

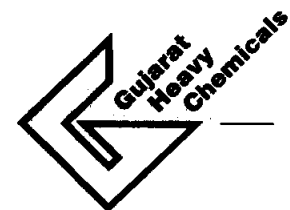
# Gujarat Heavy Chemicals Ltd



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**An ISO 9002 Company**

**Annual Report  
2001 - 2002**

**Gujarat Heavy Chemicals Limited****BOARD OF DIRECTORS****Sanjay Dalmia****Anurag Dalmia****L. Mansingh****Hasmukhi Adhla****C.L. Meena****B.N. Makhija** Nominee (IDBI)**H.H. Faruqi** Nominee (LIC)**Dr. B.C. Jain****Naresh Chandra****S.H. Ruparell****Mahesh Kheria** (Alt. to S.H. Ruparell)**S.K. Mukherjee** Managing Director**P. Sampath** Whole time Director**N.S. Ramachandran** Whole time Director**K.K. Ahuja** Whole time Director**Tej Malhotra** Whole time Director**R.S. Jalan** Whole time Director**Shyam Viswanathan****J.P. Mehrotra****Sr. General Manager (Finance) &  
Company Secretary****REGISTERED OFFICE**

GHCL House  
Opp. Punjabi Hall,  
Near Navrangpura Bus Stand  
Navrangpura,  
Ahmedabad - 380 009

**CORPORATE OFFICE**

B -38, Institutional Area,  
Sector - 1  
Noida - 201 301 (U.P.)

**SUBSIDIARY**

Icon Data Management Limited

**AUDITORS**

Rahul Gautam Divan & Associates  
Jayantilal Thakkar & Co.

**WORKS****1. SODA ASH PLANT**

Village - Sutrapada,  
Near Veraval,  
Distt. Junagarh - 362 265  
Gujarat

**2. SALT PLANTS**

a) Nemeli Road,  
Thiruporur - 603 110  
Tamil Nadu

b) Village Shelwali  
Taluka Palghar  
Dist. Thane,  
Maharashtra

**3. TEXTILE PLANTS**

a) Tirupparankundram Road  
Madurai - 625 003

b) Samayanallur P.O.  
Madurai - 625 402

c) Thaikesar Alai P.O.  
Manaparai - 621 312

**BANKERS**

State Bank of Hyderabad  
State Bank of Travancore  
Canara Bank  
Dena Bank  
BNP Paribas  
Standard Chartered Bank  
HDFC Bank

**SHARE TRANSFER AGENTS**

Intime Spectrum Registry Ltd.  
260-A, Shanti Industrial Estate  
Sarojini Naidu Road,  
Mulund (W),  
Mumbai - 400080

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## Gujarat Heavy Chemicals Limited



### NOTICE

**NOTICE** is hereby given that the 19<sup>th</sup> Annual General Meeting of the members of Gujarat Heavy Chemicals Limited will be held at Gajjar Hall, The Gujarat Institute of Civil Engineers & Architects, Nirman Bhawan, Law College Road, Ellis Bridge, Ahmedabad - 380 006 on 24<sup>th</sup> day of September, 2002 at 11.00 A.M. to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2002, Profit and Loss Account for the year ended on that date and the Directors' and Auditors' reports thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Naresh Chandra, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S H Ruparell, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr. B C Jain, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting and to fix their remuneration and to pass with or without modification(s), the following resolution as **Special Resolution**:

"RESOLVED that pursuant to the provisions of Section 224 A and other applicable provisions, if any, of the Companies Act, 1956, M/s Rahul Gautam Divan & Associates, Chartered Accountants and M/s Jayantilal Thakkar & Co., Chartered Accountants the retiring Auditors of the Company, be and are hereby re-appointed as Joint Auditors of the Company to hold office from the conclusion of this Annual General Meeting of the Company till the conclusion of the next Annual General Meeting of the Company on a remuneration to be fixed by the Board of Directors, plus out of pocket expenses as may be incurred by them for the performance of their duties".

