of the company, any diminution/write off in the value of the investments in its subsidiaries; whether in India or overseas, interest and other financial charges paid or payable on borrowings for subsidiaries by the company or by its subsidiaries or borrowings guaranteed by the company, mark to market adjustment on derivative instruments, currency swaps expenses, all the expenses / costs incurred in carrying out and implementing this Scheme, Integration expenses like plant shifting / shutting down, expenses arising on voluntary retirement offered to the employees of acquired companies, expenses for suit for bankruptcy including costs associated with existing projects / subsidiaries / divisions in part and / or whole by the Transferee Company and any additional depreciation on account of any upward revaluation of assets are to be charged to Business Development Reserve Account. Accordingly Rs. 25500 lacs has been charged to Business Development Reserve on account of diminution in the value investments in and loans & advances to and receivables from subsidiaries. Any further impairment arising out of such diminution shall be accounted for in subsequent years upon reasonable certainty that the same is non realisable and shall be charged to Business Development Reserve until such reserves exists. Further additional depreciation arising out of revaluation amounting to Rs. 1936.95 lacs has been charged to the Business Development Reserve.
- e) As per scheme, a sum of Rs. 8529.85 lacs pertaining to receivables from subsidiaries have been written off and adjusted against General Reserve.
- f) As per the scheme, the Profit and Loss Account Balance as appearing in the Balance sheet of the Company as on 31st March 2008 shall be in part or full, without any further act, instrument or deed, stand re-organised and be appropriated to the General Reserve, as may be considered appropriate by the management in the interest of the company. Accordingly Rs. 10000 lacs has been transferred from Profit and Loss Balance to General Reserve Account.

**4 Disclosure in respect of Amalgamation in accordance with AS-14 Accounting for Amalgamation**

- |    |   |   |   |
|----|---|---|---|
| a) | Name  | Transferor<br>Transferee  | Colwell & Salmon Communications (India) Limited<br>GHCL Limited                     |
| b) | General Nature of business of the Companies                                     | Transferor<br>Transferee  | IT Enabled Services<br>Manufacturing of Soda Ash, Edible Salt, Yarn & Home Textiles |
| c) | Appointed Date of Amalgamation  | 1st April 2008  |   |
| d) | Method of Accounting used to reflect the amalgamation                           | Pooling of Interest Method  |   |
| e) | Particulars of the Scheme of Arrangement u/s 391-394 of the Companies Act, 1956 | Pursuant to the "Scheme of arrangement" as submitted to The Hon'ble Gujarat High Court, all assets and liabilities of the transferor company has been accounted on for under pooling of interest method in the books of transferee company as per Accounting Standard-14. The entire share capital of the transferor company and investment in transferee company automatically stands cancelled. |   |

- 5 Provision for taxation includes Rs. 15.00 Lacs (previous year Rs. 6.00 Lacs) for Wealth Tax.
- 6 During the reporting year the operations of subsidiaries have been adversely affected due to the unprecedented Global meltdown. As a result of the meltdown operating subsidiaries of the Company namely Dan River Inc. and Rosebys Operations Ltd. have filed for administration in USA and UK respectively and other subsidiaries have financial difficulties. Accordingly the Company has not accounted for interest income on loans granted to all its subsidiary companies as a matter of prudence.
- 7 Sundry Debtors, Creditors and Loans and Advances are subject to confirmation and consequential adjustment, if any.
- 8 Pursuant to the Guidelines on Buyback of Foreign Currency Convertible Bonds (FCCBs) issued by Reserve Bank of India (RBI) and our subsequent approval from the RBI, the Company has bought back and cancelled 1,100 FCCBs of Face Value of USD 10,000 each at a discount. At the Balance Sheet date FCCBs worth USD 68 mn were outstanding. Subsequent to the Balance Sheet date, the Company has further bought back 1,980 bonds of USD 10,000 each and is in further dialogue for additional buyback.
- 9 The operations of some of the overseas subsidiaries have been reclassified as non integral operations. Accordingly, as per the provisions of Accounting Standard -11, the foreign exchange impact on restatement of foreign exchange borrowings and related investments, loans & advances and receivables in overseas companies (amounting to 4039.09 lacs) hitherto taken to Profit and Loss Account have been transferred to Foreign Currency Translation Reserve.
- 10 The following changes have taken place during the year with regard to Subsidiary Companies

a)	<b>Companies Incorporated during the year</b>	<b>Country</b>	<b>Holding</b>	<b>Date of Incorporation</b>
	Fabient Textiles Limited	India	100%	6th June, 2008
	Grace Home Fashions LLC	USA	75%	7th July, 2008
	Rosebys UK Limited	UK	100%	18th September, 2008
	Rosebys International Limited	India	100%	13th March, 2009
b)	<b>Closure of the company</b>	<b>Country</b>	<b>Date of Closure</b>	
	Indrom Chemicals SA (Non Operating)	Romania	11th November, 2008	

Subsequent to the balance sheet date, a non operating step-down subsidiary company of GHCL Limited namely GHCL Global Sourcing Limited has been closed on 3rd June, 2009.



c) <b>Change in Name of the Company</b>	Country	Date of Change
Old Apparel Inc. (Formerly Known as Best Textiles International Limited)	USA	29th August, 2008
Old Apparel Property Inc. (Formerly Known as Best Real Properties Inc.)	USA	29th August, 2008

d) During the year, the overseas operations of our subsidiaries was adversely impacted by the Global meltdown and as a result of the same following subsidiaries filed for administration:-

<b>Name of the Company</b>	Country	Date of Administration filing
Dan River Inc.	USA	20th April, 2008
Dan River Factory Stores Inc. (Non Operating)	USA	20th April, 2008
Dan River International Limited (Non Operating)	USA	20th April, 2008
The Bibb Company LLC ( Non Operating)	USA	20th April, 2008
Textile & Design Limited (Formerly known as Rosebys Operations Limited)	UK	25th September, 2008
Textile & Design (No. 1) Limited (Formerly known as Rosebys Holdings Limited) (Non Operating)	UK	25th September, 2008
Textile & Design (No. 2) Limited (Formerly known as Rosebys (2004) Limited) (Non Operating)	UK	25th September, 2008
Textile & Design (No. 3) (Formerly known as Rosebys Unlimited) (Non Operating)	UK	25th September, 2008

e) During the year a step down subsidiary Old Apparel Inc. (Best Textiles International Limited ), USA has sold its operations along with its assets and liabilities including investments in the following subsidiaries on 29th August 2008

- Crowntex International Inc.
- Royal Crowntex International Inc.
- Maysun Land Limited
- X- Etra de Mexico, SA, Mexico

- 11 Unquoted investments in subsidiary companies are of long term strategic value in the opinion of the management. Except for as adjusted in the financial statements, the current diminution in the value of these investments is temporary in nature considering the inherent value and nature of investee's business proposal and hence no provision is required.
- 12 Rosebys Interiors India Limited, a wholly owned subsidiary, was incorporated in previous year with a view to separately set up home textiles retail segment and the intention is to divest ownership and control in the near future. Hence such investments are classified as a current investments. However, due to adverse global economic circumstances, the divestment has not happened by the year end. Management are actively looking at divestment opportunity.
- 13 Provision for doubtful debts includes Rs. 76.07 Lacs for balance receivable from Product Direct Limited due to an unfavorable decree issued. The sundry debtors balance shall be written off after appropriate approval from Reserve Bank of India is granted.
- 14 In accordance with the requirements of Accounting Standard - 19 Leases issued by the Institute of Chartered Accountants of India, future obligation/rights as at Balance Sheet Date for lease arrangements amount to

	(Rs. in Lacs) <b>Receivable</b>	(Rs. in Lacs) <b>Payable</b>
Due within one year	254.44	210.94
Due within the following four years	134.40	161.56
Due after five years	Nil	Nil

- 15 The value of closing stock of Finished Goods includes excise duty not paid Rs. 190.99 Lacs (previous year Rs.139.40 Lacs). The value of Lignite at mines includes royalty of Rs. 7.56 Lacs (previous year Rs. 7.20 Lacs) on the closing stock. The Value of Salt at Salt Fields includes Cess & Royalty of Rs. 23.45 Lacs (previous year Rs. 10.76 Lacs) on Closing Stock. This has however, no impact on the Profit for the year.
- 16 Prior Period Items include write back on account of depreciation adjustment of Rs. 33.63 lacs on account of capital subsidy received during the year, excess provision of water cess amounting to Rs. 42.02 lacs and income tax related items amounting to Rs. 23.47 lacs.
- 17 Loans & Advances includes Rs. 7,281.59 Lacs (previous year Rs. 6,319.93 Lacs) paid as advance for purchase of materials and services outstanding for more than six months and considered good and Rs. Nil advance against accommodation paid to Director and relative of Director (previous year - Rs. 0.30 Lacs). Maximum outstanding balance during the year Rs. 0.30 Lacs (previous year - Rs. 0.30 Lacs) and lease rent includes Rs. 0.04 Lacs paid to the Director (previous year - Rs. 0.04 Lacs) and Rs. 0.60 Lacs paid to relative of the Director (previous year - Rs. 0.60 Lacs).
- 18 As per Accounting Standard-15 "Employee Benefits", the disclosures of Employee Benefits as defined in the Accounting Standard are given below:

**Defined Contribution Plan**

Provident Fund and Superannuation Fund are Defined Contribution Plan. Contribution paid for Provident Fund and Superannuation Fund are recognised as expense for the year :

	<b>For the Year Ended 31st March, 2009 (Rs. in Lacs)</b>	For the Year Ended 31st March, 2008 (Rs. in Lacs)
Employer's contribution to Provident Fund/Pension Scheme	<b>360.36</b>	348.98
Employer's contribution to Superannuation Fund	<b>91.39</b>	110.67

The Company's Provident fund has applied for exemption under section 17 of Employees' Provident Fund Act, 1952. Conditions for grant of exemptions stipulates that the employer shall make good deficiency, if any, in the interest rate declared by the trust vis-à-vis statutory rate.

**Defined Benefit Plan**

**Gratuity (Funded)**

The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of the obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

**Leave Encashment (Unfunded)**

The Company recognises the leave encashment expenses in the Profit & Loss Account based on actuarial valuation.

The expenses recognised in the Profit & Loss Account and the Leave encashment liability at the beginning and at the end of the year:

	<b>For the Year Ended 31st March, 2009 (Rs. in Lacs)</b>	For the Year Ended 31st March, 2008 (Rs. in Lacs)
Liability at the beginning of the year	450.73	174.90
Addition on Amalgamation	15.88	-
Paid during the year	79.49	78.70
Provided during the year	120.55	275.80
Liability at the end of the year	507.67	450.73

**Reconciliation of opening and closing balances of the present value of defined benefit obligation in respect of Gratuity Fund**

<b>Particulars</b>	<b>For the Year Ended 31st March, 2009 (Rs. in Lacs)</b>	For the Year Ended 31st March, 2008 (Rs. in Lacs)
Obligation at year beginning	1,308.18	1,132.15
Service cost	106.57	83.38
Interest cost	110.05	93.00
Actuarial gain/(loss)	15.99	105.58
Benefits paid	(78.20)	(105.93)
Obligation at year end	1,462.59	1,308.18
<b>Change in plan assets</b>		
Plans assets at year beginning, at fair value	1,365.06	1,242.78
Expected return on plan assets	106.08	103.18
Actuarial gain/(loss)	(68.54)	25.03
Contributions	-	100.00
Benefits paid	(78.20)	(105.93)
Plan Assets at year end, at fair value	1,324.40	1,365.06
<b>Reconciliation of the present value of the obligation and the fair value of the plan asset</b>		
Fair value of the plan assets at the end of the year	1,324.40	1,365.06
Present value of the defined benefit obligation at the end of the year	1,462.59	1,308.18
Assets recognised in the Balance Sheet	(138.19)	56.88
<b>Gratuity cost for the year</b>		
Service cost	106.57	83.38
Interest cost	110.05	93.00
Expected return on plan assets	106.08	103.18
Actuarial gain/(loss)	84.53	80.55
Net Gratuity cost	195.07	153.75
<b>Investment details of plan assets</b>		
---% of the Plan Assets invested in debt instruments	87.44%	85.00%
---% of the Plan Assets invested in equity	12.56%	15.00%

**Assumptions**

	<b>1994-96(Ultimate)</b>	1994-96(Ultimate)
Mortality Table -LIC		
Interest rate	8.00%	8.00%
Estimated rate of return on plan assets	8.00%	8.00%
Estimated future salary growth	7.00%	7.00%

**19 Related Party Transactions**
**a Subsidiaries :**

- Colwell & Salmon Communications Inc.
- Indian Britain B.V.
- Indian England N.V.
- Indian Wales N.V.
- GHCL Global Sourcing Limited
- GHCL Inc.
- GHCL International Inc.
- Dan River Inc. (Upto 20th April, 2008)
- Dan River International Limited (Upto 20th April, 2008)
- Dan River Factory Stores Inc. (Upto 20th April, 2008)
- Dan River Properties LLC
- The Bibb Company LLC (Upto 20th April, 2008)
- Old Apparel Inc (Formerly known as Best Textile International Limited)

Old Apparel Property Inc. (Formerly known as Best Real Properties Inc.)  
 Crowntex International Incorporated (Upto 29th August, 2008)  
 Royal Crowntex International Inc (Upto 29th August, 2008)  
 X- Etra de Mexico, SA, Mexico (Upto 29th August, 2008)  
 Maysun Land Limited (Upto 29th August, 2008)  
 GHCL Rosebys Limited  
 Textile and Design Limited (Formerly known as Rosebys Operations Limited)  
 Textile & Design (No.1) Limited (Formerly known as Rosebys Holdings Limited)  
 Textile and Design (No.2) Limited (Formerly known as Rosebys (2004) Limited)  
 Textile & Design (No.3) (Formerly known as Rosebys Unlimited)  
 Rosebys UK Limited  
 S C GHCL Upsom SA  
 Indrom Chemicals SA (Closed w.e.f. from 11th November, 2008)  
 Rosebys Interiors India Limited  
 Fabient Global Limited  
 Fabient Textile Limited  
 Grace Home Fashions LLC  
 Rosebys International Limited

**b Key Management Personnel:**

Mr. R. S. Jalan, Managing Director  
 Mr. Tej Malhotra, Sr. Executive Director - Operations  
 Mr. Raman Chopra, Executive Director - Finance

**c Relative of Key Management Personnel:**

Mrs. Vidyavati Malhotra, m/o Mr. Tej Malhotra  
 Mrs. Sashi Malhotra, w/o Mr. Tej Malhotra  
 Mrs. Bharti Chopra, w/o Mr. Raman Chopra

Disclosure of transactions between the Company and related parties and the status of outstanding balances as at 31st March, 2009

Type of Transactions	Subsidiary	Key Management Personnel	(Rs. in Lacs)	
			Relative of Key Management Personnel	
<b>1 Purchase or Sale of Goods / others</b>				
- Sale	1,006.03	-		
	(8,294.80)	(0.73)		
- Expenses	57.13			
	(8.69)			
<b>2 Leasing &amp; Hire purchase transactions</b>				
		-	3.21	
		(0.04)	(0.57)	
<b>3 Finance</b>				
- Loans & Advances - Net	15,815.84			
	(338.47)			
- Equity including Securities Premium	55.00			
	(5.00)			
- Advance for Share Application	-			
	(50.00)			
<b>4 Services</b>				
- Income	984.44			
	(389.97)			
- Expenses	170.84			
	(9.38)			
- Interest charged / Others	0.00			
	(1,120.71)			
<b>5 Remuneration</b>		585.48		
		(589.98)		
<b>6 Dividend on Shares</b>				
				-
				(0.08)
<b>7 Balances as at 31st March, 2009</b>				
- Investments	3,310.46			
	(13,330.46)			
- Loans & Advances - Net	25,301.68			
	(24,883.11)			
- Advance for Share Application	-			
	(50.00)			



Type of Transactions	Subsidiary	Key Management Personnel	(Rs. in Lacs)
			Relative of Key Management Personnel
- Advances for Rental Accommodation			-
- Debtors	1,147.62		(0.18)
- Creditors	(4,129.95)		(0.16)
	34.34		
	(5.42)		

Figures in brackets relate to year ended 31st March, 2008

20 <b>Deferred Tax</b>	(Rs. in Lacs)		
	As at 1st April, 2008	Current Year Charge/(Credit)	As at 31st March, 2009
a) Deferred tax liability on account of:			
i) Depreciation	12,317.11	1,939.36	14,256.47
ii) Others			
Deferred Revenue Expenditure	1,831.44	466.81	2,298.25
<b>Total (A)</b>	<b>14,148.55</b>	<b>2,406.17</b>	<b>16,554.72</b>
b) Deferred tax assets on account of:			
i) Employee Benefit	218.34	200.12	418.46
ii) State & Central Taxes & Cess	11.84	10.10	21.94
iii) Provision for Bad Debts	37.87	(0.00)	37.87
iv) Disallowance u/s 40 (a)	0.06	1.20	1.26
v) Carry forward loss as per IT Act	-	731.77	731.77
<b>Total (B)</b>	<b>268.11</b>	<b>943.19</b>	<b>1,211.29</b>
<b>Total (A-B)</b>	<b>13,880.44</b>	<b>1,462.98</b>	<b>15,343.42</b>

Current year charge/(credit) includes Rs. 17.45 Lacs on account of prior year adjustment credited to Profit & Loss Account.

