A World Of Ideas

INNOVATION TEAM STRENGTH GLOBAL CONNECTIONS INTEGRITY CLIENT FOCUS

Annual Report 2008

GHCL Limited

Contents

COMPANY INFORMATION

BOARD OF DIRECTORS

Sanjay Dalmia	Chairman
Anurag Dalmia	
Neelabh Dalmia	
Dr. B C Jain	
Jagdish Capoor	
H H Faruqi	
G A Tadas	Nominee (IDBI)
R W Khanna	Nominee (Exim Bank)
Naresh Chandra	
Mahesh Kheria	(Alt. to Mr. S H Ruparell)
P K Laheri	Additional Director
G C Srivastava	Additional Director
R S Jalan	Managing Director
Tej Malhotra	Sr. Executive Director (Operations)
Raman Chopra	Executive Director (Finance)

SECRETARIES

Bhuwneshwar Mishra
Company Secretary
Manoj Kumar Ishwar
Sr. Executive (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. Colwell and Salmon Communications (India) Limited
2. Rosebys Interiors India Limited
3. Fabient Global Limited
4. Colwell & Salmon Communications Inc, USA
5. Indian Britain B V, the Netherlands
6. Indian England N V, the Netherlands
7. Indian Wales NV, the Netherlands
8. S C GHCL Upsom SA, Romania
9. GHCL Inc, USA
10. Dan River Inc., USA
11. Best Textile International Limited, USA
12. GHCL Rosebys Limited
13. Rosebys Operation Limited
14. Others - As per Statement given U/S 212

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
C-39, Sector - 58
Noida

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

BANKERS / FINANCIAL INSTITUTIONS
State Bank of Travancore
Bank of Maharashtra
Canara Bank
State Bank of Hyderabad
Dena Bank
Development Credit Bank Ltd.
State Bank of Saurashtra
Industrial Development Bank of India Ltd.
Bank of India
State Bank of Patiala
HSBC
Deutsche Bank AG
Life Insurance Corporation of India
General Insurance Corporation of India
National Insurance Co. Ltd.
Oriental Insurance Co. Ltd.
United India Insurance Co. Ltd.
Export Import Bank of India
GE Capital Services India Ltd.
Rabo Bank

SHARE TRANSFER AGENTS
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 building a strong and powerful global brand that is poised to grow and build a dominant presence in the retail, home textiles and soda ash industry in order to create wealth for all the stakeholders"

The year 2007-08 has been a remarkable year for the company wherein we made strong progress across the business verticals that we operate in. It has been another year of all-round growth and new learning's. The accelerated rate of growth reflects both the potential of the industry segments that we are in and our ability to benefit from it.

The Indian market is expected to grow significantly in the coming years on the back of strong economic growth. This is also the time, when your company is entering the Indian retail space to create a specialised niche for the fastest growing segment of home lifestyle.

Your company's 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 are in the midst of restructuring initiatives which would lead to creation of three entities wherein the erstwhile GHCL would house the business of soda ash. The Home Textile would have the business of sourcing and manufacturing under the name- Fabient while the retail entity would have the business of India & UK retail ventures called Rosebys Interiors India Limited (RIIL).

The restructuring initiative would get optimal valuation for the retail venture as an independently and separately listed entity along with increasing its ability to attract and retain high quality talent through implementation of ESOPs in RIIL. I strongly feel that given the length and breadth of Rosebys presence in the UK, the Retail entity should offer a value unlocking proposition for its shareholders.

I believe that the restructuring initiative would lead to creation of independent focused organizations with a potential to achieve fast growth in their individual arenas. This restructuring would provide enhanced financial flexibility to the businesses. These businesses therefore will be able to independently raise resources for their future growth requirements and unlock potential valuations for the shareholders.

This has been a significant year as it marked the successful implementation of a period of strategic change and, more importantly, the recognition & acceptance of our business strategy.

Your company made excellent progress in the execution of its planned strategies for growth, operational excellence, financial performance and transformation. I am pleased that the stakeholders across the geographic locations and segments have recognised this and have shown confidence in GHCL and its vision for the future.

The economic environment has remained favorable during the period under review, with strong demand and improving manufacturing activity supporting the brighter growth outlook. Consumer and retail confidence has surged, while business confidence has risen to a record peak. We anticipate seeing the benefits of the changes in the longer term and our operations are already positioning themselves at the forefront to maximize opportunities.

We are looking at positioning GHCL among the top players within its focused verticals. We would create and build infrastructure and invest in people's initiatives to rank among the best places to work.

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 our business strategy & plan. We are taking substantial initiatives for creating and leveraging the organic growth opportunities across business in multiple geographic locations. We are on a continuous look out for the inorganic growth opportunities that would catapult us into newer growth orbits going forward.

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 gone from strength-to-strength over the past few years and faces a promising future ahead.

The path tread and growth achieved would not have been possible without tandem working of our shareholders, customers, financial institutions and banks, employees, partners, suppliers, associates and community.

I assure you all that the Company will continue to have the best practices to deliver superior value for all those who depend on us, work with us and invest in us.

In the end I would like to thank one and all including our investors both in India and abroad & other stakeholders, for spurring us to perform better and reposing their faith in the company.

Sanjay Dalmia
Chairman

NOTICE

NOTICE is hereby given that the 25th 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 Friday, September 12, 2008 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, 2008, 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, 2008.

3. To appoint a director in place of Mr. Jagdish Capoor, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a director in place of Mr. Neelabh Dalmia, who retires by rotation and being eligible, offers himself for re-appointment.

5. To appoint a director in place of Mr. Sanjay Dalmia, 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. P. K. Laheri 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. P. K. Laheri, 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. G. C. Srivastava 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. G. C. Srivastava, 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."

9. **Appointment of Whole Time Director**

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

"RESOLVED that Mr. Raman Chopra, 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 an Executive Director (finance) of the Company, for a period of 5 years with effect from April 1, 2008, liable to retire by rotation, pursuant to the provisions of Section 198, 269, 309, 311, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendment thereof and subject to approval of Central Government, if required, and pursuant to Article 166 of the Articles of Association of the Company, on such terms and conditions including remuneration as stated in the Explanatory Statement annexed to the Notice convening this meeting with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as Board may think fit;

RESOLVED FURTHER that the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may deem necessary, proper and expedient to give effect to this resolution."

10. **Approval of Uniform Remuneration Package for Whole Time Directors (including Managing Directors)**

To Consider and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution:-**

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and any other applicable provisions of the Companies Act, 1956, or such other approvals as may be required the Uniform Remuneration Package as given in the Explanatory Statement annexed to the notice be and is hereby approved;

"RESOLVED further that in supercession to all earlier approvals given by members in this regard, the Whole time Directors (including Managing Director(s)) of the Company, shall be entitled to the remuneration in accordance with the terms and conditions of Uniform Remuneration Package as approved in this resolution with effect from April 1, 2008;

RESOLVED FURTHER that Board of Directors be and is hereby authorized to decide and fix remuneration, perquisites and other benefits for the individual directors and to do all necessary acts, deeds and things, including any alteration, amendment or variation in terms and conditions of Uniform Remuneration Package, within the overall approval given by the shareholders in this resolution and in accordance with the applicable provisions of the Companies Act, 1956 or direction of the statutory authorities given in this regards from time to time;

RESOLVED FURTHER that Mr. Bhuwneshwar Mishra, Company Secretary of the Company or any other officials, which may be authorized by the Board / Committee in this regard, be and is hereby severally, authorized to do all such acts, deeds, matters, things, execute and certify all such documents, deeds and writings as may be required for the aforesaid purposes."

11. **Amendment in Articles of Association.**

To Consider and if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution:-**

"RESOLVED that in pursuance to the provisions of Section 192A read with Section 31 of the Companies Act, 1956 and other applicable provisions, if any, article 111A of the Articles of Association of the Company be altered and following be substituted in place of existing Article 111A

111A. Notwithstanding anything contained in the Articles of Association of the Company, the Company do adopt the mode of passing a resolution by the members of the Company by means of a postal ballot and/or other ways as may be prescribed by the Central Government in this behalf in respect of the following matters instead of transacting such business in a General Meeting of the Company:-

(i) Any business that can be transacted by the Company in General Meeting; and

(ii) Particularly, resolutions relating to such business as the Central Government may by notification, declare to be conducted only by postal ballot.

The Company shall comply with the procedure for such postal ballot and/ or other ways prescribed by the Central Government in this regard.

Registered Office:	By Order of the Board
GHCL HOUSE	For **GHCL LIMITED**
Opp. Punjabi Hall	Sd/-
Navrangpura, Ahmedabad - 380009	**Bhuwneshwar Mishra**
Dated : June 28, 2008	**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 Friday, September 5, 2008 to Friday, September 12, 2008 (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 September 5, 2008. 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. Jagdish Capoor (DOB - July 1, 1939) is a Director of the Company. Mr. Capoor holds a Master of Commerce degree and is Certified Associate of the Indian Institute of Bankers. He is an expert in Finance, Banking & Accounting. Presently, Mr. Capoor is Chairman of HDFC Bank Limited and is a Director of Bombay Stock Exchange Limited, The Indian Hotels Co. Limited, Assets Care Enterprises Limited and LIC Pension Fund Limited. He is also Chairman of Quantum Trustee Co. Pvt. Ltd. and a member of Board of Governors of Indian Institute of Management, Indore and a Trustee of Sumati Capoor Charitable Trust and The Stock Exchange Investors' Protection Fund. He is member of Audit Committee of the Company. He is Chairman of the Shareholders Grievance Committee of HDFC Bank Limited and Bombay Stock Exchange Limited and also a member of the Audit Committee of The Indian Hotels Co. Limited and Quantum Trustee Co. Pvt. Limited. He does not hold any shares in the Company.

(b) Mr. Neelabh Dalmia (DOB - August 16, 1983) is a Director of the Company. He is Bachelor of Science in Business from Indiana University, Kelly School of Business, Bloomington, Indiana with majors in Finance and Entrepreneurship. He is a member of Share Transfer and Investors/Shareholders Grievance Committee and also a member of Banking and Operations Committee of the Company. He is not a member or Chairman of any Board or committee, other than GHCL Limited. He does not hold any shares in the Company.

(c) Mr. Sanjay Dalmia (DOB - March 17, 1944) is Chairman of the Company. Mr. Dalmia is an eminent Industrialist and is an Ex member of Rajya Sabha. He is also Chairman of Remuneration Committee and Project Committee of the Company. He 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 GTC Industries Limited, Colwell and Salmon Communications (India) Limited, Colwell & Salmon Communications Inc., USA and Rosebys Operations Ltd., U.K. 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, 2001, which remains unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government (IEPF) in the month of October 2008 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, 2001 or any subsequent financial year (s), are requested to lodge their claims with Intime Spectrum Registry Ltd (ISRL). 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. Pravin Kanubhai Laheri (Mr. P. K. Laheri) was appointed by the Board of Directors as an Additional Director of the Company at its meeting held on May 10, 2008 as per Article 131 and 138 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, Mr. P. K. Laheri 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. P. K. Laheri for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. P. K. Laheri, aged about 63 years (DOB – March 28, 1945) was graduated from Bombay University in 1965 and LL.B in 1967. He is an ex-IAS and was awarded M.SC (Eco.) from University of Wales, Centre for Development Studies at Swansea. Mr. Laheri had worked as Principal Secretary & also Chief Secretary in the State of Gujarat. In addition, he was Chairman of large industrial units and corporate sector giants PSUs like Gujarat Narmada Valley Fertiliser Co., Gujarat State Fertiliszer Co., Gujarat Alkalies & Chemicals Ltd, Gujarat State Investment Ltd and Sardar Sarovar Narmada Nigam Ltd.

Presently, he is a Director on the Board of S. Kumar Unitax Ltd., Mumbai and Ambuja Foundation (Section 25 Company), Mumbai. He is neither a member of more than 10 Committee nor a Chairman of more than 5 Committees. He does not hold any shares in the Company. He has very wide areas of administrative experience 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. P. K. Laheri, none of the Directors of the Company is interested in the resolution.

Item No. 8

Mr. Girish Chandra Srivastava (Mr. G. C. Srivasava) was appointed by the Board of Directors as an Additional Director of the Company at its meeting held on May 10, 2008 as per Article 131 and 138 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, Mr. G. C. Srivastava 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. G. C. Srivastava for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. G. C. Srivastava, aged about 61 years (DOB – September 20, 1947) is an ex-IRS. Mr. Srivastava had joined Indian Revenue Service in 1971 and retired on September 30, 2007 as Director General of International Taxation. He had served as Jt. Secretary in the Tax Policy Division of CBDT and also worked as Jt. Secretary Foreign Tax Division and negotiated tax treaties with many countries. He had worked as Director General of International Taxation in Delhi and was responsible for the administration of international taxation on Transfer Pricing. He was a member of the governing council of the ICAI as a Government Nominee from 1998 to 2004. He is currently working as an advisor in matters of International Taxation and Transfer Pricing at Delhi. He is not a Director in any Company. He is neither a member of more than 10 Committee nor a Chairman of more than 5 Committees. He does not hold any shares in the Company. He has very wide areas of experience in Tax Laws. 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. G. C. Srivastava, none of the Directors of the Company is interested in the resolution.

Item no. 9

Mr. Raman Chopra was appointed by the Board of Directors at its meeting held on May 10, 2008 as an Additional Director designated as Executive Director (Finance) of the Company with effect from April 1, 2008 as per Article 131, 138 and 166 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, Mr. Raman Chopra 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. Raman Chopra for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. Raman Chopra, aged about 43 years (DOB – November 25, 1965) is a graduate in Commerce and Fellow member of Institute of Chartered Accountants of India and having a very wide experience in Corporate Finance and Textiles. He is in charge of Financial, Secretarial & Legal functions covering financial accounting, management accounting, taxation, secretarial, legal and corporate finance areas. Mr. Chopra has more than 20 years of Industrial experience. Before elevated to Executive Director (Finance) he was CFO of the Company from October 30, 2007. He had successfully established the Home Textiles project at Vapi.

Mr. Raman Chopra is a Director on the Board of Colwell and Salmon Communications (India) Limited, Rosebys Interiors India Limited and Fabient Global Limited, subsidiaries of the Company. He is a member of Shareholders Grievance Committee and also a member of Banking and Operations Committee of the Company. He does not hold any shares of the Company. Mr. Raman Chopra fulfills the eligibility criteria set out under Part I of Schedule XIII to the Companies Act, 1956. The remuneration payable to Mr. Raman Chopra is in line with the Uniform Remuneration Package payable to Whole Time Directors. This approved remuneration package is also in accordance with the provisions of Schedule XIII of the Companies Act, 1956.

1. Basic Salary: Rs. 2,00,000/- per month, which may be increased by such amount as the Board may determine from time to time within the overall approval given in Uniform Remuneration Package as approved by the members.
2. Perquisites: Mr. Raman Chopra shall also be entitled to the perquisites covering Housing, Medical Reimbursement, Leave, Leave Travel Concession, Club Fee, Personal Accident Insurance, conveyance, Telephone as approved under the Uniform Remuneration Package.

Except Mr. Raman Chopra none other directors are interested in the resolutions. Your Board recommends the above resolution for your approval.

The explanation together with accompanying notice is and should be treated as abstract U/s 302 of the Companies Act, 1956 in respect of changes in the remuneration of Whole time Director(s) including Managing Director(s).

Item no. 10

The Board of Directors in their meeting held on June 28, 2008 has approved the amendment in the Uniform Remuneration Package as approved by shareholders in their meeting held on July 30, 2007.

Keeping in view to the industry trend, the company is in the process of realignment of salary package of all employees across the company with an objective to give more flexibility in the compensation/ salary components and also give tax benefit into the hands of employees.

Further, in order to extend same benefits to the whole time directors and managing director a proposal for amendment in uniform remuneration package was approved by the Board subject to shareholders approval.

The Board has approved amendment in clause 2 (perquisites) and inserted new clause 2.9 and 2.10 in existing Uniform Remuneration Package as approved by shareholders in their annual general meeting held on July 30, 2007.

The full text of Uniform Remuneration Package is given below:

1. Basic Salary;

Basic Salary payable to each of the Whole time Director(s) (including Managing Director(s)) shall not exceed Rs. 6,00,000/- per month. The annual increments in basic salary will be decided by the Board of Directors on recommendation of Compensation / Remuneration Committee of the Company.

2. Perquisites: Perquisites to each of the Whole time Director (s) (including Managing Director(s)) shall be decided by the Board on recommendation of Compensation/ Remuneration Committee of the Company from time to time.

The breakup of perquisites is as follows:

2.1 Housing:
The expenditure incurred by the Company on providing unfurnished accommodation for the Director shall be as per rule of the company subject to ceiling of 60% of the basic salary. In case no accommodation is provided, the Director shall be entitled to House Rent Allowance subject to ceiling of 60% of the basic salary.
The expenditure incurred by the Company on Gas, Electricity, Water shall be valued as per Income Tax Act, 1962 amended from time to time.

2.2 Medical Reimbursement :
Expenses incurred by the Director and his family shall be in accordance with the policy of the Company.

2.3 Leave :
Full pay leave for one month for every eleven months of services.

2.4 Leave Travel Concession :
For the director and his family, once in a year, incurred in accordance with the rules specified by the Company.

2.5 Club Fee :
Fee of Clubs subject to maximum of two clubs. Admission fee and membership fee are excluded.

2.6 Personal Accident Assurance:
Premium on each director not to exceed Rs. 4000 per annum.

2.7 Conveyance:
Free use of Company's car with driver for official use.

2.8 Telephone:
Free use of telephone facility at residence and mobile phone for official use.

2.9 Personal Adjustment allowance:
The personal adjustment allowance shall be determined by Board on recommendation of Compensation Committee from time to time.

2.10 Any other allowances:

The Board is authorized to introduce any other allowance and or perquisites on recommendation of the Compensation Committee from time to time and subject to the limit determined for overall remuneration for managerial personnel in accordance with the Companies Act or any other rules and regulations applicable in this regard.

In addition to the above perquisites, the director shall also be eligible to the following, which shall not be included in the computation of the perquisites value.

(a) Provident Fund :
As per Rules of the Company.

(b) Superannuation :
As per Rules of the Company.

(c) Gratuity :
Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

(d) Encashment of Leave :
Encashment of leave at the end of the tenure.

3. **Commission/ Special Allowance:** Annual Commission, salary and other perquisites (i.e. overall remuneration) payable to Whole time Directors and Managing Director(s) shall not exceed 10% of the net profits of the Company for the year in respect of which the remuneration is paid. The individual breakup of commission will be decided by the Board/ Compensation Committee from time to time and shall not exceed the overall ceiling stipulated U/s 198 and 309 of the Companies Act, 1956 or any amendment thereto. Or

In the event of no profit or inadequate profit, special allowance payable to Whole time Directors (including Managing Director(s)) not exceeding twice the annual salary as approved by the Board. The special allowances for individual directors shall be decided by the Board/ Compensation Committee subject to compliance of Section 309 read with schedule XIII and other applicable provisions of the Companies Act, 1956.

4. **<u>Minimum Remunerations:</u>**

Where in any financial year during the currency of tenure of a Whole time Director(s) including Managing Director(s), the Company has no profits or its profits are inadequate, the Company will pay remuneration to a Whole time Director(s) including Managing Director(s) by way of salary and perquisites as specified in Uniform Remuneration Package or in accordance with provisions of Schedule XIII and any other applicable provisions of the Companies Act, 1956, including any amendment thereto from time to time, which ever is less.

5. All other terms or privileges or facilities shall be in accordance with the standard rules of the company applicable to the senior officers of the Company.

6. **Employees Stock Option :** The Whole time Director(s) including Managing Director(s) shall be entitled for Employees Stock Option as per the scheme applicable to the Company.

In accordance with the provisions of Clause 49 (Corporate Governance) of Listing Agreement, the total remuneration including the commission paid to Whole time Directors are given in the Corporate Governance Report. The Uniform Remuneration Package, if approved by the shareholders shall be effective from April 1, 2008.

Mr. R S Jalan, Mr. Tej Malhotra and Mr. Raman Chopra being Whole time Directors of the Company are interested in the proposed resolution as it concerns their remuneration for the services rendered and no other directors are interested in the above resolution. Your Board of Directors recommends the above resolution for your approval.

The explanation together with accompanying notice is and should be treated as abstract U/s 302 of the Companies Act, 1956 in respect of changes in the remuneration of Whole time Director(s) including Managing Director(s).

Item no. 11

As per the existing Article 111A of the Articles of Association read with the provisions of Section 192A of the Companies Act, 1956, the Company may pass resolutions for such businesses as may be notified by the Central Government. The existing Article is being amended to include any item which can be passed in the general meeting.

Your Directors recommend the resolution for your approval. None of the Directors of the Company is interested in the resolution.

Registered Office:
GHCL HOUSE
Opp. Punjabi Hall
Navrangpura, Ahmedabad - 380009
Dated : June 28, 2008

By Order of the Board
For **GHCL LIMITED**
Sd/-
Bhuwneshwar Mishra
Company Secretary

DIRECTORS' REPORT

Your Directors have pleasure in presenting to you the 25th Annual Report of the Company together with Audited Accounts of the Company for the financial year ended March 31, 2008.

OPERATIONAL RESULTS

The summary of the financial performance* of the Company for the financial year ended March 31, 2008 compared to the previous period ended March 31, 2007 (fifteen months) are given below:

(Rs. in Million)

Particulars	Year Ended March 31, 2008 (12 months)	Period Ended March 31, 2007 (15 months)
Net Sales /Income	**10,991.24**	10,832.70
Gross profit before interest and depreciation	**2,608.02**	2,870.69
Interest	**516.80**	187.58
Profit before depreciation and preliminary expenses- (cash profit)	**2,091.22**	2,683.11
Depreciation/Preliminary expenses written off	**644.20**	587.14
Profit before Tax	**1,512.34**	2,159.73
Provision for Taxation-Current	**268.97**	249.14
Provision for Taxation-Deferred	**222.86**	413.27
Fringe Benefit Tax	**12.31**	14.54
Profit after Tax	**1,008.20**	1,482.78
Balance brought forward from last year	**2,559.02**	1,349.06
Arrears of Depreciation/ Deferred revenue expenditure for earlier years/ provision for earlier years not required	**0.87**	4.15
Excess/ (short) provision for tax for earlier years	**6.74**	(14.15)
Debenture Redemption Reserve written back	**45.83**	91.67
Investment Allowance Reserve written back	**-**	108.60
Amount available for appropriation	**3,620.67**	3,022.11
Appropriations		
General Reserve	**100.85**	148.50
Proposed Dividend	**240.05**	268.89
Tax on Dividend	**40.80**	45.70
Balance carried to Balance sheet	**3,238.97**	2,559.02

The financials results reported in this reports are for twelve months as against fifteen months in the previous period and hence not comparable.

PERFORMANCE HIGHLIGHTS

Soda Ash

The global Soda Ash demand is currently around 50 million MT with the current growth of 4.5% per annum. This is primarily due to the strong growth in the Asian Region (led by China & India) as well as Eastern Europe & South America. The Chinese producers are struggling to meet their domestic demand which has affected export from China and accelerated environment for firm pricing. The rising demand of Flat Glass as well as popular detergent in the third world countries and China are keeping Soda Ash demand very robust and presently the global markets are facing scarcity of soda ash. After considering the aforesaid facts of demand and supply, management is confident of significant improvement both in revenue and margin in Soda Ash business.

Your company had successfully completed its soda ash expansion during last year which has resulted increase in production capacity upto 8.50 lacs MTPA in India and globally 11.5 lacs MTPA. Further, your Company is planning for another capacity expansion at existing location to bring the total domestic capacity upto 11 lacs MTPA.

The global increase in the prices of crude oil and gas are the matter of concern for commodity based industry like Soda Ash. The increase in cost of energy has significantly affected the margin of Soda Ash manufacturers. Further, prices of Coal have touched unprecedented high thereby pushing up cost of production. Rising fuel prices have impacted sea freights and this has also taken up landed price of Soda Ash. However, your company is better placed than the competitors 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.