#### SPECIAL BUSINESS

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

"RESOLVED that Mr. R S Jalan who was appointed as an Additional Director under Article 131 & 138 of the Article of Association, 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 under Section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director be and is hereby appointed as a Director of the Company, liable to retire by rotation, designated as Executive Director (Textiles) for a period of 5 years with effect from 7<sup>th</sup> June 2002, on the terms and conditions including remuneration as stated in the explanatory statement annexed to the notice, pursuant to the provisions of Section 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendment, modification(s), variation or re-enactment thereof and subject to such other approvals as may be required."

"RESOLVED FURTHER that in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office the remuneration payable by way of salary, allowances, commission and perquisites shall not without the approval of the Central Government (if required) exceed the limits prescribed under the Companies Act, 1956, or any amendment, modification(s), variation or re-enactment thereof."

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

"RESOLVED that Mr. Shyam Viswanathan, who was appointed as an Additional Director by the Board of Directors 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 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. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED that Mr. C L Meena, who was appointed as an Additional Director by the Board of Directors 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 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."

10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED that in pursuance to the provisions of Section 256 read with Section 31 of the Companies Act, 1956, Article 155 of the Article of Association of the Company be altered and following be substituted in place of existing Article 155:

"Subject to the provisions of Section 256 of the Companies Act, 1956 or any amendment thereto from time to time, and Article 131 to 138 at every Annual General Meeting of the Company one third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or multiple of three the number nearest to one - third shall retire from office. The Debenture Directors, Corporation Directors, Special Directors and Chairman of the Company shall not be subject to retirement under the Article. The Managing Director or a Whole time Director, who is re - appointed as a Director immediately on retirement

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## Gujarat Heavy Chemicals Limited



by rotation, shall continue to hold his office of Managing Director or Whole time Director and such reappointment as Director shall not be deemed to constitute a break in his appointment as Managing Director or a Whole time Director.

"In these articles a "Retiring Director" means a Director retiring by rotation."

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

"To insert the following words as Article 170 A after existing Article 170:

"Meeting through Audio – Visual media or any other mode as may be required from time to time."

"Subject to the provisions of the Companies Act, 1956 and any amendment made thereto from time to time, the Board or any Committee thereof, may, if the circumstances so require, meet by means of telephone, television or through any other audio – visual links such as video conferencing or any other mode as may be invented from time to time. The provisions relating to notice, agenda, quorum and minutes stated herein shall *mutatis mutandis* apply to the meetings held through such audio – visual media".

12. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED that the approval of the Company be and is hereby accorded to the delisting of the shares of the Company from any one or more of the Stock Exchanges where the Company's shares are presently listed and in particular Calcutta and/or Delhi Stock Exchange(s) at such time as the Board of Directors (whether acting through Board, or a Committee of the Board or any other person authorised by the Board) may, in their absolute discretion, consider appropriate and on the terms and conditions as may be stipulated and mutually agreed to in the best interests of the Company, and taking into account various factors such as but not limited to the incidence, impact or burden of the cost of listing fee payable to Stock Exchange (s) and volume of trading on the relevant Stock Exchange (s).

### Registered Office:

GHCL HOUSE  
Near Punjabi Hall  
Navrangpura, Ahmedabad - 380009  
Dated: July 26, 2002

By Order of the Board  
For Gujarat Heavy Chemicals Limited

J P Mehrotra  
Sr. General Manager (Finance) &  
Company Secretary



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

#### Item No. 6

Since more than 25% of the subscribed capital of the Company is held by the Financial institutions and Gujarat Industrial Investment Corporation Ltd (GIIC), a Government Company, re-appointment of the auditors is to be made by a Special Resolution as required u/s 224A of The Companies Act, 1956. None of the Directors are interested or concerned in this resolution.

Your Directors commend the resolution for your approval.

#### Item No 7

Mr. R S Jalan was appointed by the Board of Directors as an Additional Director at its meeting held on 21<sup>st</sup> September 2001, as per Article 131 and 138 of the Articles of Association of the Company with effect from 21<sup>st</sup> September 2001. Keeping in view his rich experience in the field of textiles, pursuant to the amalgamation of The Sree Meenakshi Mills Limited (SMML) with the Company, the Board of Directors have designated him as an "Executive Director (Textiles)" for a period of five years with effect from 7<sup>th</sup> June 2002. Pursuant to Section 260 of the Companies Act, 1956, Mr. R S Jalan will hold office as an Additional Director upto the date of the ensuing Annual General Meeting. The Company has received notice in writing from members proposing the candidature of Mr. R S Jalan for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. R S Jalan is a Graduate in Commerce and Fellow member of Institute of Chartered Accountants of India and having very wide areas of experience in Corporate Finance and Textiles. Mr. R S Jalan has more than 6 years of experience as Chief Executive Officer of SMML out of his 25 years of Industrial experience. Mr. R S Jalan is a Director of Bharat Explosives Limited and a member of Audit Committee and Shareholders Grievance Committee of Bharat Explosives Limited.