21 <b>Capital Work in Progress includes Incidental Expenditure during Project Implementation/Expansion</b>	For the Year Ended	For the Year Ended
	31st March, 2009 (Rs. in Lacs)	31st March, 2008 (Rs. in Lacs)
Materials for trial run & start up for machinery	48.15	122.52
Power & Fuel	-	21.26
Salaries, Wages, Gratuity etc.	32.99	76.72
Travelling & Conveyance	2.73	4.84
Insurance	38.54	-
Legal and Professional Expenses	6.21	0.10
Miscellaneous Expenses	0.08	2.33
Financial Charges	-	8.07
Interest Charges	625.44	154.32
Total Preoperative Expenses	754.14	390.16
Add : Preoperative expenses incurred up to previous year	59.62	261.79
	813.76	651.95
Less : Capitalised during the year	706.19	592.33
<b>Balance</b>	<b>107.57</b>	<b>59.62</b>

22 Raw material and Power & Fuel costs include expenditure on captive production of Salt, Limestone, Briquette and Lignite as under:	For the Year Ended	For the Year Ended
	31st March, 2009 (Rs. in Lacs)	31st March, 2008 (Rs. in Lacs)
Manufacturing Expenses	3,285.08	1,564.59
Stores and spares consumed	29.47	30.63
Power and Fuel	288.85	250.47
Cess and Royalty	539.88	309.26
Repairs and maintenance		
Building	11.54	10.90
Plant and machinery	23.66	22.52
Earth work	93.14	70.84
Others	55.36	28.29
Salaries and Wages	682.90	575.24
Travelling & Conveyance	16.50	16.56
Lease Rent	65.51	64.11
Rates and taxes	7.55	50.15



Insurance	188.35	207.15
Inventory written off	-	11.51
Interest	9.27	164.08
Misc. Expenses (Including Deferred Revenue & Intangible Expenses)	67.54	117.31
Less: Interest on Investments (other than trade)	(3.73)	(1.39)
Other Misc. Income	<u>(119.96)</u>	<u>(141.70)</u>
<b>TOTAL</b>	<b><u>5,240.91</u></b>	<b><u>3,350.52</u></b>
23 Payment to Auditors	<b>For the Year Ended 31st March, 2009 (Rs. in Lacs)</b>	<b>For the Year Ended 31st March, 2008 (Rs. in Lacs)</b>
a) To Statutory Auditors (excluding service tax)		
Audit fee	16.90	16.00
Tax Audit Fee	1.45	1.25
Limited Review Report	8.00	8.00
Certification	2.72	1.30
Audit of consolidated financial statements	8.00	12.00
Taxation matters	1.20	2.73
Others	0.60	2.00
Out of pocket expenses	0.99	1.40
<b>Total</b>	<b><u>39.86</u></b>	<b><u>44.68</u></b>
b) To Cost Auditors (excluding service tax)		
Audit Fee	1.08	0.75
Out of pocket expenses	0.10	0.08
<b>Total</b>	<b><u>1.18</u></b>	<b><u>0.83</u></b>
24 Managerial Remuneration		
a) Whole time Directors		
Salaries	258.33	135.70
Contribution to Provident and Superannuation funds	26.41	23.60
Perquisites	26.05	38.68
Gratuity & Leave Encashment	4.69	57.00
Commission	270.00	335.00
b) Other Directors		
Sitting Fees	15.20	16.20
Commission	131.00	150.00
	<b><u>731.68</u></b>	<b><u>756.18</u></b>
c) Computation of Net Profit as per Section 349 / 350 of the Companies Act, 1956		
Profit for the year (as per Profit & Loss Account)	10,429.80	10,081.96
Add :		
Provision for Taxation	2,095.30	5,041.44
Managerial Remuneration & Sitting fees	731.68	756.18
Deferred Revenue Expenses charged to Profit and Loss Account	22.54	71.45
	<b><u>13,279.32</u></b>	<b><u>15,951.03</u></b>
Less :		
Profit on Sale of Investment (Net)	0.12	11.00
Capital Profit on Sale of Assets	120.81	258.20
Deferred Revenue Expenses incurred during the year	0.75	14.22
Exchange gain on FCCB and related advances - Exceptional items	-	653.18
Net Profit u/s 349 of the Companies Act, 1956	<b><u>13,157.64</u></b>	<b><u>15,014.43</u></b>
Commission payable to		
Managing Director and Executive Directors as decided by the Board	270.00	335.00
Non - Whole time Directors as decided by the Board	131.00	150.00
25 Expenditure in Foreign Currencies		
Foreign Travel	159.92	156.94
Commission on Export Sales	328.14	57.80
Interest and Commitment Charges	1,130.01	809.51
Others	548.89	246.64
26 Remittances during the year in foreign currency on account of		
Dividends to non-resident shareholders (Rs. In Lacs)	144.34	164.30
Dividend for the financial year ended	2007-08	2006-07
Number of non-resident shareholders	717.00	776.00
Number of Shares	<b>6,014,101</b>	<b>6,085,308</b>





	<b>For the Year Ended 31st March, 2009 (Rs. in Lacs)</b>	<b>For the Year Ended 31st March, 2008 (Rs. in Lacs)</b>
27 Earnings in Foreign exchange		
Export of Finished Goods on FOB basis	19,763.27	16,596.40
Recovery towards Freight etc. on Exports	867.97	702.28
Export Income from Services	1,242.10	-
Others	0.15	1,007.48

28 Value of imports on CIF basis		
Raw Materials and Utilities	13,049.34	7,617.79
Components and spare parts	328.22	297.05
Capital Goods	453.65	2,100.57
Trading Goods	-	46.01
29 Quantitative information in respect of Company's operations		

**(a) Capacity (as certified by the Management)**

		<b>For the Year Ended 31st March, 2009</b>		<b>For the Year Ended 31 March, 2008</b>	
	<b>UNIT</b>	<b>Installed</b>	<b>Licensed</b>	<b>Installed</b>	<b>Licensed</b>
Soda Ash	MT	850,000	N.A.	850,000	N.A.
Refined Salt	MT	200,000	N.A.	200,000	N.A.
Yarn - Spindles	Nos.	140,000	N.A.	140,000	N.A.
Sodium bicarbonate	MT	18,000	N.A.	18,000	N.A.
Wind Turbine Generators	MW Per Hour	8	N.A.	8	N.A.
Cloth Looms	Nos.	96	N.A.	96	N.A.
Cloth Processing	MTRS. ('000)	34,000	N.A.	34,000	N.A.

		<b>For the Year Ended 31st March, 2009</b>		<b>For the Year Ended 31 March, 2008</b>	
	<b>UNIT</b>	<b>Quantity</b>	<b>Rs. in Lacs</b>	<b>Quantity</b>	<b>Rs. in Lacs</b>
<b>(b) Opening Stock</b>					
Soda Ash	MT	17,258	1,211.14	7,592	578.22
Yarn	MT	365	596.31	595	790.08
Cloth	MTRS. ('000)	5,190	5,691.28	4,928	1,482.59
Bed Sheet Sets	MTRS. ('000)	1,419	2,133.49	1,120	1,195.81
Others		N.A.	34.82	N.A.	52.97
			<u>9,667.04</u>		<u>4,099.67</u>

<b>(c) Production</b>					
Soda Ash - (Gross)	MT	617,566		591,531	
Refined Salt	MT	31,203		88,120	
Yarn	MT	10,614		11,789	
Cloth - Job work + Own Production	MTRS. ('000)	35,915		35,710	
Bicarb - (Produced from Soda Ash)	MT	12,659		6,355	
Bed Sheet Sets - Job Work	MTRS. ('000)	6,573		9,272	

<b>(d) Purchase of Trading Goods</b>			964.47		3,021.70
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<b>(e) Purchase</b>					
Yarn	MT	249		808	
Cloth	MTRS. ('000)	7,762		21,165	
Bed Sheet Sets	MTRS. ('000)			35	

<b>(f) Consumption for internal use *</b>					
Soda Ash	MT	39,316		31,621	
Yarn	MT	2,954		2,412	
Cloth	MTRS. ('000)	21,170		36,832	

<b>(g) Sales</b>					
Soda Ash	MT	562,516	89,926.89	550,244	70,638.93
Yarn	MT	7,967	11,210.01	10,415	13,284.31



	UNIT	For the Year Ended 31st March, 2009		For the Year Ended 31 March, 2008	
		Quantity	Rs. in Lacs	Quantity	Rs. in Lacs
Cloth	MTRS. ('000)	25,066	14,462.78	19,781	13,445.61
Bed Sheet Sets	MTRS. ('000)	6,886	10,580.47	9,007	11,647.58
Others		N.A.	4,983.14	N.A.	5,574.67
			<u>131,163.29</u>		<u>114,591.10</u>
<b>(h) Closing Stock</b>					
Soda Ash	MT	32,992	2,846.80	17,258	1,211.14
Yarn	MT	306	443.84	365	596.31
Cloth	MTRS. ('000)	2,632	2,679.98	5,190	5,691.28
Bed Sheet Sets	MTRS. ('000)	1,106	1,762.44	1,419	2,133.49
Others		N.A.	18.97	N.A.	34.82
			<u>7,752.03</u>		<u>9,667.04</u>

\* Including transit differences and process wastage.

**(i) Consumption of Raw Materials and Consumables**

Salt	MT	1,133,587	6,096.45	1,215,908	5,500.06
Lime Stone	MT	1,276,176	3,516.37	1,242,551	3,216.45
Coke	MT	89,430	9,261.57	80,247	5,240.07
Cotton & Staple Fiber	MT	14,987	9,765.82	15,968	9,996.74
Yarn	MT	3,023	4,611.24	1,870	3,125.55
Fabric	MTRS. ('000)	7,092	7,368.29	16,548	13,282.80
Others		N.A.	1,863.90	N.A.	3,705.23
			<u>42,483.64</u>		<u>44,066.90</u>

The Consumption of Lime Stone is net of undersize realization Rs. 314.81 Lacs (previous year Rs. 216.52 Lacs).

	For the Year Ended 31st March, 2009		For the Year Ended 31 March, 2008	
	Value of Consumption	% AGE	Value of Consumption	% AGE
<b>(j) Consumption of Raw Materials</b>				
Stores and Spares				
Raw Materials :				
Imported	939.54	2.21%	1,133.75	2.57%
Indigenous	41,544.10	97.79%	42,933.15	97.43%
	<u>42,483.64</u>	<u>100.00%</u>	<u>44,066.90</u>	<u>100.00%</u>
Stores and Spares :				
Imported	185.45	7.59%	155.91	7.54%
Indigenous	2,257.77	92.41%	1,911.29	92.46%
	<u>2,443.22</u>	<u>100.00%</u>	<u>2,067.20</u>	<u>100.00%</u>

**30 Details of Investments purchased & sold during the year**

Particulars of Investment	No. of Units
HDFC Cash Management Fund-Saving Plan-Growth	1,965,815
Reliance Liquidity Fund - Growth	393,726

**31 Deferred Revenue Expenditure**

Deferred Revenue Expenditure comprises of carrying amount as per Accounting Standard - 26 on Intangible Assets issued by The Institute of Chartered Accountants of India.

**a Voluntary Retirement Scheme Expenses**

Compensation under the Company's voluntary retirement scheme paid/provided is being written off equally over a period of three years.

**b Prepayment Premium**

Premium paid on prepayment of Term Loans/Non - Convertible Debenture is charged off over the tenure of the loan in proportion to the principle amount outstanding.

**32 Intangible Assets**

Intangible Asset, meeting the definition as per the provisions of Accounting Standard - 26 Intangible Assets issued by The Institute of Chartered Accountants of India, comprises of :

**a Salt Pans**

Expenditure on the development of salt pans is being written off over a period of five years.

**b Software**

Expenditure on purchased software, ERP System and IT related expenses is being written off over a period of three years.

**c Goodwill**

Goodwill is amortized over a period of five years.


**33 Impairment of Assets**

In pursuance of Accounting Standard - 28 - Impairment of Assets issued by the Institute of Chartered Accountants of India, the Company has reviewed its carrying cost of assets with value in use (determined based on future earnings) / net selling price (determined based on valuation). Based on such review, management is of the view that in the current financial year impairment of assets is considered necessary.

**34 Earnings per Share (EPS)**

	<u>For the Year Ended 31st March, 2009</u>	<u>For the Year Ended 31 March, 2008</u>
<b>Basic EPS</b>		
Earnings per Share has been computed as under:		
Profit after Taxation (Rs. in Lacs)	10,429.80	10,081.96
(Less)/Add : Prior year Adjustment	217.41	76.12
	<u>10,647.21</u>	<u>10,158.08</u>
The weighted average number of Equity Shares for Basic EPS	(A)	(B)
	<u>100,019,286</u>	<u>99,723,403</u>
Earnings per share (Face value of Rs 10/- per share) (A) / (B)	10.65	10.19
Earnings per share (Face value of Rs. 10/- per share)		
<b>Diluted EPS</b>		
Profit after Taxation (Rs. in Lacs)	10,901.89	10,379.94
Number of Equity Shares for Basic EPS	100,019,286	99,723,403
Add : Adjustment for FCCB convertible into Equity Shares	24,378,540	22,988,701
The weighted average number of Equity Shares for Diluted EPS	124,397,826	122,712,104
Earnings Per Share (Diluted)	8.76	8.46

- 35 The amount of Rs. 203.70 Lacs (previous year 24.10 Lacs) due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of intimation received and information available with the Company as outstanding for more than 30 days which are as under,

	<u>As at 31st March, 2009 (Rs. In Lacs)</u>
<b>Sundry Creditors</b>	
G.B. Raja Top weaving	171.54
Chemical Process Piping Pvt. Limited	5.26
Del Pd Pumps & Gears (P) Limited	0.09
Devshi Earth Movers Private Limited	0.36
Finepac Structures Pvt. Limited	1.95
Flow-Tek Valves & Controls	0.02
J.B.Packaging	1.13
M B M Engineering Infotech Limited	0.06
Shree Hans Alloys Limited	0.61
The Ahmedabad Victoria Iron Works	1.54
Zenith Computers Limited	0.05
White Polytex, Pondicherry	0.35
Gowtham paper products, Erode	4.09
Ramalinga Print and Package	9.12
Packline industries Dindigul	2.68
Sree baalaji Packages salem	0.16
Super Pac	0.51
Madura Polymers, Madurai	1.12
Sri Shanmuga polybags, Puthukoottai	0.54
Suruli Polymers, Salem	1.17
Sri Vishnu Packages	1.35
<b>Total</b>	<b>203.70</b>

- 36 Category-wise quantitative data about derivative instruments that are outstanding are disclosed as per the requirement of Accounting Standard - 30 issued by the Institute of Chartered Accountants of India.