Home Textiles

Indian textiles industry is a well-established with showing strong features and a bright future. 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 life of the country, which is still predominantly based on the agro-alimentary sector. Employing around 35 million people, textiles industry stands as a major foreign currency revenue generator and further proves it in its 14% share of industrial production and the 16% of export revenues it generated.

Global textiles industry is facing stiff pressure on margin due to volatility in foreign exchange. However, strengthening of dollar against rupee will result higher growth in margin and also create positive environment for survival of textiles industry. Your company has initiated various cost control measures such as establishment of wind energy, up gradation of existing manufacturing facility, completion of expansion plan, negotiation with suppliers, realignment of labour cost etc. which will result better margin in textile segment.

Retail Initiative

In today's world of cut throat competition, Retail has emerged with huge business potentials. Retailers who are able to create a distinct identity for their stores in the minds of the consumers will be able to sustain in the market profitably in the long run. The organized Indian Retail market is in the midst of an unprecedented growth due to growing consumer class, demographic changes, fundamental changes in the lifestyle and shopping patterns of the Indian consumers.

GHCL in order to strengthen its vertical integration model of being present in from "mill to front end retail" has entered into the fast growing Indian retail space arena. The company has launched "Grace Brand" its bed, bath and windows collection, for which the company has tied up retailers across the country.

The Company is also set to launch its exclusive range home textiles retail chain stores – Rosebys Interior India in the country on a Franchise Model. Rosebys Interior India Limited (RIIL), a wholly owned subsidiary of the Company is gearing to launch 200 stores in this year and increase its presence to about 450 to 500 stores in the next year. The Company aims to offer Indian consumers a "ready to move in solution" – i.e. customization of flats to the choice of the individual buyers. Rosebys Ltd. UK is also planning to mark its presence in the East Europe and US market in this financial year.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 2.40 per Equity Share for the financial year ended March 31, 2008.

FINANCE

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. 159.5748 per share. Such conversion option is exercisable between September 2006 to March 2011. During the financial year, two Bondholders have exercised their option of conversion. The Company has allotted 143625 equity shares of Rs. 10/- each at a premium of Rs. 149.5748 on December 5, 2007 against conversion of USD 0.50 million FCCBs and allotted 287250 equity shares of Rs. 10/- each at a premium of Rs. 149.5748 on December 10, 2007 against conversion of USD 1.00 million FCCBs. After conversion, the outstanding FCCBs is USD 79.00 million and the paid up share capital of the Company is Rs. 1,000,192,860/- divided into 100019286 equity shares of Rs. 10/- each.

During the financial year your Company has transferred to investors education and protection fund account (IEPF) a sum of Rs. 2.82 million 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. 0.20 million has been transferred to IEPF during the financial year, which is included in Rs. 2.82 Million 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 a Trust formed for this purpose as per the Scheme. The details as per regulation 12 of SEBI (ESOS & ESPS) Guidelines 1999 are given as an Annexure – II forming part of this report.

SUBSIDIARIES

During the financial year your Company had incorporated two subsidiaries in India and one in Isle of Man. The details of subsidiaries are contained in the statement made pursuant to Section 212 of the Companies Act, 1956, attached with this report. Subsequent to the year end, your company has also restructured its USA business wherein, Dan River was referred to Chapter 11.

Ministry of Corporate Affairs, Government of India, vide order No. 47/321/2008-CL-III dated June 18, 2008 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.

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, 2008.

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 2007-08 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). The Foreign Currency Convertible Bonds (FCCBs) issued by the Company are listed on the Singapore Stock Exchange.

DIRECTORS

Mr. Jagdish Capoor, Mr. Neelabh Dalmia and Mr. Sanjay Dalmia, Directors retire by rotation and being eligible, offer themselves for re-appointment. The Board recommends their appointments at the ensuing Annual General Meeting.

During the year Mr. P Sampath, Managing Director resigned from the services of the Company. Directors placed on record its appreciation for the services rendered by him.

Mr. P. K. Laheri and Mr. G. C. Srivastava were appointed as Additional Directors on the Board of the Company w.e.f. May 10, 2008. 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. P. K. Laheri and Mr. G. C. Srivastava as Directors of the Company. The Board recommends their appointments at the ensuing Annual General Meeting.

Mr. Raman Chopra was appointed by the Board as an Additional Director designated as Executive Director (Finance) for a period of five years with effect from April 1, 2008 subject to the approval of the shareholders. The Company has received notice u/s 257of the Companies Act, 1956 from shareholders signifying intention to propose at the ensuing Annual General Meeting the candidature of Mr. Raman Chopra as Director of the Company. The Board recommends his appointments at the ensuing Annual General Meeting.

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 2008-09.

AUDITORS OBSERVATIONS

The notes to accounts forming part of Balance Sheet as at March 31, 2008 and Profit and Loss Accounts for the year ended on that date, referred to in the auditors report 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, 2008 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, 2008 and of the profits of the Company for the financial year ended March 31, 2008;

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, 2008 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

Date: June 28, 2008
Place: New Delhi

SANJAY DALMIA
Chairman

ANNEXURE I TO THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

a) Energy Conservation Measures Taken

1 Lignite beneficiation plant commissioned and captive lignite usage increased.
2 Conversion of stoker fired boilers 2 nos to AFBC type completed successfully for improvement in boiler efficiency.
3 First time introduction of Nano filtration plant in Soda Ash Industry.

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

1 Installation of CFBC type boiler - A latest technology for better efficiency and maximization of captive lignite usage.
2 Installation of two more Nano filtration plant for power conservation and reduction in sweet water requirements

B. POWER & FUEL CONSUMED

		Year ended March 31,2008 (12 months)	Period ended March 31,2007 (15 months)
1	**Electricity**		
	(i) Purchased Units (lacs kwh)	**683.81**	654.21
	Total amount (Rs. lacs)	**3,076.95**	1,967.00
	Rate per Unit (Rs.)	**4.50**	3.01
	(ii) Own Generation		
	(a) Through DG		
	Units (lacs kwh)	**150.04**	165.78
	Units per ltr of Diesel Oil	**3.19**	3.82
	Cost per Unit (Rs.)	**5.21**	4.73
	(b) Through TG		
	Units (lacs kwh)	**1,396.92**	1,433.65
	Cost per Unit (Rs.)	**1.60**	1.29
2	**Coal**		
	Quantity (MT)	**172,225.00**	165,381.00
	Total Cost (Rs. lacs)	**6,250.38**	5,347.40
	Average Rate (Rs/MT)	**3,629.19**	3,233.38
3	**Lignite**		
	Quantity (MT)	**233,695.73**	271,530.00
	Total Cost (Rs. lacs)	**3,058.60**	1,908.51
	Average Rate (Rs/MT)	**1,308.80**	702.87

4 Consumption per Unit of Production

	Production	**Electricity (kwh/MT) Year ended March 31,2008 (12 months)**	Period ended March 31,2007 (15 months)
SODA ASH (MT)	591,531	**254.88**	218.56
SALT (MT)	88,120	**38.40**	32.84
YARN (MT)	11,789	**4.71**	6.09
CLOTH (Fabric '000 Meters)	32,262	**0.78**	1.84
COAL-SODA ASH (MT/MT)	591,531	**0.29**	0.25
LIGNITE-SODA ASH (MT/MT)	591,531	**0.40**	0.41

C. TECHNOLOGY ABSORPTION

1 Research & Development

Efforts continue to bring in operational efficiencies and product upgradation through R & D activities.

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:

Particulars	**Details**	
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 in force	16,55,000	
Number of employees to whom options are granted	38	
Employee-wise details of options granted to:		
(i) Senior Managerial personnel	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
(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 2008

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, 2008 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 8.7% during the year 2007-2008 with Agriculture growing at 3.6 per cent, Industry 9.7 per cent and Services 10.3 per cent. This may be seen to suggest that the process of economic acceleration that has characterized the economy over the past five years has lost some of its pace, after having peaked in the 2006.

After having crossed 10% GDP growth in the second quarter of 2006-07, the economy appears to be stabilizing at a rate above 8.5% and close to 9.0%. The non-farm sector after having accelerated from 7–8% in 2002-03 to 11.6% in the second quarter of 2006-07 appears likely to stabilize in the range between 10% and 10.5%.

It may be noted that over the past 20 quarters (with steadily accelerating rates of expansion) the average rate of growth of GDP has been 8.0% and that of the non-farm sector 9.6%. Also, the growth rate in the farm sector has shown a distinct improvement moving up to 3.5% in each of the previous three quarters from the average level of 2.4% for the past 20 quarters. The farm sector GDP’s growth was around 3.5% in 2007-08. Combined with non-farm sector growth of 10.0 to 10.5%, the overall rate of growth is expected to be around 8.9%.

The slightly lower growth than previously expected is due to the slowing manufacturing expansion and sluggish output growth in power and mining. The industrial output slowed due to monetary tightening designed to trim inflation

Inflation in India has hit a three-year high as a result of spiraling food and energy costs.

India’s wholesale price index has hit its highest levels in last 13 years. Rising fuel and food costs are pushing inflation well above the government’s target of between 5% and 5.5%. The interest rate is now expected to rise and remain high for some time.

The government has been taking steps to control prices, banning exports of non-basmati rice and scrapping import duties on cooking oils and maize. Growth is expected to slow this coming financial year to about 8%, its weakest rate of expansion since 2005, but still a robust rate of growth.

Asia’s third-largest Economy has expanded at an average of 8.6 per cent over the past four years and is poised for another year at a similar pace in the coming years. India grew 9.4 per cent in the 2006-07 fiscal year; it’s strongest in 18 years and second only to China among major economies

COMPANY PERFORMANCE -

PERFORMANCE HIGHLIGHTS

- Revenue of the India business for the twelve months period ended March 31, 2008 has risen by 26.83 % to Rs. 10,991.24 Million as against Rs. 8,666.16 Million (annualized) for the period ended March 31, 2007
- Profit from Operations for twelve months period ended March 31, 2008 of the India business has risen by 13.56% to Rs. 2,608.02 Million as compared to Rs. 2,296.55 million (annualized) for the period ended March 31, 2007
- PAT (Profit after Tax) for twelve months period ended March 31, 2008 of the India business is Rs. 1,008.2 Million against Rs. 1,186.22 million (annualized) for the period ended March 31, 2007

INORGANIC CHEMICALS (SODA ASH) GLOBAL SODA ASH INDUSTRY

Demand-Supply Scenario

There is a huge surge in the demand for the soda ash both on the light and the dense side. It is expected that the average soda ash demand is expected to be around 9 kg person by 2010 and would have shown a growth of more than 30% when compared with the year 7 kg per person in 2000.

The Developed markets like US and Western Europe have per capita demand of around 20 kg per person whereas the low per capita demand levels in the developing regions like China, India and Africa point to the enormous long-term growth potential in these regions.

The huge spurt in the demand is led by China along with the other developing economies has led the total demand for soda ash growth at a rate of 4% PA from around 2% PA about 3 years ago.

Supply

Led by China and Russia, World’s aggregate soda ash capacity over the past 12 years has grown at a CAGR of 3.5% with each contributing 68% & 6% respectively to the total increase in capacities over the last 10 years.

China is the largest Soda Ash player in the world by having a capacity of 19 Mill. MT which is around 35% of the world capacity, whereas US capacity is 11.29 Million MT.

The capacity addition has slowed in the developed nations such as US & UK due to the replacement of glass containers by plastic containers, increased use of cullet in glass production coupled with the stagnant industrial growth.

FMC is the largest player of natural soda ash and Solvay is the largest player in the synthetic soda ash segment. Solvay's plants are spread over more than 10 countries.

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.

World Soda Ash Industry witnessing an upturn

The current global rate of growth in the soda ash is driven by tremendous demand growth in China, South & Central America, and Asia including Russia. This strong growth in soda ash demand is backed by high growth in flat glass, container glass and detergent industry. GDP growth in developing countries has also led to a positive impact in the global per capita soda ash consumption. These trends are likely to continue for the next few years.

The huge surge in demand has pushed the spot prices for soda ash to an all time high leading US manufacturers to twice resort to increases of $ 50.00 PMT each for non-contract volumes in the last 6 months. Ansac has also declared a spot price of 450 $ PMT on CIF basis though volumes available are very insignificant and this move is seen to set the tone for next year contract negotiations which kick off in the last quarter of the year.

INDUSTRY OUTLOOK

World's total soda ash demand which at present is at around 50.00 Mn MT per annum is likely to grow by at least 4% over the medium term with 60% of the growth expected to come from India, China and Middle East countries.

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 almost 1.5 – 2 Mill MT capacity every year to meet its domestic demand on the back of huge infrastructure investments. This would imply that the Chinese Industry may be able to add very little volumes to its current exportable surplus of about 1.7 million MT per annum.

The challenge for the industry would remain to continue to add capacities of approximate 2 million MT per annum on a continuing basis year on year.

There has been a global upswing in soda ash prices since last few years caused by surge in demand and by rising costs of energy and transport. The price of crude oil is a matter of concern as any increase in crude oil prices / gas would further increase the cost for the manufacturers.

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 53%, Detergents 14%, Chemical 9% and others 24%.

Indian Scenario

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. In last few years the capacity utilization has reached an all time high of around 90% of the domestic production capacity.

Indian soda ash market which is growing at CAGR of 5% over last 5 years, exports 15% of its production to South East Asia, Middle East & SAARC Countries (Bangladesh). The total capacity of the Indian soda ash industry is about 3.1 million MTPA 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.

The outlook for the Soda Ash industry remains strong with the Industries consuming Soda Ash started to grow at a fast pace with Container Glass industry growing at 8%, Flat (Float) glass at 10% -12%, Picture tubes by about 10% and Bulbs & tubes to grow at 7%. The detergent industry is also likely to grow at 5%.

On an overall basis, domestic demand of Soda Ash in India which was hither to growing at about 5% is started to get accelerated to about 6.5-7.0 % per annum on the back of strong growth in the Glass sector as well as the continuing high GDP growth.

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 nations 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 22 per cent of the total revenues whereas the total soda ash business contributes about 66% of total Indian Stand alone revenue (Dense soda ash Constitutes 32% while 68% 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 tonnes. The company plans to further increase its domestic capacity by about 2.5 lakh tonnes to 11 lakh tonnes in the second phase in next couple of years.

GHCL's business has grown owing to the strong demand for soda ash globally, upward swing in prices and its captive control on raw material and utilities. The strong growth is driven by the growth in the float glass (perfectly flat, clear glass) usage, due to the increase in automotive and construction demand as well as the detergents segment.

The Company is one of the lowest cost producers of synthetic soda ash in the world due to control on captive source of all the raw materials i.e. 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.

GHCL shares highly successful client relationships and is the preferred supplier to all major soda ash consumers; its clients include Gujarat Guardian, Piramal Glass, Ace Glass, Phillips & Hindustan Lever. The company has been continuously rated as the best in industry by CSI (Customer Satisfaction Index).

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 @ 7% 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. With soda ash prices expected to remain firm in the near future, GHCL expects to have better margins going forward.

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 Demand Growth in the next 5 years expected to be strong 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 incurred on imports from Kenya and Europe.

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

Establishing a Global Foot Print

GHCL is uniquely placed to leverage the economic upturns in the Indian and Asian regions through its present and proposed expansion plans. Within the Indian space there are already established players with high barriers to entry for any new entrant.

The acquisition of the soda ash business in Romania has provided GHCL with the much-desired exposure of the world markets beginning with Europe to replicate its Indian success. GHCL has substantially reduced its cost of production through a de-bottlenecking over the last one year.

GHCL's strategy is to create a strong Foothold in Europe through its Romanian unit which has started bearing fruit; the company is now ready to penetrate the other growing East European Economies such as Hungary, Croatia, Moldova, Yugoslavia, Slovak Republic and Czech Republic. GHCL intends to use its delivery model to increase its dense capacity to service these markets and also cater to the Non European markets and establish strong client relationships.

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.

In Romania as these plants are ideally located to tap East and Central European Markets and have a high level of reserves of natural resources required at a comparatively low cost to produce Soda Ash. Moreover the dense soda ash that these plants produces is in sync with the GHCL's focus on the DENSE which is where the one can get better contribution along with the higher growth potential.

The strong foothold in Romania has opened the doors for GHCL to cater to East European markets with demand potential in excess of 7,00,000 TPA thereby providing the company with a large local market. GHCL is poised for tapping gaps in the eastern / southern coastal markets of India.

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 Global Home Textile Industry is estimated at US $70 bn with EU dominating with a 70% share of the world's home textile imports. Growth in home textiles is to be the highest amongst all textile segments with international trade set to grow to US $23 bn by 2010 at a CAGR of 22% from the present levels. The Global Home Textiles Trade is currently at US $8.6 billion and is expected to go up to US $23 billion in 2010

India's textile industry is highly cost competitive with Exports of US $14 billion moving to US $50 billion in 2010. While the Indian Home Textile trade is currently US $2 billion moving to US $8 billion in 2010.

Favorable Government policies, Low finance cost under TUF comparable to any country in the world, 10% 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.

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.

India's textile exports are likely to surge from US $14 bn to US $50 bn by 2010–CAGR 20% (as per HDFC securities research report). India's share in world textile trade is also set to increase from 3.80% to 6.50% by 2010.

GHCL-Home Textiles

In the home textiles arena, GHCL is the only fully integrated player in the world with presence across mill-to-consumer operation. GHCL's Home Textile Vision is to develop a fully integrated Home Textile Production facility of Global Scale and to create a marketing and distribution infrastructure of size and scale comparable in the world.

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 spinning, weaving, fabric processing, and cut & sew facilities.

The manufacturing strength of GHCL is supported by its international product design capabilities in UK, India and USA. The experienced team of designers in UK is focused on catering to the specific needs of their clients and markets.

GHCL restructured its USA business due to the bad market conditions including the Sub prime Issues and consequent slump in Housing markets. GHCL has moved away from Dan River business of supplying to Retailers on CIF basis because of the huge costs involved. The company going forward would be servicing the relationships through Fabient's, Vapi and global sourcing units via the FOB model.

In order to achieve its global vision completely integrated across the home textiles, GHCL has gone ahead to acquire large overseas players across the home textiles verticals. The acquisition Included UK's leading home textile retailer –Rosebys with more than 300 retail stores across UK thereby completing the global value chain for GHCL from spinning to Retail.

GHCL is restructuring its business wherein the Home Textile business of sourcing and manufacturing is proposed to be shifted to a 100% subsidiary, Fabient. RIIL, a 100% subsidiary would have the business of the Indian retail venture.

The Model

GHCL in order to strengthen its vertical integration model of being present in from mill to front end retail, is entering the fast growing Indian retail space arena. The company is set to launch its exclusive range home textiles retail chain stores Rosebys Interior India in the country.

Rosebys Interior India Limited (RIIL) would spearhead GHCL's retail initiatives in India. It will primarily be involved in the business of home furnishing and home adornment retailing. Backed by the strength of the GHCL Group, RIIL plans to set up a minimum of 500 retail stores in India over the next four years. Most of the stores will be franchisees with a few flagship stores being wholly company owned.

Opportunity & Concerns

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

It is GHCL's endeavour to build world class competencies across the vertical integrated chain of the home textiles business. The company would now be creating focused verticals for its US business wherein all its institutional & hospitality businesses (supplies to hotel chains, restaurants, laundries, hospitals) would come under one vertical.

It would be highly competitive situation going forward wherein Industry's profits and margins would be under pressure. GHCL is upbeat on the projection due to the combination of strategies - including ongoing cost-containment programs; stepped-up emphasis on higher-profit niche products; more vertical integration; improved forecasting and marketing research; increasingly savvy managements; and last, but not least, the increased focus toward global sourcing.

The Retail Venture-Rosebys

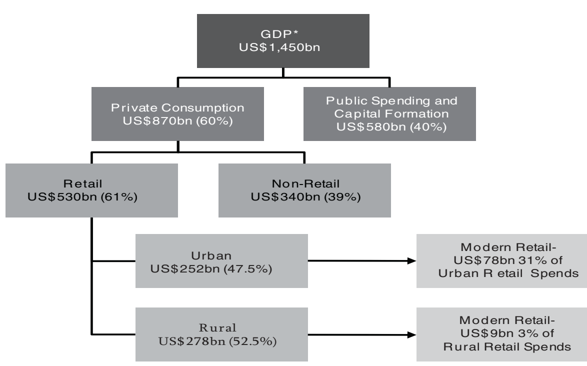
The vertical integrated chain that GHCL set out to have in the Home Textiles arena got completed with the buy out of UK's leading company in the home textiles-Rosebys. GHCL is now set to launch Rosebys retail stores in India under a company focused on retail - Rosebys Interior India Limited (RIIL).

The company set up by the GHCL Group in order to expand its retail initiatives in India to be primarily involved in the business of home furnishing and home adornment retailing. Backed by the strength of the GHCL Group, RIIL plans to set up a minimum of 500 retail stores in India over the next four years. Most of the stores will be franchisees with a few flagship stores being wholly company owned.

Indian Organized Retail Industry - On a High Growth Path

The organized Indian retail market is in the midst of an unprecedented growth due to a growing consumer class, demographic changes, fundamental changes in the lifestyle and shopping patterns of the Indian consumers and is expected to touch $12billion by 2015. GHCL would target the organized retail which has a negligible penetration in the overall retail space market in the country today. Initially the company would be opening its exclusive outlets focusing on the Home textiles and accessories.

Expected Retail Market Size 2012E



Source: Technopak Analysis and CSO.

The organized Home furnishing textiles market is estimated at Rs.550 Crores accounting for only 6% of the total Home Retail Market (estimated at Rs.9,300 Crores). Bed and Bath retail segment accounts for two thirds of the total market. The organized market is poised for significant growth. Existing players are already targeting the medium and higher segment of the population with emphasis on merchandising, branding and quality of the products. Industry studies point towards a Rs.8,000 Crores expected market size for the organized retail segment by 2011–12.

Organized Retail – Category-Wise Share

	Total Retail (Rs bn)	Organised Retail Share (Rs bn)
Food & Beverage	8,758	114
Clothing and Textile	1,070	188
Household Appliances	651	153
Home decor and Furnishing	433	39
Beauty, personal and health care (products)	1,575	62
Footwear	119	41
Equipment, Paper and Stationary	402	82
	13,008	**679**

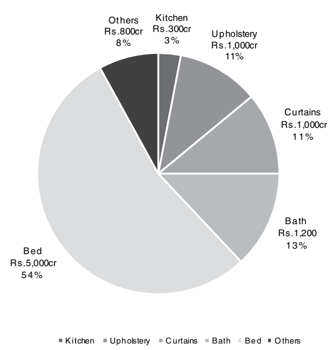
Source: CRISIL Research.

A combination of structural factors is likely to drive the growth in organized home furnishing and home retail market. These include 1). A structural decline in the average age of an Indian homeowner from 40 to 27 years; 2) A housing boom with an estimated 2.5 million homes needed every year together with an increase in relocation of people for professional or other reasons; 3) A growth in the nuclear family set up leading to a shift in preference of home decoration; 4) Increase in urbanization and change in fashion concepts in India; 5) Emergence of dual income households driven by an change in increase in the number of working women;

Prospects of Home Retailing Industry

The Indian Home retailing Industry offers significant opportunities for growth. Industry estimates currently put the urban home furnishing textiles market at Rs.9,300 Crores which is expected to grow to Rs 20,000 Crores by 2011. Only 6% of this market translating to Rs.550 Crores is organized indicating significant potential for growth with the organized segment. Bed and Bath segment accounts for two thirds of the total market.

Size of the Organized Home Retail Industry



Source: KSA Technopak Analysis.

Global Sourcing Capabilities which will benefit RIIL

RIIL believes that the group's global integrated model provides it with an advantage over local domestic retailers. GHCL being a vertically integrated Company will manage global sourcing for RIIL. GHCL is already developing China, India & Pakistan as leading global sourcing hubs. Initiatives are also underway for developing Mexico, Belgium, Brazil, and Bangladesh as sourcing destinations. In addition, management believes that its state of the art inventory management and efficient logistics services make it a highly competent sourcing organization which should make them one of the cheapest global sourcing entities with significant scope for synergies from economies of scale.