Mr. R S Jalan fulfills the eligibility criteria set out under Part I of Schedule XIII to the Companies Act, 1956: The remuneration payable to Mr. R S Jalan is in line with the Uniform remuneration package payable to Whole time Directors and Managing Director, as approved by the members in their meeting held on 20<sup>th</sup> September 2000. This approved remuneration package is also in accordance with the provisions of Schedule XIII of the Companies Act, 1956.

1. Salary: Rs. 58,000/- per month, which may be increased by such amount as the Board may determine from time to time in line with the Uniform Remuneration Package as approved by the members.
2. Perquisites: Mr. R S Jalan 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.

Your Directors commend the resolution for your approval. Save and except Mr. R S Jalan, none of the Directors of the Company is interested in the resolution.

## Gujarat Heavy Chemicals Limited



### Item No. 8

Mr. Shyam Viswanathan was appointed by the Board of Directors as an Additional Director at its meeting held on 21<sup>st</sup> September 2001, as per Article 131 and 138 of the Articles of Association of the Company with effect from 21<sup>st</sup> September 2001. Pursuant to Section 260 of the Companies Act, 1956 Mr. Shyam Viswanathan will hold office as an Additional Director upto the date of the ensuing Annual General Meeting. The Company has received notice in writing from members proposing the candidature of Mr. Shyam Viswanathan for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. Shyam Viswanathan, aged 42 years, is B.E. (Electrical) and MBA from Faculty of Management Studies, Delhi. He has 18 years of experience in the field of IT enabled services especially in managing education and corporate training. He is also the Chief Executive Officer of Icon Data Management Limited (IDML), the wholly owned subsidiary of the Company. His association with the Board will be of immense value to the growth of IDML, which is into providing IT enabled services. He is not a member of any Committee of Directors of any Company.

Your Directors commend the resolution for your approval. Save and except Mr. Shyam Viswanathan none of the Directors of the Company is interested in the resolution.

### Item No 9

Mr. C L Meena has been appointed by the Board of Directors as an Additional Director at its meeting held on 26<sup>th</sup> July 2002 as per Article 131 and 138 of the Article of Association of the Company with effect from 26<sup>th</sup> July 2002. Pursuant to Section 260 of the Companies Act, 1956 Mr. C L Meena will hold office up to ensuing Annual General Meeting. The Company has received notice in writing from members proposing the candidature of Mr. C L Meena for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. C L Meena is an IAS and Managing Director of Gujarat State Financial Corporation. He has very wide areas of experience in Public Administration, Corporate Finance and Public Policy. Mr. C L Meena represents GIIC Ltd. and his association with the Board will be of immense value to the progress of the Company.

Your Directors commend the resolution for your approval. Save and except Mr. C L Meena, none of the Directors of the Company is interested in the resolution.

### Item No 10

Section 255 of the Companies Act, 1956 requires that unless the Article of Association of the Company provide for the retirement of all Directors at every annual general meeting, not less than two third of the total number of Directors shall be Directors whose period of office is liable to retire by rotation. The existing Article 155 is being amended to include Whole time Director (s) including Managing Director as Directors liable to retire by rotation. The alteration of Article of Association requires approval of members at the General Meeting by passing Special Resolution.

Your Directors commend the resolution for your approval.

### Item No. 11

To keep pace with the changing environment of technological development and grow with the International Business Community, the diversion from the physical meeting of Directors by audio – visual mode or any other communication media is necessary. The various business forums like ICICI, FICCI, ASSOCHAM etc. are debating on the convening of Board Meeting through audio – visual mode. To keep abreast with such likely changes it is necessary to have enabling provisions in the Articles of the Company. The alteration of Article of Association requires approval of members at the General Meeting by passing Special Resolution.