Particulars	As at 31st March, 2009			As at 31st March, 2008		
	No. of Contracts	USD Equivalent (In Lacs)	INR Equivalent (In Lacs)	No. of Contracts	USD Equivalent (In Lacs)	INR Equivalent (In Lacs)
a) Long Term Export Options (Dollar Receivables)	7	388.50	16,486.59	5	213.50	8,763.18
Forward (Dollar Receivables)	1	20.00	1,032.55	-	-	-
b) The Company entered the derivative instruments to hedge the foreign currency risk of fluctuation and protect interest rate risk and not for speculation purposes.						



- c) Foreign currency exposures that are not hedged by a derivative instrument or otherwise are

<b>Particulars</b>	<b>As at 31st March, 2009 (Rs. in Lacs)</b>	<b>As at 31st March, 2008 (Rs. in Lacs)</b>
Import Payable	<b>10,465.90</b>	4592.32
Foreign Currency Loans & Interest thereon	-	1773.41

- 37 Disclosure as per Clause 32 of the Listing Agreement.

- i) Loans and Advances in the nature of Loans given to Subsidiaries, Associates and Others

<b>Name of the Company</b>	<b>Relationship</b>	<b>Amount o/s as at 31st March, 2009 Rs. in Lacs</b>	<b>Max. Balance outstanding Rs. in Lacs</b>	<b>Investment in Shares of the company Rs. in Lacs</b>
Colwell & Salmon Communications Inc.	Subsidiary	256.38	256.38	-
Fabient Global Limited	Subsidiary	-	1.77	50.00
Fabient Textiles Limited	Subsidiary	1.28	1.28	5.00
GHCL Upsom Romania S.A.	Subsidiary	391.36	391.36	-
Indian Britain B.V.	Subsidiary	16,622.24	26,115.73	-
Rosebys Interiors India Limited	Subsidiary	8,019.83	23,519.83	-
Rosebys International Limited	Subsidiary	2.08	2.08	-
Textiles & Design Limited (Formerly known as Rosebys Operations Limited)	Subsidiary	0.00	1,677.93	-
Rosebys UK Limited	Subsidiary	0.00	1,418.36	-
Grace Home Fashions LLC	Subsidiary	8.83	8.83	-

- ii) Loans and Advances in the nature of Loans where there is no interest comprise employee loans of Rs. 113.95 Lacs (previous year Rs.125.32 Lacs).

- 38 The shareholders in their Extra Ordinary General Meeting held on 19th March, 2008 had approved the Employees Stock Option Scheme (ESOS 2008). Accordingly, the Employees Stock Option granted pursuant to ESOS 2006 (Series - 1) had been cancelled and equivalent number of options were granted by the compensation committee meeting held on 24th March, 2008. Under ESOS 2008 the compensation committee has assured a minimum price appreciation guarantee @ 20% on the Exercise Price i.e. Rs. 76.95 per share i.e. the latest available closing price prior to the date of grant of options i.e. 24th March, 2008

As per SEBI (ESOS & ESPS) Guidelines 1999 the Employees Stock Option Scheme is administered by the registered Trust named GHCL Employees Stock Option Trust (ESOS Trust). The Company has advanced interest free loan of Rs. 6,371.10 Lacs (Previous year 5,316.10 Lacs) to the Trust for the purpose of purchase of shares from the open market for allotment of shares to the eligible employees upon exercising their option from time to time.

The current market value of the shares held by ESOS Trust is lower than the cost of acquisition of these shares by Rs. 5,986.97 Lacs which is on account of market volatility. The impact of fall in market value, if any would be appropriately considered by the company in its profit and loss account at the time of exercise of Options by the eligible employees in March'2010.

The total number of shares purchased by ESOS Trust was 4,995,386 shares. Of these, 1,579,922 shares were illegally sold by a party against which ESOS trust has initiated legal proceedings and has got a favorable award from the Court. Additionally, ESOS Trust had taken a loan of Rs.1,057.00 Lacs from various companies and had created a third-party pledge of 2,068,000 shares on behalf of these lender companies. The lender companies could not fulfill their obligations toward the aforesaid third parties and consequently the pledge was invoked by these parties. ESOS trust has now got a favorable arbitration award against the lender companies whereby the lender companies would restore 2,068,000 shares in favour of ESOS Trust upon ESOS trust repaying their loan of Rs. 1,057.00 Lacs.

The details as per regulation 12 of SEBI (ESOS & ESPS) Guidelines 1999 are as follows:

<b>Particulars</b>	<b>Details</b>
a) Number of Options granted	1,655,000 (Each option is equivalent to one equity share on exercise of option)
b) Pricing Formula	Rs. 76.95 (Market Price i.e. the latest available closing price prior to the date of grant of options)
c) Options Vested	Nil (Vesting period is two years from the date of grant i.e. March 24, 2008 to March 24, 2010)
d) Options Exercised	Nil
e) Total Number of shares arising as a result of exercise of options	Not Applicable
f) Option Lapsed	Nil
g) Variation of Terms of Options	Nil
h) Money realized by exercise of options	Nil
i) Total Number of Options granted	1,655,000
j) Number of options lapsed for 2 employees left during the year	40,000
k) Total Number of Options in force as at 31st March, 2009	1,615,000
l) Number of employees to whom options are granted	36
(i) Senior Managerial person	

<b>Name</b>	<b>No. of Options Granted</b>	<b>Name</b>	<b>No. of Options Granted</b>
Mr. R.S. Jalan	200,000	Mr. BRD Krishnamoorthy	75,000
Mr. Tej Malhotra	125,000	Mr. R S Pandey	75,000
Mr. Raman Chopra	100,000	Mr. N N Radia	75,000



Mr. Sunil Bhatnagar	100,000	Mr. M Sivabalasubramaniun	75,000
Mr. K V Rajendran	100,000	Mr. Neeraj Jalan	75,000
Mr. Nikhil Sen	75,000		
(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during that year		None	
(iii) Identified employees who where granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.		None	
m) Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 "Earning Per Share"		Not Applicable	
n) Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.		Not Applicable	
o) Weighted Average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.		Not Applicable	
p) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information :		Options are granted at Market price	
Risk - Free interest Rate		Not Applicable	
Expected Life		Not Applicable	
Expected Volatility		Not Applicable	
Expected Dividends		Not Applicable	
The price of the underlying share in the market at the time of grant of option		Rs. 76.95 per share	
39 The Market Value of investments made by the company in shares of listed entities as at the Balance Sheet date is lower than the cost of acquisition by Rs. 317.38 lacs. The fall in the value such shares is on account of market volatilities and hence temporary in nature.			
40 Current year figure's are not comparable with previous year due to effect of amalgamation of the Colwell and Salmon Communications (India) Limited a wholly owned subsidiary of the Company from the appointed date of 1st April, 2008.			
41 Previous year figures have been regrouped and reclassified wherever necessary.			

Signature to Schedules 1 to 16

As per our report attached		For and on behalf of the Board	
For and on behalf of Jayantilal Thakkar & Co. Chartered Accountants	For and on behalf of Rahul Gautam Divan & Associates Chartered Accountants	Sanjay Dalmia Chairman	Dr. B. C. Jain Director
(C. V. Thakker) Partner M. No. - 6205	(Rahul Divan) Partner M. No. - 100733	R. S. Jalan Managing Director	Raman Chopra Executive Director - Finance
		Jagdish Daral Vice President - Finance & Accounts	Bhawneshwar Mishra Company Secretary

Place : New Delhi  
Date : December 1, 2009

Place : New Delhi  
Date : December 1, 2009



**ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.**

**Balance Sheet Abstract and Company's General Business Profile:**

I.	Registration No.	: 6513	State Code	:	04
	Balance Sheet Date	: 31st March, 2009			
II.	Capital raised during the year (Amount in Rs. Thousands)				
	Public Issue	: NIL	Right Issue	:	NIL
	Bonus Issue	: NIL	Private Placement	:	NIL
III.	Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)				
	Total Liabilities	27,017,587	Total Assets		27,017,587
	<b>Sources of Funds</b>		<b>Application of Funds</b>		
	Paid-up Capital	1,000,193	Net Fixed Assets		20,621,861
	Reserves and Surplus	11,140,097	Investments		385,976
	Secured Loans	9,442,975	Net Current Assets		6,008,574
	Unsecured Loans	3,899,980	Misc. Expenditure		1,176
	Deferred Tax Liability	1,534,342			
IV.	Performance of Company (Amount in Rs. Thousands)				
	Turnover	12,469,705	Total Expenditure		11,217,194
	Profit / Loss Before Tax	1,252,511	Profit After Tax		1,042,980
	Earning per Share in Rs.	10.65	Dividend Rate		20%
			Equity Share :		
			- Final		20%
V.	Generic Names of Three Principal Product / Services of Company (as per monetary terms)				
	Item Code No. (ITC Code)	: 2836.20			
	Product Description	: Disodium Carbonate (Soda Ash)			
	Item Code No. (ITC Code)	: 5205.11,5205.19,5206.11,5206.12,5509.21,5509.22,5509.50			
	Product Description	: Textiles falling within the above code numbers			





S.No.	Name of Subsidiary Company	Old Apparel Inc. (Formerly Best Textiles International Ltd)	GHCL Rosebys Limited	Textile & Design Ltd (Formerly Rosebys Operations Limited)	Textile & Design No. 1 Ltd (Formerly Rosebys Holdings Limited)	Textile & Design No. 2 Ltd (Formerly Rosebys 2004 Limited)	Textile & Design No. 3 (Formerly Rosebys Unlimited)	GHCL Global Sourcing Ltd.	Old Apparel Property Inc. (Formerly Best Real Properties Inc.)	Crowntex International Inc.	Royal Crowntex International Inc.	X-stra De Mexico SA	Rosebys UK Ltd	Grace Home Fashion LLC	Fablen Textiles Limited
1.00	The financial period of the Subsidiary Company ended on	26th December 2008	28th March 2009	28th March 2009	28th March 2009	28th March 2009	28th March 2009	31st March 2009	26th December 2008	31st March 2009	31st March 2009	31st March 2009	28th March 2009	31st March 2009	31st March 2009
2.00	Date from which they become subsidiary Companies	23rd January 2007	21st July 2006	28th July 2006	28th July 2006	28th July 2006	28th July 2006	21st December 2007	1st February 2007	9th February 2007	9th February 2007	9th February 2007	18th September 2006	07th July 2008	06th June 2008
3.00	Number of shares held by GHCL Ltd. with its nominees in the subsidiaries at the end of the financial year of the subsidiary Company.	1000 Equity Shares USD 0.001/- each	10,000,001 Ordinary shares of GBP 1/- each	1000,000,100 shares of GBP 0.01/- each	100 shares of GBP 0.01/- each	100 shares of GBP 0.01/- each	2 shares of GBP 1/- each	2 shares of GBP 1/- each	1000 shares of USD 0.001/- Each	42666 Shares of USD 1/- Each	1000 shares of USD 3750 each	18000 shares of Pesos 500 each	200 Shares of GBP 1/- each	7500 Shares of USD 1/- each	50000 shares of Rs 10/- each
3.10	Extent of interest of holding Company at the end of the financial year of the subsidiary Company.	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	85.33%	100.00%	100.00%	100.00%	75.00%	100.00%
3.20	Name of the Immediate Holding Company	GHCL Inc.	Indian Wales NV	GHCL Rosebys Ltd	GHCL Rosebys Ltd	GHCL Rosebys Ltd	Rosebys Holding Limited (50%) & Rosebys (2004) Limited (50%)	Indian Britain BV	Old Apparel Inc.	Old Apparel Inc.	Crowntex International Inc.	Old Apparel Inc.	GHCL Rosebys Ltd	GHCL LTD	GHCL LTD
4.00	The net aggregate amount of the subsidiary Company Profit/(Loss) so far as concerns the members of the holding company.	USD (4.66 Mn) INR (948.9 Lacs)	GBP (11.67 Mn) INR (9884.2 Lacs)	GBP (2.84 Mn) INR (2134.3 Lacs)	N.A.	N.A.	N.A.	GBP (1800) INR (1.1 Lacs)					GBP (132000) INR 148.2 Lacs	USD (0.04 Mn) INR (21.7 Lacs)	INR (661.8)
4.10	No dealt with in the holding Company accounts.														
4.10.10	For the financial years ended 31st March 2009														
4.10.20	For the previous financial years of the subsidiary Company since it became the holding Company's subsidiary.	USD (3.31 Mn) INR (1499.9 Lacs)	GBP 1.67Mn INR 1375.2 Lacs	GBP (7.15 Mn) INR (6375.7 Lacs)	0.00	0.00	0.00	GBP (9220) INR (2.6 Lacs)			USD 2,984 Mn INR 100.08 Mn	PES 2,903Mn INR 19.36Mn	NA	NA	NA
4.20	Dealt with in holding company's account														
4.20.10	For the financial year ended 31st March 2009	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.							
4.20.20	For the previous financial years of the subsidiary Company since it became the holding Company's subsidiary.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.								
5.00	Material Changes between the end of the financial year of the Subsidiary Company and the Company's financial Statement ended 31st March 2009														
	a.) Fixed Assets														
	b.) Investments														
	c.) Money Lent														
	d.) Money borrowed other than those for meeting Current liabilities														

For and on Behalf of the Board

Sanjay Dalmia  
Chairman

R. S. Jalan  
Managing Director

Jagdish Daral  
Vice President - Finance & Accounts

Dr. B. C. Jain  
Director

Raman Chopra  
Executive Director (Finance)

Bhuweshwar Mishra  
Company Secretary

Place : New Delhi

Date : December 1, 2009





**Details of Subsidiary Companies**

S. No.	Name of Subsidiary Company	Colwell & Salmon Communication Inc	Indian Britain BV	Rosebys Interiors India Ltd	Fabient Global Ltd	Indian England NV	Indian Wales NV	SC GHCL Upsom S.A.	Indrom Chemicals SA	GHCL INC. USA	GHCL International Inc	Dan River Inc.	Old Apparel Inc. (Formerly Best Textiles International Ltd)	GHCL Rosebys Limited	Textile & Design Ltd (Formerly Rosebys Operations Limited)	Textile & Design No.1 Ltd (Formerly Rosebys Holdings Ltd)	Textile & Design No.2 Ltd (Formerly Rosebys (2004) Ltd)	Textile & Design No.3 (Formerly Rosebys Unlimited)	GHCL Global Sourcing Ltd	Royal Crowntext International Inc.	X-tra Design Mevt. Co. SA	Grace Home Fashion LLC	Fabient Textiles Ltd	Rosebys UK Ltd
a	Capital	0.98	11,933.75	5.00	50.00	26.83	35.47	6,849.87	0.00	17,831.00	0.00	4.51	0.00	8,510.00	8,510.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.00	0.17
b	Reserves	(433.73)	(19,091.76)	(807.03)	(0.30)	(223.52)	(25,474.52)	(7,876.00)	0.00	(16,262.50)	(22,379.80)	91.13	(0.00)	(8,508.96)	(8,510.00)	0.00	0.00	0.00	(3.65)	0.00	0.00	(21.73)	(0.06)	148.25
c	Total Assets	58.64	6,537.38	9,054.09	49.70	22,370.41	1,297.58	19,146.58	0.00	1,568.20	(1,633.80)	3,036.00	0.00	1,516.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(21.73)	4.93	1,668.04
d	Total Liabilities	491.39	13,695.39	9,856.12	0.00	22,567.10	26,736.63	20,181.40	0.00	0.00	20,746.00	2,940.37	0.00	1,515.16	0.00	0.00	0.00	0.00	3.65	0.00	0.00	0.00	0.00	1,519.61
e	Investments ( Except in case of investment in Subsidiary)				0.00			8.68	0.00										0.00	0.00	0.00	0.00	0.00	0.00
f	Turnover/Total Income	2,751.90	8.19	551.51	0.00	408.98	0.55	25,992.90	0.00	0.80	0.00	0.00	0.00	5.93	37,131.38	0.00	0.00	0.00	0.00	0.00	0.00	371.22	0.00	0.00
g	Profit before Taxation	(457.20)	(37,038.52)	(760.79)	(0.20)	(522.11)	(21,829.59)	(6,062.85)	(0.06)	(18,442.56)	(20,299.60)	28,631.86	(1,948.94)	(9,684.21)	(2,134.34)	0.00	0.00	0.00	(1.10)	0.00	0.00	(21.73)	(0.06)	148.25
h	Provision for Taxation	(137.80)	0.00	21.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
i	Profit After Taxation	(319.40)	(37,038.52)	(802.29)	(0.20)	(522.11)	(21,829.59)	(6,062.85)	(0.06)	(18,442.56)	(20,299.60)	28,631.86	(1,948.94)	(9,684.21)	(2,134.34)	0.00	0.00	0.00	(1.10)	0.00	0.00	(21.73)	(0.06)	148.25
j	Proposed Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

The financial statements of the Foreign Subsidiaries have been converted into Indian Rupees at an appropriate exchange Rate.