Strong Management Experience

RIIL's management possesses significant global experience in consumer facing industries. The top management includes the people who are a strategist and a start up specialist and have played key role as a part of a GHCL team to acquire US based textile firm and the retail chain of Rosebys UK, in 2006. The team is strengthened with the presence of turnaround specialist credited with turning around the operations of Dollor General in USA. The other integral member of the team includes the well known name in India's retail market, a person who has set up the entire organizational structure apart from establishing the brand and handing an international acquisition for one of India's leading Textiles Company.

Rosebys Skills and Competencies

GHCL and RIIL brings with it significant strength which should help it create a unique value proposition and differentiate its retail venture relative to that of its competitors particularly within the organized segment. The company has a wealth of experience in home style solutions with over 300 stores covering more than 1 million square feet in a mature retail market, i.e. the UK.

RIIL has a strong international design and product development capability supported by the Global Sourcing capabilities of the Group. The strong and experienced management team has more than 150 retail years of experience that contributes to delivering success.

Growth Strategies

A combination of rising population, increasing rate of household formation, diversity in employment and greater mobility of work force will help aid the advent of the Indian Middle class making India potentially one of the largest consumer markets by 2025. To put this in perspective, while India's market ranks 12th in the world today, it could potentially become the fifth largest consumer market in the world by 2025.

Over 69% of the population is below the age of 35, while 45% is below the age of 20. India's changing demographic profile is likely to offer a youthful face to India's population driven by a drop in the dependency ratio. This is likely to be another engine for growth in consumer demand.

RIIL and its Management would be capturing the existing market gap between value and high end offerings along with rolling out new stores all across the country to have a Pan-India presence. The company would rely on the upcoming educated women as the target segment group and put emphasis on the great Indian Middle class story which is expected to rise from 5% of the population today to 41% of the population by 2025. RIIL intends to collaborate with other major industry players and form alliances with existing high end brands to jointly produce Rosebys branded accessories. RIIL intends to focus on repeat visits and customer satisfaction which will enable it to maximize its growth objectives of becoming one of the most successful retail stories in the home style arena.

IT ENABLED SERVICES

THE INDIAN MARKET OUTLOOK

India's IT-ITeS industry has experienced rapid annual growth and is projected to cross US $100 billion in 2011 after it recorded a growth of 31% in 2006. The exports revenue and domestic IT spending has led the Indian IT industry to keep up with the momentum it gained since 2003.

The growth in domestic IT/ ITes spend has been primarily driven by investments by enterprises in IT infrastructure, line of business applications, security products and services, IT outsourcing and managed services and by consumers in mobile and digital products (digicams, notebooks, smart handheld devices etc.). Domestic IT/ ITeS revenues are projected to touch INR 1,68,370 Crores in 2011, at a CAGR of 19.7% (IT growing at 16.4% and ITeS at 40.4%). This also means that domestic IT/ ITeS revenues will grow faster than IT/ ITeS export revenues for the next five-year period.

Increasingly companies are outsourcing business process functions to outsourcing centres in India. These functions include market research, helpdesk and order entry services. These services are well suited to outsourcing because of India's natural cost and English language advantages. Many firms in this space are employed by large US and Europe based IT firms looking to offshore some of their lower end services. As this trend become more prevalent well placed Indian firms will have the opportunity to capture market share and will have the relationships in place to move into higher value added services.

Colwell & Salmon Communications Inc.

GHCL's IT-enabled services division, which includes an Indian and a US subsidiary provides both voice and non voice based business process outsourcing (BPO) services, including market research (data collection, focus groups, business intelligence), customer acquisition (database services, channel marketing, sales) and customer support (help desk, order entry). GHCL's client list includes Fortune 100 companies. It started its foray into the non-voice based knowledge process outsourcing (KPO) in 2006 and has developed expertise in finance / accounting, general accounting, logistics, credit / collections, ERP/SAP implementation and support, internet shopping, retail store support and merchandising to name but a few processes.

The Company's Strength has shifted from the B2B segment which now constitutes 33 % of the total revenues, and the Fortune 100 clients that the company service, to KPO processes which account for 32% of revenues. The company has a Domain Expertise in the area of Direct Marketing, Customer Services and end to end KPO solutions. The company provides both offshore & onshore solutions, hence a global & diversified geo delivery model over the world in our markets.

Growth Objectives

Company's growth objectives is to strengthen existing "popular" offerings for new customers that view company's services as critical to their Business Objectives and to build strategic partnerships in new verticals and service offerings that result in long-term contracts and business opportunities.

New Verticals

The Company is looking to develop and create growth opportunities in new vertical markets and horizontal service offerings. Currently within the B2B, B2C & MR space we provided services to the Technology, IT, Telecom, Publishing and are looking to grow in the following new verticals- Healthcare, Financial services, Insurance , travel, legal and Market Research (end to end delivery capabilities)

Opportunity & Concerns

The ITES sector globally has seen a strong trade growth within concentrated Geographies such as North American subcontinent, UK & EU and the Asian subcontinent. Corporates across the leading economies are facing huge pressure to minimize costs and maximize profits as customers and consumers are demanding goods and services at far more competitive prices than ever before. We see a huge potential to drive revenues within certain sectors in customer service related work such as Healthcare, travel and Financials services BPO / KPO. As labour arbitrage becomes increasingly important factor to deal with in pushing cost down, countries such as India and China have a huge potential to grab such opportunities and streamline functionalities to cater to this growing demand. In sectors such as Healthcare, Travel, Financial services and BPO / KPO where up to 70% of costs are associated with labour charges; such practices are bound to have significant appeal towards offshore outsourcing. Even within our growing Direct Marketing and Call Center segment of our current business, Front Office and Back Office outsourcing are witnessing a consistent rise in offshore outsourcing.

While outlook for this sector holds true promise, there are various factors that may directly or indirectly affect our business and performance. As our ITES delivery model is based an onshore and offshore delivery model through seamless integration an adverse effect in the exchange rates of relevant currencies such as the Rupee versus major international currencies, including the US dollar, could also impact revenues and profitability. Competition from major Indian and other international players within the ITES space could also hamper growth. As Outsourcing and especially ITES constitutes a fair amount of job opportunities for many people in countries in which our customers are situated and also faces, from time to time, strong resistance from various political and corporate bodies, any change in government policies, or anti trade lobbyists within India or even in the US could affect the company's ability to win contracts and service clients or expand its offerings in time and hence could lead to a disruption in service chains and revenues, that could impact our profitability.

Restructuring of GHCL:

GHCL has recently received Board approval for restructuring its businesses. As per the approved plan, the erstwhile GHCL would continue to be listed on the Indian stock exchanges housing the business of soda ash. The Home Textile business of sourcing and manufacturing is proposed to be shifted to a 100% subsidiary of GHCL Limited, Fabient. RIIL, a 100% subsidiary would have the business of India & UK retail ventures. The plan envisages shifting the business of Rosebys UK to the 100% subsidiary, RIIL.

GHCL's management feels that the restructuring initiative would lead to creation of independently focused organizations with a potential to achieve fast growth in their individual arenas. This restructuring would provide enhanced financial flexibility to the businesses. They will, therefore, be able to independently raise resources for their future growth requirements and unlock potential valuations for the shareholders.

Human Resource Development

As on March 31, 2008, the Company had 2539 employees who have different academic background and diverse work experience to their credit. In the last few years, the focus has been on people development and enhancing the human capital of the company.

GHCL is having its focus primarily on internal communication, Talent Identification and development. Having right talent has become the basic requirement to be successful. GHCL aims at having not only right people for right job by carefully assessing people's competencies, using psychometric tools but also by harnessing them properly. The company has employed HR tools & techniques like Assessment Centers to identify right fitment. It is working on having a robust Performance Management system which not only encompasses functional goals but also focuses on self & subordinate development. People are subjected to different reflective training programs; in addition they are provided opportunity to go through planned experiential learning while doing their normal jobs. One of the new HR initiative has been a complete Talent Management model which not only talks about talent identification but their development, keeping in view future requirement of the company. Retention has been an important HR area. GHCL maintains a lead by having practices like offering ESOPs to its people, providing international placement to its employees etc.

In GHCL a very young management squad is emerging out as its "team of future" who's vision and mission will take the company to a new height. This team is constantly focusing on executing the present policies and programs for enhancing people's competency, capability and empowerment and looking for changes which will meet the domestic and also the international requirement. In the present competitive climate this team is thinking of business process re-engineering which can create value for both customers as well as shareholders. Change Management, creativity and innovation remains as thrust area to be developed in line with the business plan besides there are other areas like People Leadership, Customer focus and Promoting Synergetic Team.

GHCL has constantly been rationalizing/restructuring its manpower and up-grading its quality. It is the endeavor of the organization to develop an effective team where productivity is high and accordingly, the company continuously organizes employee development programs covering the entire knowledge-value-skill spectrum. As per earlier practice the year 2007-08 too the employees benefited from various training programs, which covered various issues in management, technology, safety, health and environment.

Internal communications is a critical communications tool. As this helps to communicate Company's Vision, Mission, Growth plans & Developments across all functions areas, in order to drive a consistency in messaging through Formal Channel and drive uniformity and bonding of people across geographies. The Bi-monthly e–newsletter which was introduced during last year is running very successful as internal communications module for a growing organization like GHCL. We continue to maintain the highest standards in safety and health at the work place.

Social Responsibility and Community Development Programmes:

As a responsible corporate body, GHCL has undertaken various community development programmes to provide knowledge, better life, health, sanitation, education & society welfare to the community in and around its manufacturing location at Sutrapada in Gujarat.

GHCL is playing an important role in strengthening the fabric of society with a finely tuned sense of moral responsibility towards the community of people where it operates and the country at large.

The various CSR initiatives have been undertaken either directly or through GHCL Ladies Welfare Organization (Glow) which involved a proactive approach towards socio-economic development at the manufacturing locations involving the district administration & the local representatives. The focus areas of these programmes have been on:

- **Education;** wherein the company tries to promote literacy and higher education by grant of scholarship & assistance to deserving young pupils of weaker sections of society. The GHCL has been instrumental in construction & renovation of school buildings and other basic infrastructure required for successful running of the program.
- **Healthcare & Family Welfare;** wherein the company continuously organizes medical camps and has opened Dispensaries. The focus of the program has been on the health care for children, disabled and the under privileged segment of the society
- **Community Development;** initiatives of the company focuses on providing civic amenities: clean drinking water facilities to panchatyas along with a raising awareness about the environment protection. The company has been continually supporting the initiatives on upgrading the skills of the local people and developing the socially and economically weaker sections of the society.

GHCL has been greatly instrumental in the development of infrastructure facilities-improvement of roads, street lighting, drainage systems, etc. in the region.

Apart from this, grants-in-aid help in building schools and hospitals is being also provided. Villages are adopted and several health and community welfare programs are organized in the area around our activities.

Certain specific activities taken up in the year 2007-08 are mentioned below:

- Adopted 5 villages under "Gokul Gram Yojana" to take care of the basic needs of the villagers and children development.
- GLOW has organized several medical camps like, Eye camp, Kidney camp, Diagnostic camp, Plastic surgery camps in the surrounding area of plant and salt works.
- Adding the infrastructures facilities in villages to improve the quality of the life.
- Rotary club has found GHCL adopting and providing facilitating role in all their activities.
- Installation of 145 mt height chimney which is making environment free of dust and smoke.
- Yog Shivir in the colonies and near by towns to bring health awareness among the masses.
- Sponsoring no. of games/quiz competition and tournaments at district level.
- Training programme for district officials.
- One week Inter Dalmia school exchange programme at our DPS School Sutrapada. The purpose of programme was to inculcate sense of brotherhood and also to expose children to different culture.

CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR ENDED MARCH 31, 2008

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

1. **Company's Philosophy on Code 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 principle 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, 2008 is given herein below:

COMPOSITION OF BOARD OF DIRECTORS AS ON MARCH 31, 2008

Category	Name of Directors	No. of Directors	% of total number of Directors
Promoter - Non Executive Director	Mr. Sanjay Dalmia Mr. Anurag Dalmia Mr. Neelabh Dalima	3	25.00%
Promoter Nominee - Non Executive Director	Mr. Naresh Chandra Mr. S H Ruparell (Mr Mahesh Kheria – Alternate Director)	2	16.67%
Non Executive - Independent Director	Dr. B C Jain Mr. H H Faruqi Mr. Jagdish Capoor	3	25.00%
Representing Lending Institutions	Mr. G A Tadas – Nominee IDBI Mr. R W Khanna – Nominee EXIM Bank	2	16.67%
Executive Directors	Mr. R S Jalan – Managing Director Mr. Tej Malhotra – Sr. Executive Director (Operations)	2	16.67%
	TOTAL NO. OF DIRECTORS	**12**	**100%**

The Board of GHCL Limited consists of 12 Directors, 10 of whom are Non Executive Directors. The Company has a Non Executive Director as Chairman and hence the requirement that at least one third of the Board shall comprise of Non Executive Independent Directors is complied with as the Company has 5 Non Executive 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 and Audit 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 agenda is circulated to the Directors at least seven days before the meeting. During the financial year ended March 31, 2008, six Board Meetings were held on April 30, 2007, June 16, 2007, July 29, 2007, October 30, 2007, January 28, 2008 and March 24, 2008. 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, 2008 is given herein below:

		DATE OF BOARD MEETING						
SL. NO.	NAME	**APRIL 30, 2007**	**JUNE 16, 2007**	**JULY 29, 2007**	**OCTOBER 30, 2007**	**JAN. 28, 2008**	**MARCH 24, 2008**	**AGM ATTENDANCE**
1	Mr Sanjay Dalmia	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	Mr Anurag Dalmia	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3	Mr Neelabh Dalmia	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4	Dr. B C Jain	Yes	Yes	Yes	Yes	Yes	Yes	Yes
5	Mr Jagdish Capoor	Yes	No	Yes	Yes	No	Yes	Yes
6	Mr H H Faruqi	Yes	Yes	Yes	Yes	No	No	Yes
7	Mr G A Tadas – Nominee IDBI	No	Yes	Yes	Yes	Yes	Yes	Yes
8	Mr R W Khanna – Nominee EXIM Bank	No	Yes	Yes	Yes	Yes	Yes	No
9	Mr Naresh Chandra	No	No	No	No	Yes	No	No
10	Mr Mahesh Kheria (Alt. to Mr S H Ruparell)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
11	Mr R S Jalan	Yes	Yes	Yes	Yes	Yes	Yes	Yes
12	Mr Tej Malhotra	Yes	Yes	Yes	Yes	Yes	No	Yes
13	Mr P Sampath[3]	Yes	Yes	Yes	Yes	N/A	N/A	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 Board Meeting.

2. Mr. Jagdish Capoor, Mr. Neelabh Dalmia and Mr. Sanjay Dalmia, 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. P Sampath, was Managing Director and on the Board of the Company till October 30, 2007.

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, 2008 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 Companis	No. of Committee positions held as Member in other Public Companes
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	1
6	Mr. H H Faruqi	-	-	-
7	Mr. G A Tadas	-	-	-
8	Mr. R W Khanna	1	-	-
9	Mr. S H Ruparell	NA	NA	NA
	Mr. Mahesh Kheria (Alt. to Mr. S H Ruparell)	-	-	-
10	Mr. Naresh Chandra	1	1	-
11	Mr. R S Jalan	-	-	-
12	Mr. Tej Malhotra	-	-	-

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, 2008, 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 GHCL Limited has reviewed the financial statements of its subsidiaries.

The requirement of appointment of an Independent Director of GHCL Limited on the Board of 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 performance of 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.

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 to the Directors at least seven days before the meeting.

During the financial year ended March 31, 2008, 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
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				
April 30, 07	Yes	Yes	Yes	No
June 16, 07	Yes	No	Yes	Yes
July 29, 07	Yes	Yes	Yes	Yes
Oct. 06, 07	Yes	Yes	Yes	No
Oct. 30, 07	Yes	Yes	Yes	Yes
Jan. 28, 08	Yes	No	No	Yes
Whether attended Last AGM (Yes/ No)	Yes	Yes	Yes	Yes

Note: Managing Directors, Chief Financial Officer, Chief Accounts Officer, Statutory Auditors were invitees to the Audit Committee Meetings whenever required. Secretary of the Company is the Secretary of the Committee.

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 24th Annual General Meeting held on July 30, 2007 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. 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 package which is appropriate for the responsibilities involved. The Committee is also having ultimate control over the GHCL Employees Stock Option Trust and regulates its affairs through appointed Trustees.

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 in advance.

During the financial year ended March 31, 2008, the Remuneration Committee met five times. 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, 2008			
	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			
April 30, 2007	Yes	Yes	Yes
June 16, 2007	Yes	Yes	Yes
Sept. 1, 2007	Yes	Yes	Yes
Jan. 28, 2008	Yes	Yes	No
Mar. 24, 2008	Yes	Yes	No
Whether attended Last AGM (Yes/No)	Yes	Yes	Yes

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.

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.

Details of remuneration, commission and sitting fee paid/payable to the Directors of the Company for the financial year ended March 31, 2008 are given below:

Non-Wholetime Directors (in Rupees)

Name	Sitting Fees	Commission
Mr. Sanjay Dalmia	220,000	1,500,000
Mr. Anurag Dalmia	120,000	1,500,000
Mr. Neelabh Dalmia	120,000	1,500,000
Dr. B C Jain	340,000	1,500,000
Mr. Jagdish Capoor	160,000	1,500,000
Mr. H H Faruqi	240,000	1,500,000
Mr. G A Tadas – Nominee IDBI*	180,000	1,500,000
Mr. R W Khanna– Nominee EXIM Bank*	100,000	1,500,000
Mr. Naresh Chandra	20,000	1,500,000
Mr. Mahesh Kheria (Alternate to Mr S H Ruparell)	120,000	1,500,000
TOTAL	**1,620,000**	**15,000,000**

Note: Commission payable to all or any one of the Non Whole Time Director 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 to which they represent.

Whole Time Directors (in Rupees)

Name	Salary and other perquisites[c]	Commission
Mr R S Jalan, Managing Director	9,675,648	15,600,000
Mr P Sampath, Managing Director (upto October 30, 2007)	9,082,897	9,100,000
Mr Tej Malhotra, Sr. Executive Director	4,990,460	8,800,000
Total	23,749,005	33,500,000

(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 a scheme of Stock Options 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.

(d) Commission payable to Mr. P Sampath is pro rata for his period of service and salary & perquisites paid to him includes Gratuity and Leave Encashment

(iii) Share Transfer and Grievance Handling Committee:

The Board had constituted the Share Transfer & Investors Grievance Committee. The Board reconstituted this committee on October 30, 2007 and Mr. H. H. Faruqi, Director of the Company was inducted as a member of the Committee. 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. During the financial year ended March 31, 2008, fifty one Meetings of the Committee were held.

The composition of Committee as on March 31, 2008 is as under:

S. No	Name	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 6 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, 2008:

Sl. No.	Type of Complaints	Total No. of Complaints received during the financial year ended March 31, 2008	Total No. of Complaints resolved during the financial year ended March 31, 2008	No. of Complaints pending as on March 31, 2008
1	Non-receipt of dividend	262	262	0
2	Share transfer including Dmat request	96	96	0
3	Non receipt of Annual Report	32	32	0
	Total	390	390	0

The Share Transfer and Investors Grievance Committee reviews 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. Bhuwneshwar Mishra, Company Secretary of the Company was present at all Meeting of the Committee as the Secretary of the Committee.

Mr. Bhuwneshwar Mishra, Company Secretary is the Compliance Officer of the Company alongwith Mr. Pramod Mehendale, Intime Spectrum Registry Limited (Share Transfer Registrar 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. The Board reconstituted this committee on October 30, 2007 and Mr. Neelabh Dalmia, Director of the Company was inducted as a member of the Committee. 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, 2008 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. 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
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
2004-2005	September 2, 2005	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 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%

Year 2004-05 :

- Alteration of Articles of Association
- Issue of securities in foreign markets / international offer
- Issue of warrants convertible into equity shares on preferential basis
- Payment of Sitting Fees and Commission to Non Executive Directors

Extraordinary General Meeting

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

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 the Promoter's company

Year 2005 (9 months):

No special resolution was passed during the financial year ended on December 31, 2005.

(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) 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 and no resolutions were put to vote by postal 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.

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

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

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, 2008
1	English Newspapers in which quarterly results were published	Business Standard	July 31, 2007	October 31, 2007	January 29, 2008	June 30, 2008	June 30, 2008
		The Economic Times	August 1, 2007	November, 1 2007	January 30, 2008	-	-
2	Vernacular Newspapers in which quarterly results were published	Jai Hind (Gujarati)	July 31, 2007	October 31, 2007	January 29, 2008	June 30, 2008	June 30, 2008
3	Website Address of the Company on which financial results are posted	www.ghcl.co.in					
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, 2008**
	Name of Stock Exchange (s)	**Website Address (es)**	**Date of Filing of Results**				
	National Stock Exchange of India Limited (NSE)	www.nseindia.com	July 29, 2007	October 30, 2007	January 28, 2008	June 28, 2008	June 28, 2008
	The Bombay Stock Exchange Ltd. (BSE)	www.bseindia.com	July 29, 2007	October 30, 2007	January 28, 2008	June 28, 2008	June 28, 2008

During the financial year ended March 31, 2008, the Company has made the following press release and the same has been communicated to the Stock Exchanges.

May 8, 2007 : GHCL Bags $ 100 Million Order from Starwoods Hotels

March 24, 2008 : GHCL Restructures its Business

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	Friday, September 12, 2008	10:00 AM	The Instititution of Engineers (India), Gujarat State Centre, Bhaikaka Bhavan, Law College Road, Ahmedabad - 380 006
2	Financial Calendar			
	Financial Reporting for - Quarter - I (ending June 30, 2008)		3rd / 4th week of July 2008	
	Financial Reporting for - Quarter - II (ending September 30, 2008)		3rd / 4th week of October 2008	
	Financial Reporting for - Quarter - III (ending December 31, 2008)		3rd / 4th week of January 2009	
	Financial Reporting for - Quarter - IV (ending March 31, 2009)		3rd / 4th week of April 2009	
3	Date of Book Closure	Friday September 5, 2008 to Friday September 12, 2008 (both days inclusive)		
4	Dividend Payment	Final Dividend @ 24% (i.e. Rs. 2.40 per share) will be paid on or after Tuesday September 16, 2008, 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. Sahajan and 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, 2008		
8	Details of Registrar and Share Transfer Agent	Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078.		
		Phone: 022 25963838, Fax: 022 25946969 (Email : isrl@intimespectrum.com)		
9	**Outstanding GDRs/ADRs/Warrants or any convertible instruments:** 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. 159.5748 per share. Such conversion option is exercisable between September 2006 to March 2011. During the financial year, two Bondholders have exercised their option of conversion. The Company has allotted 143625 equity shares of Rs. 10/- each at a premium of Rs. 149.5748 on December 5, 2007 against conversion of USD 0.50 million FCCBs and allotted 287250 equity shares of Rs. 10/- each at a premium of Rs. 149.5748 on December 10, 2007 against conversion of USD 1.00 million FCCBs. After conversion, the outstanding FCCBs is USD 79.00 million and the paid up share capital of the Company is Rs. 1,000,192,860/- divided into 100019286 equity shares of Rs. 10/- each.			
	2. The Company has issued 45,00,000 warrants convertible into equity shares on preferential basis to the promoter company, against which 10% of the issue price has been received. The warrant holders are entitled to one equity shares of Rs. 10/- each at a price of Rs. 147.94 each, in accordance with SEBI (DIP) guidelines, at any time within eighteen months from the date of allotment of warrants i.e. October 23, 2006. Subsequent to the year end the promoter company has not exercised the option of conversion on or before the specified date due to the injunction order obtained by a shareholder from the court.			
10	**Address for Correspondence** 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 ***Intime Specturm Registry Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078. Phone: 022 25963838, Fax: 022 25946969 (Email : isrl@intimespectrum.com***			
	For General Correspondence: **GHCL Limited, "GHCL House" Opp. Punjabi Hall, Near Navrangpura, Ahmedabad - 380 009. Phone : 079 -26427818/26442677, 079-30918905, Fax: 079-26423623**			
11	**Dematerialization of Shares and Liquidity:** 92.88% of the outstanding shares are in dematerialized form as on March 31, 2008. 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, 2008

Months of the financial year 2007-08	BSE, MUMBAI			NSE, MUMBAI		
	Share Price		Traded Quantity	Share Price		Traded Quantity
	High	Low		High	Low	
April 07	185.35	133.80	3663956	185.00	134.10	7962948
May 07	148.40	122.50	6121186	149.50	122.75	8824200
June 07	134.60	123.85	2175269	134.65	124.30	3512408
July 07	133.50	120.05	2774983	133.35	119.60	3730277
August 07	125.00	111.00	1475116	123.00	111.00	2535730
September 07	165.00	113.50	3801593	170.00	114.10	8745244
October 07	160.00	135.00	2720321	168.00	136.00	5610543
November 07	177.90	140.00	2336839	179.00	135.20	6245357
December 07	208.40	163.10	4803051	209.90	163.00	8194677
January 08	189.00	97.40	5072306	189.90	97.35	8369721
February 08	148.00	110.60	2852400	147.00	111.45	6741155
March 08	121.50	67.50	11135890	123.00	67.20	17380688

Performance in comparison to broad based indices such as NSE

Shareholders Referencer

Unclaimed Dividend

Pursuant to Section 205 A of the Companies Act, 1956 unclaimed dividend for the financial years 1999-2000 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 year 1999-2000.