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

### Item No. 12

As the members are aware that Company's shares are listed on Ahmedabad, Bombay, Calcutta, and Delhi Stock Exchanges. Consequent to the recent rapid changes in the Capital Market and since substantial volume of trading is put through Mumbai and National Stock Exchanges, the trading volumes at other Stock Exchanges and in particular Delhi and Calcutta Stock Exchanges are gradually getting reduced to a substantial extent.

No particular benefit is available to the shareholders of the Company by continuing the listing of the shares on these Stock Exchanges. Actually the trading volumes at those Stock Exchanges are now very thin. The Company is therefore, contemplating the possibility of delisting of its shares from aforesaid two Stock Exchanges for the present. It is accordingly proposed to give the authority to the Directors to delist the shares of the Company from any of the Stock Exchanges where trading volumes are not large after taking into consideration the interest of the shareholders of the particular region.

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

### Registered Office:

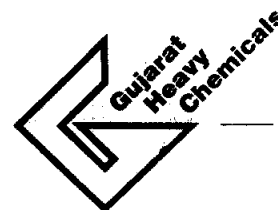
GHCL HOUSE  
Near Punjabi Hall  
Navrangpura, Ahmedabad - 380009  
Dated: July 26, 2002

By Order of the Board  
For Gujarat Heavy Chemicals Limited

J P Mehrotra  
Sr. General Manager (Finance) &  
Company Secretary





**Gujarat Heavy Chemicals Limited****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 13th September 2002 to 24th September 2002 (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 13th September 2002. In respect of the shares in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depositories Limited (NSDL) and Central Depositories Services (India) Limited (CDSL) for this purpose.
- (4) The Explanatory Statement setting out the material facts concerning Ordinary Business at Item No. 6 and Special Business in respect of Item Nos. 7 to 12 of the accompanying Notice as required by Section 173(2) of The Companies Act, 1956, is annexed hereto.
- (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) Appointment or reappointment of Directors:  
At the ensuing Annual General Meeting, Mr. Naresh Chandra and Mr. S H Ruparell and Dr. B C Jain retire by rotation and being eligible offer themselves for reappointment. The information or details to be provided for the aforesaid Directors under Listing Agreement are as under.
  - (a) Mr. Naresh Chandra, 67 years, is a Director of the Company since 28<sup>th</sup> November 1997. He is an industrialist and having wide range of experience in the field of management and administration. He is a Director of Hercules Hoists Limited. He is not a member of any Committee of Directors of any Company.
  - (b) Mr. S H Ruparell, is a Director of the Company since 10<sup>th</sup> October 1991. He is M.B.E. and is a Solicitor at Alpertun U K. and also authorised to administer oaths. He is not a member of any Committee of Directors of any Company.
  - (c) Dr. B C Jain, 63 years, is a Director of the Company since 19<sup>th</sup> April 1986. Dr. Jain is LL B, ACCS, Ph.D. and Fellow member of Institute of Chartered Accountants of India. Dr. Jain is also a Director of various Companies. Dr. Jain is a Director with Bank of India, The Pradeshiya Industrial and Investment Corporation of UP Limited and Bridge & Roof Company (India) Limited. He is Chairman of Audit Committee and Member of the Remuneration Committee of the Company. He is also the Chairman of the Grievance Committee and Member of Audit Committee of Bank of India and Member of Audit Committee of Bridge & Roof Company (India) Limited.
- (9) All documents referred to in the Notice and Explanatory Statement are 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.
- (10) Members attending the Meeting are requested to complete the enclosed slip and deliver the same at the entrance of the meeting hall.
- (11) 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.
- (12) Consequent upon amendment to Section 205 A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the Investors Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims by the Fund. Members who have not yet encashed their dividend warrant(s) for the financial year ended 31<sup>st</sup> March 1995 onwards, are requested to make their claims to the Company accordingly, without any delay.

## Gujarat Heavy Chemicals Limited



### DIRECTORS' REPORT

Your Directors have pleasure in presenting to you the 19th Annual Report of the Company together with Audited Accounts of the Company for the year ended 31st March 2002.