Note :-

- The Company directly/indirectly owns 100% in all the subsidiaries other than S.C. GHCL Bega Upsom S.A. and Grace Home Fashion LLC, in which company holds 95.67% and 75 % respectively
- No separate Books of accounts for the following Dan River Subsidiaries are prepared under US Laws and same are clubbed with Dan River Inc.:-
  - Dan River International Ltd.
  - Dan River Factory Stores Inc.
  - The Bibb Company LLC
  - Dan River Properties Inc.
- No separate Books of accounts for the following Dan River Subsidiaries are prepared under US Laws and same are clubbed with Best Textiles International Ltd.:-
  - Best Real Properties Inc.
  - Crowntex International Inc.
- The above details have been annexed in terms of letter no. 47/286/2009-CL- III dated 15/5/2009 issued by Gov. of India, Ministry of Company affairs u/s 212 (8) of the Companies Act.
- During the year Indrom Chemicals SA (Non Operating) has been closed. The date of closure is 11th November, 2008
- During the year the following companies has filed for administration :-
  - Dan River Inc.
  - Dan River Factory Stores Inc. (Non Operating)
  - Dan River International Limited (Non Operating)
  - The Bibb Company LLC (Non Operating)
  - Textile & Design Limited (Formerly known as Rosebys Operations Limited)
  - Textile & Design (No. 1) Limited (Formerly known as Rosebys Holdings Limited) (Non Operating)
  - Textile & Design (No. 2) Limited (Formerly known as Rosebys (2004) Limited) (Non Operating)
  - Textile & Design (No. 3) (Formerly known as Rosebys Unlimited) (Non Operating)
- During the year investment in the following companies has been sold:-
  - Crowntex International Inc.
  - Royal Crowntex International Inc.
  - Maysun Land Limited
  - X- Eira de Mexico, SA, Mexico
- Pursuant to the scheme of arrangement as submitted to The Honble Gujarat High Court all assets and liabilities of Colwell & Salmon Communications (India) Ltd has been accounted for in the account of GHCL Ltd, accordingly the information relating to Colwell & Salmon Communications (India) Ltd has not been given in statement pursuant to Section 212 of the Companies Act, 1956



**AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

To The Board of Directors  
GHCL LIMITED

1. We have audited the attached Consolidated Balance Sheet of GHCL LIMITED ("the Company") and its subsidiaries as at 31st March 2009 and the Consolidated Profit and Loss Account annexed thereto and the Consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3.
  - a) The financial statements of two subsidiary companies, whose financial statements have been audited by one of the joint auditors of the Company, reflect total assets (net) of Rs. 54.85 lakh as at 31st March 2009 and total revenues of Rs. NIL lakh for the year ended on that date.
  - b) We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total liabilities (net) of Rs. 25.24 lakh as at 31st March 2009 and total revenues of Rs.3,123.2 lakh for the year ended on that date. Other auditors, whose reports have been furnished to us, have audited these financial statements, and in our opinion, so far as it relates to the amounts included in respect of these subsidiaries, are based solely on their reports.
  - c) The Consolidated Financial Statements also includes the unaudited financial statements of certain subsidiaries which reflect total assets (net) of Rs. 51,033.31 lakh as at 31st March 2009 and total revenue of Rs. 26,478.26 lakh for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been certified by the management.
  - d) As mentioned in Note 1(e) of Schedule 16 of the Consolidated Financial Statements, the net assets and results of operations of certain subsidiary companies have not been included in the Consolidated Financial Statements.
    - i) As stated in Note 1(e) of Schedule 16, one direct subsidiary company, audited by one of the joint auditors has not been considered for consolidation under Accounting Standard 21 since the control is intended to be temporary.
    - ii) Further, unaudited financial statements of eight subsidiaries, which are directly owned by the above mentioned subsidiary for the same reasons mentioned in para d(i) above.
4.
  - a) The company has reclassified its foreign operations as non-integral operations under Accounting Standard-11 The Effect of Changes in Foreign Exchange Rates during the year. Consequently, the foreign exchange fluctuation loss (Net) amounting to Rs 6,167.46 lakhs on loan balances and receivable from foreign subsidiaries and the related borrowing under Foreign Currency Convertible Bonds (FCCB) for investment in foreign subsidiaries, hitherto accounted for through Profit and Loss Account, has been transferred to Foreign Currency Translation Reserve. As a result, the corresponding year's figures are not comparable to this extent. As a result, the impact on the Profit and Loss Account for the year ended 31 March 2009 is an overstatement of profit by same Rs. 6,167.46 lakhs.
  - b) As per Scheme of Arrangement u/s 391 to 394 of the Companies Act, 1956 approved by The Honourable High Court of Gujarat vide its Order dated 30th November, 2009 the company has been allowed to create Business Development Reserve. Accordingly the management of the company has revalued certain fixed assets and transferred Rs. 1,01,184.68 lakhs being the amount of revaluation and gains realised on account of buyback and cancellation of 1100 Foreign Currency Convertible Bonds (FCCB) amounting to Rs. 2,169.91 lakhs to Business Development Reserves and adjusted diminution in value of investments and loans and advances aggregating to Rs. 33,763.46 lakhs and depreciation on revalued amount of fixed assets aggregating to Rs. 1,936.95 lakhs against the same. An amount of Rs. 8,529.85 lakhs is transferred from General Reserve to the Profit and Loss Account and like amount receivable from certain subsidiaries is written off as irrecoverable balances in Profit and Loss Account, as per Scheme. The net impact on reserves, as a consequence, is a credit of Rs. 59,124.33 lakhs.
  - c) Provision has not been made in respect of diminution in the value of Loans and Advances aggregating to Rs. 8,019 lakhs due from subsidiaries which is not consolidated as per AS 21 and step down subsidiaries and no provisions for outstanding Guarantees aggregating to Rs. 41,095 lakhs furnished to subsidiaries and step down subsidiaries (considered as contingent liabilities in notes to accounts) since it cannot be quantified as on date.
5. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and the audited/verified financial statements of its subsidiaries included in the consolidated financial statements.
6. Subject to our comments in paragraph 4 above we report that, on the basis of the information and explanations given to us and on the consideration of the separate audit/verification reports on individual financial statements of the Company and its subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31st March 2009;
  - (b) in case of the Consolidated Profit and Loss Account of the consolidated results of operations of the Company and its subsidiaries for the year ended on that date; and
  - (c) in the case Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries for the year ended on that date.

For and on behalf of  
JAYANTILAL THAKKAR & CO  
Chartered Accountants

( C. V. THAKKER )  
Partner  
Membership No: 6205

For and on behalf of  
RAHUL GAUTAM DIVAN & ASSOCIATES  
Chartered Accountants

( RAHUL DIVAN )  
Partner  
Membership No: 100733

Place : New Delhi  
Date : 1st December, 2009


**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009**

	Schedules	As at 31.03.2009 (Rs. in Lacs)	As at 31.03.2008 (Rs. in Lacs)
<b>SOURCES OF FUNDS</b>			
<b>Shareholder's Funds</b>			
Share Capital	1	10,001.93	10,001.93
Advance against Preferential Convertible Warrants	1A	-	715.73
Reserves and Surplus	2	<u>73,881.50</u>	<u>19,825.60</u>
		<b>83,883.43</b>	30,543.26
<b>Minority Interest</b>			
		-	935.85
<b>Loan Funds</b>			
Secured Loans	3	146,926.57	157,783.76
Unsecured Loans	4	4,500.00	2,042.87
Unsecured - Foreign Currency Convertible Bonds	4 A	<u>34,499.80</u>	<u>31,702.70</u>
		<b>185,926.37</b>	191,529.43
<b>Deferred Tax Liability (Net)</b>		<b>15,152.88</b>	<b>13,853.51</b>
<b>Total</b>		<b><u>284,962.68</u></b>	<b><u>236,862.05</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block		301,658.16	194,293.66
Less : Depreciation		<u>67,434.71</u>	<u>58,889.96</u>
Net Block	5	234,223.45	135,403.70
Capital Work-in-Progress		4,624.54	2,849.07
Advances against capital expenditure		<u>1,898.21</u>	<u>3,588.75</u>
		<b>240,746.20</b>	141,841.63
<b>Investments</b>	6	<b>562.97</b>	624.46
<b>Current Assets, Loans and Advances</b>			
Inventories	7	28,782.41	53,756.62
Sundry Debtors		14,132.37	28,848.98
Cash and Bank Balances		5,396.92	5,253.36
Loans and Advances		<u>33,105.27</u>	<u>51,286.19</u>
		<b>81,416.97</b>	<b>139,145.16</b>
<b>Less : Current Liabilities and Provisions</b>			
Current Liabilities	8	35,462.60	42,586.45
Provisions		<u>2,377.84</u>	<u>2,841.98</u>
		<b>37,840.44</b>	<b>45,428.43</b>
<b>Net Current Assets</b>		<b>43,576.53</b>	93,716.73
<b>Miscellaneous Expenditure</b>			
(to the extent not written off or adjusted)			
Deferred Revenue Expenses		<b>76.98</b>	<b>679.23</b>
<b>Total</b>		<b><u>284,962.68</u></b>	<b><u>236,862.05</u></b>

**Notes on Accounts**

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**The Schedules referred to above form an integral part of the Balance Sheet**

As per our report attached		For and on behalf of the Board	
For and on behalf of Jayantilal Thakkar & Co. Chartered Accountants	For and on behalf of Rahul Gautam Divan & Associates Chartered Accountants	Sanjay Dalmia Chairman	Dr. B. C. Jain Director
(C. V. Thakker) Partner M. No. - 6205	(Rahul Divan) Partner M. No. - 100733	R. S. Jalan Managing Director	Raman Chopra Executive Director - Finance
		Jagdish Daral Vice President - Finance & Accounts	Bhuwneshwar Mishra Company Secretary


**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Schedules	For the Year Ended 31.03.2009 (Rs. in Lacs)	For the Year Ended 31.03.2008 (Rs. in Lacs)
<b>INCOME</b>			
Sales - Gross		156,410.87	323,687.23
Less: Excise Duty		9,681.41	9,492.06
Income from Services		4,576.36	5,699.22
Profit on Sale of Investment		-	23,965.88
Insurance Claim for Loss of Profit		-	1,273.97
Other Income	9	1,470.37	4,166.43
Total Income		152,776.19	349,300.57
<b>EXPENDITURE</b>			
Manufacturing Expenses	10	93,235.70	86,685.89
Purchase of Trading Goods		1,229.04	126,050.65
Payments to and Provisions for Employees	11	13,005.70	43,965.16
Administrative and Miscellaneous Expenses	12	11,739.49	40,133.14
Selling and Distribution Expenses	13	9,205.41	15,539.56
Excise Duty		70.54	148.23
(Increase) / Decrease in Stock	14	1,016.96	4,861.63
Gain / (Loss) on Conversion into INR		1,646.83	6,701.82
		127,856.01	310,682.44
Profit Before Financial Expenses, Depreciation and Exceptional Items		24,920.18	38,618.25
Financial Expenses	15	12,614.37	17,081.68
Profit Before Depreciation		12,305.81	21,536.47
Depreciation / Amortisation		10,725.63	11,007.74
Less: Transferred from Business Development Reserve		1,936.95	8,788.68
Gain / (Loss) on Exceptional Items (Net)		-	(987.98)
<b>Profit Before Taxation</b>		3,517.13	9,540.75
Provision For Taxes			
- Current Tax		491.79	2,689.45
- Fringe Benefit Tax		123.21	136.77
- Deferred Tax (Net)		1,342.45	1,471.18
<b>Profit For The Year after Tax</b>		1,559.67	5,243.34
Minority Interest Profit / (Loss)		(935.86)	4.55
Profit after Minority Interest		2,495.54	5,238.69
Balance brought forward from previous year		11,609.19	2,824.34
Losses of Pre Acquisition period in Subsidiary		-	4,773.51
Losses Adjusted on Capital Reduction in Subsidiary		-	2,041.19
Prior period adjustments (See Note No. 4 of Schedule 16)		97.01	22.71
Excess/ (Short) provision for Tax for earlier years		113.63	(261.84)
Excess provision for Deferred Tax for earlier years		17.45	329.26
Debenture Redemption Reserve written back		-	458.33
Transferred from General Reserve as per Scheme of arrangement		8,529.85	-
Receivables/ Balances written off as per Scheme of arrangement		(8,529.85)	-
Amount Available for Appropriation		14,332.82	15,426.18
<b>APPROPRIATIONS</b>			
Transfer to General Reserve		1,042.98	1,008.50
Transfer to General Reserve as per Scheme of arrangement		10,000.00	-
Proposed Dividend on Equity Shares		2,000.39	2,400.46
Tax on Dividend		339.97	407.96
Balance Carried To Balance Sheet		949.49	11,609.19
		14,332.82	15,426.21
Earnings per Share (Rupees) - Basic		2.72	5.34
Earnings per Share (Rupees) - Diluted		2.39	4.52
(See Note No. 15 of Schedule 16)			

**Notes on Accounts**

16

**The Schedules referred to above form an integral part of the Profit and Loss Account**

As per our report attached		For and on behalf of the Board	
For and on behalf of Jayantilal Thakkar & Co. Chartered Accountants	For and on behalf of Rahul Gautam Divan & Associates Chartered Accountants	Sanjay Dalmia Chairman	Dr. B. C. Jain Director
(C. V. Thakker) Partner M. No. - 6205	(Rahul Divan) Partner M. No. - 100733	R. S. Jalan Managing Director	Raman Chopra Executive Director - Finance
		Jagdish Daral Vice President - Finance & Accounts	Bhuvneshwar Mishra Company Secretary