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 the 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
2000-01	21-09-2001	September 2008
2001-02	24-09-2002	September 2009
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

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2008

No. of Shares held of Rs. 10 each between		No. of shareholders	% of total share holding	No. of shares	% of total shares
From	To				
1	2500	39998	77.13%	4372809	4.37%
2501	5000	7215	13.91%	2914284	2.91%
5001	10000	2682	5.17%	2312948	2.31%
10001	20000	1011	1.95%	1606774	1.61%
20001	30000	281	0.54%	726107	0.73%
30001	40000	121	0.23%	444732	0.44%
40001	50000	112	0.22%	541906	0.54%
50001	100000	134	0.26%	1002293	1.00%
100001	Above	306	0.59%	86097433	86.08%
		51860	**100.00%**	**100019286**	**100.00%**

SHAREHOLDING PATTERN AS ON 31ST MARCH 2008

Category		No of shares held	% of shareholding
A	**Promoters Holding**		
1	Indian Promoters	41383607	41.38%
	Foreign Promoters	5507900	5.51%
	Others		
	Trust	152000	0.15%
	Directors & relatives	30050	0.03%
	Sub-Total	**47073557**	**47.06%**
B	**Non-Promoters Holding**		
3	**Institutional Investors**		
	Mutual Funds and UTI	371913	0.37%
	Banks, Financial Institutions & Insurance Companies	6823307	6.82%
	FIIs	1003370	1.00%
	Foreign Mutual Fund	261568	0.26%
	Sub-Total	**8460158**	**8.46%**
4	**Non-institutional Investors**		
	Bodies Corporate	22588686	22.58%
	Indian public	14536013	14.53%
	NRIs & Foreign Companies	1682059	1.68%
	Others	5678813	5.68%
	Sub-Total	**44485571**	**44.48%**
	Grand Total	**100019286**	**100.00%**

Plant Locations:

Soda Ash Plant	Village: Sutrapada Near Veraval, Dist. Junagadh – 362 275, Gujarat
Salt Works & Refinery	(a) Ayyakaramulam, Kadinalvayal - 614 707. Distt Nagapattinam, Tamilnadu
	(b) Nemeli Road Thiruporur-603 110, Tamilnadu
Textile Division	(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 Division	C – 39 Sector – 58, NOIDA
Energy Division	(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 have affirmed compliance with the Code of Conduct.

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, 2008 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 : May 10, 2008

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, 2008, 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.
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 : June 28, 2008

AUDITORS' REPORT

To the Members of
GHCL LIMITED

1. We have audited the attached Balance Sheet of GHCL Limited as at 31st March 2008 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. We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
   b. In our opinion, proper books of account, as required by law have been kept by the Company so far as appears from our examination of such books;
   c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   d. In our opinion, the Balance Sheet, the Profit and Loss Account and the 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;
   e. 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 2008;
      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.
   f. On the basis of written representations received from the Directors as at 31st March 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2008 from being appointed as a director.

For and on behalf of
JAYANTILAL THAKKAR & CO
Chartered Accountants

(C. V. THAKKER)
Partner
Membership No: 6205
Place : New Delhi
Date : May 10, 2008

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 2008.)

(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 2008 outstanding for a period of more than six months from the date they become payable.

(b) The disputed statutory dues aggregating to Rs. 6.41 million 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. Millions)
1	Income Tax Act, 1961	Disallowance of expenses	Commissioner of Income Tax (Appeal)	2005-06	0.28
2	Central Excise Act, 1944	CENVAT credit	High Court Chennai	2001-02	0.25
			Customs, Excise and Service Tax Appellate Tribunal	2002-03	0.07
			Joint Commissioner Central Excise	2002-03 & 2003-04	0.64
			Commissioner (Appeal) Central Excise	2004-05	0.58
			Joint Commissioner (Appeal) Central Excise	2005-06	0.62
			Customs, Excise and Service Tax Appellate Tribunal	2004-06	0.20
3	Urban Land Tax Act	Urban Land Tax	Madurai Corporation	1981-2007	2.94
4.	Employees State Insurance Corporation	Contribution Demand	ESI Court, Madurai	Various Years	0.70
			Supreme Court	1985-86	0.13

(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 statue 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 2008 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 2008.

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 : May 10, 2008

BALANCE SHEET AS AT 31ST MARCH, 2008

	Schedules		As at 31.03.2008 (Rs. in Million)		As at 31.03.2007 (Rs. in Million)
SOURCES OF FUNDS					
Shareholder's Funds					
Share Capital	1	**1,000.19**		995.88	
Advance against Preferential Convertible Warrants	1A	**71.57**		66.57	
Reserves and Surplus	2	**4,025.22**		3,225.80	
			5,096.98		4,288.25
Loan Funds					
Secured Loans	3	**8,261.77**		7,836.77	
Unsecured Loans	4	**204.29**		1.45	
Unsecured - Foreign Currency Convertible Bonds	4 A	**3,170.27**		3,500.95	
			11,636.33		11,339.17
Deferred Tax Liability (Net)			**1,388.04**		1,198.12
Total			**18,121.35**		16,825.54
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block		**14,779.71**		13,196.08	
Less : Depreciation		**4,995.20**		4,362.67	
Net Block	5	**9,784.51**		8,833.41	
Capital Work-in-Progress		**114.31**		517.07	
Advances against Capital Expenditure		**232.62**		240.38	
			10,131.44		9,590.86
Investments	6		**1,388.21**		1,338.57
Current Assets, Loans and Advances	7				
Inventories		**2,601.53**		2,131.17	
Sundry Debtors		**1,353.28**		1,118.75	
Cash and Bank Balances		**239.14**		444.00	
Loans and Advances		**4,519.98**		4,334.34	
		8,713.93		8,028.26	
Less : Current Liabilities and Provisions	8				
Current Liabilities		**1,831.37**		1,823.38	
Provisions		**284.21**		317.85	
		2,115.58		2,141.23	
Net Current Assets			**6,598.35**		5,887.03
Miscellaneous Expenditure (to the extent not written off or adjusted)					
Deferred Revenue Expenses			**3.35**		9.08
Total			**18,121.35**		16,825.54
Notes on Accounts	16				

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

As per our report attached

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

(C. V. Thakker)
Partner

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

(Rahul Divan)
Partner

Place : New Delhi
Date : May 10, 2008

For and on behalf of the Board

Sanjay Dalmia
Chairman

Dr. B. C. Jain
Director

R. S. Jalan
Managing Director

Raman Chopra
Executive Director - Finance

N. Giridhar
Sr. General Manager - Accounts

Bhuwneshwar Mishra
Company Secretary

Place : New Delhi
Date : May 10, 2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	Schedules		For the Year Ended 31.03.2008 (Rs. in Million)		For the Period Ended 31.03.2007 (15 Months) (Rs. in Million)
INCOME					
Sales - Gross		11,459.11		11,568.90	
Less : Excise Duty		949.21	10,509.90	928.45	10,640.45
Income from Services			189.04		87.41
Insurance Claim for Loss of Profit			127.40		-
Other Income	9		164.90		104.84
Total Income			10,991.24		10,832.70
EXPENDITURE					
Manufacturing Expenses	10		6,956.02		4,883.25
Purchase of Trading Goods			302.17		1,660.05
Payments to and Provisions for Employees	11		672.80		622.01
Administrative and Miscellaneous Expenses	12		387.57		430.86
Selling and Distribution Expenses	13		540.72		701.35
Excise Duty			14.82		(3.98)
(Increase) / Decrease in Stock	14		(490.88)		(331.53)
			8,383.22		7,962.01
Profit Before Financial Expenses, Depreciation and Exceptional Items			2,608.02		2,870.69
Financial Expenses	15		516.80		187.58
Profit Before Depreciation			2,091.22		2,683.11
Depreciation / Amortisation			644.20		587.14
Gain / (Loss) on Exceptional Items (Net)			65.32		63.76
Profit Before Taxation			1,512.34		2,159.73
Provision For Taxes					
- Current Tax			268.97		249.14
- Fringe Benefit Tax			12.31		14.54
- Deferred Tax (Net)			222.86		413.27
Profit For The Year after Tax			1,008.20		1,482.78
Balance brought forward from previous year			2,559.02		1,349.06
Prior period adjustments			0.87		4.15
Short provision for Tax for earlier years			(26.18)		(16.80)
Excess provision for Deferred Tax for earlier years			32.93		2.65
Debenture Redemption Reserve written back			45.83		91.67
Investment Allowance Reserve written back			-		108.60
Amount Available for Appropriation			3,620.67		3,022.11
APPROPRIATIONS					
Transfer to General Reserve			100.85		148.50
Proposed Dividend on Equity Shares			240.05		268.89
Tax on Dividend			40.80		45.70
Balance Carried to Balance Sheet			3,238.97		2,559.02
			3,620.67		3,022.11
Earnings per Share (Rupees) - Basic			10.19		12.32
Earnings per Share (Rupees) - Diluted			8.46		11.05
(See note No. 30 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
Jayantilal Thakkar & Co.
Chartered Accountants

(C. V. Thakker)
Partner

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

(Rahul Divan)
Partner

Place : New Delhi
Date : May 10, 2008

For and on behalf of the Board

Sanjay Dalmia
Chairman

Dr. B. C. Jain
Director

R. S. Jalan
Managing Director

Raman Chopra
Executive Director - Finance

N. Giridhar
Sr. General Manager - Accounts

Bhuwneshwar Mishra
Company Secretary

Place : New Delhi
Date : May 10, 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

	For the Year Ended 31.03.2008 (Rs. in Million)		For the Period Ended 31.03.2007 (15 Months) (Rs. in Million)	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax and Extraordinary items		**1,512.34**		2,159.73
Adjustment for :				
Depreciation / Amortisation	**644.20**		587.14	
Foreign Exchange Gain (Net)	**(36.76)**		(11.72)	
Gain on Exceptional Items	**(65.32)**		(63.76)	
Interest on Investments	**(0.00)**		(0.03)	
Income From Dividend	**(0.26)**		(0.50)	
Prior Period Adjustments	**0.87**		4.15	
(Profit) / Loss on Sales / Discarding of Fixed Assets (Net)	**(34.05)**		1.33	
Provision for Doubtful Debts / Advances (Net)	**-**		0.10	
Profit on Sale of Investments (Net)	**(1.10)**		(9.80)	
Financial Expenses (Net)	**516.80**	**1,024.38**	187.58	694.49
Operating Profit before Working Capital Changes		**2,536.72**		2,854.22
Adjustments for :				
Trade & other Receivables	**(673.39)**		(1,083.10)	
Inventories	**(470.36)**		(1,049.65)	
Trade payables	**481.90**	**(661.85)**	(216.84)	(2,349.59)
Other Adjustments				
Deferred Revenue Expenses		**5.72**		28.10
Gratuity liability for past services		**-**		(40.55)
Cash Generated from Operations		**1,880.59**		492.18
Direct Taxes paid		**(283.60)**		(406.77)
Net cash from Operating Activities		**1,596.99**		85.41
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		**(1,689.93)**		(4,641.65)
Subsidies Received		**9.35**		41.66
Advance for Capital Expenditure		**7.76**		(27.66)
Sale of Fixed Assets		**61.12**		15.80
(Purchase) / Sale of Investments		**(49.15)**		9.80
Profit on Sale of Investments (Net)		**1.10**		-
Investment in Subsidiaries		**(5.50)**		(253.70)
Advances in Subsidiaries		**149.80**		(522.09)
Interest on Investments		**0.00**		0.03
Interest Received		**11.53**		26.24
Dividend Received		**0.26**		0.50
Net cash used in Investing Activities		**(1,503.66)**		(5,351.07)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of Share Capital including Share Premium		**-**		263.66
Proceeds from Secured Loans		**972.70**		5,507.10
Advance against Preferential Warrants		**5.00**		66.57
Repayment of Secured Loans		**(547.69)**		(360.27)
Proceeds from Unsecured Loans		**204.29**		-
Repayment of Unsecured Loans		**(1.45)**		(1.45)
Gain on Exchange		**36.76**		11.72
Interest and Finance Charges Paid		**(652.90)**		(529.28)
Dividend and Tax thereon paid		**(314.90)**		(268.81)
Net Cash from Financing Activities		**(298.19)**		4,689.23
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)		**(204.86)**		(576.43)
Cash and Cash Equivalents at beginning of year		**444.00**		1,020.43
Cash and Cash Equivalents at end of year		**239.14**		444.00
Note :				
Cash and Cash Equivalents at end of year		**239.26**		444.04
Effect of exchange rate changes - (Loss)		**(0.12)**		(0.04)
Cash and Cash Equivalents as restated		**239.14**		444.00

As per our report attached

For and on behalf of the Board

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

(C. V. Thakker)
Partner

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

(Rahul Divan)
Partner

Sanjay Dalmia
Chairman

Dr. B. C. Jain
Director

R. S. Jalan
Managing Director

Raman Chopra
Executive Director - Finance

N. Giridhar
Sr. General Manager - Accounts

Bhuwneshwar Mishra
Company Secretary

Place : New Delhi
Date : May 10, 2008

Place : New Delhi
Date : May 10, 2008

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 1 : SHARE CAPITAL

	As at 31.03.2008 (Rs. in Million)	As at 31.03.2007 (Rs. in Million)
SHARE CAPITAL		
Authorised		
175,000,000 Equity Shares of Rs.10/- each	**1,750.00**	1,750.00
	1,750.00	1,750.00
Issued, Subscribed and Paid up		
100,019,286 (Previous Year 99,588,411) Equity Shares of Rs. 10/- each fully paid up	**1,000.19**	995.88
	1,000.19	995.88

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. 212.50 Million.

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 alloted during the year on conversion of Foreign Currency Convertible Bonds.

SCHEDULE 1A : ADVANCE AGAINST PREFERENTIAL CONVERTIBLE WARRANTS

	As at 31.03.2008 (Rs. in Million)	As at 31.03.2007 (Rs. in Million)
4,500,000 Preferential Convertible Warrants	**66.57**	66.57
Add : Amount received during the year	**5.00**	-
	71.57	66.57

1) The Company has alloted 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 has received Rs. 14.79 per warrant, which will be forfeited if the option of conversion is not excercised before the specified date. The Company has received an additional amount of Rs. 5.00 Million from the said Promoter Company during the year.

2) Subsequent to the year end, the Promoter Company has not excercised the option of conversion on or before the specified date due to the injunction obtained by shareholders from The Court of Civil Judge, Bharatpur & Noida.

SCHEDULE 2 : RESERVES AND SURPLUS

		As at 31.03.2008 (Rs. in Million)		As at 31.03.2007 (Rs. in Million)
CAPITAL RESERVE				
Cash subsidy	**2.57**		2.57	
Surplus on re-issue of forfeited Shares	**1.55**		1.55	
		4.12		4.12
DEBENTURE REDEMPTION RESERVE				
As per last Balance Sheet	**45.83**		137.50	
Less : Transfer to Profit and Loss Account	**45.83**		91.67	
		-		45.83
CAPITAL REDEMPTION RESERVE				
As per last Balance Sheet		**100.00**		100.00
SECURITIES PREMIUM ACCOUNT				
As per last Balance Sheet	**117.06**		-	
Add : Premium Received on Conversion of Prefrential Convertible Warrants	**-**		247.95	
Add : Premium Received on Conversion of Foreign Currency Convertible Bonds	**64.45**		-	
Less : Balance of FCCB Issue Expenses Written off	**-**		130.89	
		181.51		117.06
GENERAL RESERVE				
As per last Balance Sheet	**399.77**		291.82	
Less : Increase in Gratuity liability for past periods	**-**		40.55	
Add : Transfer from Profit and Loss Account	**100.85**		148.50	
		500.62		399.77
PROFIT AND LOSS ACCOUNT				
Balance as per account annexed		**3,238.97**		2,559.02
Total		**4,025.22**		3,225.80

SCHEDULE 3 : SECURED LOANS

	As at 31.03.2008 (Rs. in Million)	As at 31.03.2007 (Rs. in Million)
DEBENTURES		
10% Non Convertible Debentures	**-**	91.67
FROM BANKS / FINANCIAL INSTITUTIONS		
Working Capital Loans	**2,402.57**	2,430.83
Foreign Currency Loans	**53.11**	148.45
Rupee Term Loans	**5,806.09**	5,165.82
Total	**8,261.77**	7,836.77

Notes :

1) Foreign Currency Loan from Bank aggregating to Rs. 53.11 Million has been secured against first charge by way of equitable mortgage on the specified immovable properties of Soda Ash Division at village Sutrapada, Veraval in Gujarat and hypothecation of specified movable assets of Soda Ash Division both present and future.

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

a) Loan aggregating to Rs. 884.20 Million 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. 1722.56 Million 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 asssets 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. 90.98 Million 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. 130.15 Million 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. 52.50 Million 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. 600.00 Million 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. 62.50 Million is secured by way of first pari passu charge on movable fixed assets of Soda Ash Division situated at village Sutrapada, Veraval in Gujarat.

h) Loan aggregating to Rs. 2150.00 Million 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.

i) Loan aggregating to Rs. 112.28 Million 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.

3) 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 and second charge on fixed assets of Soda Ash Division / Home Textile Division, both present and future.

4) Specified movable assets referred to in the above notes include all movable assets of Soda Ash 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

	As at 31.03.2008 (Rs. in Million)	As at 31.03.2007 (Rs. in Million)
Loan from Banks	**204.29**	-
Interest free Sales Tax loan	**-**	1.45
Total	**204.29**	1.45

SCHEDULE 4A : UNSECURED FOREIGN CURRENCY CONVERTIBLE BONDS

	As at 31.03.2008 (Rs. in Million)	As at 31.03.2007 (Rs. in Million)
Foreign Currency Convertible Bonds	**3,170.27**	3,500.95
Total	**3,170.27**	3,500.95

1. 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, 2007 at Rs. 159.5748 (US $ 1 = Rs. 45.838). Such conversion option is exercisable between 21st September, 2007 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.
2. During the year 150 Foreign Currency Convertible Bonds of a face value of US $ 10,000 each, aggregating to US $ 1.5 Million were converted into 430,875 Equity Shares of Rs. 10/- each at a premium of Rs. 149.5748 per share. As on 31 March, 2008 outstanding balance of Foreign Currency Convertible Bonds is US $ 79 Million.
3. The Company expects that the FCCB Bond holders would opt for the conversion rather than redemption 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

(Rs. in Million)

PARTICULARS	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK	
	As at 01-04-2007	Additions (Deletions)	As at 31-03-2008	As at 01-04-2007	Additions (Deletions)	As at 31-03-2008	As at 31-03-2008	As at 31-03-2007
TANGIBLE ASSETS								
Leasehold Land	60.07	- -	60.07	8.80	0.59 -	9.39	50.68	51.27
Freehold Land	326.36	10.73 (8.37)	328.72	-	- -	-	328.72	326.36
Buildings	1,280.46	129.59 (10.99)	1,399.06	258.84	37.42 (3.25)	293.01	1,106.05	1021.62
Plant and Machinery	10,102.04	1,306.02 (22.33)	11,385.73	3,752.21	452.38 (3.39)	4,201.20	7,184.53	6,349.83
Furniture and Fixtures	84.84	5.04 (0.13)	89.75	36.33	6.11 (0.08)	42.36	47.39	48.51
Office Equipments	116.82	13.85 (3.19)	127.48	55.83	10.80 (3.03)	63.60	63.88	60.99
Vehicles	34.43	4.47 (3.08)	35.82	15.07	3.19 (1.92)	16.34	19.48	19.36
Wind Turbine Generators	404.30	- -	404.30	47.50	21.35 -	68.85	335.45	356.80
Leased Mines	451.83	43.86 -	495.69	58.34	48.42 -	106.76	388.93	393.49
INTANGIBLE ASSETS								
Goodwill	26.23	- -	26.23	26.23	- -	26.23	-	-
Software	17.74	8.74 -	26.48	3.10	6.62 0.00	9.72	16.76	14.64
Salt Works Reservoirs and Pans	290.96	109.42	400.38	100.42	57.32 -	157.74	242.64	190.54
Total	**13,196.08**	**1,631.72 (48.09)**	**14,779.71**	**4,362.67**	**644.20 (11.67)**	**4,995.20**	**9,784.51**	**8,833.41**
Previous Year	7,598.17	5,628.66 (30.75)	13,196.08	3,789.15	587.14 (13.62)	4,362.67	8,833.41	

1. Building include a sum of Rs. 9.14 Million (Previous Year Rs 9.14 Million) being cost of office premises acquired on ownership basis.
2. Leased mines represent expenditure incurred on development of mines.
3. Cash Subsidy amounting to Rs. 51.01 Million including Previous Year Rs. 41.66 Million relating to Home Textile division at Vapi has been reduced from respective Fixed Assets.
4. Current year Depreciation is after adjustment of Rs. 0.51 Million of depreciation relating to earlier years on Capital Subsidy received during the year.

