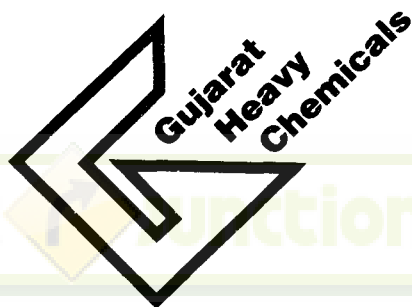
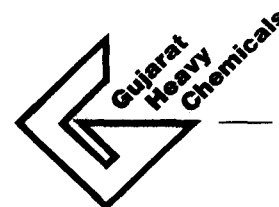


# **Gujarat Heavy Chemicals Ltd**

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**Annual Report 2002 - 2003**

**Gujarat Heavy Chemicals Limited****BOARD OF DIRECTORS****Sanjay Dalmia****Anurag Dalmia****D. Rajagopalan****Hasmukh Adhia****Chaman Kumar****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****P. Sampath** Whole time Director**R. S. Jalan** Whole time Director**Tej Malhotra** Whole time Director**N. S. Ramachandran** Whole time Director**K. K. Ahuja** Whole time Director**J. P. Mehrotra****Sr. General Manager (Finance) &  
Company Secretary****REGISTERED OFFICE**

"GHCL House"  
Opp. Punjabi Hall,  
Near Navrangpura Bus Stand  
Navrangpura,  
Ahmedabad – 380 009 (Gujarat)

**CORPORATE OFFICE**

"GHCL House"  
B -38, Institutional Area,  
Sector - 1  
Noida - 201 301 (UP)

**SUBSIDIARIES**

Colwell and Salmon Communications (India) Limited  
Colwell & Salmon Communications Inc USA

**AUDITORS**

Jayantilal Thakkar & Co.  
Rahul Gautam Divan & Associates

**WORKS****SODA ASH**

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

**SALT WORKS & REFINERY**

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

**TEXTILES**

- a) Samayanallur P.O.  
Madurai - 625 402
- b) Thaikesar Alai P.O.  
Manaparai - 621 312

**ITES**

C-38, Sector - 58  
Noida

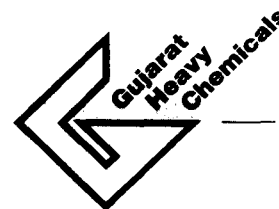
**BANKERS**

State Bank of Travancore  
Canara Bank  
State Bank of Hyderabad  
Dena Bank  
Standard Chartered Bank  
HDFC Bank Limited  
IDBI Bank Limited

**SHARE TRANSFER AGENTS**

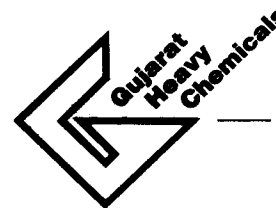
Intime Spectrum Registry Limited  
C-13, Pannalal Silk Compound  
LBS Marg  
Bhandup - West  
Mumbai - 400 078



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# Gujarat Heavy Chemicals Limited



## NOTICE

**NOTICE** is hereby given that the 20<sup>th</sup> Annual General Meeting of the members of Gujarat Heavy Chemicals 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, the 26th day of September, 2003 at 11.00 AM to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2003, 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 on the Equity Shares.
3. To appoint a Director in place of Mr. S K Mukherjee, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. N S Ramachandran, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. K K Ahuja, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. Tej Malhotra, who retires by rotation and being eligible, offers himself for re-appointment.
7. 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 Jayantilal Thakkar & Co., Chartered Accountants and M/s Rahul Gautam Divan & Associates, 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

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

"RESOLVED that Mr. P Sampath who was re - appointed by the Board of Directors as an Additional Director under Article 131 & 138 of the Article of Association, of the Company and who holds office until 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 a Director of the Company, liable to retire by rotation, for a period of 5 years with effect from 1<sup>st</sup> April 2003, 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 of Mr. P Sampath, the remuneration payable by way of salary, allowances, commission and other 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.

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

"RESOLVED that Mr. D Rajagopalan, who was appointed by the Board of Directors as an Additional Director, 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.

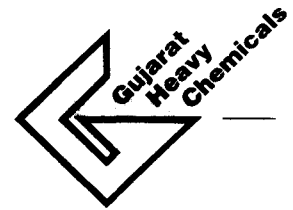
10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED that Mr. Chaman Kumar, who was appointed by the Board of Directors as an Additional Director, 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.