**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

	For the Year Ended 31 March 2009 (Rs. in Lacs)	For the Year Ended 31 March 2008 (Rs. in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and Extraordinary items	3,517.13	9,540.85
<b>Adjustment for :</b>		
Depreciation / Amortisation / Impairment	8,788.68	11,007.74
Foreign Exchange Loss/ (Gain) (Net)	4,919.19	(1,545.53)
Loss on Exceptional Item (Net)	-	987.98
Income from Investments	(0.78)	(188.27)
Income From Dividend	(2.46)	(2.59)
Prior Period Adjustments	97.01	22.71
Profit on Sales / Discarding on Fixed Assets (Net)	(30.53)	(1,083.34)
Minority Interest	935.86	(4.55)
Profit on Sale of Investments (Net)	57.05	(23,965.88)
Financial Expenses (Net)	12,614.37	27,378.39
<b>Operating Profit before Working capital Changes</b>	<b>30,895.52</b>	<b>11,850.68</b>
<b>Adjustments for :</b>		
Trade & other Receivables	9,847.76	(7,029.52)
Inventories	30,528.89	22,222.03
Trade payables	(8,963.67)	(21,082.26)
<b>Other Adjustments</b>		
Deferred Revenue Expenditure (to the extent not written off)	602.25	595.47
<b>Cash (Used) / generated from Operations</b>	<b>62,910.76</b>	<b>6,556.40</b>
Direct taxes paid	(805.40)	(2,870.40)
<b>Net cash (used) / generated from Operating Activities</b>	<b>62,105.36</b>	<b>3,686.01</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(14,008.72)	(17,751.26)
Subsidies Received	313.29	93.50
Advance for Capital Expenditure	1,690.54	705.07
Sale of Fixed Assets	249.18	9,762.45
Sale/ (Purchase) of Investments	61.49	(513.91)
Profit on Sale of Investments (Net)	(57.05)	23,965.88
Advances in Subsidiaries	(18,961.21)	(4,554.34)
Interest Received	28.74	181.64
Income from Investment	0.78	188.27
Dividend Received	2.46	2.59
<b>Net cash (used) / generated from Investing Activities</b>	<b>(30,680.50)</b>	<b>12,079.89</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Secured loans	23,419.71	9,727.00
Advance against Preferential Warrants	-	50.00
Repayment of Secured Loans	(34,276.89)	(14,429.80)
Proceeds from Unsecured Loan	4,500.00	(46.03)
Repayment of Unsecured Loan	(2,042.87)	2,042.87
Repayment of Foreign Currency Convertible Bonds	(2,244.39)	-
(Loss)/ Gain on Exchange	(4,919.19)	1,545.53
Interest and Finance Charges Paid	(12,914.86)	(17,003.88)
Dividend and tax thereon paid	(2,802.81)	(3,149.00)
<b>Net Cash (used) / generated from Financing Activities</b>	<b>(31,281.30)</b>	<b>(21,263.30)</b>
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>143.56</b>	<b>(5,497.40)</b>
<b>Cash and Cash Equivalents at beginning of year</b>	<b>5,253.36</b>	<b>10,750.82</b>
<b>Cash and Cash Equivalents at end of year</b>	<b>5,396.92</b>	<b>5,253.36</b>
<b>Note :</b>		
<b>Cash and Cash Equivalents as at end of year</b>	<b>5,393.27</b>	<b>5,254.62</b>
<b>Effect of exchange rate changes Gain/( Loss)</b>	<b>3.65</b>	<b>(1.21)</b>
<b>Cash and Cash Equivalents as restated</b>	<b>5,396.92</b>	<b>5,253.4</b>

As per our report attached

For and on behalf of the Board

 For and on behalf of  
Jayantilal Thakkar & Co.  
Chartered Accountants

 For and on behalf of  
Rahul Gautam Divan & Associates  
Chartered Accountants

 Sanjay Dalmia  
Chairman

 Dr. B. C. Jain  
Director

 (C. V. Thakker)  
Partner  
M. No. - 6205

 (Rahul Divan)  
Partner  
M. No. - 100733

 R. S. Jalan  
Managing Director

 Raman Chopra  
Executive Director - Finance

 Jagdish Daral  
Vice President - Finance & Accounts

 Bhuvneshwar Mishra  
Company Secretary



**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

**SCHEDULE 1 : SHARE CAPITAL**

	<b>As at 31.03.2009 (Rs. in Lacs)</b>	<b>As at 31.03.2008 (Rs. in Lacs)</b>
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
175,000,000 Equity Shares of Rs.10/- each	<b>17,500.00</b>	17,500.00
	<b>17,500.00</b>	17,500.00
<b>Issued, Subscribed and Paid up</b>		
100,019,286 Equity Shares of Rs. 10/- each fully paid up	<b>10,001.93</b>	10,001.93
	<b>10,001.93</b>	10,001.93

**Notes :**

- 1) a) 21,250,400 Equity Shares of Rs. 10/- each fully paid up were issued to Financial Institution at par on conversion of loan of Rs. 2125 lacs.
- b) 1,838,011 Equity Shares of Rs. 10/- each fully paid up were issued pursuant to the Scheme of Amalgamation for consideration other than cash.
- c) 430,875 Equity Shares of Rs. 10/- each fully paid up were allotted during the year on conversion of Foreign Currency Convertible Bonds.

**SCHEDULE 1A : ADVANCE AGAINST PREFERENTIAL CONVERTIBLE WARRANTS**

	<b>As at 31.03.2009 (Rs. in Lacs)</b>	<b>As at 31.03.2008 (Rs. in Lacs)</b>
4,500,000 Preferential Convertible Warrants	<b>715.73</b>	665.73
Add : Amount received during the year	-	50.00
Less : Amount forfeited and transfered to Capital Reserve	<b>715.73</b>	-
	-	715.73

- 1) The Company had allotted 4,500,000 Warrants to a Promoter Company on preferential basis convertible into Equity Shares of Rs.10/- each fully paid up, in the ratio of 1:1, on or before 22.04.2008 at Rs.147.94 per warrant (including premium of Rs. 137.94 per share). Against this the Company had received Rs. 14.79 per warrant, which will be forfeited if the option of conversion is not excercised before the specified date. The Company had received an additional amount of Rs. 50 lacs from the said Promoter Company during the year.
- 2) The Promoter Company has not excercised the option of conversion on or before the specified date accordingly advance received against preferential convertible warrants has been forfeited and transferred to Capital Reserve.


**SCHEDULE 2 : RESERVES AND SURPLUS**

	As at 31.03.2009 (Rs. in Lacs)	As at 31.03.2008 (Rs. in Lacs)
<b>CAPITAL RESERVE</b>		
Cash subsidy	25.69	25.69
Surplus on re-issue of forfeited Shares	15.50	15.50
Forfeiture of Preferential Convertible Warrants	715.73	-
	<u>756.92</u>	<u>41.19</u>
<b>BUSINESS DEVELOPMENT RESERVE</b>		
Created During the year (See note No 3(b) of Schdeule 16)	103,354.59	-
Less: Diminution in value of investment	33,763.46	-
Less: Depreciation on revalued Assets	1,936.95	-
	<u>67,654.18</u>	<u>-</u>
<b>CAPITAL REDEMPTION RESERVE</b>		
As per last Balance Sheet	1,000.00	1,000.00
<b>FOREIGN CURRENCY TRANSLATION RESERVE</b>		
As per last Balance Sheet		
Created During the year	(6,167.46)	-
<b>SECURITIES PREMIUM ACCOUNT</b>		
As per last Balance Sheet	1,815.04	1,170.56
Add : Premium Received on Conversion of Foreign Currency Convertible Bonds	-	644.48
	<u>1,815.04</u>	<u>1,815.04</u>
<b>GENERAL RESERVE</b>		
As per last Balance Sheet	5,006.22	3,997.72
Add: Transferred from Profit and Loss Account	1,042.98	1008.50
Add: Transferred from Profit and Loss Account as per Scheme of arrangement	10,000.00	-
Less: Transfer to Profit and Loss Account as per Scheme of arrangement	8,529.85	-
	<u>7,519.35</u>	<u>5,006.22</u>
<b>OTHER RESERVES</b>	353.97	353.97
<b>PROFIT AND LOSS ACCOUNT</b>		
Balance as per account annexed	949.49	11,609.19
<b>Total</b>	<u>73,881.50</u>	<u>19,825.61</u>

**SCHEDULE 3 : SECURED LOANS**

	As at 31.03.2009 (Rs. in Lacs)	As at 31.03.2008 (Rs. in Lacs)
<b>FROM BANKS / FINANCIAL INSTITUTIONS</b>		
Working Capital Loans	35,784.36	53,286.19
Foreign Currency Loans	45,342.25	46,436.73
Rupee Term Loans	65,799.96	58,060.94
<b>Total</b>	<u>146,926.57</u>	<u>157,783.76</u>

**Notes :**

- Foreign Currency Loans aggregating to Rs. 45342 Lacs of the foreign subsidiary companies are secured by way of exclusive first charge by way of hypothecation in favour of Respective Banks of moveable fixed assets, both present and future of the foreign subsidiary companies and guaranteed by the holding company.

**2) Rupee Term Loans from Banks / Institutions have been secured against :-**

- a) Loan aggregating to Rs. 7,444.23 Lacs is secured by first charge on pari passu basis by way of equitable mortgage on Factory Land & Building of Textile Division situated at Paravai and Manaparai, Tamil Nadu and hypothecation of specified movable assets, both present and future of the Company's Textile Division. The said loan is availed under Technology Upgradation Fund Scheme for Textile.
  - b) Loan aggregating to Rs. 14,939.84 Lacs is secured by first charge on pari passu basis by way of equitable mortgage on fixed assets of the Textile Division situated at Vapi, Gujarat and hypothecation of movable assets both present and future of the Company's Textile Division at Vapi, Gujarat with other term lenders of the said project. The said loan is availed under Technology Upgradation Fund Scheme for Textile.
  - c) Loan aggregating to Rs. 776.56 Lacs is secured by an exclusive first charge by way of equitable mortgage on immovable properties pertaining to Wind Mill Division – I situated at Irukkandurai village, Tirunelveli District in the state of Tamil Nadu and hypothecation of all present and future movable assets of Wind Mill Division – I. The said loan is availed under Technology Upgradation Fund Scheme for Textile.
  - d) Loan aggregating to Rs. 1,099.79 Lacs is secured by an exclusive first charge on all present and future movable assets of Wind Mill Division – II situated at Chinnaputhur, near Poolavadi in the state of Tamil Nadu. The said loan is availed under Technology Upgradation Fund Scheme for Textile.
  - e) Loan aggregating to Rs. 2,725 Lacs is secured by an exclusive first charge on all present movable assets of Edible Salt division situated at Thiruporur, Vedaranyam and Industrial Salt Division.
  - f) Loan aggregating to Rs. 9,166.67 Lacs is secured by way of Demand Promissory Note and first pari passu charge on movable fixed assets of Soda Ash Division situated at village Sutrapada, Veraval in Gujarat.
  - g) Loan aggregating to Rs. 21,500 Lacs is secured by extension of first charge on pari passu basis, by way of equitable mortgage on immovable properties of the Soda Ash Division situated at Sutrapada, Veraval, Gujarat and extension of hypothecation charge on movable assets, both present and future of the company's Soda Ash division situated at village – Sutrapada, Veraval in Gujarat with other term lenders of the said project.
  - h) Loan aggregating to Rs. 5,075.05 Lacs is secured by extension of first Hypothecation charge on pari passu basis, on movable assets, both present and future of the company's Soda Ash division situated at village – Sutrapada, Veraval in Gujarat with other term lenders of the said project.
  - i) Loan aggregating to Rs. 1,684.40 Lacs is secured by exclusive charge on the specific fixed assets created out of the proceeds of the loan for Company's Soda Ash Division situated at village Sutrapada, Veraval in Gujarat.
  - j) Loan aggregating to Rs. 594.33 Lacs is secured by exclusive charge on the specific fixed assets created out of the proceeds of the loan for Company's Soda Ash Division situated at village Sutrapada, Veraval in Gujarat.
  - k) Loan aggregating to Rs. 437.53 Lacs is secured by exclusive charge on the specific fixed assets created out of the proceeds of the loan for Company's Home Textile Division situated at Vapi in Gujarat. The said loan is availed under Technology Upgradation Fund Scheme for Textile.
  - l) Loan aggregating to Rs. 356.57 Lacs is secured by exclusive charge on the specific fixed assets created out of the proceeds of the loan for Company's Textile Division situated at Madurai, Tamil Nadu. The said loan is availed under Technology Upgradation Fund Scheme for Textile.
- 3) (a)** Working Capital Loans / Bill discounting from Banks / Financial Institutions are secured by way of hypothecation of stock-in-trade and book debts of Soda Ash / Home Textile Division / Edible Salt / Textile Divisions/ITES and second charge on fixed assets of Soda Ash Division / Home Textile Division, both present and future.
- b)** Working Capital Loans of the foreign subsidisry companies are secured by way of exclusive first charge of equitable mortgage on the respective specified immovable properties, assignment of receivables on future revenues and inventories.
- 4)** Specified movable assets referred to in the above notes include all movable assets of Soda Ash Division, Home Textile Division and Textile Division (save and except book debts and assets acquired on Hire Purchase) both present and future but subject to prior charge created and / or that may be created in favour of Company's Bankers on stock-in-trade for securing borrowing for working capital.

**SCHEDULE 4 : UNSECURED LOANS**

	<b>As at 31.03.2009 (Rs. in Lacs)</b>	<b>As at 31.03.2008 (Rs. in Lacs)</b>
Loan from Banks	<b>4,500.00</b>	2,042.87
<b>Total</b>	<b>4,500.00</b>	2,042.87



**SCHEDULE 4A : UNSECURED FOREIGN CURRENCY CONVERTIBLE BONDS**

	<b>As at 31.03.2009 (Rs. in Lacs)</b>	<b>As at 31.03.2008 (Rs. in Lacs)</b>
Foreign Currency Convertible Bonds	<b>34,499.80</b>	<b>31,702.70</b>
<b>Total</b>	<b>34,499.80</b>	<b>31,702.70</b>

- The Company has issued 1% Foreign Currency Convertible Bonds (FCCBs) of a face value of US \$ 10,000 each, aggregating to US \$ 80.50 Million. As per the terms of the issue, the subscribers have an option to convert bonds into Equity Shares at a price which has been fixed as of 21st September 2008 at Rs. 147.9533 (US \$ 1 = Rs. 45.838). Such conversion option is exercisable between 21st September 2008 and 21st March 2011. The FCCB may be redeemed in whole, but not in part, at the option of the Company at any time on or after 21st September 2008 and prior to 21st March 2011, at an early redemption amount on predetermined terms. Unless previously converted, redeemed or cancelled, the FCCBs will be redeemed in US Dollars on 21st March 2011 at 139.426 % of their principal amount.
- During the year the Company has bought back and cancelled 1100 No. of Foreign Currency Convertible Bonds (FCCBs) of a face value of US \$ 10,000 each, purchase being with the approval of Reserve Bank of India, at a discount to the face value. As on 31st March, 2009 outstanding balance of FCCBs is US \$ 68 Million.
- Currently the FCCBs is traded at discounted price and company is trying to buy back the bonds at discount and in that case no premium would be payable and on that basis same has not been provided and is shown as contingent liability. However the premium, if paid, would be adjusted against the available Securities Premium Account / charged to Profit and Loss Account at the time of redemption.