SCHEDULE 6 : INVESTMENTS

			As at 31.03.2008 (Rs. in Million)		As at 31.03.2007 (Rs. in Million)
LONG TERM INVESTMENTS - (AT COST)					
OTHER THAN TRADE					
Quoted					
8,300	Equity Shares of HDFC Bank Limited of Rs. 10/- each fully paid up	**0.08**		0.08	
68,598	Equity Shares of IDBI Limited of Rs. 10/- each fully paid up	**4.93**		4.93	
2,595	Equity Shares of Dena Bank of Rs. 10/- each fully paid up	**0.07**		0.07	
272,146	Equity Shares of GTC Industries Limited of Rs. 10/- each fully paid up (Purchased during the year)	**49.50**		-	
4,500	Equity Shares of Canara Bank of Rs. 10/- each fully paid up	**0.16**		0.16	
			54.74		5.24
Unquoted					
	Govt. securities - 7 year National Savings Certificates (Pledged with Government Authorities)		**0.42**		0.78
SHARES IN WHOLLY OWNED SUBSIDIARY COMPANIES - (UNQUOTED)					
750,000	Equity Shares of Rs. 10/- each fully paid up of Colwell & Salmon Communications (India) Limited	**7.50**		7.50	
2,000	Equity Shares of US $ 1.00 each fully paid up of Colwell & Salmon Communications Inc, USA	**131.44**		131.44	
221,586	Equity Shares of EURO 100 each fully paid up of Indian Britain B.V.	**1,193.61**		1,193.61	
			1,332.55		1,332.55
CURRENT INVESTMENTS IN SUBSIDIARY COMPANY - (UNQUOTED)					
50,000	Equity Shares of Rosebys Interiors India Limited of Rs. 10/- each fully paid up (subscribed during the year) (See Note No. 7 of Schedule 16)		**0.50**		-
	Total		**1,388.21**		1,338.57

	As at 31.03.2008		As at 31.03.2007	
	Book Value	**Market Value**	Book Value	Market Value
Quoted	**54.74**	**79.81**	5.24	14.21
Others	**1,333.47**	**-**	1,333.33	-
	1,388.21		1,338.57	

(Details of Investments purchased and sold during the year - See Note No. 26 of Schedule 16)

SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES

		As at 31.03.2008 (Rs. in Million)		As at 31.03.2007 (Rs. in Million)
CURRENT ASSETS				
Inventory (as taken, valued and certified by the Management)				
At cost or net realisable value which ever is lower				
Raw materials		**1,107.22**		1,287.23
Finished goods		**966.70**		409.97
Stock in process		**94.50**		160.35
Stores and spares		**433.11**		273.62
Total		**2,601.53**		2,131.17
Sundry Debtors (Unsecured, considered good unless stated otherwise)				
Outstanding over six months				
Considered good	**148.82**		143.55	
Considered doubtful	**11.14**		11.14	
Provision for Doubtful Debts	**(11.14)**		(11.14)	
		148.82		143.55
Other debts		**1,204.46**		975.20
Total		**1,353.28**		1,118.75
Cash and Bank Balances				
Cash balance on hand		**6.74**		2.80
Current Account with Banks				
- Scheduled Banks		**128.18**		146.43
- Non Scheduled Banks				
Deustche Bank (maximum balance Rs. 1.50 Million, Previous Year Rs. 671.71 Million)		**1.38**		1.50
Fixed deposit				
- Scheduled Banks		**9.08**		189.79
(Pledged with Government Authorities / Banks - Rs. 8.54 Million, Previous Year Rs. 8.01 Million)				
In Margin Account		**5.70**		2.69
Remittances in transit		**88.06**		100.79
Total		**239.14**		444.00
Loans and Advances				
(Unsecured, considered good)				
Advances recoverable in cash or in kind or for value to be received - Considered Good		**1,346.47**		1,224.52
Loan to Employee Stock Option Scheme Trust		**531.61**		-
Share application money for Shares in Subsidiary Company		**5.00**		-
Due from Wholly owned Subsidiary Companies				
- Loans	**2,222.02**		2,480.51	
- Advances	**266.29**		242.14	
		2,488.31		2,722.65
Interest Accrued on Investments		**0.31**		0.58
Balances with Customs, Port Trust, Central Excise etc.		**117.82**		331.76
Income Tax paid / Fringe Benefit Tax paid / Tax Deducted at Source (net of provisions)		**30.46**		54.23
Fixed Deposits with Sardar Sarover Narmada Nigam Limited		**-**		0.60
Total		**4,519.98**		4,334.34

SCHEDULE 8 : CURRENT LIABILITIES & PROVISIONS

	As at 31.03.2008 (Rs. in Million)	As at 31.03.2007 (Rs. in Million)
CURRENT LIABILITIES		
Acceptances	**54.82**	-
Sundry Creditors for Goods and Expenses	**1,113.64**	748.13
Sundry Creditors for Capital Expenditure	**108.95**	598.60
* Sundry Creditors - Micro, Small & Medium Enterprises	**2.14**	3.04
Advances against sale of Assets	**80.00**	-
Advances from Customers	**19.52**	24.77
Trade Deposits from Dealers	**12.03**	10.88
**Investor Education & Protection Fund in respect of		
- Unclaimed Dividend	**22.11**	22.42
- Unclaimed Fixed Deposits	**0.53**	0.68
- Interest Accrued on Unclaimed Fixed Deposits	**0.10**	0.16
Other liabilities	**400.14**	413.37
Interest accrued but not due	**17.39**	1.33
Total	**1,831.37**	1,823.38
PROVISIONS		
Wealth Tax	**3.36**	3.26
Proposed Dividend on Equity Shares	**240.05**	268.89
Tax on Dividend	**40.80**	45.70
Total	**284.21**	317.85

* See Note No. 31 of Schedule 16

** The figure reflects the position as of 31st March, 2008. 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 31.03.2008 (Rs. in Million)	For the Period Ended 31.03.2007 (15 Months) (Rs. in Million)
Interest on Investment	**0.00**	0.03
Dividend Income	**0.26**	0.50
Interest on Income Tax Refund	**0.08**	0.66
Gain on Exchange (net)	**36.76**	11.72
Profit on sale of assets (net)	**34.05**	-
Profit on sale of Investment (net)	**1.10**	9.80
Bad debts written off recovered	**0.60**	-
Sundry Credit Balances Written back (net)	**6.02**	25.35
Rent Income (Tax Deducted at Source Rs. 5.38 Million Previous year Rs. 2.25 Million)	**19.82**	10.13
Miscellaneous Income	**66.21**	46.65
Total	**164.90**	104.84

SCHEDULE 10 : MANUFACTURING EXPENSES

		For the Year Ended 31.03.2008 (Rs. in Million)		For the Period Ended 31.03.2007 (15 Months) (Rs. in Million)
Raw Materials Consumed		**4,406.69**		2,789.28
Stores and Spares		**206.72**		160.37
Repairs and Maintenance				
Machinery	**84.47**		96.41	
Building	**7.72**		4.82	
Others	**15.31**		10.46	
		107.50		111.69
Power, Fuel and Water		**1,617.06**		1,100.66
Other Manufacturing Expenses		**339.21**		488.65
Packing Expenses		**262.69**		209.16
Operating Expenses for Services		**16.15**		23.44
Total		**6,956.02**		4,883.25

SCHEDULE 11 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES

	For the Year Ended 31.03.2008 (Rs. in Million)	For the Period Ended 31.03.2007 (15 Months) (Rs. in Million)
Salaries, Wages and Bonus	**532.44**	453.05
Contribution to PF and other funds	**63.06**	65.48
Staff Welfare	**43.80**	44.48
Commission to Wholetime Directors	**33.50**	59.00
Total	**672.80**	622.01

SCHEDULE 12 : ADMINISTRATIVE AND MISCELLANEOUS EXPENSES

	For the Year Ended 31.03.2008 (Rs. in Million)	For the Period Ended 31.03.2007 (15 Months) (Rs. in Million)
Travelling & Conveyance	**100.30**	95.57
Rent and Lease Rent	**32.30**	34.52
Rates and Taxes	**8.52**	11.89
Insurance	**46.18**	60.54
Commission to Non Wholetime Directors	**15.00**	22.00
Communication Expenses	**18.72**	24.44
Legal & Professional Expenses	**76.29**	94.94
Miscellaneous Expenses	**86.29**	63.86
Deferred Revenue Expenditure written off	**3.16**	19.02
Bad Debts / Irrecoverable amounts written off (net)	**-**	0.15
Donation	**0.81**	2.50
Provision for Doubtful Debts	**-**	0.10
Deficit on Sale / Discarding of Fixed Assets (net)	**-**	1.33
Total	**387.57**	430.86

SCHEDULE 13 : SELLING AND DISTRIBUTION EXPENSES

	For the Year Ended 31.03.2008 (Rs. in Million)	For the Period Ended 31.03.2007 (15 Months) (Rs. in Million)
Cash Discount	**62.48**	43.48
Freight and Forwarding	**259.82**	390.64
Commission on Sales	**212.13**	262.93
Sales Promotion Expenses	**6.29**	4.30
Total	**540.72**	701.35

SCHEDULE 14 : (INCREASE) / DECREASE IN STOCK

	For the Year Ended 31.03.2008 (Rs. in Million)	For the Period Ended 31.03.2007 (15 Months) (Rs. in Million)
Opening stock		
Finished Goods	**409.97**	183.79
Stock in Process	**160.35**	55.00
(A)	**570.32**	238.79
Closing stock		
Finished Goods	**966.70**	409.97
Stock in Process	**94.50**	160.35
(B)	**1,061.20**	570.32
(Increase) / Decrease in Stock **Total (A-B)**	**(490.88)**	(331.53)

SCHEDULE 15 : FINANCIAL EXPENSES

		For the Year Ended 31.03.2008 (Rs. in Million)		For the Period Ended 31.03.2007 (15 Months) (Rs. in Million)
Interest - Fixed Loans		**409.70**		348.71
- Others		**219.07**		131.33
Other Financial Charges		**40.19**		46.72
		668.96		526.76
Less : Interest and Financial charges capitalised	**28.68**		170.37	
Less : Interest from Subsidiary Companies	**111.95**		142.57	
Less : Interest Income Others	**11.53**		26.24	
		152.16		339.18
Total		**516.80**		187.58

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 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 period. Difference between the actual results and estimates are recognised in the period 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 period.

Fixed Assets and Depreciation

Fixed Assets are stated at cost net of CENVAT, VAT and subsidies less depreciation and impairment loss, if any. Depreciation is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. 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 periods to allocate the assets revised carrying amount after the recognition of an impairment loss, if any, on systematic basis over its remaining life.

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, which ever 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 the 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 period. All other borrowing costs are recognized as an expense in the period 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

				As at 31.03.2008 (Rs. in Million)	As at 31.03.2007 (Rs. in Million)
1	a)	Estimated value of contracts remaining to be executed on Capital Account and not provided for		**698.49**	571.63
	b)	Contingent Liabilities :			
		(i)	Guarantees issued by banks	**38.35**	44.70
		(ii)	Bank Guarantee on behalf of others	**26.45**	-
		(iii)	Letters of Credit	**690.57**	468.31
		(iv)	Bills discounted with banks (since realized)	**137.66**	249.73
		(v)	Claims against the Company not acknowledged as debts		
			- Income Tax & Wealth Tax	**4.27**	37.58
			- Sales Tax	**-**	12.05
			- Excise matters	**104.54**	2.33
			- Other claims	**119.42**	43.16
		(vi)	Corporate guarantee & Standby Letters of Credit to Bank on behalf of subsidiaries of the Company	**5674.18**	4,441.45
		(vii)	Premium on redemption of Foreign Currency Convertible Bonds	**1249.91**	1380.28
	c)	Export Obligation on duty free imports		**838.80**	4534.35

2 During the year, on receipt of arbitration award the dispute between GHCL Limited and DCW Limited has been settled. All necessary entries in this respect have been accounted for.

The Tamilnadu Govt. vide GO No. 145 Revenue dated 11th March, 2008 granted lease to GHCL Limited of land for salt cultivation at Vedaranyam Taluka - Nagapatnam District, Tamilnadu for the period of 20 years from 1st April, 2003.

3 Provision for taxation includes Rs. 0.60 Million (previous year Rs. 0.50 million) for Wealth Tax.

4 In line with Accounting Standard - 11 the Company has been adjusting the exchange differences in respect of borrowing or liability incurred for acquisition of fixed assets in carrying cost of such assets. As a result of the Companies (Accounting Standards) Rules 2006 become applicable during the year such exchange differences amounting to Rs. 5.46 Million (credit) has been adjusted in the Profit and Loss account instead of carrying cost of such assets.

5 Sundry Debtors, Creditors and Loans and Advances are subject to confirmation and consequential adjustment, if any.

6 Unquoted investments in subsidiary companies are of long term strategic value. In the opinion of the management, 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.

7 During the year, the Company has subscribed 50,000 Equity Shares of Rs. 10/- each of Rosebys Interiors India Limited making its wholly owned subsidiary. This subsidiary company is incorporated 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 this investment is classified as a current investment. Further Company has incorporated Fabient Global Limited as wholly owned subsidiary company and share application money has been paid. Pending allotment of the shares, the amount has been shown under loans and advances.

8 The Company through its overseas subsidiary has acquired the following overseas companies during the year

	% of Holding
GHCL Global Sourcing Limited	100%
Dan River Properties LLC	100%

9 Provision for doubtful debts includes Rs. 7.60 Million 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.

10 Exceptional item represents gain on restatement of Foreign Currency Convertible Bonds (FCCB) balances and loan to subsidiaries resulting from the FCCB proceeds.

11 In accordance with the requirements of Accounting Standard - 19 Leases issued by the Institute of Chartered Accountants of India, future obligation/rights as on Balance Sheet Date for lease arrangements amount to

		(Rs. in Million)
	Receivable	Payable
Due within one year	25.59	16.81
Due within the following four years	39.69	23.28
Due after five years	Nil	Nil

12 The value of closing stock of Finished Goods includes excise duty not paid Rs. 13.94 Million (pervious year Rs.1.87 million). The value of Lignite at mines includes royalty of Rs. 0.71 Million (previous year Rs. 0.41 million) on the closing stock. The Value of Salt at Salt Fields includes Cess & Royalty of Rs. 1.07 Million (previous year Rs. 1.92 million) on Closing Stock. This has however, no impact on the Profit for the year.

13 Loans & Advances includes Rs. 631.99 Million (previous year Rs. 638.38 million) paid as advance for purchase of materials and services outstanding for more than six months and considered good and Rs. 0.03 Million advance against accommodation paid to Director and relative of Director (previous Year - Rs. 0.03 million). Maximum outstanding balance during the period Rs. 0.03 Million (previous Year - Rs. 0.03 million) and lease rent includes Rs. 0.004 Million paid to the Director (previous Year - Rs. 0.13 million) and Rs. 0.06 Million paid to relative of the Director (previous year - Rs. 0.17 million).

14 As per Accounting Standard - 15 "Employee Benefits", the disclousers 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 :

	For the Year Ended 31st March, 2008 (Rs. in Million)	For the Period Ended 31st March, 2007 (Rs. in Million)
Employer's contribution to Provident Fund/Pension Scheme	**34.90**	24.09
Employeer's contribution to Superannuation Fund	**11.07**	10.43

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-s-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 period 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 acturial valuation.

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

	(Rs. in Million)
Liability at the beginning of the year	17.49
Paid during the year	7.87
Provided during the year	27.58
Liability at the end of the year	45.07

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

Particulars	**For the Year Ended 31st March, 2008 (Rs. in Million)**	For the Period Ended 31st March, 2007 (Rs. in Million)
Obligation at period beginning	**113.21**	100.73
Service cost	**8.34**	7.23
Interest cost	**9.30**	8.32
Actuarial gain/(loss)	**10.56**	0.95
Benefits paid	**(10.59)**	(4.02)
Obligation at period end	**130.82**	113.21
Change in plan assets		
Plans assets at period beginning, at fair value	**124.28**	74.17
Expected return on plan assets	**10.32**	6.00
Actuarial gain/(loss)	**2.50**	(0.11)
Contributions	**10.00**	48.24
Benefits paid	**(10.59)**	(4.02)
Plan Assets at period end, at fair value	**136.51**	124.28
Reconciliation of the present value of the obligation and the fair value of the plan asset		
Fair value of the plan assets at the end of the year	**136.51**	124.28
Present value of the defined benefit obligation at the end of the period	**130.82**	113.21
Assets recognised in the Balance Sheet	**5.69**	11.07
Gratuity cost for the period		
Service cost	**8.34**	7.23
Interest cost	**9.30**	8.32
Expected return on plan assets	**10.32**	6.00
Actuarial gain/(loss)	**8.06**	1.07
Net Gratuity cost	**15.38**	10.61
Investment details of plan assets		
---% of the Plan Assets invested in debt instruments	**85%**	92%
---% of the Plan Assets invested in equity	**15%**	8%
Assumptions		
Mortality Table - LIC	1994-96 (Ultimate)	1994-96 (Ultimate)
Interest rate	8%	8%
Estimated rate of return on plan assets	8%	8%
Estimated future salary growth	7%	7%

15 Related Party Transactions

a **Subsidiaries :**

Colwell & Salmon Communications (India) Limited
Colwell & Salmon Communications Inc, USA
Indian Britain B.V.Netherlands
Indian England N.V. Netherlands
Indian Wales N.V.(Formerly known as Melidor N.V. Netherlands)
GHCL Inc. USA.
S C GHCL Upsom SA (Formerly known as S C Bega Upsom S A Romania)
Indrom Chemicals SA
GHCL International Inc.
Dan River Inc.
Dan River International Limited
Dan River Factory Stores Inc.
The Bibb Company LLC
GHCL Rosebys Limited (Formerly known as Bealaw (Man) 17 Limited)
Rosebys Operations Limited
Rosebys Holdings Limited
Rosebys (2004) Limited
Rosebys Unlimited
Best Textile International Limited
Best Real Properties Inc.
Crowntex International Incorporated
Royal Crowntex International Inc.
X-Etra De Mexico SA Mexico
Maysun Land Limited
Rosebys Interior India Limited
Fabient Global Limited
Dan River Properties LLC
GHCL Global Sourcing Limited

b **Key Management Personnel:**

Mr. P. Sampath, Managing Director (held office till 30th October, 2007)
Mr. R. S. Jalan, Managing Director
Mr. Tej Malhotra, Sr. Executive Director - Operations

c **Relative of Key Management Personnel:**

Mrs. Vidyavati Malhotra, m/o Mr. Tej Malhotra
Mrs. Sashi Malhotra, w/o Mr. Tej Malhotra
Mrs. Pushpa Sampath, w/o Mr. P. Sampath (upto 30th October, 2007)

Disclosure of transactions between the Company and related parties and the status of outstanding balances as on 31st March, 2008

(Rs. in Million)

Type of Transactions	Subsidiary	Key Management Personnel	Relative of Key Management Personnel
1 Purchase or Sale of Goods / others			
- Sale	829.48 (339.89)	0.07 (-)	
- Purchase	- (97.73)		
- Expenses	0.87 (9.03)		
2 Leasing & Hire purchase transactions		0.004 (0.13)	0.06 (0.17)
3 Finance			
- Loans & Advances - Net	- 33.85 (840.48)		
- Equity including Securities Premium	0.50 (253.69)		
- Advance for Share Application	5.00 (-)		
4 Services			
- Income	39.00 (115.79)		
- Expenses	0.94 (29.66)		
- Interest charged / Others	112.07 (150.71)		
5 Remuneration		59.00 (72.75)	
6 Dividend on Shares			0.01 (0.01)
7 Balances as on 31st March, 2008			
- Investments	1,333.05 (1,332.55)		
- Loans & Advances - Net	2,488.31 (2,722.65)		
- Advance for Share Application	5.00 (-)		
- Advances for Rental Accommodation		0.02 (0.02)	0.02 (0.02)
- Debtors	412.99 (19.62)		
- Creditors	0.54 (2.39)		

Figures in brackets relate to period ended 31st March, 2007

16 Deferred Tax

(Rs. in Million)

	As at 01.04.2007	Current Year Charge/(Credit)	As at 31.03.2008
a) Deferred tax liability on account of:			
i) Depreciation	1,006.81	224.90	1,231.71
ii) Others			
Deferred Revenue Expenditure	209.04	(25.89)	183.15
Total (A)	**1,215.85**	**199.01**	**1,414.86**
b) Deferred tax assets on account of:			
i) Employee Benefit	7.57	14.26	21.83
ii) State & Central Taxes & Cess	6.81	(5.62)	1.19
iii) Provision for Bad Debts	3.35	0.44	3.79
iv) Disallowance u/s 40 (a)	0.00	0.01	0.01
Total (B)	**17.73**	**9.09**	**26.82**
Total (A-B)	**1,198.12**	**189.92**	**1,388.04**

Current period charge/(credit) includes Rs. 32.93 Million on account of prior period adjustment credited to Profit & Loss Account.

17 Capital Work in Progress includes Incidental Expenditure during Project Implementation/Expansion

	For the Year Ended 31st March, 2008 (Rs. in Million)	For the Period Ended 31st March, 2007 (Rs. in Million)
1 Materials for trial run & start up for machinery	**12.25**	25.67
2 Power & Fuel	**2.13**	28.56

3	Salaries, Wages, Gratuity etc.	**7.67**	5.08
4	Contribution to Provident & Other Funds	**-**	0.92
5	Communication Expenses	**-**	0.02
6	Travelling & Conveyance	**0.48**	4.29
7	Insurance	**-**	6.81
8	Rates & Taxes	**-**	0.12
9	Legal and Professional Expenses	**0.01**	0.63
10	Miscellaneous Expenses	**0.23**	20.48
11	Financial Charges	**0.81**	18.66
12	Interest Charges	**15.43**	133.89
	Total Preoperative Expenses	**39.01**	245.13
	Add : Preoperative expenses incurred up to previous year	**26.18**	65.36
		65.19	310.49
	Less : Capitalised during the period	**59.23**	284.31
	Balance	**5.96**	26.18

18 Raw material and Power & Fuel costs include expenditure on captive production of Salt, Limestone, Briquette and Lignite as under:

	For the Year Ended 31st March, 2008 (Rs. in Million)		For the Period Ended 31st March, 2007 (Rs. in Million)	
Manufacturing Expenses		**156.46**		160.81
Stores and spares consumed		**3.06**		3.49
Power and Fuel		**25.05**		34.01
Cess and Royalty		**30.93**		37.58
Repairs and maintenance				
Building		**1.09**		0.87
Plant and machinery		**2.25**		6.79
Earth work		**7.08**		9.15
Others		**2.83**		2.53
Salaries and Wages		**57.52**		60.64
Traveling & Conveyance		**1.66**		1.83
Lease Rent		**6.41**		6.97
Rates and taxes		**5.01**		1.65
Insurance		**20.72**		4.77
Inventory written off		**1.15**		-
Interest		**16.41**		23.45
Misc. Expenses (Including Deferred Revenue & Intangible Expenses)		**11.73**		30.68
Less: Interest on Investments (other than trade)	**(0.14)**		(0.03)	
Other Misc. Income	**(14.17)**	**(14.31)**	(37.39)	(37.42)
TOTAL		**335.05**		**347.80**

19 Payment to Auditors

		For the Year Ended 31st March, 2008 (Rs. in Million)	For the Period Ended 31st March, 2007 (Rs. in Million)
a)	To Statutory Auditors (excluding service tax)		
	Audit fee	1.60	1.00
	Tax Audit Fee	0.13	0.06
	Limited Review Report	0.80	0.50
	Certification	0.13	0.44
	Audit of financial statements	1.20	1.00
	Taxation matters	0.27	0.85
	Others	0.20	0.08
	Out of pocket expenses	0.14	0.20
b)	To Cost Auditors (excluding service tax)		
	Audit Fee	0.08	0.08
	Out of pocket expenses	0.01	0.02

20 Managerial Remuneration

		For the Year Ended 31st March, 2008 (Rs. in Million)	For the Period Ended 31st March, 2007 (Rs. in Million)
a)	Wholetime Directors		
	Salaries	**13.57**	9.15
	Contribution to Provident and Superannuation funds	**2.36**	1.73
	Perquisites	**3.87**	2.56
	Gratuity & Leave Encashment	**5.70**	0.31
	Commission	**33.50**	59.00
b)	Other Directors		
	Sitting Fees	**1.62**	1.64
	Commission	**15.00**	22.00
		75.62	96.39
c)	Computation of Net Profit as per Section 349 / 350 of the Companies Act, 1956		
	Profit for the period (as per Profit & Loss Account)	**1,008.20**	1,482.78
	Add :		
	Provision for Taxation	**504.14**	676.95
	Managerial Remuneration & Sitting fees	**75.62**	96.39
	Provision for Doubtful Debts	**-**	0.10
	Deferred Revenue Expenses charged to Profit and Loss Account	**7.15**	31.95
		1,595.11	2,288.17
	Less :		
	Profit on Sale of Investment (Net)	**1.10**	9.80
	Capital Profit on Sale of Assets	**25.82**	4.69
	Deferred Revenue Expenses incurred during the period	**1.42**	3.84
	Exchange gain on FCCB and related advances - Exceptional items	**65.32**	63.76
	Net Profit u/s 349 of the Companies Act, 1956	**1,501.45**	2,206.08
	Commission payable to		
	Managing Directors and Executive Director as decided by the Board	**33.50**	59.00
	Non - Wholetime Directors as decided by the Board	**15.00**	22.00
	(Includes commission payable to Mr. P. Sampath, Managing Director upto 30th October, 2007)		

21	Expenditure in Foreign Currencies		
	Foreign Travel	15.69	15.19
	Commission on Export Sales	5.78	20.39
	Interest and Commitment Charges	80.95	131.96
	Others	24.66	40.28
22	Remittances during the period in foreign currency on account of		
	Dividends to non-resident shareholders	16.43	9.88
	Dividend for the financial year ended	2006-07	Dec. 2005
	Number of non-resident shareholders	776	831
	Number of Shares	6,085,308	4,119,008
23	Earnings in Foreign exchange		
	Export of Finished Goods on FOB basis	1,659.64	2,137.02
	Recovery towards Freight etc. on Exports	70.23	173.17
	Others	100.75	96.72
24	Value of imports on CIF basis		
	Raw Materials and Utilities	761.78	724.26
	Components and spare parts	29.71	30.86
	Capital Goods	210.06	755.15
	Trading Goods	4.60	260.55

25 Quantitative information in respect of Company's operations

(a) Capacity (as certified by the Management)

	UNIT	For the Year Ended 31st March, 2008 Installed	Licensed	For the Period Ended 31 March, 2007 (Annualised) Installed	Licensed
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.	115,000	N.A.
Rotors	Nos.	Nil	N.A.	384	N.A.
Sodium bicarbonate	MT	18,000	N.A.	Nil	N.A.
Detergent	MT	Nil	N.A.	24,000	N.A.
Wind Turbine Generators	MW Per Hour	8.40	N.A.	8.40	N.A.
Cloth Looms	Nos.	96	N.A.	96	N.A.
Cloth Processing	MTRS. ('000)	34,000	N.A.	34,000	N.A.