### OPERATIONAL RESULTS

The summary of the financial performance for the year ended 31st March 2002 as compared to the previous year is as under. However, the figures are not comparable as the year 2001-02 incorporates the effect of the amalgamation of the erstwhile The Sree Meenakshi Mills Limited w.e.f. 1st April 2001 as per the Order of the Hon'ble Board for Industrial and Financial Reconstruction (BIFR).

	(Rs. crores)	
	2001-02	2000-01
Turnover	465.77	408.47
Gross profit before interest and depreciation	107.95	93.86
Interest	28.64	36.80
Profit before depreciation and preliminary expenses		
-(cash profit)	79.31	57.06
Depreciation/Preliminary Expenses written off	29.21	26.93
Profit before Tax	50.10	30.13
Provision For Taxation	4.39	3.02
Profit after tax	45.71	27.11
Excess/(short) provision for tax for earlier year	(0.46)	0.05
Debenture redemption Reserve written back	2.12	9.71
Amount available for Appropriation	108.05	89.90
Appropriations :		
Debenture Redemption Reserve	6.00	7.15
Capital Redemption Reserve	10.00	0.00
General Reserve	5.00	2.25
Proposed Dividend	23.77	17.86
Tax on Dividend	0.00	1.96
Balance Carried To Balance Sheet	63.28	60.68

### PERFORMANCE

The gross profit of the Company this year has been higher at Rs.107.95 Crores as compared to Rs.93.86 Crores in the previous year. The Company's strong financial performance is due to the stable prices of soda ash and its continued efforts on cost reduction. The profit after tax has increased from Rs. 27.11 Crores in 2000-01 to Rs. 45.71 Crores in 2001-02, an increase of 69%.

### DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 2.50 per Equity Share for the year ended 31st March 2002, as compared to Rs.1.80 per Equity Share paid for the year ended 31st March 2001. Proposed dividend for the financial year ended 31st March 2002 includes dividend payable on the new Equity Shares of the Company issued and allotted to the shareholders of the erstwhile The Sree Meenakshi Mills Limited.

### FINANCE

The process of restructuring debt, prepayment of debt and timely repayment of debts has helped in the reduction of the Company's interest burden in the year 2001-02 from Rs. 36.80 Crores to Rs. 28.64 Crores.

The total amount of fixed deposits due for repayment but not claimed as on 31st March 2002, in respect of 392 depositors amounted to Rs. 46.00 Lacs, out of which deposits amounting to Rs. 13.54 Lacs in respect of 100 depositors have since been repaid/renewed.

Your Company has contributed a sum of Rs. 69.80 Crores to the Exchequer by way of Central excise, Sales Tax and Income Tax during the period.

### CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Accounting Standard 21 (Consolidated Financial Statements) of Institute of Chartered Accountants of India, your Directors have pleasure in presenting the Consolidated Financial Statements with those of its wholly owned subsidiary for the year ended 31st March 2002.

### 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

Your Company attaches considerable significance to good Corporate Governance as is evident from the Company's Philosophy on Code of Governance given separately in the Annual Report. The Company strongly pursues the path of building investor confidence and maximising long term shareholder value. 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 alongwith Auditor's certificate for the compliance.

### SUBSIDIARY

During the year, your Company has subscribed to 29,50,000 equity shares of Rs. 10/- each fully paid up as rights issue from its wholly owned subsidiary Icon Data Management Limited. As required under Section 212 of the Companies Act, 1956, the audited statement of accounts along with the report of the Board of the Directors of Icon Data Management Limited and the respective Auditors' Report thereon for the year ended 31st March 2002 are annexed.

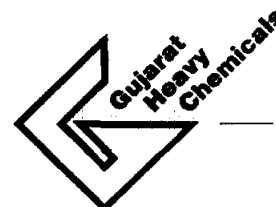
### DIRECTORS

During the year the Board appointed Mr. R S Jalan as an Additional Director on the Board and subsequently designated him as an Executive Director (Textiles) and Mr. Shyam Viswanathan as Additional Director to represent the businesses of yarn and IT enabled services respectively. The Board also appointed Mr. C L Meena as the nominee of GILC Limited in place of Mr. G P Joshi. 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. R S Jalan, Mr. Shyam Viswanathan and

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## Gujarat Heavy Chemicals Limited



Mr. C L Meena as Directors of the Company. Directors recommend their appointment.

The Board wishes to place on record its appreciation for valuable services rendered by Mr. G P Joshi during his tenure.