**SCHEDULE 5 : FIXED ASSETS**

PARTICULARS	(Rs. in Lacs)									
	GROSS BLOCK				DEPRECIATION / AMORTISATION / IMPAIRMENT				NET BLOCK	
	As at 01-04-2008	Additions Revaluation	Additions (Deletions)	As at 31-03-2009	As at 01-04-2008	on Revaluation	Additions (Deletions)	As at 31-03-2009	As at 31-03-2009	As at 31-03-2008
<b>TANGIBLE ASSETS</b>										
Leasehold Land	600.72	38,131.77	—	38,732.49	93.92	479.64	5.93	579.49	38,153.01	506.80
Freehold Land	4,894.94	36,423.69	8.76	40,074.44	—	—	—	—	40,074.44	4,894.94
			(1,252.95)							
Buildings	27,302.90	2,757.38	216.06	26,613.59	4,573.32	96.57	1,042.32	4,604.04	22,009.55	22,729.58
			(3,662.75)				(1108.17)			
Plant and Machinery	130,223.84	23,871.84	10,888.46	164,416.73	47,510.51	1,360.74	5,910.51	54,587.70	109,829.03	82,713.33
			(567.41)				(194.05)			
Furniture and Fixtures	1,544.92		52.56	959.03	1,023.54		52.69	513.16	445.87	521.38
			(638.45)				(563.06)			
Office Equipments	1,968.37		71.51	1,800.59	982.16		135.24	1,114.89	685.70	986.22
			(239.30)				(2.51)			
Vehicles	360.78		72.21	385.64	163.43		35.15	167.47	218.18	197.35
			(47.34)				(31.11)			
Wind Turbine Generators	4,043.00		—	4,043.00	688.50		213.47	901.97	3,141.03	3,354.50
Leased Mines	4,956.93		1,157.50	6,114.43	1,067.65		521.18	1,588.83	4,525.61	3,889.28
<b>INTANGIBLE ASSETS</b>										
Goodwill	13,208.34		—	12,888.06	994.32		—	754.20	12,133.85	12,214.02
			(320.28)				(240.12)			
Salt Works Reservoirs and Pans	4,003.78		1,258.01	5,261.79	1,577.41		789.47	2,366.88	2,894.91	2,426.36
Software	1,185.15		4.97	368.37	215.21		82.74	256.10	112.27	969.94
			(821.74)				(41.85)			
<b>Total</b>	<b>194,293.66</b>	<b>101,184.68</b>	<b>13,730.02</b>	<b>301,658.16</b>	<b>58,889.96</b>	<b>1,936.95</b>	<b>8,788.68</b>	<b>67,434.71</b>	<b>234,223.45</b>	<b>135,403.70</b>
			<b>(7,550.22)</b>				<b>(2,180.88)</b>			
Previous Year	183,018.09		32,123.26	194,293.66	52,148.14		11,007.51	58,889.96	135,403.70	
			(20,847.72)				(4,265.63)			

- Building include a sum of Rs. 91.40 Lacs (previous year Rs. 91.40 Lacs) being cost of office premises acquired on ownership basis.
- Leased mines represent expenditure incurred on development of mines.
- Cash Subsidy amounting to Rs. 823.35 Lacs including previous years Rs. 510.1 Lacs relating to Home Textile division at Vapi has been reduced from respective Fixed Assets.
- Current year Depreciation is after adjustment of Rs. 33.63 Lacs (previous year Rs.5.10 Lacs) of depreciation relating to earlier years on Capital Subsidy received during the year.
- Some of the fixed assets revalued as per scheme of arrangement by Rs. 1,01,184.68 lacs (refer note no. 3(b) of schedule 16).


**SCHEDULE 6 : INVESTMENTS**

		As at 31.03.2009 (Rs. in Lacs)	As at 31.03.2008 (Rs. in Lacs)
<b>LONG TERM INVESTMENTS - (AT COST)</b>			
<b>OTHER THAN TRADE</b>			
<b>Quoted</b>			
8,300	Equity Shares of HDFC Bank Limited of Rs. 10/- each fully paid up	0.83	0.83
68,598	Equity Shares of IDBI Limited of Rs. 10/- each fully paid up	49.34	49.34
2,595	Equity Shares of Dena Bank of Rs. 10/- each fully paid up	0.70	0.70
272,146	Equity Shares of GTC Industries Limited of Rs. 10/- each fully paid up (Purchased during the year)	495.01	495.01
4,500	Equity Shares of Canara Bank of Rs. 10/- each fully paid up	1.58	1.58
		<u>547.46</u>	<u>547.46</u>
<b>Unquoted</b>			
	Govt. securities - 7 year National Savings Certificates (Pledged with Government Authorities)	1.83	4.17
<b>CURRENT INVESTMENTS</b>			
	Shares of Romanian Bank	0.78	1.18
	Shares of Bega Invest SA Timisoara	7.90	66.65
		<u>8.68</u>	<u>67.83</u>
<b>CURRENT INVESTMENTS IN SUBSIDIARY COMPANY - (UNQUOTED)</b>			
50,000	Equity Shares of Rosebys Interiors India Limited of Rs. 10/- each fully paid up (5,000 Shares pledged with IDBI Bank against Loan to RIIL) (See Note No. 1 (e) of Schedule 16)	5.00	5.00
	<b>Total</b>	<u>562.97</u>	<u>624.46</u>
		<b>As at 31.03.2009</b>	<b>As at 31.03.2008</b>
		<b>Book Value</b>	<b>Market Value</b>
Quoted		547.46	230.04
Others		15.51	-
		<u>562.97</u>	<u>77.00</u>
			624.46

**SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES**

		As at 31.03.2009 (Rs. in Lacs)	As at 31.03.2008 (Rs. in Lacs)
<b>CURRENT ASSETS</b>			
<b>Inventory (as taken, valued and certified by the Management)</b>			
At cost or net realisable value which ever is lower			
	Raw materials	12,162.75	11,611.51
	Finished goods	10,129.73	36,470.49
	Stock in process	1,149.89	1,343.45
	Stores and spares	5,340.04	4,331.07
	<b>Total</b>	<u>28,782.41</u>	<u>53,756.62</u>
<b>Sundry Debtors (Unsecured, considered good unless stated otherwise)</b>			
	Outstanding over six months		
	Considered good	542.01	7,185.08
	Considered doubtful	905.24	2,893.73
	Provision for Doubtful Debts	(904.75)	(2,893.73)
		<u>542.50</u>	<u>7,185.09</u>
	Other debts	13,589.87	21,663.89
	<b>Total</b>	<u>14,132.37</u>	<u>28,848.98</u>
<b>Cash &amp; Bank Balances</b>			
	Cash balance on hand	19.46	173.39
	Current Account with Banks		
	- Scheduled Banks	1,316.74	2,631.96
	- Non Scheduled Banks	1,400.46	1,233.24


**SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES (cont...)**

	As at 31.03.2009 (Rs. in Lacs)	As at 31.03.2008 (Rs. in Lacs)
Fixed deposit		
- Scheduled Banks	67.80	227.18
In Margin Account	776.52	56.99
Remittances in transit	<u>1,815.94</u>	<u>930.60</u>
<b>Total</b>	<b><u>5,396.92</u></b>	<b><u>5,253.36</u></b>
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received - Considered Good	15,851.13	38,969.95
Loan to Employee Stock Option Scheme Trust	6,371.10	5,316.10
Due from Wholly owned Subsidiary Companies		
- Loans	5,514.40	3,899.04
- Advances	<u>2,504.96</u>	<u>659.11</u>
	<b>8,019.36</b>	4,558.14
Interest Accrued on Investments	1.23	3.13
Balances with Customs, Port Trust, Central Excise etc.	2,247.02	2,105.77
Income Tax paid / Fringe Benefit Tax paid / Tax Deducted at Source (net of provisions)	615.43	333.10
<b>Total</b>	<b><u>33,105.27</u></b>	<b><u>51,286.19</u></b>

**SCHEDULE 8 : CURRENT LIABILITIES & PROVISIONS**

	As at 31.03.2009 (Rs. in Lacs)	As at 31.03.2008 (Rs. in Lacs)
<b>CURRENT LIABILITIES</b>		
Acceptances	-	548.24
Sundry Creditors for Goods and Expenses	24,029.18	23,916.47
Sundry Creditors for Capital Expenditure	2,513.10	1,269.84
* Sundry Creditors - Micro, Small & Medium Enterprises	203.70	21.41
Advances against sale of Assets	800.00	800.00
Advances from Customers	669.12	810.13
Trade Deposits from Dealers	150.32	120.25
**Investor Education & Protection Fund in respect of		
- Unclaimed Dividend	226.73	221.11
- Unclaimed Fixed Deposits	2.96	5.30
- Interest Accrued on Unclaimed Fixed Deposits	0.43	1.00
Other liabilities	5,907.17	14,308.23
Interest accrued but not due	<u>959.90</u>	<u>564.47</u>
<b>Total</b>	<b><u>35,462.60</u></b>	<b><u>42,586.45</u></b>
<b>PROVISIONS</b>		
Wealth Tax	37.48	33.56
Proposed Dividend on Equity Shares	2,000.39	2,400.46
Tax on Dividend	<u>339.97</u>	<u>407.96</u>
<b>Total</b>	<b><u>2,377.84</u></b>	<b><u>2,841.98</u></b>

\* See Note No. 16 of Schedule 16

\*\* The figure reflects the position as of 31st March, 2009. The actual amount to be transferred to the Investor Education & Protection Fund in this respect shall be determined on the due date.


**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT**
**SCHEDULE 9 : OTHER INCOME**

	<b>For the Year Ended 31.03.2009 (Rs. in Lacs)</b>	For the Year Ended 31.03.2008 (Rs. in Lacs)
Interest on Investment	0.78	188.27
Dividend Income	2.46	2.59
Interest on Income Tax Refund	10.08	0.78
Gain on Exchange (net)	-	1,545.53
Profit on sale of assets (net)	30.53	1,083.34
Claims Received	693.03	-
Bad debts written off recovered	-	6.00
Sundry Credit Balances Written back (net)	95.62	77.65
Rent Income	275.30	270.29
Miscellaneous Income	362.57	991.97
<b>Total</b>	<b>1,470.37</b>	<b>4,166.43</b>

**SCHEDULE 10 : MANUFACTURING EXPENSES**

	<b>For the Year Ended 31.03.2009 (Rs. in Lacs)</b>	For the Year Ended 31.03.2008 (Rs. in Lacs)
Raw Materials Consumed	48,317.01	48,735.85
Stores and Spares	3,876.61	2,443.31
Repairs and Maintenance		
Machinery	1,127.05	1,287.21
Building	96.91	77.23
Others	176.57	153.15
	<b>1,400.53</b>	1,517.49
Power, Fuel and Water	33,947.89	27,148.30
Other Manufacturing Expenses	2,533.18	3,392.11
Packing Expenses	2,881.19	3,105.17
Operating Expenses for Services	279.29	343.56
<b>Total</b>	<b>93,235.70</b>	<b>86,685.89</b>

**SCHEDULE 11 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES**

	<b>For the Year Ended 31.03.2009 (Rs. in Lacs)</b>	For the Year Ended 31.03.2008 (Rs. in Lacs)
Salaries, Wages and Bonus	10,632.77	38,471.95
Contribution to PF and other funds	1,595.41	4,095.93
Staff Welfare	507.52	1,062.38
Commission to Wholetime Directors	270.00	335.00
<b>Total</b>	<b>13,005.70</b>	<b>43,965.16</b>

**SCHEDULE 12 : ADMINISTRATIVE AND MISCELLANEOUS EXPENSES**

	For the Year Ended 31.03.2009 (Rs. in Lacs)	For the Year Ended 31.03.2008 (Rs. in Lacs)
Travelling & Conveyance	1,007.96	1,959.60
Rent and Lease Rent	593.33	22,318.92
Rates and Taxes	215.84	6,387.36
Insurance	468.02	1,321.37
Loss on Exchange (net)	4,919.19	-
Commission to Non Wholetime Directors	131.00	150.00
Communication Expenses	384.73	1,470.30
Legal & Professional Expenses	2,054.49	3,407.48
Miscellaneous Expenses	1,817.65	2,906.06
Loss on sale of Investment (net)	57.05	-
Deferred Revenue Expenditure Written Off	10.18	31.64
Sundry Balances Written Off (net)	36.27	93.96
Bad Debts / Irrecoverable amounts written off (net)	1.12	44.55
Donation	42.66	41.81
<b>Total</b>	<b>11,739.49</b>	<b>40,133.14</b>

**SCHEDULE 13 : SELLING AND DISTRIBUTION EXPENSES**

	For the Year Ended 31.03.2009 (Rs. in Lacs)	For the Year Ended 31.03.2008 (Rs. in Lacs)
Cash Discount	2,058.48	2,042.34
Freight and Forwarding	4,772.73	8,943.24
Commission on Sales	2,070.78	4,491.22
Sales Promotion Expenses	303.42	62.95
<b>Total</b>	<b>9,205.41</b>	<b>15,539.56</b>

**SCHEDULE 14 : (INCREASE) / DECREASE IN STOCK**

	For the Year Ended 31.03.2009 (Rs. in Lacs)	For the Year Ended 31.03.2008 (Rs. in Lacs)
<b>Opening stock</b>		
Finished Goods	11,122.17	56,722.36
Stock in Process	944.98	2,658.55
<b>(A)</b>	<b>12,067.15</b>	<b>59,381.01</b>
<b>Closing stock</b>		
Finished Goods	10,102.26	53,574.40
Stock in Process	947.93	944.98
<b>(B)</b>	<b>11,050.19</b>	<b>54,519.38</b>
(Increase)/Decrease in Stock	<b>Total (A-B)</b>	<b>4,861.63</b>

**SCHEDULE 15 : FINANCIAL EXPENSES**

	For the Year Ended 31.03.2009 (Rs. in Lacs)	For the Year Ended 31.03.2008 (Rs. in Lacs)
Interest - Fixed Loans	9,324.75	14,784.72
- Others	3,504.78	2,342.35
Other Financial Charges	480.75	426.77
	<b>13,310.28</b>	<b>17,553.94</b>
Less : Interest and Financial charges capitalised	667.17	286.82
Less : Interest from Subsidiary Companies	-	3.80
Less : Interest Income Others	28.74	181.64
<b>Total</b>	<b>12,614.37</b>	<b>17,081.68</b>



**SCHEDULE 16 : NOTES TO CONSOLIDATED ACCOUNTS**

**1 CONSOLIDATION**

- a GHCL Limited together with its subsidiaries (Collectively "The Group") is engaged in the business of manufacturing and trading of Inorganic Chemicals, Home Textiles, IT enabled services and Wind Power Generation.
- b The consolidated financial statements of the Group have been combined on a line- by- line basis by adding together book value of like items of assets, liabilities, Income and Expenses in accordance with Accounting Standard (AS - 21) on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
- c The list of subsidiary companies which are included in the consolidation with the respective country of incorporation and the Group's holding therein are given below:

NAME OF THE COMPANY	COUNTRY OF INCORPORATION	% of Holding either directly or through Subsidiary	
		As at 31st March, 2009	As at 31st March, 2008
1 Colwell & Salmon Communications Inc., USA	USA	100	100
2 Fabient Global Limited	India	100	100
3 Fabient Textiles Limited	India	100	NA
4 Grace Home Fashions LLC	USA	75	NA
5 Indian Britain B.V.	Netherlands	100	100
6 Indian England N.V.	Netherlands	100	100
7 GHCL Inc.	USA	100	100
8 SC GHCL Upsom SA	Romania	95.67	95.67
9 Indrom Chemicals SA (Upto 11th November, 2008)	Romania	100	100
10 GHCL International Inc.	USA	100	100
11 Dan River Inc. (Upto 20th April, 2008)	USA	100	100
12 Dan River International Limited (Upto 20th April, 2008)	USA	100	100
13 Dan River Factory Stores Inc. (Upto 20th April, 2008)	USA	100	100
14 The Bibb Company LLC (Upto 20th April, 2008)	USA	100	100
15 Old Apparel Inc. (Formerly Known as Best Textiles International Limited)	USA	100	100
16 Old Apparel Property Inc. (Formerly known as Best Real Properties Inc.)	USA	100	100
17 Maysun Land Limited* (Upto 29th August, 2008)	Cambodia	49	49
18 X-Etra De Mexico, SA, Mexico (Upto 29th August, 2008)	Mexico	100	100
19 Crowntex International Inc. (Upto 29th August, 2008)	British Island	85.33	85.33
20 Royal Crowntex International Inc. (Upto 29th August, 2008)	Cambodia	100	100
21 GHCL Global Sourcing Limited	Isle of Man	100	100
22 Dan River Properties LLC	USA	100	100

\*Financial results of Maysun Land Limited is consolidated on the basis of control over the composition of Board of Directors

- d During the year the group has acquired/incorporated the following wholly owned Subsidiaries:-

Name of the Subsidiary	% Holding	Country	Date of Becoming Subsidiary
Fabient Textiles Limited	100%	India	6th June, 2008
Grace Home Fashions LLC	75%	USA	7th July, 2008
Rosebys International Limited	100%	India	13th March, 2009

- e Financial results of Rosebys Interiors India Limited (Consolidated), are not consolidated as the control is intended to be partly divested at an appropriate time, as per Accounting Standard 21 " Consolidated Financial Statements".