		UNIT	For the Year Ended 31st March, 2008 Quantity	Rs. in Million	For the Period Ended 31st March, 2007 Quantity	Rs. in Million
(b)	Opening Stock					
	Soda Ash	MT	7,592	57.82	10,899	61.96
	Yarn	MT	595	79.01	312	40.69
	Cloth	MTRS. ('000)	4,928	148.26	599	51.60
	Bed Sheet Sets	MTRS. ('000)	1,120	119.58	78	20.13
	Others			5.30		9.42
				409.97		183.79
(c)	Production					
	Soda Ash - (Gross)	MT	591,531		667,487	
	Refined Salt	MT	88,120		104,405	
	Yarn	MT	11,789		9,921	
	Cloth - Job work + Own Production	MTRS. ('000)	35,710		12,601	
	Bicarb - (Produced from Soda Ash)	MT	6,355		-	
	Detergent	MT	-		8,762	
	Bed Sheet Sets - Job Work	MTRS. ('000)	9,272		3,210	
(d)	Purchase of Trading Goods			302.17		1,660.05
(e)	Purchase					
	Soda Ash	MT	-		11,082	
	Yarn	MT	808		15,848	
	Cloth	MTRS. ('000)	21,165		7,172	
	Bed Sheet Sets	MTRS. ('000)	35		-	
(f)	Consumption for internal use *					
	Soda Ash	MT	31,621		28,071	
	Yarn	MT	2,412		2,617	
	Cloth	MTRS. ('000)	36,832		8,609	
(g)	Sales					
	Soda Ash	MT	550,244	7,063.89	653,805	7,143.67
	Yarn	MT	10,415	1,328.43	22,869	2,175.82
	Cloth	MTRS. ('000)	19,781	1,344.56	6,835	817.77
	Bed Sheet Sets	MTRS. ('000)	9,007	1,164.76	2,168	450.23
	Others			557.47		981.41
				11,459.11		11,568.90
(h)	Closing Stock					
	Soda Ash	MT	17,258	121.11	7,592	57.82
	Yarn	MT	365	59.63	595	79.01
	Cloth	MTRS. ('000)	5,190	569.13	4,928	148.26
	Bed Sheet Sets	MTRS. ('000)	1,419	213.35	1,120	119.58
	Others		NA	3.48	NA	5.30
				966.70		409.97

* Including transit differences and process wastage.

(i)	Consumption of Raw Materials and Consumables					
	Salt	**MT**	**1,215,908**	**550.01**	1,329,223	638.97
	Lime Stone	**MT**	**1,242,551**	**321.64**	1,221,684	249.36
	Coke	**MT**	**80,247**	**524.01**	81,785	552.43
	Cotton & Staple Fiber	**MT**	**15,968**	**999.67**	13,304	882.48
	Yarn	**MT**	**1,870**	**312.56**	420	52.12
	Fabric	**MTRS. ('000)**	**16,548**	**1,328.28**	2,130	234.30
	Others			**370.52**		179.62
				4,406.69		**2,789.28**

The Consumption of Lime Stone is net of undersize realization Rs. 21.65 Million (previous year Rs. 17.38 million).
The raw material consumption is net of insurance claim received during the year.

		For the Year Ended 31st March, 2008		For the Period Ended 31st March, 2007	
(j)	Consumption of Raw Materials and Stores and Spares				
		Value of Consumption	**% AGE**	Value of Consumption	% AGE
	Raw Materials :				
	Imported	**113.38**	**2.57%**	210.05	7.53%
	Indigenous	**4,293.31**	**97.43%**	2,579.23	92.47%
		4,406.69	**100.00%**	**2,789.28**	**100.00%**
	Stores and Spares :				
	Imported	**15.59**	**7.54%**	10.32	6.44%
	Indigenous	**191.13**	**92.46%**	150.05	93.56%
		206.72	**100.00%**	**160.37**	**100.00%**

26 **DETAILS OF INVESTMENTS PURCHASED & SOLD DURING THE YEAR**

Particulars of Investment	**No. of Units**
Fidelity Equity Fund - Growth	21,595
ING Liquid Fund Institutional - Growth	5,439,451
ING Liquid Fund - Growth	1,820,456
Can Liquid Fund - Institutional - Growth	4,193,118
Chola Liquid Fund - Regular Cumulative	1,292,583
Standard Chartered Premier Equity Fund - Growth	31,755
Sundaram BNP Paribas Liquid Plus - Retail Growth	2,955,840
Fidelity Cash Fund - Institutional - Daily Dividend Investment	1,727,771
HDFC Cash Management Fund - Saving Plus Plan - Wholesale Growth	1,808,886
HDFC Cash Management Fund - Saving Plan - Growth	14,505,280
HDFC Cash Management Fund - Saving Plus Plan - Retail Growth	301,929
ING Vysya Liquid Fund - Institutional - Growth	8,068,986
LICMF Floating Rate Fund - Short Term Plan - Growth	404,014
LICMF Liquid Fund - Growth	3,617,542
LICMF Liquid Plus Fund - Growth	4,191,579
Principal Floating Rate Fund - Short Term Plan - Growth	1,666,278
Reliance Floating Rate Fund - Growth	729,264
Reliance Liquid Fund - Growth	861,816
Reliance Diversified Power Fund - Growth	12,156
Tata Floater Fund - Growth	8,033,862
Tata Floating Rate - Short Term Plan - Institutional Growth	7,572,351
Tata Floating Rate - Short Term Plan - Daily Dividend Investment	2,979,074
UTI Liquid Cash Plan - Institutional Growth	10,210
UTI Liquid Plus Fund - Growth	1,542
UTI Money Market Fund- Growth	1,318,496
UTI Liquid Cash Plan - Daily Income Option - Reinvestment	59,984
Canara Robeco Liquid Fund Institutional - Daily Dividend - Reinvestment	1,344,947

27 **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.

28 **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.

29 **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 not considered necessary.

30 **Earnings per Share (EPS)**

		For the Year Ended 31st March, 2008	For the Period Ended 31st March, 2007
Basic EPS			
Earnings per Share has been computed as under:			
Profit after Taxation (Rs. in million)		**1,008.20**	1,482.78
(Less)/Add : Prior Period Adjustment		**7.61**	(10.00)
	(A)	**1,015.81**	1,472.78
The weighted average number of Equity Shares for Basic EPS	(B)	**99,723,403**	95,603,796
Earnings per share (Face value of Rs. 10/- per share)		**10.19**	12.32
Diluted EPS			
Profit after Taxation (Rs. in million)		**1,037.99**	1,506.63
Number of Equity Shares for Basic EPS		**99,723,403**	95,603,796
Add : Adjustment for Warrants convertible into Equity Shares *		-	5,567,033
Add : Adjustment for FCCB convertible into Equity Shares		**22,988,701**	7,893,109
The weighted average number of Equity Shares for Diluted EPS		**122,712,104**	109,063,938
Earnings Per Share (Diluted)		**8.46**	11.05

* In view of the Court injunction the same is not considered.

31 Sundry Creditors includes Rs. 2.41 Million due to Small Scale Industrial Undertakings (previous year Rs. 3.04 million) to the extent identified from the records of the Company as outstanding for more than 30 days from the following parties.

Shail Enterprise
Balvika Steel
Industrial Moulder
Siddhi Corporation
White Polytex
Gowtham Paper Products
Nathan Industries
Ramalinga Packaging
Packline Industries
Shree Baalaji Packages
Shri Raja Paper Cones
Super Paper Cones
Madura Polymers
Suruli Polymers
Anand Paper Products

The Company has not received intimation from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amounts unpaid as at the year end together with the interest paid / payable under this Act have not been given.

32 Category-wise quantitative data about derivative instruments that are outstanding as on 31st March, 2008 are disclosed as per the requirement of Accounting Standard - 30 issued by the Institute of Chartered Accountants of India.

	No. of Contracts	USD Equivalent (In Million)	INR Equivalent (In Million)
a) Long Term Export Options (Dollar Receivables)	5	21.35	876.32

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 as on 31st March, 2008

	(Rs. in Million)
Import Payable	459.23
Foreign Currency Loans & Interest thereon	177.34

33 Disclosure as per Clause 32 of the Listing Agreement.

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

Name of the Company	Relationship	Amount o/s as on 31st March, 2008 Rs. in Million	"Max. Balance outstanding" Rs. in Million	"Investment in Shares of the company" Rs. in Million
Colwell & Salmon Communications (India) Limited	Subsidiary	110.27	110.27	-
Colwell & Salmon Communications Inc, USA	Subsidiary	20.40	22.54	-
Indian Britain B.V.	Subsidiary	2,322.86	2,499.77	-
Indian Wales N.V.	Subsidiary	0.00	48.61	-
Indian England N.V	Subsidiary	0.00	22.55	-
GHCL Upsom Romania S.A.	Subsidiary	30.96	30.96	-
Rosebys Interior India Limited.	Subsidiary	3.65	3.65	0.50
Fabient Global Limited	Subsidiary	0.18	0.18	-

ii) Loans and Advances in the nature of Loans where there is no interest comprise employee loans of Rs. 12.53 Million (previous year Rs.9.69 Million).

34 The shareholders in their Extra Ordinary General Meeting held on 19th March, 2008 had approved the Employees Stock Option Scheme (ESOS 2008) superseding the earlier Employees Stock Option Scheme (ESOS–2006) approved by shareholders in their General Meeting held on 19th June, 2006. 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. 531.61 Million 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 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)
c) Options Vested	Nil (Vesting Period is two year 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 in force	1,655,000
j) Number of employees to whom options are granted	38

Employee-wise details of options granted to:

(i) Senior Managerial personnel

Name	No. of Options Granted	Name	No. of Options Granted
Mr. R S Jalan	200,000	Mr. B R D 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. Sivabalasubramanian	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
k) 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
l) 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
m) 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
n) 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

35 Subsequent to the balance sheet date, a step down subsidiary company of GHCL Limited, namely Dan River Inc. has filed for Chapter 11 proceedings in U.S.A. Pending verdict and resolution of the proceedings, no provision in respect of receivables have been made in the financial statements due to the uncertainty of the overall outcome.

36 The current year figures are for twelve months as compared to fifteen months of the previous period and are hence not comparable.

37 Previous period figures have been regrouped and reclassified wherever necessary.

Signature to Schedules 1 to 16

As per our report attached

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

(C. V. Thakker)
Partner

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

(Rahul Divan)
Partner

Place : New Delhi
Date : May 10, 2008

For and on behalf of the Board

Sanjay Dalmia
Chairman

Dr. B. C. Jain
Director

R. S. Jalan
Managing Director

Raman Chopra
Executive Director - Finance

N. Giridhar
Sr. General Manager - Accounts

Bhuwneshwar Mishra
Company Secretary

Place : New Delhi
Date : May 10, 2008

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, 2008**

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	**NIL**	Right Issue	**NIL**
Bonus Issue	**NIL**	Private Placement	**4,308.75**

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	**18,121,355**	Total Assets	**18,121,355**
Sources of Funds		**Application of Funds**	
Paid-up Capital	**1,000,193**	Net Fixed Assets	**10,131,440**
Advance -against Preferential Warrants	**71,573**		
Reserves and Surplus	**4,025,219**	Investments	**1,388,206**
Secured Loans	**8,261,769**	Net Current Assets	**6,598,354**
Unsecured Loans	**3,374,557**	Misc. Expenditure	**3,355**
Deferred Tax Liability	**1,388,044**		

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	**10,991,242**	Total Expenditure	**9,478,913**
Profit / Loss Before Tax	**1,512,338**	Profit After Tax	**1,008,204**
Earning per Share in Rs.	**10.19**	Dividend Rate	**24%**
		Equity Share :	
		- Final	**24%**

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**

Statement Pursuant to Section 212 of the Companies Act, 1956, relating to Company's Interest in Subsidiary Company

S.No.	Name of Subsidiary Company	Colwell & Salmon Communication Inc	Colwell & Salmon Communication (India) Ltd	Indian Britain B.V.	Rosebys Interior India Limited	Fabient Global Limited	Indian England N.V.	Indian Wales NV	SC GHCL Upsom SA	Indrom Chemicals SA	GHCL INC. USA.	GHCL International Inc.	Dan River Inc.	Dan River International Limited
1.00	The financial period of the Subsidiary Company ended on	31st March 2008	31st March 2008	31st March 2008	31st March 2008	31st March 2008	31st March 2008	31st March 2008	31st December 2007	31st December 2007	31st December 2007	31st December 2007	31st December 2007	31st December 2007
2.00	Date from which they become subsidiary Companies	12th December 2002	24th January 2003	17th November 2005	12th December 2007	25th January 2008	18th November 2005	27th December 2005	6th December 2005	1st August 2006	13th November 2005	8th June 2006	3rd January 2006	3rd January 2006
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.	2000 Equity Shares of USD 1/- each	75000 Equity Shares of Rs.10/- each	221586 Equity Shares of EURO 100/-each	50000 Equity Shares of Rs. 10/-each	500000 Equity Shares of Rs. 10/-each (Appn. Money Paid)	45380 Ordinary Shares of EURO 1/- each	60000 Ordinary Shares of EURO 1/- each	155614464 shares of RON 0.25/- share	20 shares of RON 10/- each	500000 Equity Shares of USD 0.01 each	1000 Equity Shares of USD 0.01 each	1000000 Shares of USD 0.01 /- each	100 shares of of USD 0.01/- 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%	95.67%	100.00%	100.00%	100.00%	100.00%	100.00%
3.20	Name of the Immediate Holding Company	GHCL Limited	GHCL Limited	GHCL Limited	GHCL Limited	GHCL Limited	Indian Britan BV	Rosebys Interiors India Limited	Indian England NV	Indian England NV	Indian Britain BV	GHCL Inc.	GHCL Inc.	Dan River Inc.
4.00	The net aggregate amount of the subsidiary Company Profit/(Loss) so far as concerns the members of the holding company.													
4.10	Not dealt with in the holding Company accounts.													
4.10.10	For the financial years ended 31st March 2008	USD (266814) INR (16.98Mn)	INR (23.22 Mn)	USD 39.05 Mn INR 1595.74Mn	INR (0.47)Mn	Rs. (8242)	USD 8.23 Mn INR 415.12 Mn	USD (2.02 Mn) INR (11.65Mn)	RON (28.91Mn) INR (498.97Mn)	RON (61) INR (35531)	USD 2.23 Mn INR 34.21Mn	USD 14288 INR 0.57Mn	USD (35.047Mn) INR (1207.44Mn)	N.A.
4.10.20	For the previous financial years of the subsidiary Company since it became the holding Company's subsidiary.	USD 502415 INR 23.80Mn	INR 22.89 Mn	USD 1.49 Mn INR 13.94Mn	N.A.	N.A.	USD(2.01 Mn) INR (49.24 Mn)	USD (19900) INR (9.72 Mn)	RON (15.79Mn) INR (251.69 Mn)	N.A. N.A.	USD 58137 INR 35.23 Mn	USD (23259) INR (1.07Mn)	USD (57.45Mn) INR (2508Mn)	N.A.
4.20	Dealt with in holding company's account													
4.20.10	For the financial year ended 31st March 2008	NIL	NIL	NIL			NIL	NIL	NIL	N.A.	NIL	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.	NIL	NIL	NIL			NIL	NIL	NIL	N.A.	NIL	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 2008													
	a.) Fixed Assets													
	b.) Investments													
	c.) Money Lent													
	d.) Money borrowed ohter than those for meeting Current liabilities													

S.No.	Name of Subsidiary Company	Dan River Factory Stores Inc.	The Bibb Company LLC	Dan River Properties Inc.	Best Textiles International Limited	GHCL Rosebys Limited	Rosebys Operations Limited	Rosebys Holdings Limited	Rosebys (2004) Limited	Rosebys Unlimited	GHCL Global Sourcing Ltd.	Best Real Properties Inc.	Crowntex International Inc.	Royal Crowntex International Inc.	X-etra De Mexico. SA
1.00	The financial period of the Subsidiary Company ended on	31st December 2007	31st December 2007	31st December 2007	29 th March 2008	31st March 2008	31st March 2008	31st March 2008	31st March 2008	31st March 2008	31st March 2008	29 th March 2008	29 th March 2008	31st March 2008	31st March 2008
2.00	Date from which they become subsidiary Companies	3rd January 2006	3rd January 2006	5th September 2007	23 rd January 2007	21st July 2006	28th July 2006	28th July 2006	28th July 2006	28th July 2006	21st December 2007	1 st Februrary 2007	9th Februrary 2007	9th Februrary 2007	9th Februrary 2007
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 shares of of USD 0.01/- each	N.A.	N.A.	1000 Equity Shares $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 $0.001/-each	42666 shares of USD 1 /- each	1000 shares of USD 3750 /- each	18000 shares of Pesos 500 /- 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%	100.00%	100.00%	100.00%	85.33%	100.00%	100.00%
3.20	Name of the Immediate Holding Company	Dan River Inc.	Dan River Inc.	Dan River Inc.	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	Best Textiles International Ltd.	Best Textiles International Ltd.	Crowntex International Inc.	Best Textiles International Ltd.
4.00	The net aggregate amount of the subsidiary Company Profit/(Loss) so far as concerns the members of the holding company.														
4.10	Not dealt with in the holding Company accounts.														
4.10.10	For the financial years ended 31st March 2008	N.A.	N.A.	N.A.	USD (16Mn) INR (699.64Mn)	GBP 0.189Mn INR 11.00Mn	GBP (6.51 Mn) INR (474.90Mn)	0.00	0.00	0.00	INR (0.26Mn)	N.A.	N.A.	USD 2.984 Mn INR 100.08 Mn	Pesos2.903Mn INR 19.36Mn
4.10.20	For the previous financial years of the subsidiary Company since it became the holding Company's subsidiary.	N.A.	N.A.	N.A.		GBP 1.48Mn INR 126.52Mn	GBP (1109) INR (64.46Mn)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
4.20	Dealt with in holding company's account														
4.20.10	For the financial year ended 31st March 2008	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	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.	N.A.	N.A.	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 2008														
	a.) Fixed Assets														
	b.) Investments														
	c.) Money Lent														
	d.) Money borrowed ohter than those for meeting Current liabilities														

For and on Behalf of the Board

Sanjay Dalmia
Chairman

Dr. B. C. Jain
Director

R. S. Jalan
Managing Director

Raman Chopra
Executive Director (Finance)

N. Giridhar
Sr. General Manager-Accounts

Bhuwneshwar Mishra
Company Secretary

Place : New Delhi
Date : June 28, 2008

Details of Subsidiary Companies

(Rs in Millions)

S. No.	Name of Subsidiary Company	Colwell & Salmon Commu-nication Inc	Colwell & Salmon Commu-nication (India) Ltd	Indian Britain BV	Rose-bys Interior India Ltd	Fabi-ent Global Ltd	Indian Eng-land NV	Indian Wales NV	SC GHCL Upsom S.A.	Indrom Chemi-cals SA	GHCL INC., USA	GHCL Inter-na-tional Inc	Dan River Inc.	Best Textiles Interna-tional Ltd	GHCL Rose-bys Lim-ited	Rose-bys Op-erations Limited	Rose-bys Hold-ings Lim-ited	Rose-bys (2004) Lim-ited	Rose-bys Unlim-ited	GH-CLGlobal Sourcing Ltd	Royal Crowntex Interna-tional Inc.	X-etra De Mex-ico. SA
a	Capital	0.10	7.50	1,193.37	0.50	5.000	2.68	3.55	684.99	0.00	1,783.10	0.00	0.45	0.00	851.00	851.00	0.00	0.00	0.00	0.00	163.09	35.40
b	Reserves	(11.44)	(122.25)	1,599.70	(0.47)	(0.001)	375.89	(21.01)	(181.32)	(0.00)	69.42	0.64	(2,854.11)	114.85	137.53	(637.53)	-	-	-	(0.26)	398.76	46.09
c	Total Assets	33.28	73.23	4,885.89	0.03	4.999	1,800.12	2,238.98	2,180.22	0.00	2,534.73	1,645.97	1,943.58	1,666.16	2,177.87	1,583.28	0.00	0.00	0.00	0.00	561.84	81.49
d	Total Liabilities	44.62	187.98	2,092.82	-	-	1,421.54	2,256.44	1,676.56	0.03	682.21	1,645.33	4,797.24	1,471.32	1,189.35	1,369.81	-	-	-	0.26	-	-
e	Investments (Except in case of Investment in Subsidiary)					-			6.78	-										-	-	-
f	Turnover/ Total Income	273.14	209.67	1,678.86	-	-	422.43	96.55	2,133.68	-	113.07	160.41	7,919.96	3,668.13	11.19	9,067.61	-	-	-	-	1,151.14	266.11
g	Profit before Taxation	(20.01)	(21.85)	1,595.74	(0.47)	(0.001)	415.12	(11.65)	(498.97)	(0.04)	34.21	0.57	(1,207.44)	(699.64)	11.00	(546.50)	-	-	-	(0.26)	100.08	22.77
h	Provision for Taxation	(3.03)	1.37	-	-	-	-		-	-	-	-	-	-	-	(71.60)	-	-	-	-	0.00	3.41
i	Profit After Taxation	(16.98)	(23.22)	1,595.74	(0.47)	(0.001)	415.12	(11.65)	(498.97)	(0.04)	34.21	0.57	(1,207.44)	(699.64)	11.00	(474.90)	-	-	-	(0.26)	100.08	19.36
j	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

Note :-

1) The Company directly/indirectly owns 100% in all the subsidiaries other than S.C. GHCL Bega Upsom S.A. , in which company holds 95.67% and Crowntex International Inc. in which company holds 85.33 %

2) No separate Books of accounts for the following Dan River Subsidiaries are prepared under US Laws and same are clubed with Dan River Inc.:-

- Dan River International Ltd.
- Dan River Factory Stores Inc.
- The Bibb Company LLC
- Dan River Properties Inc.

3) No separate Books of accounts for the following Best Textile International Inc. Subsidiaries are prepared under US Laws and same are clubed with Best Textiles International Ltd..:-

- Best Real Properties Inc.
- Crowntex International Inc.
- Maysun Land Ltd.

4) The above details have been annexed in terms of letter no. 47/321/2008-CL- III dated 18/6/2008 issued by Gov. of India, Ministry of Company affairs u/s 212 (8) of the Companies Act.