Mr. Naresh Chandra, Mr. S H Ruparell and Dr. B C Jain retire by rotation and, being eligible, offer themselves for re-appointment. The Board recommends their appointments.

### 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 is given in Annexure-I to the 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 - II to the Directors' Report. However, as per the provisions of section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the accounts is being sent to all 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.

### AUDITORS

M/s Rahul Gautam Divan & Associates and Jayantilal Thakkar & Co., the Joint Auditors of the Company, will retire at the ensuing Annual General Meeting and are eligible for re-appointment. The appointment of the Auditors is required to be made by a Special Resolution pursuant to provisions of Section 224A of The Companies Act, 1956.

### AUDITORS OBSERVATIONS

The Notes to Accounts, forming part of the Balance Sheet as at 31<sup>st</sup> March 2002, and Profit and Loss Account 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 under Section 217(3) of the Companies Act, 1956.

### DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 of the Companies Act, 1956, the Directors hereby confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts on a going concern basis.

### ACKNOWLEDGEMENT

The Directors express their gratitude to the Government of Gujarat, 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, customers, suppliers, depositors, lenders and distributors for the confidence reposed by them in the Company.

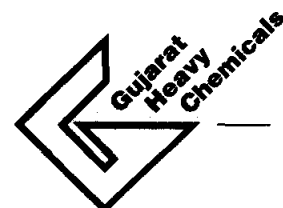
The employees of the Company contributed significantly in achieving higher operating results. The Directors take this opportunity of thanking them and hope that they will maintain their commitment to excellence in the years to come.



Place : New Delhi  
Dated : 26th July, 2002

By Order of the Board  
SANJAY DALMIA  
DIRECTOR

## Gujarat Heavy Chemicals Limited



## ANNEXURE I TO THE DIRECTORS' REPORT

## A. CONSERVATION OF ENERGY

## a) Energy Conservation Measures Taken

1. A plant to convert coke undersize (not suitable for LimeKilns) to Briquettes is under commissioning. This will be adding value to the coke breeze by three times. Briquettes so produced will be used in the LimeKilns, thereby saving on fuel cost.
2. Various energy conservation measures adopted by the Company and efficient steam-power balance has given a saving in electrical power by about 4% over the last year.

## b) Additional investment &amp; proposals, if any, being implemented for reduction of consumption of energy.

Schemes planned under this head are:

1. Upgradation of Dense Ash Condensate System.
2. Improvement in filtration system to reduce Bicarb moisture.
3. Shed for coke for preventing it getting wet during monsoon.

## B. POWER &amp; FUEL CONSUMED

B. POWER & FUEL CONSUMED		2001-02	2000-01			
<b>1. Electricity</b>						
(i)	Purchased Units (lacs kwh)	222.75	35.99			
	Total amount (Rs.lacs)	972.57	241.80			
	Rate per Unit (Rs.)	4.37	6.72			
(ii)	Own Generation					
(a)	Through DG					
	Units (lacs kwh)	12.93	4.23			
	Units per ltr of Diesel Oil	3.33	2.88			
	Cost per unit (Rs.)	5.73	5.63			
(b)	Through TG					
	Units (lacs kwh)	1026.82	1041.30			
	Cost per unit (Rs.)	1.02	0.99			
<b>2. Coal</b>						
	Quantity (MT.)	103731.00	111556.00			
	Total cost (Rs. lacs)	2667.38	2593.05			
	Average Rate (Rs/MT)	2571.44	2324.44			
<b>3. Lignite</b>						
	Quantity (MT.)	180172.00	137972.00			
	Total cost (Rs. lacs)	2325.67	1628.33			
	Average Rate (Rs/MT)	1290.81	1180.19			
<b>4. Consumption per Unit of Production</b>						
	Electricity (kwh/MT)		Coal (MT/MT)		Lignite (MT/MT)	
Production (MT)	2001-02	2000-01	2001-02	2000-01	2001-02	2000-01
Soda Ash	212.55	221.57	0.21	0.24	0.37	0.29
Salt	33.36	41.85	—	—	—	—
Yarn	4.83	—	—	—	—	—

## C. TECHNOLOGY ABSORPTION

## 1. Research &amp; 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 Chemie 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.

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