- f Best Textiles International Limited, USA a stepdown subsidiary of the Company has sold its assets including investment in the following subsidiaries on 29th, August 2008. The financial results of the subsidiaries so sold are consolidated upto the date of transfer i.e. 29th, August 2008 as per provision of AS-21 Consolidated Financial Statements.

Crowntex International Inc.  
 Royal Crowntex International Inc.  
 Maysun Land Limited  
 X-Etra De Mexico, SA, Mexico

- g During the Financial year following subsidiaries of the Company, have been filed for administration/closure. The financial results of these companies are consolidated upto the date of closure/administration.

Administration	Date of Closure/ administration
Dan River Inc.	20th April, 2008
Dan River International Limited (Non operating)	20th April, 2008
Dan River Factory Stores Inc. (Non operating)	20th April, 2008
The Bibb Company LLC (Non operating)	20th April, 2008
Textile and Design Limited (Formerly known as Rosebys Operations Limited)	25th Septemeber, 2008
Textile and Design (No.1) Limited (Formerly known as Rosebys Holdings Limited) (Non operating)	25th Septemeber, 2008
Textile and Design (No.2) Limited (Formerly known as Rosebys (2004) Limited) (Non operating)	25th Septemeber, 2008
Textile and Design (No.3) (Formerly known as Rosebys Unlimited) (Non operating)	25th Septemeber, 2008
Closure	
Indrom Chemicals SA (Non operating)	11th November, 2008



h Subsequent to the Balance Sheet date, a non operating stepdown subsidiary company namely GHCL Global Sourcing Limited has been closed on 3rd June, 2009.

i In cases where the subsidiaries follow different accounting year, the accounts are prepared upto the reporting date of parent company to facilitate consolidation.

The name of such subsidiaries and the accounting year are given below :

<b>Name of the Subsidiary</b>	<b>Accounting year ended</b>
GHCL Inc.*	27th December, 2008
GHCL International Inc.*	28th March, 2009
Old Apparel Inc (Formerly known as Best Textile International Limited) *	27th December, 2008
Old Apparel Property Inc. (Formerly known as Best Real Properties Inc.) *	27th December, 2008
SC GHCL Upsom SA	31st December, 2008

\* As per local laws the financial year of these companies ends on Saturday i.e 27th December, 2008 / 28th March, 2009 closest to 31st December 2008 / 31st March, 2009.

j No separate books of accounts of following subsidiaries of Dan River Inc. and Old Apparel Inc. (Formerly Known as Best Textiles Limited) are prepared under USA Laws and the same are clubbed with Dan River Inc. & Old Apparel Inc. (Formerly Best Textiles International Limited) respectively

Dan River International Limited

Dan River Factory Stores Inc.

The Bibb Company LLC

Dan River Properties LLC

Old Apparel Property Inc. (Formerly known as Best Real Properties Inc.)

Crowntex International Inc.

Royal Crowntex International Inc.

X-Etra De Mexico SA

Maysun Land Limited

k The accounts of certain subsidiaries which are not required to be audited under domestic law or whose audited accounts are not required to be prepared upto the reporting date of parent company are drawn on the basis of financial statements certified by the Management.

The list of such subsidiaries are given below:-

Indian Britain BV

Indian England NV

GHCL Global Sourcing Limited

Indrom Chemicals SA

GHCL International Inc.

Old Apparel Inc. (Formerly Known as Best Textiles International Limited)

Old Apparel Property Inc. (Formerly known as Best Real Properties Inc.)

Crowntex International Inc.

Royal Crowntex International Inc.

X-Etra De Mexico SA

Maysun Land Limited

SC GHCL Upsom SA

l All material inter- company balances and transactions are eliminated on consolidation.

m The excess of value of investments in the subsidiary companies over its share of the net assets of the subsidiary companies, at the date on which the investments in the subsidiary companies are made, is recognised as "goodwill" being an asset in the consolidated financial statements. The net asset value, considered for the purpose of goodwill in respect of tranches of investment, is the value as at the date of the first investment for acquiring subsidiary company. Goodwill arising out of consolidation is not amortised.

n Minority interest in the net assets of the subsidiary consists of the amount of equity attributable to the minority shareholders at the date on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the date of investments attributable to their equity. In case of S.C. GHCL Upsom S.A., since the minority interest was less than the losses for the year hence the minority interest is restricted to NIL as per AS -21 "Consolidated Financial Statements".

o Revenue and expenses are translated into Indian Rupee at average rate for the year of the respective financial year of the companies. Fixed Assets, Share Capital and Reserves as at date of acquisition of subsidiary companies are translated into Indian Rupee on the prevailing rate on the same day. All other assets and liabilities are translated into Indian Rupee at the rate of exchange prevailing as at Balance Sheet Date. All overseas subsidiaries except Colwell & Salmon Communications Inc. USA, S.C. GHCL Upsom SA, Romania and Grace Home Fashions LLC, USA, are considered as non-integral part of the company's business under AS-11 and accordingly the gain/loss on account of exchange difference is treated under Foreign Currency Translation Reserve. The gain/loss on translation of Colwell and Salmon Communications Inc., S. C. GHCL Upsom SA and Grace Home Fashions LLC has been recognised in Profit and Loss account.

p Consolidated Financial Statements have been prepared using uniform accounting policies for all major transactions and other events in similar circumstances except the policies adopted by the subsidiaries based on local laws which are given below:-

1. The parent and the subsidiaries write off Intangible Assets over different number of years.
2. Parent and subsidiaries provide depreciation at/by different rates on Tangible Assets.
3. The parent and the subsidiaries follow their local guidelines for accounting the leases.



4. Foreign subsidiary companies recognize tax liabilities and assets in accordance with the applicable local legislation.
5. The parent and subsidiaries follow different method of valuation of inventory.
6. Parent and subsidiaries follow different method of accounting with regard to revalued fixed assets.

It is not practicable to adopt uniform accounting policies in respect of the aforesaid items. The proportion of these items vis-a-vis results/assets of the Group is not significant.

**2 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

**A. SIGNIFICANT ACCOUNTING POLICIES**

- 1 Investments other than in Subsidiaries have been accounted as per Accounting Standard 13 -"Accounting for Investments".
- 2 **Other Significant accounting policies**

Other Significant accounting policies are set out under "Significant Accounting Policies" as given in the standalone financial statements of the parent company.

**B. NOTES**

		<b>As at 31st March,2009</b>	<b>As at 31st March,2008</b>
		<b>(Rs. in Lacs)</b>	<b>(Rs. in Lacs)</b>
1	(a) Estimated value of contracts remaining to be executed on Capital Account and not provided for	1,552.01	7,232.70
	(b) Contingent Liabilities :		
	(i) Guarantees issued by banks	1,001.23	383.53
	(ii) Bank Guarantee on behalf of others	-	264.50
	(iii) Letters of Credit	4,562.96	7,015.36
	(iv) Bills discounted with banks (since realized)	2,082.23	1,376.59
	(v) Claims against the Company not acknowledged as debts		
	- Income Tax & Wealth Tax	41.72	51.14
	- Excise matters	1,671.82	1,045.40
	- Other claims	1,303.00	1,194.18
	(vi) Corporate guarantee & Standby Letters of Credit to Bank on behalf of subsidiaries of the Company	24,881.32	16,052.00
	(vii) Premium on redemption of Foreign Currency Convertible Bonds	13,601.89	12,499.10
	(c) Export Obligation on duty free imports	21,148.50	8,388.05
2	Provision for taxation includes Rs. 15.00 Lacs (previous year Rs. 6.00 Lacs) for Wealth Tax.		
3	The company has filed a "Scheme of Arrangement" for amalgamation of its 100% subsidiary Colwell and Salmon Communications (India) Limited from the appointed date 1st April, 2008 and interalia to deal with suitable impairment/ diminution in the value of investments, loans and advances to and receivables from its subsidiaries due to administration/ restructuring of foreign subsidiaries in US / UK recoverability from Indian subsidiaries, guarantees provided on behalf of these subsidiaries along with gain realized on buyback of FCCBs at discount. The Company has received the approvals of BSE and NSE Stock Exchange and submitted the Scheme to The Hon'ble High Court of Gujarat under section 391-394 of the Companies Act, 1956 for its approval. The Hon'able Gujarat High Court vide its order dated 30th November, 2009 has approved the Scheme of Arrangement. The Financial Statements of the company are based on the Scheme of Arrangement and the effects are as under:-		
	a) A wholly owned subsidiary Colwell and Salmon Communications (India) Limited has been amalgamated with GHCL Limited in accordance with AS-14 Accounting for Amalgamations. No fresh shares have been issued upon amalgamation since 100% share capital in the transferor company is held by GHCL Limited.		
	b) Some of the fixed assets of the Company, as considered appropriate by the management have been reinstated at their respective fair values. Such revaluation has been carried out by government approved competent valuer appointed by the Company. The amount of such revaluation being Rs. 101184.68 Lakh has been transferred to Business Development Reserve as envisaged by the aforesaid scheme (refer schedule 5 of Balance Sheet).		
	c) Gains realised on account of buyback and cancellation of 1,100 Foreign Currency Convertible Bonds (FCCBs) of USD 10,000 each at discount amounting to Rs. 2169.91 Lacs has been transferred to Business Development Reserve Account in accordance with the scheme.		
	d) In accordance with the aforesaid scheme, goodwill arising on amalgamation or acquisition or consolidation of financials statements of subsidiaries and which requires amortisation or impairment, any unrealizable assets whether fixed or current or tangible or intangible of the company, any diminution/write off in the value of the investments in its subsidiaries; whether in India or overseas, interest and other financial charges paid or payable on borrowings for subsidiaries by the company or by its subsidiaries or borrowings guaranteed by the company, mark to market adjustment on derivative instruments, currency swaps expenses, all the expenses/costs incurred in carrying out and implementing this Scheme, Integration expenses like plant shifting/shutting down, expenses arising on voluntary retirement offered to the employees of acquired companies, expenses for suit for bankruptcy including costs associated with existing projects / subsidiaries / divisions in part and / or whole by the Transferee Company and any additional depreciation on account of any upward revaluation of assets are to be charged to Business Development Reserve Account. Accordingly Rs. 33763 lacs has been charged to Business Development Reserve on account of diminution in the value investments in and loans & advances to and receivables from subsidiaries. Any further impairment arising out of such diminution shall be accounted for in subsequent years upon reasonable certainty that the same is non realisable and shall be charged to Business Development Reserve until such reserves exists. Further additional depreciation arising out of revaluation amounting to Rs. 1936.95 lacs has been charged to the Business Development Reserve.		
	e) As envisaged in the scheme, a sum of Rs. 8529.85 lacs pertaining to receivables from subsidiaries have been written off and adjusted against General Reserve.		





- f) As per the scheme, the Profit and Loss Account Balance as appearing in the Balance sheet of the Company as on 31st March 2008 shall be in part or full, without any further act, instrument or deed, stand re-organised and be appropriated to the General Reserve, as may be considered appropriate by the management and approved by the Board. Accordingly Rs. 10000 lacs has been transferred from Profit and Loss Balance to General Reserve Account.
- 4 Prior Period Items include write back on account of depreciation adjustment of Rs. 33.63 lacs on account of capital subsidy received during the year, excess provision of water cess amounting to Rs. 42.02 lacs and income tax related items amounting to Rs. 21.36 lacs.
- 5 In accordance with the requirements of Accounting Standard- 19 Leases issued by the Institute of Chartered Accountants of India, future obligation/ rights as at Balance Sheet Date for lease arrangements amount to:-

	(Rs in Lacs)	(Rs in Lacs)
	<b>Receivable</b>	<b>Payable</b>
Due within one year	254.44	402.61
Due within the following four years	134.40	609.52
Due after five years	Nil	42.29

**6 Segment**

The Company and its subsidiaries are primarily engaged in the business of manufacture of Inorganic Chemicals and Textiles. One subsidiaries is engaged in IT Enabled Services which are categorised as "Others". Secondary segment reporting is performed on the basis of the geographical location of customers distinguished between India and Rest of the World.

**BUSINESS SEGMENT**

Rs. in Lacs

	INORGANIC CHEMICALS		TEXTILES		Others		Total	
	Apr. 08 - Mar. 09	Apr. 07 - Mar. 08	Apr. 08 - Mar. 09	Apr. 07 - Mar. 08	Apr. 08 - Mar. 09	Apr. 07 - Mar. 08	Apr. 08 - Mar. 09	Apr. 07 - Mar. 08
<b>SEGMENT REVENUE</b>								
External Revenue	109,022.52	84,175.96	38,318.65	230,530.42	3,964.67	5,187.93	151,305.83	319,894.32
Less : Inter Segment Revenue							-	-
<b>Total Revenue</b>	<b>109,022.52</b>	<b>84,175.96</b>	<b>38,318.65</b>	<b>230,530.42</b>	<b>3,964.67</b>	<b>5,187.93</b>	<b>151,305.83</b>	<b>319,894.32</b>
<b>SEGMENT RESULT</b>	<b>22,586.18</b>	<b>21,357.19</b>	<b>(1,686.55)</b>	<b>(12,335.43)</b>	<b>(4,645.99)</b>	<b>19,842.48</b>	<b>16,253.64</b>	<b>28,864.35</b>
Unallocated Corporate Expenses.							1,593.52	1,253.76
Operating Profit							14,660.12	27,610.49
Interest Expenses							12,614.37	17,081.68
Interest Income							-	-
Other Income							1,214.31	-
Unallocated Corporate Other Income							256.06	-
Total Other Income							1,470.38	0.00
Profit from Ordinary Activities							3,516.13	10,528.81
Exceptional Items							-	(987.98)
<b>NET PROFIT BEFORE TAXES</b>							<b>3,516.13</b>	<b>9,540.83</b>
<b>OTHER INFORMATION</b>								
Segment Assets	220,687.08	149,438.95	87,147.10	128,048.66	6,048.16	2,315.43	313,882.33	279,803.04
Unallocated Corporate. Assets							8,843.79	1,808.09
<b>Total Assets</b>	<b>220,687.08</b>	<b>149,438.95</b>	<b>87,147.10</b>	<b>128,048.66</b>	<b>6,048.16</b>	<b>2,315.43</b>	<b>322,726.12</b>	<b>281,611.14</b>
Segment Liabilities	106,257.26	86,274.00	42,724.70	118,411.34	33,217.68	1,505.78	182,199.64	206,191.12
Unallocated Corporate . Liabilities							57,189.13	45,556.20
<b>Total Liabilities</b>	<b>106,257.26</b>	<b>86,274.00</b>	<b>42,724.70</b>	<b>118,411.34</b>	<b>33,217.68</b>	<b>1,505.78</b>	<b>239,388.77</b>	<b>251,747.32</b>
Capital Expenditure	11,816.68	15,257.94	2,106.08	10,645.94	0.54	219.73	13,923.29	26,123.62
Unallocated Capital Expenditure							53.23	5,999.81
<b>Total Capital Expenditure</b>	<b>11,816.68</b>	<b>15,257.94</b>	<b>2,106.08</b>	<b>10,645.94</b>	<b>0.54</b>	<b>219.73</b>	<b>13,976.52</b>	<b>32,123.42</b>
Depreciation	6,371.70	5,674.21	2,242.16	5,027.82	174.82	237.40	8,788.68	10,939.43
Unallocated Depreciation							58.70	68.08
<b>Total Depreciation</b>	<b>6,371.70</b>	<b>5,674.21</b>	<b>2,242.16</b>	<b>5,027.82</b>	<b>174.82</b>	<b>237.40</b>	<b>8,847.38</b>	<b>11,007.51</b>
Non-Cash Expenses other than Depreciation	9.37	28.94	0.69	1.51	0.12	1.19	10.18	31.64
Depreciation							1.63	-
Unallocated Non Cash Expenses other than Depreciation							-	-
<b>Total Non Cash Expenses other than Depreciation</b>	<b>9.37</b>	<b>28.94</b>	<b>0.69</b>	<b>1.51</b>	<b>0.12</b>	<b>1.19</b>	<b>11.81</b>	<b>31.64</b>

**GEOGRAPHICAL SEGMENT**

Particulars	India		Rest of The World		Total	
	Apr. 08 - Mar. 09	Apr. 07 - Mar. 08	Apr. 08 - Mar. 09	Apr. 07 - Mar. 08	Apr. 08 - Mar. 09	Apr. 07 - Mar. 08
Segment Revenue	124,011.11	106,989.39	27,294.72	212,904.93	151,305.83	319,894.32
Carrying Costs of Segment Assets	298,345.47	200,527.82	24,380.65	81,083.31	322,726.12	281,611.14
Additions to Fixed Assets and Intangible Assets	13,374.31	16,317.16	602.21	15,806.07	13,976.52	32,123.21

**7 Related Party Transactions:**
**Related Party**
**a Having Significant influence**

Textiles & Design Limited (Formerly known as Rosebys Operations Limited)



Rosebys Interiors India Limited  
 Rosebys UK Limited  
 Scope Exim Private Limited holding 25% shares in Grace Home Fashions LLC.