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 2008 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. 78.04 million as at 31st March 2008 and total revenues of Rs. 209.67 million for the year ended on that date.
   b) We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets (net) of Rs. 30.26 million as at 31st March 2008 and total revenues of Rs. 273.14 million 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. 14,408.19 million as at 31st March 2008 and total revenue of Rs. 13,962.88 million 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 in the financial statements of certain subsidiary companies have not been included in the Consolidated Financial Statements.
      i) As stated in Note 1(e) of Schedule 16, one subsidiary company which was incorporated in the year has not been considered for consolidation under Accounting Standard 21 since the control is intended to be temporary.
      ii) Of the above, we did not audit the financial statements of five subsidiaries, whose total revenues of Rs. 9,116.14 million, for the period until they ceased to be subsidiaries under Accounting Standard 21, have been included in the Consolidated Financial Statements. 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.
      iii) Of the above, the Consolidated Financial Statements include total revenues of Rs. 95.65 million of one subsidiary, for the period until it ceased to be a subsidiary under Accounting Standard 21, which has been certified by management.
   e) In the case of one subsidiary company, whose financial statements reflect total assets (net) of Rs. 2,180.22 million as at 31st March 2008 and total revenue of Rs. 2,304.75 million for the year ended on that date have been considered in the Consolidated Financial Statements based on audited financial statements for the period ended 31st December 2007 and on the statements certified by the management for the period from 1st January 2007 to 31st March 2008.
4. 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.
5. 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 2008;
   (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 : June 28, 2008

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

	Schedules		As at 31.03.2008 (Rs. in Million)		As at 31.03.2007 (Rs. in Million)
SOURCES OF FUNDS					
Shareholder's Funds					
Share Capital	1	**1,000.19**		995.88	
Advance against Preferential Convertible Warrants	1A	**71.57**		66.57	
Reserves and Surplus	2	**1,982.57**		996.83	
			3,054.33		2,059.28
Minority Interest			**93.59**		195.42
Loan Funds					
Secured Loans	3	**15,778.38**		16,248.66	
Unsecured Loans	4	**204.29**		4.61	
Unsecured - Foreign Currency Convertible Bonds	4 A	**3,170.27**		3,500.95	
			19,152.94		19,754.22
Deferred Tax Liability (Net)			**1,385.35**		881.66
Total			**23,686.21**		22,890.58
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block		**19,429.37**		18,301.81	
Less : Depreciation		**5,889.00**		5,208.01	
Net Block	5	**13,540.37**		13,093.80	
Capital Work-in-Progress		**284.91**		803.99	
Advances against capital expenditure		**358.88**		429.38	
			14,184.16		14,327.17
Investments	6		**62.43**		11.04
Current Assets, Loans and Advances	7				
Inventories		**5,375.66**		7,597.87	
Sundry Debtors		**2,884.90**		4,109.19	
Cash and Bank Balances		**525.34**		1,075.08	
Loans and Advances		**5,128.62**		2,767.23	
		13,914.52		15,549.37	
Less : Current Liabilities and Provisions	8				
Current Liabilities		**4,258.64**		6,806.65	
Provisions		**284.21**		317.85	
		4,542.85		7,124.50	
Net Current Assets			**9,371.67**		8,424.87
Miscellaneous Expenditure (to the extent not written off or adjusted)					
Deferred Revenue Expenses			**67.95**		127.50
Total			**23,686.21**		22,890.58
Notes on Accounts	16				

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

As per our report attached

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

(C. V. Thakker)
Partner

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

(Rahul Divan)
Partner

Place : New Delhi
Date : June 28, 2008

For and on behalf of the Board

Sanjay Dalmia
Chairman

Dr. B. C. Jain
Director

R. S. Jalan
Managing Director

Raman Chopra
Executive Director - Finance

N. Giridhar
Sr. General Manager - Accounts

Bhuwneshwar Mishra
Company Secretary

Place : New Delhi
Date : June 28, 2008

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	Schedules	For the Year Ended 31.03.2008 (Rs. in Million)		For the Period Ended 31.03.2007 (15 Months) (Rs. in Million)	
INCOME					
Sales - Gross		32,368.72		27,893.46	
Less: Excise Duty		949.21	31,419.51	928.45	26,965.01
Income from Services			569.92		729.16
Profit on Sale of Investment			2,396.59		4.52
Insurance Claim for Loss of Profit			127.40		-
Other Income	9		416.64		552.48
Total Income			34,930.06		28,251.17
EXPENDITURE					
Manufacturing Expenses	10		8,668.59		6,835.82
Purchase of Trading Goods			12,605.06		10,459.32
Payments to and Provisions for Employees	11		4,396.52		3,728.40
Administrative and Miscellaneous Expenses	12		4,013.31		3,057.03
Selling and Distribution Expenses	13		1,553.96		1,735.87
Excise Duty			14.82		(3.98)
(Increase) / Decrease in Stock	14		486.16		(213.63)
Gain / (Loss) on Conversion into INR			670.18		235.33
			31,068.24		25,363.50
Profit Before Financial Expenses, Depreciation and Exceptional Items			3,861.82		2,887.67
Financial Expenses	15		1,708.17		917.32
Profit Before Depreciation			2,153.65		1,970.35
Depreciation / Amortisation			1,100.77		1,057.34
Gain / (Loss) on Exceptional Items (Net)			(98.80)		542.61
Profit Before Taxation			954.08		1,455.62
Provision For Taxes					
- Current Tax			268.95		249.28
- Fringe Benefit Tax			13.68		15.32
- Deferred Tax (Net)			147.12		345.54
Profit For The Year after Tax			524.33		845.48
Minority Interest Profit / (Loss)			0.46		(112.82)
Profit after Minority Interest			523.87		958.30
Gain / (Loss) from Discontinued Operations			-		(1,561.64)
Balance brought forward from previous year			282.43		1,148.73
Losses of Pre Acquisition period in Subsidiary			477.35		-
Losses Adjusted on Capital Reduction in Subsidiary			204.12		-
Prior period adjustments			2.27		4.20
Short provision for Tax for earlier years			(26.18)		(16.80)
Excess provision for Deferred Tax for earlier years			32.93		2.65
Debenture Redemption Reserve written back			45.83		91.67
Investment Allowance Reserve written back			-		108.60
Foreign Currency translation Reserve written back			-		9.81
Amount Available for Appropriation			1,542.62		745.52
APPROPRIATIONS					
Transfer to General Reserve			100.85		148.50
Proposed Dividend on Equity Shares			240.05		268.89
Tax on Dividend			40.80		45.70
Balance Carried To Balance Sheet			1,160.92		282.43
			1,542.62		745.52
Earnings per Share (Rupees) - Basic			5.34		9.92
Earnings per Share (Rupees) - Diluted			4.52		9.01
(See Note No. 16 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
Jayantilal Thakkar & Co.
Chartered Accountants

(C. V. Thakker)
Partner

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

(Rahul Divan)
Partner

Place : New Delhi
Date : June 28, 2008

For and on behalf of the Board

Sanjay Dalmia
Chairman

Dr. B. C. Jain
Director

R. S. Jalan
Managing Director

Raman Chopra
Executive Director - Finance

N. Giridhar
Sr. General Manager - Accounts

Bhuwneshwar Mishra
Company Secretary

Place : New Delhi
Date : June 28, 2008

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

	For the Year Ended 31.03.2008 (Rs. in Million)		For the Period Ended 31.03.2007 (15 Months) (Rs. in Million)	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and Extraordinary items		**954.08**		1,455.62
Adjustment for :				
Depreciation / Amortisation / Impairment	**1,100.77**		1,057.34	
Foreign Exchange Gain (Net)	**(154.55)**		(181.05)	
(Gain) / Loss on Exceptional Item (Net)	**98.80**		(303.42)	
Income from Investments	**(18.83)**		(9.01)	
Income From Dividend	**(0.26)**		(0.50)	
Investment written off	**-**		(1.73)	
Prior Period Adjustments	**2.27**		4.20	
(Profit) / Loss on Sales / Discarding on Fixed Assets (Net)	**(108.33)**		10.37	
Provision for Doubtful Debts / Advances (Net)	**-**		7.07	
Minority Interest	**(0.46)**		112.82	
Loss / (Profit) on Sale of Investments (Net)	**(2,396.59)**		(4.52)	
Gain / (Loss) from Discontinued Operations	**-**		(1,561.64)	
Financial Expenses (Net)	**1,708.17**	**230.99**	917.32	47.25
Operating Profit before Working capital Changes		**1,185.07**		1,502.87
Adjustments for :				
Trade & other Receivables	**(702.95)**		(3,214.13)	
Inventories	**2,222.20**		(6,413.31)	
Trade payables	**(2,108.23)**	**(588.98)**	4,214.84	(5,412.60)
Other Adjustments				
Deferred Revenue Expenditure (to the extent not written off)		**59.55**		(90.20)
Gratuity liability for past year		**-**		(40.55)
Cash (Used) / generated from Operations		**655.64**		(4,040.48)
Direct taxes paid		**(287.04)**		(657.33)
Net cash (Used) / generated from Operating Activities		**368.60**		(4,697.81)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		**(1,775.13)**		(8,364.23)
Subsidies Received		**9.35**		41.66
Advance for Capital Expediture		**70.51**		(194.49)
Sale of Fixed Assets		**976.24**		645.51
(Purchase) / Sale of Investments		**(51.39)**		11.92
Profit on Sale of Investments (Net)		**2,396.59**		-
Advances in Subsidiaries		**(455.43)**		-
Interest Received		**18.16**		135.90
Income from Investment		**18.83**		9.01
Dividend Received		**0.26**		0.50
Net cash (Used) / generated from Investing Activities		**1,207.99**		(7,714.22)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of Share Capital including Share Premium		**-**		263.66
Proceeds from Secured Loans		**972.70**		13,659.14
Repayment of Secured Loan		**(1,442.98)**		(360.27)
Advance against Preferential Warrants		**5.00**		66.57
Proceeds from Unsecured Loan		**(4.60)**		-
Repayment of Unsecured Loan		**204.29**		1.71
Gain on Exchange		**154.55**		342.78
Interest and Finance Charges Paid		**(1,700.39)**		(1,481.33)
Dividend and tax thereon paid		**(314.90)**		(268.81)
Net Cash (Used) / generated from Financing Activities		**(2,126.33)**		12,223.45
Net Increase in Cash and Cash Equivalents (A+B+C)		**(549.74)**		(188.58)
Cash and Cash Equivalents at beginning of period		**1,075.08**		1,263.66
Cash and Cash Equivalents at end of Period		**525.34**		1,075.08
Note :				
Cash and Cash Equivalents as at end of period		**525.46**		1,075.12
Effect of exchange rate changes Gain / (Loss)		**(0.12)**		(0.04)
Cash and Cash Equivalents as restated		**525.34**		1,075.08

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	(Rahul Divan) Partner	R. S. Jalan Managing Director	Raman Chopra Executive Director - Finance
		N. Giridhar Sr. General Manager - Accounts	Bhuwneshwar Mishra Company Secretary
Place : New Delhi Date : June 28, 2008		Place : New Delhi Date : June 28, 2008	

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE 1 : SHARE CAPITAL

	As at 31.03.2008 (Rs. in Million)	As at 31.03.2007 (Rs. in Million)
SHARE CAPITAL		
Authorised		
175,000,000 Equity Shares of Rs.10/- each	**1,750.00**	1,750.00
	1,750.00	1,750.00
Issued, Subscribed and Paid up		
100,019,286 (Previous Year 99,588,411) Equity Shares of Rs. 10/- each fully paid up	**1,000.19**	995.88
	1,000.19	995.88

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. 212.50 Million.

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 alloted during the year on conversion of Foreign Currency Convertible Bonds.

SCHEDULE 1A : ADVANCE AGAINST PREFERENTIAL CONVERTIBLE WARRANTS

	As at 31.03.2008 (Rs. in Million)	As at 31.03.2007 (Rs. in Million)
4,500,000 Preferential Convertible Warrants	**66.57**	66.57
Add : Amount received during the year	**5.00**	-
	71.57	66.57

1) The Company has alloted 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 has received Rs. 14.79 per warrant, which will be forfeited if the option of conversion is not excercised before the specified date. The Company has received an additional amount of Rs. 5.00 Million from the said Promoter Company during the year.

2) Subsequent to the year end, the Promoter Company has not excercised the option of conversion on or before the specified date due to the injunction obtained by shareholders from The Court of Civil Judge, Bharatpur & Noida.

SCHEDULE 2 : RESERVES AND SURPLUS

		As at 31.03.2008 (Rs. in Million)		As at 31.03.2007 (Rs. in Million)
CAPITAL RESERVE				
Cash subsidy	**2.57**		2.57	
Surplus on re-issue of forfeited Shares	**1.55**		1.55	
		4.12		4.12
DEBENTURE REDEMPTION RESERVE				
As per last Balance Sheet	**45.83**		137.50	
Less : Transfer to Profit and Loss Account	**45.83**		91.67	
		-		45.83
CAPITAL REDEMPTION RESERVE				
As per last Balance Sheet		**100.00**		100.00
SECURITIES PREMIUM ACCOUNT				
As per last Balance Sheet	**117.06**		-	
Add : Premium Received on Conversion of Prefrential Convertible Warrants	**-**		247.95	
Add : Premium Received on Conversion of Foreign Currency Convertible Bonds	**64.45**		-	
Less : Balance of FCCB Issue Expenses Written off	**-**		130.89	
		181.51		117.06
GENERAL RESERVE				
As per last Balance Sheet	**399.77**		291.82	
Less : Increase in Gratuity liability for past periods	**-**		40.55	
Add : Transfer from Profit and Loss Account	**100.85**		148.50	
		500.62		399.77
OTHER RESERVES		**35.40**		47.62
PROFIT AND LOSS ACCOUNT				
Balance as per account annexed		**1,160.92**		282.43
Total		**1,982.57**		996.83

SCHEDULE 3 : SECURED LOANS

	As at 31.03.2008 (Rs. in Million)	As at 31.03.2007 (Rs. in Million)
DEBENTURES		
10% Non Convertible Debentures	**-**	91.67
FROM BANKS / FINANCIAL INSTITUTIONS		
Working Capital Loans	**5,328.62**	4,171.77
Foreign Currency Loans	**4,643.67**	6,819.40
Rupee Term Loans	**5,806.09**	5,165.82
Total	**15,778.38**	16,248.66

Notes :

1 a) Foreign Currency Loan from Bank aggregating to Rs. 53.11 Million has been secured against first charge by way of equitable mortgage on the specified immovable properties of Soda Ash Division at village Sutrapada, Veraval in Gujarat and hypothecation of specified movable assets of Soda Ash Division both present and future.

b) Loans aggregating to Rs. 4593 Million of the foreign subsidiary companies are secured by way of exclusive first charge by way of hypothecation in favour of Respective Banks of movable fixed assets, both present and future of the foreign subsidiary companies and guaranteed by the holding company.

2) Rupee Term Loans from Banks / Institutions :-

a) Loan aggregating to Rs. 884.20 Million 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. 1722.56 Million 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 asssets 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. 90.98 Million 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. 130.15 Million 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. 52.50 Million 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. 600.00 Million 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. 62.50 Million is secured by way of first pari passu charge on movable fixed assets of Soda Ash Division situated at village Sutrapada, Veraval in Gujarat.

h) Loan aggregating to Rs. 2150.00 Million 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.

i) Loan aggregating to Rs. 112.28 Million is secured by extension of first Hypothecation charge on pari passu basis, on movable asssets, 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.

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 and second charge on fixed assets of Soda Ash Division / Home Textile Division, both present and future.

b) Working Capital Loans of the foreign subsidiary 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 (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

	As at 31.03.2008 (Rs. in Million)	As at 31.03.2007 (Rs. in Million)
Loan from Banks	**204.29**	-
Interest free Sales Tax loan	**-**	1.45
Others	**-**	3.16
Total	**204.29**	4.61

SCHEDULE 4A : UNSECURED FOREIGN CURRENCY CONVERTIBLE BONDS

	As at 31.03.2008 (Rs. in Million)	As at 31.03.2007 (Rs. in Million)
Foreign Currency Convertible Bonds	**3,170.27**	3,500.95
Total	**3,170.27**	3,500.95

1. 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, 2007 at Rs. 159.5748 (US $ 1 = Rs. 45.838). Such conversion option is exercisable between 21st September, 2007 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.
2. During the year 150 Foreign Currency Convertible Bonds of a face value of US $ 10,000 each, aggregating to US $ 1.5 Million were converted into 430,875 Equity Shares of Rs. 10/- each fully paid up at a premium of Rs. 149.5748 per share. As on 31st March, 2008 outstanding balance of Foreign Currency Convertible Bonds is US $ 79 Million.
3. The Company expects that the FCCB Bond holders would opt for the conversion rather than redemption 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

(Rs. in Million)

PARTICULARS	GROSS BLOCK			DEPRECIATION / AMORTISATION / IMPAIRMENT			NET BLOCK	
	As at 01-04-2007	Additions (Deletions)	As at 31-03-2008	As at 01-04-2007	Additions (Deletions)	As at 31-03-2008	As at 31-03-2008	As at 31.03.2007
TANGIBLE ASSETS								
Leasehold Land	60.07	- -	60.07	8.80	0.59	9.39	50.68	51.27
Freehold Land	502.18	10.73 (23.41)	489.50	-	-	-	489.50	502.18
Buildings	2,577.77	181.46 (28.95)	2,730.28	379.95	87.12 (9.73)	457.34	2,272.94	2,197.82
Plant and Machinery	11,098.23	1,971.44 (47.28)	13,022.39	4,175.42	591.42 (15.92)	4,750.92	8,271.47	6,922.81
Furniture and Fixtures	1,092.69	245.92 (1,184.20)	154.41	202.75	197.63 (298.04)	102.34	52.07	889.94
Office Equipments	165.82	37.51 (6.51)	196.82	85.98	15.27 (3.03)	98.22	98.60	79.84
Vehicles	34.70	4.74 (3.34)	36.10	15.16	3.19 (1.92)	16.43	19.67	19.54
Wind Turbine Generators	404.30	- -	404.30	47.50	21.35	68.85	335.45	356.80
Leased Mines	451.83	43.86 -	495.69	58.34	48.42	106.76	388.93	393.49
INTANGIBLE ASSETS								
Goodwill	1,504.98	596.86 (780.95)	1,320.89	130.64	66.77 (97.92)	99.49	1,221.40	1,374.34
Salt Works Reservoirs and Pans	290.97	109.43 -	400.40	100.42	57.32	157.74	242.66	190.55
Software	118.27	10.38 (10.13)	118.52	9.85	11.67	21.52	97.00	108.42
Total	**18,301.81**	**3,212.33 (2,084.77)**	**19,429.37**	**5,214.81**	**1,100.75 (426.56)**	**5,889.00**	**13,540.37**	**13,087.00**
Previous Year	9,039.30	6,882.10 (755.49)	18,301.81	4,326.99	980.65 (99.63)	5,208.01	13,087.00	

1. Building include a sum of Rs. 9.14 Million (Previous Year Rs 9.14 Million) being cost of office premises acquired on ownership basis.
2. Leased mines represent expenditure incurred on development of mines.
3. Cash Subsidy amounting to Rs. 51.01 Million including Previous Year Rs. 41.66 Million relating to Home Textile division at Vapi has been reduced from respective Fixed Assets.
4. Current year Depreciation is after adjustment of Rs. 0.51 Million of depreciation relating to earlier years on Capital Subsidy received during the year.

SCHEDULE 6 : INVESTMENTS

		As at 31.03.2008 (Rs. in Million)		As at 31.03.2007 (Rs. in Million)	
LONG TERM INVESTMENTS - (AT COST)					
OTHER THAN TRADE					
Quoted					
8,300	Equity Shares of HDFC Bank Limited of Rs. 10/- each fully paid up	**0.08**		0.08	
68,598	Equity Shares of IDBI Limited of Rs. 10/- each fully paid up	**4.93**		4.93	
2,595	Equity Shares of Dena Bank of Rs. 10/- each fully paid up	**0.07**		0.07	
272,146	Equity Shares of GTC Industries Limited of Rs. 10/- each fully paid up (Purchased during the year)	**49.50**		-	
4,500	Equity Shares of Canara Bank of Rs. 10/- each fully paid up	**0.16**		0.16	
			54.74		5.24
Unquoted					
	Govt. securities - 7 year National Savings Certificates (Pledged with Government Authorities)		**0.42**		0.78
CURRENT INVESTMENTS					
	Shares of Romanian Bank	**0.11**		0.08	
	Shares of Bega Invest SA Timisoara	**6.66**		4.94	
			6.77		5.02
CURRENT INVESTMENTS IN SUBSIDIARY COMPANY - (UNQUOTED)					
50,000	Equity Shares of Rosebys Interiors India Limited of Rs. 10/- each fully paid up (subscribed during the year) (See Note No. 1 (e) of Schedule 16)		**0.50**		-
	Total		62.43		11.04

	As at 31.03.2008		As at 31.03.2007	
	Book Value	**Market Value**	Book Value	Market Value
Quoted	**54.74**	**79.81**	5.24	14.21
Others	**7.69**	**-**	5.80	-
	62.43		11.04	

SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES

		As at 31.03.2008 (Rs. in Million)		As at 31.03.2007 (Rs. in Million)
CURRENT ASSETS				
Inventory (as taken, valued and certified by the Management)				
At cost or net realisable value which ever is lower				
Raw materials		**1,161.15**		1,327.88
Finished goods		**3,647.05**		5,672.24
Stock in process		**134.35**		265.86
Stores and spares		**433.11**		331.89
Total		**5,375.66**		7,597.87
Sundry Debtors (Unsecured, considered good unless stated otherwise)				
Outstanding over six months				
Considered good	**718.51**		2,172.37	
Considered doubtful	**289.37**		380.64	
Provision for Doubtful Debts	**(289.37)**		(380.64)	
		718.51		2,172.37
Other debts		**2,166.39**		1,936.82
Total		**2,884.90**		4,109.19
Cash and Bank Balances				
Cash balance on hand		**17.34**		29.93
Current Account with Banks				
- Scheduled Banks		**263.20**		408.54
- Non Scheduled Banks		**123.32**		123.36
Fixed deposit				
- Scheduled Banks		**22.72**		275.79
In Margin Account		**5.70**		2.69
Remittances in transit		**93.06**		234.77
Total		**525.34**		1,075.08
Loans and Advances (Unsecured, considered good)				
Advances recoverable in cash or in kind or for value to be received - Considered Good		**3,897.00**		2,324.04
Loan to Employee Stock Option Scheme Trust		**531.61**		-
Due from Wholly owned Subsidiary Companies				
- Loans	**389.90**		-	
- Advances	**65.91**		-	
		455.81		-
Interest Accrued on Investments		**0.31**		0.58
Balances with Customs, Port Trust, Central Excise etc.		**210.58**		387.03
Income Tax paid / Fringe Benefit Tax paid / Tax Deducted at Source (net of provisions)		**33.31**		54.98
Fixed Deposits with Sardar Sarover Narmada Nigam Limited		**-**		0.60
Total		**5,128.62**		2,767.23

SCHEDULE 8 : CURRENT LIABILITIES & PROVISIONS

	As at 31.03.2008 (Rs. in Million)	As at 31.03.2007 (Rs. in Million)
CURRENT LIABILITIES		
Acceptances	**54.82**	-
Sundry Creditors for Goods and Expenses	**2,391.65**	4,086.41
Sundry Creditors for Capital Expenditure	**126.98**	615.35
* Sundry Creditors - Micro, Small & Medium Enterprises	**2.14**	3.04
Advances against sale of Assets	**80.00**	-
Advances from Customers	**81.01**	34.28
Trade Deposits from Dealers	**12.03**	10.88
**Investor Education & Protection Fund in respect of	**-**	
- Unclaimed Dividend	**22.11**	22.42
- Unclaimed Fixed Deposits	**0.53**	0.68
- Interest Accrued on Unclaimed Fixed Deposits	**0.10**	0.16
Other liabilities	**1,430.82**	2,031.99
Interest accrued but not due	**56.45**	1.44
Total	**4,258.64**	6,806.65
PROVISIONS		
Wealth Tax	**3.36**	3.26
Proposed Dividend on Equity Shares	**240.05**	268.89
Tax on Dividend	**40.80**	45.70
Total	**284.21**	317.85