**b Key Management Personnel:**

Mr. R. S. Jalan, Managing Director - Parent Company  
 Mr. Tej Malhotra, Sr. Executive Director - Operations - Parent Company  
 Mr. Raman Chopra, Executive Director - Finance - Parent Company  
 Mr. Ion Bogdan - Whole time Director - Subsidiary Company

**c Relative of Key Management Personnel:**

Mrs. Vidyavati Malhotra, m/o Mr. Tej Malhotra  
 Mrs. Sashi Malhotra, w/o Mr. Tej Malhotra  
 Mrs. Bharti Chopra, w/o Mr. Raman Chopra

**8 Disclosure of transactions between the Company and related parties and the status of outstanding balances as at 31st March, 2009**

Sl. No.	Type of Transactions	Having significant influence	Rs. in lacs	
			Key Management Personnel	Relative of Key Management Personnel
1	Purchase or Sale of Goods / others			
	- Sale	451.48		
		(-)		
	- Purchase	-		
		(10,808.70)		
	-Expenses	0.57		
		(-)		
2	Purchase or Sale of Fixed Assets			
3	Remuneration		606.66 (827.93)	
4	Purchase or sale of fixed assets			
5	Leasing and hire purchase transaction		- (0.04)	3.21 (0.57)
6	Services			
	- Income	204.28		
	- Expenses			
7	Loans & Advances (Net)	26,579.59		
8	Sales			
9	Dividend on Shares			(0.08)
10	Balances as at 31st March, 2009			
	- Investments			
	Loans & Advances	8,019.83		
	Advances for rental accommodation		-	-
			(0.18)	(0.16)
	Sundry Creditors	0.96		
		(2,801.20)		

Figures in brackets relate to period ended 31 March 2008

9	Deferred Tax	(Rs. in Lacs)		
		As at 1st April, 2008	Current Year Charge/(Credit)	As at 31st March, 2009
a)	Deferred tax liability on account of:			
	i) Depreciation	12,317.10	1,939.36	14,256.46
	ii) Others			
	Deferred Revenue Expenditure	1,831.50	466.82	2,298.32
	<b>TOTAL (A)</b>	<b>14,148.60</b>	<b>2,406.18</b>	<b>16,554.78</b>
b)	Deferred tax assets on account of:			
	i) Employee Benefit	218.32	200.12	418.44
	ii) State & Central Taxes & Cess	11.93	10.10	22.03
	iii) Provision for Bad Debts	37.86	(0.00)	37.86
	iv) Disallowance u/s 40 (a)	0.06	1.20	1.26
	v) Overseas subsidiaries	26.92	895.39	922.31
	<b>TOTAL (B)</b>	<b>295.09</b>	<b>1,106.81</b>	<b>1,401.90</b>
	<b>TOTAL (A-B)</b>	<b>13,853.51</b>	<b>1,299.37</b>	<b>15,152.88</b>

Current year charge/(credit) includes Rs. 17.45 Lacs on account of prior year adjustment credited to Profit & Loss Account. Rs. 25.63 lacs on account of restatement of previous years deferred tax charged above.

- 10 Category-wise quantitative data about derivative instruments that are outstanding are disclosed as per the requirement of Accounting Standard - 30 issued by the Institute of Chartered Accountants of India.

Particulars	As at 31st March, 2009			As at 31st March, 2008		
	No. of Contracts	USD Equivalent (In Lacs)	INR Equivalent (In Lacs)	No. of Contracts	USD Equivalent (In Lacs)	INR Equivalent (In Lacs)
a) Long Term Export Options (Dollar Receivables)	7	388.50	16,486.59	5	213.50	8,763.18
Forward (Dollar Receivables)	1	20.00	1,032.55	-	-	-
b) The Company entered the derivative instruments to hedge the foreign currency risk of fluctuation and protect interest rate risk and not for speculation purposes.						
c) Foreign currency exposures that are not hedged by a derivative instrument or otherwise are						

Particulars	As at 31st March, 2009 (Rs. in Lacs)	As at 31st March, 2008 (Rs. in Lacs)
Import Payable	10,465.90	4592.32
Foreign Currency Loans & Interest thereon	-	1773.41

11 Managerial Remuneration (Parent Company)	For the Year Ended 31st March, 2009 (Rs. in Lacs)	For the Year Ended 31st March, 2008 (Rs. in Lacs)
(a) Whole time Directors		
Salaries	258.33	135.70
Contribution to Provident and Superannuation funds	26.41	23.60
Perquisites	26.05	38.68
Gratuity	4.69	57.00
Commission	270.00	335.00
(b) Other Directors		
Sitting Fees	15.20	16.20
Commission	131.00	150.00
	<b>731.68</b>	<b>756.18</b>

12 **Deferred Revenue Expenditure:**

Deferred Revenue Expenditure comprises of carrying amount as per Accounting Standard -26 on Intangible Assets issued by the Institute of Chartered Accountants of India.

a **Voluntary Retirement Scheme Expenses**

Compensation under the Company's voluntary retirement scheme paid/provided is being written off equally over a period of three years.

b **Prepayment Premium**

Premium paid on prepayment of Term Loans/Non -convertible Debenture is charged off over the tenure of the loan in proportion to the principle amount outstanding.

13 **Intangible Assets**

Intangible Asset, meeting the definition as per the provisions of Accounting Standard 26 Intangible Assets issued by the Institute of Chartered Accountants of India, comprises of:

a **Salt Pans**

Expenditure on the development of salt pans is being written off over a period of five years.

b **Software**

Expenditure on purchased software, ERP System and IT related expenses is being written off over a period of three years.

c **Goodwill**

Goodwill is amortized over a period of five years except goodwill arising out of consolidation

14 **Impairment of Assets**

In pursuance of Accounting Standard 28- Impairment of Assets issued by the Institute of Chartered Accountants of India, the Company has reviewed its carrying cost of assets with value in use (determined based on future earnings) / net selling price (determined based on valuation). Based on such review, management is of the view that in the current financial year no further impairment of assets is considered necessary.

15 **Earnings per Share (EPS)**

	For the Year Ended 31st March, 2009	For the Year Ended 31 March, 2008
<b>Basic EPS</b>		
Earnings per Share has been computed as under:		
Profit after Taxation (Rs. in Lacs)	2,495.54	5,238.69
(Less)/Add : Prior Period Adjustment	228.09	90.10
	<b>A 2,723.63</b>	<b>5,328.79</b>



	<b>For the Year Ended 31st March, 2009</b>	For the Year Ended 31 March, 2008
The weighted average number of Equity Shares for Basic EPS	<b>B 100,019,286</b>	99,723,403
Earnings per share (Face value of Rs 10/- per share) (A) / (B)	<b>2.72</b>	5.34
Diluted EPS		
Profit after Tax and Minority interest from continued operations (Rs. in Lacs)	<b>2,978.31</b>	5,550.70
Number of Equity Shares for Basic EPS	<b>100,019,286</b>	99,723,403
Add : Adjustment for Warrants convertible into Equity Shares		
Add : Adjustment for FCCB convertible into Equity Shares	<b>24,378,540</b>	22,988,701
The weighted average number of Equity Shares for Diluted EPS	<b>124,397,826</b>	122,712,104
Earnings Per Share (Diluted)	<b>2.39</b>	4.52

- 16 The amount of Rs. 203.70 Lacs (previous year 24.10 Lacs) due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of intimation received and information available with the Company as outstanding for more than 30 days.

**Sundry Creditors**

	<b>As at 31st March, 2009 (Rs. In Lacs)</b>
G.B. Raja Top weaving	171.54
Chemical Process Piping Pvt. Limited	5.26
Del Pd Pumps & Gears (P) Limited	0.09
Devshi Earth Movers Private Limited	0.36
Finepac Structures Pvt. Limited	1.95
Flow-Tek Valves & Controls	0.02
J.B.Packaging	1.13
M B M Engineering Infotech Limited	0.06
Shree Hans Alloys Limited	0.61
The Ahmedabad Victoria Iron Works	1.54
Zenith Computers Limited	0.05
White Polytex, Pondicherry	0.35
Gowtham paper products, Erode	4.09
Ramalinga Print and Package	9.12
Packline industries Dindigul	2.68
Sree baalaji Packages salem	0.16
Super Pac	0.51
Madura Polymers, Madurai	1.12
Sri Shanmuga polybags, Puthukoottai	0.54
Suruli Polymers, Salem	1.17
Sri Vishnu Packages	1.35
<b>Total</b>	<b>203.70</b>

- 17 The shareholders in their Extra Ordinary General Meeting held on 19th March, 2008 had approved the Employees Stock Option Scheme (ESOS 2008). Accordingly, the Employees Stock Option granted pursuant to ESOS 2006 (Series - 1) had been cancelled and equivalent number of options were granted by the compensation committee meeting held on 24th March, 2008. Under ESOS 2008 the compensation committee has assured a minimum price appreciation guarantee @ 20% on the Exercise Price i.e. Rs. 76.95 per share i.e. the latest available closing price prior to the date of grant of options i.e. 24th March, 2008

As per SEBI (ESOS & ESPS) Guidelines 1999 the Employees Stock Option Scheme is administered by the registered Trust named GHCL Employees Stock Option Trust (ESOS Trust). The Company has advanced interest free loan of Rs. 6,371.10 Lacs (Previous year 5,316.10 Lacs) to the Trust for the purpose of purchase of shares from the open market for allotment of shares to the eligible employees upon exercising their option from time to time.

The current market value of the shares held by ESOS Trust is lower than the cost of acquisition of these shares by Rs. 5,986.97 Lacs which is on account of market volatility. The impact of fall in market value, if any would be appropriately considered by the company in its profit and loss account at the time of exercise of Options by the eligible employees in March'2010.

The total number of shares purchased by ESOS Trust was 4,995,386 shares. Of these, 1,579,922 shares were illegally sold by a party against which ESOS trust has initiated legal proceedings and has got a favorable award from the Court. Additionally, ESOS Trust had taken a loan of Rs.1,057.00 Lacs from various companies and had created a third-party pledge of 2,068,000 shares on behalf of these lender companies. The lender companies could not fulfill their obligations toward the aforesaid third parties and consequently the pledge was invoked by these parties. ESOS trust has now got a favorable arbitration award against the lender companies whereby the lender companies would restore 2,068,000 shares in favour of ESOS Trust upon ESOS trust repaying their loan of Rs. 1,057.00 Lacs.

The details as per regulation 12 of SEBI (ESOS & ESPS) Guidelines 1999 are as follows:

Particulars	Details
a) Number of Options granted	1,655,000 (Each option is equivalent to one equity share on exercise of option)
b) Pricing Formula	Rs. 76.95 (Market Price i.e. the latest available closing price prior to the date of grant of options)

Particulars	Details
c) Options Vested	Nil (Vesting period is two years from the date of grant i.e. March 24, 2008 to March 24, 2010)
d) Options Exercised	Nil
e) Total Number of shares arising as a result of exercise of options	Not Applicable
f) Option Lapsed	Nil
g) Variation of Terms of Options	Nil
h) Money realized by exercise of options	Nil
i) Total Number of Options granted	1,655,000
j) Number of options lapsed for 2 employees left during the year	40,000
k) Total Number of Options in force as at 31st March, 2009	1,615,000
l) Number of employees to whom options are granted	36

(i) Senior Managerial person

Name	No. of Options Granted	Name	No. of Options Granted
Mr. R.S. Jalan	200,000	Mr. BRD Krishnamoorthy	75,000
Mr. Tej Malhotra	125,000	Mr. R S Pandey	75,000
Mr. Raman Chopra	100,000	Mr. N N Radia	75,000
Mr. Sunil Bhatnagar	100,000	Mr. M Sivabalasubramaniam	75,000
Mr. K V Rajendran	100,000	Mr. Neeraj Jalan	75,000
Mr. Nikhil Sen	75,000		

(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during that year

None

(iii) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

None

m) Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 "Earning Per Share"

Not Applicable

n) Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.

Not Applicable

o) Weighted Average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.

Not Applicable

p) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information :

Options are granted at Market price

Risk - Free interest Rate

Not Applicable

Expected Life

Not Applicable

Expected Volatility

Not Applicable

Expected Dividends

Not Applicable

The price of the underlying share in the market at the time of grant of option

Rs. 76.95 per share

18 Figures pertaining to the Subsidiaries Companies have been reclassified wherever necessary to bring them in line with the parent company's Financial Statements.

19 Previous Year's figures have been regrouped and reclassified wherever necessary.

Signature to Schedules 1 to 16

As per our report attached

For and on behalf of the Board

For and on behalf of  
Jayantilal Thakkar & Co.  
Chartered Accountants

For and on behalf of  
Rahul Gautam Divan & Associates  
Chartered Accountants

Sanjay Dalmia  
Chairman

Dr. B. C. Jain  
Director

(C. V. Thakker)  
Partner  
M. No. - 6205

(Rahul Divan)  
Partner  
M. No. - 100733

R. S. Jalan  
Managing Director

Raman Chopra  
Executive Director - Finance

Jagdish Daral  
Vice President - Finance & Accounts

Bhuvneshwar Mishra  
Company Secretary

Place : New Delhi  
Date : December 1, 2009

Place : New Delhi  
Date : December 1, 2009

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**GHCL Limited**

Registered Office : GHCL HOUSE, Opp. Punjabi Hall  
Navrangpura, Ahmedabad-380 009

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**ATTENDANCE SLIP**

I hereby record my presence at the Twenty Sixth ANNUAL GENERAL MEETING of the Company held on Thursday, December 31, 2009 at 10:00 a.m. at The Institution of Engineers (India), Gujarat State Centre, Bhaikaka Bhavan, Law College Road, Ahmedabad - 380 006 (Opp. Gajjar Hall).

Folio No. / DPID/CL.ID-No.	No. of Shares .....
Names :	
SIGNATURE OF THE ATTENDING MEMBER / PROXY	

- Notes:
1. Shareholder/Proxy holder wish to attend the meeting must bring the Attendance Slip to the meeting and hand over at entrance duly signed.
  2. Shareholder/Proxy holder desire to attend the meeting should bring his copy of the Annual Report for reference at the meetings.

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**GHCL Limited**

Registered Office : GHCL HOUSE, Opp. Punjabi Hall  
Navrangpura, Ahmedabad-380 009

**PROXY FORM**

I/We ..... of .....  
..... in the district of ..... being a Member/Members of  
the above named Company, hereby appoint ..... of  
..... in the District of ..... or failing him ..... of  
..... in the District of ..... as my/our Proxy to  
attend and vote for me/us and on my/our behalf at the Twenty Sixth Annual General Meeting of the Company,  
to be held on Thursday, December 31, 2009 at 10:00 a.m. and at any adjournment thereof.

Signed this ..... day of ..... 2009

Reference Folio:/DPID/CL.ID

No. of Shares: .....

Signature

Affix Re. 1 Revenue stamp
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**Note:** The Proxy Form should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of Meeting.