* See Note No. 17 of Schedule 16

** The figure reflects the position as of 31st March, 2008. 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 31.03.2008 (Rs. in Million)	For the Period Ended 31.03.2007 (15 Months) (Rs. in Million)
Interest on Investment	**18.83**	9.01
Dividend Income	**0.26**	0.50
Interest on Income Tax Refund	**0.08**	0.66
Gain on Exchange (Net)	**154.55**	181.05
Profit on sale of assets (Net)	**108.33**	-
Claims Received	**-**	206.69
Bad debts written off recovered	**0.60**	-
Sundry Credit Balances Written back (Net)	**7.76**	34.83
Rent Income	**27.03**	19.55
Miscellaneous Income	**99.20**	100.19
Total	**416.64**	552.48

SCHEDULE 10 : MANUFACTURING EXPENSES

		For the Year Ended 31.03.2008 (Rs. in Million)		For the Period Ended 31.03.2007 (15 Months) (Rs. in Million)
Raw Materials Consumed		**4,873.59**		3,282.46
Stores and Spares		**244.33**		171.53
Repairs and Maintenance				
Machinery	**128.72**		110.40	
Building	**7.72**		4.82	
Others	**15.31**		14.11	
		151.75		129.33
Power, Fuel and Water		**2,714.83**		2,236.66
Other Manufacturing Expenses		**339.21**		488.65
Packing Expenses		**310.52**		253.51
Operating Expenses for Services		**34.36**		273.68
Total		**8,668.59**		6,835.82

SCHEDULE 11 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES

	For the Year Ended 31.03.2008 (Rs. in Million)	For the Period Ended 31.03.2007 (15 Months) (Rs. in Million)
Salaries, Wages and Bonus	**3,847.19**	3,102.00
Contribution to PF and other funds	**409.59**	454.99
Staff Welfare	**106.24**	112.41
Commission to Wholetime Directors	**33.50**	59.00
Total	**4,396.52**	3,728.40

SCHEDULE 12 : ADMINISTRATIVE AND MISCELLANEOUS EXPENSES

	For the Year Ended 31.03.2008 (Rs. in Million)	For the Period Ended 31.03.2007 (15 Months) (Rs. in Million)
Travelling & Conveyance	**195.96**	272.45
Rent and Lease Rent	**2,231.89**	1,606.68
Rates and Taxes	**638.74**	467.45
Insurance	**132.14**	109.37
Commission to Non Wholetime Directors	**15.00**	27.57
Communication Expenses	**147.03**	101.60
Legal & Professional Expenses	**340.75**	271.48
Miscellaneous Expenses	**290.61**	116.25
Deferred Revenue Expenditure Written off	**3.16**	19.08
Sundry Balances Written off (Net)	**9.40**	-
Bad Debts / Irrecoverable amounts written off (Net)	**4.45**	41.97
Donation	**4.18**	3.96
Provision for Doubtful Debts	**-**	7.07
Investment written off	**-**	1.73
Deficit on Sale / Discarding of Fixed Assets (Net)	**-**	10.37
Total	**4,013.31**	3,057.03

SCHEDULE 13 : SELLING AND DISTRIBUTION EXPENSES

		For the Year Ended 31.03.2008 (Rs. in Million)	For the Period Ended 31.03.2007 (15 Months) (Rs. in Million)
Cash Discount		**204.23**	88.91
Freight and Forwarding		**894.32**	1,262.95
Commission on Sales		**449.12**	262.93
Sales Promotion Expenses		**6.29**	121.08
	Total	**1,553.96**	1,735.87

SCHEDULE 14 : (INCREASE) / DECREASE IN STOCK

		For the Year Ended 31.03.2008 (Rs. in Million)	For the Period Ended 31.03.2007 (15 Months) (Rs. in Million)
Opening stock			
Finished Goods		**5,672.24**	297.06
Stock in Process		**265.86**	56.67
Stock acquired on acquisition		**-**	5,370.74
	(A)	**5,938.10**	5,724.47
Closing stock			
Finished Goods		**5,357.44**	5,672.24
Stock in Process		**94.50**	265.86
	(B)	**5,451.94**	5,938.10
(Increase) / Decrease in Stock	**Total (A-B)**	**486.16**	(213.63)

SCHEDULE 15 : FINANCIAL EXPENSES

		For the Year Ended 31.03.2008 (Rs. in Million)		For the Period Ended 31.03.2007 (15 Months) (Rs. in Million)	
Interest - Fixed Loans			**1,478.47**		662.13
- Others			**234.24**		619.93
Other Financial Charges			**42.68**		196.56
			1,755.39		1,478.62
Less : Interest and Financial charges capitalised		**28.68**		425.40	
Less : Interest from Subsidiary Companies		**0.38**		-	
Less : Interest Income Others		**18.16**		135.90	
			47.22		561.30
	Total		**1,708.17**		917.32

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:

		% of Holding either directly or through Subsidiary	
NAME OF THE COMPANY	**COUNTRY OF INCORPORATION**	**As on 31-03-2008**	**As on 31-03-2007**
Colwell & Salmon Communications (India) Limited	INDIA	100	100
Colwell & Salmon Communications Inc, USA	USA	100	100
Indian Britain B.V.	The Netherlands	100	100
Indian England N.V.	The Netherlands	100	100
GHCL Inc.	USA	100	100
SC GHCL Upsom SA	Romania	95.67	68.5
Indian Wales N.V.	The Netherlands	100	100
Indrom Chemicals SA	Romania	100	100
GHCL International Inc.	USA	100	100
Dan River Inc.	USA	100	100
Dan River International Limited	USA	100	100
Dan River Factory Stores Inc.	USA	100	100
The Bibb Company LLC	USA	100	100
GHCL Rosebys Limited	UK	100	100
Rosebys Operations Limited	UK	100	100
Rosebys Holdings Limited	UK	100	100
Rosebys (2004) Limited	UK	100	100
Rosebys Unlimited	UK	100	100
Best Textile International Limited	USA	100	100
Best Real Properties Inc.	USA	100	100
Maysun Land Limited*	USA	49	49
X-Etra De Mexico, SA, Mexico	USA	100	100
Crowntex International Incorporated	USA	85.33	85.33
Royal Crowntex International Inc.	USA	100	100
GHCL Global Sourcing Limited	Isle of Man	100	NA
Fabient Global Limited*	INDIA	100% Control	NA
Dan River Properties LLC	USA	100	NA

*Financial results of Maysun Land Limited and Fabient Global Limited are 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:-

	Date of Becoming Subsidiary
Dan River Properties LLC	5th September, 2007
Rosebys Interior India Limited	12th December, 2007
GHCL Global Sourcing Limited	21st December, 2007
Fabient Global Limited	25th January, 2008

e Financial results of Rosebys Interiors India Limited, 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 Indian Britain B.V., Netherlands a subsidiary of the Company has sold its investment in the following subsidiaries on 28th March 2008. The financial results of the subsidiaries so sold are consolidated upto the date of transfer i.e. 28th March 2008 as per provision of AS-21 Consolidated Financial Statements.

Indian Wales N.V. Netherlands
GHCL Rosebys Limited
Rosebys Operations Limited
Rosebys Holdings Limited
Rosebys (2004) Limited
Rosebys Unlimited

g 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 :

Name of the Subsidiary	Accounting year ended
Indrom Chemicals SA	31st December 2007
GHCL International Inc.*	29th December 2007
Dan River Inc.*	29th December 2007
Best Textile International Limited *	29th December 2007
Best Real Properties Inc*	29th December 2007
GHCL Inc. USA.*	29th December 2007
SC GHCL Upsom SA	31st December 2007

* As per local laws the financial year of these companies ends on Saturday i.e December 29th closest to December 31st

h The accounts of the following subsidiaries although required to be audited under the domestic Laws are drawn on the basis of financial statement certified by the Management due to non availability of audited results:-

GHCL Inc. USA
Dan River Inc.
Best Textile International Ltd
SC GHCL Upsom SA (Audited till Dec. 07, i.e. end of financial year as per local laws)

i No separate books of accounts of following subsidiaries of Dan River Inc. and Best Textile International Inc. are prepared under USA Laws and the same are clubbed with Dan River Inc. and Best Textile International Inc.

Dan River International Limited
Dan River Factory Shoes Inc.
The Bibb Company LLC
Dan River Properties LLC
Maysun Land Limited
Best Real Properties Inc.
Crowntex International Inc.

j 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
Indian Wales NV
GHCL Global Sourcing Limited
Indrom Chemicals SA
GHCL International Inc.
Best Real Properties Inc.
Crowntex International Inc.
Royal Crowntex International Inc.
X-Etra De Mexico SA
Maysun Land Limited
Rosebys Unlimited

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

l 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 trenches 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. Goodwill of business combination if works out to negative is recognised as income.

m 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.

n Revenue and expenses are translated into Indian Rupee at average rate for the period of the respective financial year of the companies. Fixed Assets, Share Capital and Reserves as on 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. Overseas subsidiaries are considered as integral part of the company’s business under AS-11 and accordingly the gain/loss on account of exchange difference is recognised in consolidated Profit and Loss Account.

o In the case of subsidiaries incorporated in Netherlands and having their own subsidiaries, the financial statements have been consolidated on a standalone entity basis, as these companies have not prepared consolidated financial statements, in view of certain exemptions from preparation of consolidated financial statements under the prevailing local legislation.

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. One subsidiary has revalued its Tangible Assets prior to becoming a Group company as per the requirements of its local legislation.
   The corresponding revaluation reserve effect is eliminated on consolidation.
5. Foreign subsidiary companies recognize tax liabilities and assets in accordance with the applicable local legislation.
6. The parent and subsidiaries follow different method of recognition of Capital Subsidy.
7. The parent and subsidiaries follow different method of valuation of inventory.
8. Goodwill is not amortised but tested for impairment in respect of subsidiaries.

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

				As at 31.03.2008 Rs. in Million	As at 31.03.2007 Rs. in Million
1	(a)	Estimated value of contracts remaining to be executed on Capital Account and not provided for		723.27	740.98
	(b)	Contingent Liabilities :			
		(i)	Guarantees issued by banks	38.35	44.70
		(ii)	Bank Guarantee on behalf of others	26.45	0.00
		(iii)	Letters of Credit	701.54	634.65
		(iv)	Bills discounted with banks (since realized)	137.66	249.73
		(v)	Claims against the Company not acknowledged as debts		
			- Income Tax & Wealth Tax	5.11	121.36
			- Sales Tax	0.00	12.05
			- Excise matters	104.54	2.33
			- Other claims	119.42	43.16
		(vi)	Corporate guarantee & Standby Letters of Credit to Bank on behalf of subsidiaries of the Company	1,605.20	-
		(vii)	Premium on redemption of Foreign Currency Convertible Bonds	1,249.91	1,380.28
	(c)	Export Obligation on duty free imports		838.80	4534.35

2 Provision for taxation includes Rs. 0.60 Million (previous year Rs. 0.50 million) for Wealth Tax.

3 In line with Accounting Standard-11 the Company has been adjusting the exchange differences in respect of borrowing or liability incurred for acquisition of fixed assets in carrying cost of such assets. As a result of the Companies (Accounting Standards) Rules 2006 become applicable during the year such exchange differences amounting to Rs. 5.46 Million (credit) has been adjusted in the Profit and Loss account instead of carrying cost of such assets.

4 Exceptional item represents gain on restatement of Foreign Currency Convertible Bonds (FCCB) balances and cost on account of stores closure and associated redundancy & cost of restructuring operations.

5 Subsequent to the Balance sheet date a step down subsidiary company of GHCL Limited namely Dan River Inc., USA has proposed to restructure and reorganise its present business model of distribution and its operations. Hence, the existing operations of the company are being restructured under Chapter 11 as per the provisions of USA Laws. No provision / adjustment have been made in the financial statements pending verdict and resolution of such proceedings under Chapter 11.

6 In accordance with the requirements of Accounting Standard-19 Leases issued by the Institute of Chartered Accountants of India, future obligation / rights as on Balance Sheet Date for lease arrangements amount to :

	Receivable	Payable
		(Rs in Million)
Due within one year	25.59	120.11
Due within the following four years	39.69	507.40
Due after five years	0.00	1,181.00

7 **Segment**

The Company and its subsidiaries are primarily engaged in the business of manufacture of Inorganic Chemicals and Textiles

Two subsidiaries engaged in IT Enabled Services & SPV's are categorised as "Others".

Secondary segment reporting is prepared on the basis of the geographical location of customers distinguished between India and Rest of the World.

BUSINESS SEGMENT

Rs. in Million

	Inorganic Chemicals		Home Textiles		Others		Total	
	Apr. 07-Mar. 08	Jan. 06-Mar. 07	Apr. 07-Mar. 08	Jan. 06-Mar. 07	Apr. 07-Mar. 08	Jan. 06-Mar. 07	Apr. 07-Mar. 08	Jan. 06-Mar. 07
SEGMENT REVENUE								
External Revenue	8,417.60	9,086.61	23,053.04	17,878.40	518.79	729.16	**31,989.43**	**27,694.17**
Less : Inter Segment Revenue							**-**	**-**
Total Revenue	**8,417.60**	**9,086.61**	**23,053.04**	**17,878.40**	**518.79**	**729.16**	**31,989.43**	**27,694.17**
SEGMENT RESULT	**2,135.72**	**1,971.07**	**(1,233.54)**	**(345.98)**	**1,984.25**	**76.42**	**2,886.43**	**1,701.51**
Unallocated Corporate Expenses.							**125.38**	**106.51**
Operating Profit							**2,761.05**	**1,595.00**
Interest Expenses							**1,708.17**	**917.32**
Interest Income							**-**	**-**
Profit from Ordinary Activities							**1,052.88**	**677.68**
Exceptional Items							**(98.80)**	**777.94**
NET PROFIT BEFORE TAXES							**954.08**	**1,455.62**
OTHER INFORMATION								
Segment Assets	14,943.89	14,996.12	12,804.87	14,665.03	231.54	91.23	**27,980.30**	**29,752.38**
Unallocated Corporate Assets							**180.81**	**135.20**
Total Assets	**14,943.89**	**14,996.12**	**12,804.87**	**14,665.03**	**231.54**	**91.23**	**28,161.11**	**29,887.58**
Segment Liabilities	8,627.40	7,219.21	11,841.13	15,693.43	150.58	147.29	**20,619.11**	**23,059.93**
Unallocated Corporate Liabilities							4,555.62	4,581.28
Total Liabilities	**8,627.40**	**7,219.21**	**11,841.13**	**15,693.43**	**150.58**	**147.29**	**25,174.73**	**27,641.21**
Capital Expenditure	1,525.79	4,436.60	1,064.59	4,666.62	21.97	13.77	**2,612.35**	**9,116.99**
Unallocated Capital Expenditure							**599.98**	**870.74**
Total Capital Expenditure	**1,525.79**	**4,436.60**	**1,064.59**	**4,666.62**	**21.97**	**13.77**	**3,212.33**	**9,987.73**
Depreciation	567.42	476.94	502.78	462.34	23.74	27.88	**1,093.94**	**967.16**
Unallocated Depreciation							**6.83**	**6.90**
Total Depreciation	**567.42**	**476.94**	**502.78**	**462.34**	**23.74**	**27.88**	**1,100.77**	**974.06**
Non-Cash Expenses other than Depreciation	2.89	3.05	0.15	6.76	0.12	7.64	**3.16**	**17.45**
Unallocated Non Cash Expenses other than Depreciation								**1.63**
Total Non Cash Expenses other than Depreciation	**2.89**	**3.05**	**0.15**	**6.76**	**0.12**	**7.64**	**3.16**	**19.08**

GEOGRAPHICAL SEGMENT

Particulars	India		Rest of The World		Total	
	Apr. 07 - Mar. 08	Jan. 06 - Mar. 07	Apr. 07 - Mar. 08	Jan. 06 - Mar. 07	Apr. 07 - Mar. 08	Jan. 06 - Mar. 07
Segment Revenue	10,698.94	8,417.67	21,290.49	19,276.50	31,989.43	27,694.17
Carrying Costs of Segment Assets	20,052.78	15,047.30	8,108.33	14,840.28	28,161.11	29,887.58
Additions to Fixed Assets and Intangible Assets	1,631.72	5,631.32	1,580.61	4,356.40	3,212.33	9,987.71

8 **Related Party Transactions:**

Related Party

a **Having Significant influence**

SCGN Romgaz SA-holding more than 30% in one of the subsidiary upto 27th March, 2008.

b **Key Management Personnel:**

P. Sampath, Managing Director - Parent Company - upto 30th October, 2007
R. S. Jalan, Managing Director - Parent Company
Tej Malhotra, Sr. Executive Director - (Operations)-Parent Company
Ion Bogdan - Whole time Director - Subsidiary Company
Sanjay Purohit - Whole time Director - Subsidiary Company - upto 29th February 2008
Mark Dyson - Whole time Director - Subsidiary Company

c **Relative of Key Management Personnel:**

Vidyavati Malhotra, m/o Tej Malhotra
Sashi Malhotra, w/o Tej Malhotra
Pushpa Sampath w/o P. Sampath - (upto 30th October, 2007)

9 **Disclosure of transactions between the Company and related parties and the status of outstanding balances as on 31st March, 2008**

Rs. in Million

S. No.	Type of Transactions	Having significant influence	Key Management Personnel	Relative of Key Management Personnel
1	Remuneration		82.79 (125.93)	
2	Leasing and hire purchase transaction		0.004 (0.13)	0.06 (0.17)
3	Purchase	1,080.87 (1,223.30)		
4	Dividend on Shares			0.01 (0.01)
5	Balances as on 31st March, 2008			
	Advances for rental accommodation		0.02 (0.02)	0.02 (0.02)
	Sundry Creditors	280.12 (266.14)		

Figures in brackets relate to period ended 31st March, 2007.

10 **Deferred Tax**

Rs. in Million

		As at 01.04.2007	Current Period Charge/(Credit)	As at 31.03.2008
a)	Deferred tax liability on account of:			
	i) Depreciation	1,006.81	224.90	1,231.71
	ii) Others			
	Deferred Revenue Expenditure	209.04	(25.89)	183.15
	TOTAL (A)	**1,215.85**	**199.01**	**1,414.86**
b)	Deferred tax assets on account of:			
	i) Employee Benefit	7.57	14.26	21.83
	ii) State & Central Taxes & Cess	6.81	(5.62)	1.19
	iii) Provision for Bad Debts	3.35	0.44	3.79
	iv) Disallowance u/s 40 (a)	0.00	0.01	0.01
	v) Overseas subsidiaries	316.46	(313.76)	2.70
	TOTAL (B)	**334.19**	**(304.68)**	**29.51**
	TOTAL (A-B)	**881.66**	**503.69**	**1,385.35**

Current period charge/(credit) includes Rs. 32.93 Million on account of prior period adjustment credited to Profit & Loss Account and Rs. 323.44 Million on account of Deferred Tax assets of overseas subsidiary which is disposed off not considered.

11 Category-wise quantitative data about derivative instruments that are outstanding as on 31st March, 2008

		No. of Contracts	USD Equivalent (In Million)	INR Equivalent (In Million)
a)	Long Term Export Options (Dollar Receivables)	5	21.35	876.32

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 as on 31st March, 2008

Particulars	Rs. in Million
Import Payable	459.23
Foreign Currency Loans & Interest thereon	177.34

12 Managerial Remuneration (Parent Company)	Rs. in Million	Rs. in Million
(a) Whole time Directors		
Salaries	13.57	9.15
Contribution to Provident and Superannuation funds	2.36	1.73
Perquisites	3.87	2.56
Gratuity	5.70	0.31
Commission	33.50	59.00
(b) Other Directors		
Sitting Fees	1.62	1.64
Commission	15.00	22.00
	75.62	**96.39**

(Includes commission payable to Mr. P. Sampath, Managing Director upto 30th October, 2007)

13 **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.

14 **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.

15 **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 not considered necessary.

16 **Earnings Per Share (EPS)**

		For the Year Ended 31 March, 2008	For the Period Ended 31 March, 2007 (15 M)
Basic EPS			
Earnings Per Share has been computed as under:			
Profit after Taxation (Rs. in Million)		**523.87**	958.30
(Less)/Add : Prior Period Adjustment		**9.01**	(9.95)
	A	**532.88**	948.35
The weighted average number of Equity Shares for Basic EPS	**B**	**99,723,403**	95,603,796

	For the Year Ended 31 March, 2008	For the Period Ended 31 March, 2007 (15 M)
Earnings per share (Face value of Rs 10/- per share) (A) / (B)	**5.34**	9.92
Diluted EPS		
Profit after Tax and Minority interest from continued operations (Rs. in Million)	**555.07**	982.20
Number of Equity Shares for Basic EPS	**99,723,403**	95,603,796
Add : Adjustment for Warrants convertible into Equity Shares*	_	5,567,033
Add : Adjustment for FCCB convertible into Equity Shares	**22,988,701**	7,893,109
The weighted average number of Equity Shares for Diluted EPS	**122,712,104**	109,063,938
Earnings Per Share (Diluted)	**4.52**	9.01

* In view of the Court injunction the same is not considered.

17 Sundry Creditors includes Rs. 2.41 million due to Small Scale Industrial Undertakings (previous year Rs. 3.04 million) to the extent indentified from the records of the company as outstanding for more than 30 days from the following parties. The company has not received intimation from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with the interest paid/payable under this Act has not been given.

18 The shareholders in their Extra Ordinary General Meeting held on 19th March, 2008 had approved the Employees Stock Option Scheme (ESOS–2008) superseding the earlier Employees Stock Option Scheme (ESOS–2006) approved by shareholders in their General Meeting held on 19th June, 2006. 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. 531.61 Million 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 details as per regulation 12 of SEBI (ESOS & ESPS) Guidelines 1999 are as follows:

	Particulars	Details
a)	Number of Options granted	16,55,000 (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 year 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 in force	16,55,000
j)	Number of employees to whom options are granted	38

Employee-wise details of options granted to:

(i) Senior Managerial personnel

Name	No. of Options Granted	Name	No. of Options Granted
Mr. R S Jalan	200,000	Mr. B R D 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 Sivabalasubramanian	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
k)	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
l)	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
m)	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
n)	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

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

20 Previous period's figures have been regrouped and reclassified wherever necessary.

21 The current year figures are for twelve months as compared to fifteen months of the previous period and are hence not comparable.

Signature to Schedules 1 to 16

As per our report attached

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

(C. V. Thakker)
Partner

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

(Rahul Divan)
Partner

Place : New Delhi
Date : June 28, 2008

For and on behalf of the Board

Sanjay Dalmia
Chairman

Dr B. C. Jain
Director

R. S. Jalan
Managing Director

Raman Chopra
Executive Director-Finance

N. Giridhar
Sr. General Manager-Accounts

Bhuwneshwar Mishra
Company Secretary

Place : New Delhi
Date : June 28, 2008

GHCL Limited

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

ATTENDANCE SLIP

I hereby record my presence at the Twenty Fifth ANNUAL GENERAL MEETING of the Company held on Friday, September 12, 2008 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.

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 Fifth Annual General Meeting of the Company,

to be held on Friday, September 12, 2008 at 10:00 a.m. and at any adjournment thereof.

Signed this.. day of 2008

Reference Folio:/DPID/CL.ID

Signature

Affix
Re. 1
Revenue
stamp

No. of Shares: ....

Note: The Proxy Form should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of Meeting.

Book-Post

If undelivered, please return to

GHCL

GHCL Limited

Registered Office:
"GHCL HOUSE", Opp. Punjabi Hall, Navrangpura, Ahmedabad - 380 009 (Gujarat)
www.ghclindia.com

DB
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