11. 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 Board to delist the equity shares of the Company from Delhi and Calcutta Stock Exchanges, in accordance with Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and subject to such approvals, permissions and sanctions, as may be necessary, and subject to such conditions and modifications as may be prescribed or imposed for the purpose of de-listing of shares of the Company"



**Gujarat Heavy Chemicals Limited**

"RESOLVED FURTHER that the Board of Directors of the Company (whether acting through Board, or its Committee or any other person authorised by the Board) be and is hereby authorised to seek delisting of the equity shares of the Company from Delhi and Calcutta Stock Exchanges and to take all necessary steps in this regard and to do all such acts, deeds, matters, and things as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in regard to de – listing of the equity shares and to execute all such deeds, documents, writings as may be necessary, desirable or expedient, as may be deemed fit and for this purpose, to delegate the authority vested in it by virtue hereof to Mr. P Sampath, Sr. Executive Director or Mr. R S Jalan, Sr. Executive Director or Mr. J P Mehrotra, Sr. General Manager (Finance) & Company Secretary or Mr. Bhuvneshwar Mishra, Assistant Company Secretary of the Company.

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

"RESOLVED that subject to the approval of Registrar of Companies, Gujarat, Dadra & Nagar Haveli, the name of the Company be and is hereby changed from "Gujarat Heavy Chemicals Limited" to "GHCL Limited," and subsequent to this change Clause I of the Memorandum of Association and interpretations section containing definition of "the Company or This Company" of Article of Association be altered accordingly."

"RESOLVED FURTHER that the Board of Directors of the Company (whether acting through Board, or its Committee or any other person authorised by the Board) be and is hereby authorised to make application to the Registrar of Companies Gujarat, Dadra & Nagar Haveli, for change of name of the Company from "Gujarat Heavy Chemicals Limited." to "GHCL Limited" and to take all necessary steps in this regard and to do all such acts, deeds, matters, and things as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in regard to change of name of the Company and to execute all such deeds, documents, writings as may be necessary, desirable or expedient, as may be deemed fit and for this purpose, to delegate the authority vested in it by virtue hereof to Mr. P Sampath, Sr. Executive Director or Mr. R S Jalan, Sr. Executive Director or Mr. J.P. Mehrotra, Sr. General Manager (Finance) & Company Secretary or Mr. Bhuvneshwar Mishra, Assistant Company Secretary of the Company."

**Registered Office:**

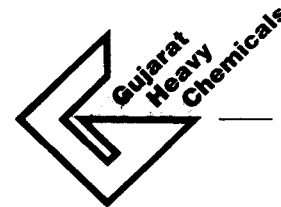
GHCL HOUSE  
Near Punjabi Hall  
Navrangpura, Ahmedabad - 380009  
Dated: 1<sup>st</sup> August, 2003

By Order of the Board  
For **Gujarat Heavy Chemicals Limited**

Bhuvneshwar Mishra  
Assistant 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 15<sup>th</sup> September 2003 to 26<sup>th</sup> September 2003 (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 15<sup>th</sup> September 2003. In respect of the shares in electronic form, the dividend will be payable on the basis of beneficial ownership as on 14<sup>th</sup> September 2003 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 11 of the accompanying Notice as required by Section 173(2) of The Companies Act, 1956, is annexed hereto. The relevant details of directors seeking appointment or reappointment under Items No. 3 to 6 and 8 to 10, as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges are also annexed.
- (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 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.

**Gujarat Heavy Chemicals Limited**

- (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) 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 1996 onwards, are requested to make their claims to the Company accordingly, without any delay.
- (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, residing in the following cities Ahmedabad, Bangalore, Bhubneshwar, Kolkatta, Chandigarh, Chennai, Guwahati, Hyderabad, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. Shareholders holding shares in the physical form who wish to avail ECS facility, may authorise the Company with their ECS Mandate in the prescribed form, enclosed with this Annual Report. Request for payment of dividend through ECS for the year 2002-03 should be lodged on or before 15<sup>th</sup> September 2003 to "Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup - West, Mumbai - 400 078.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item no. 7**

Since more than 25% of the subscribed capital of the Company is held by the Financial Institutions and Gujarat Industrial Investment Corporation Limited (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 8**

Mr. P Sampath was re-appointed by the Board of Directors as an Additional Director at its meeting held on 24<sup>th</sup> January 2003, as per Article 131 and 138 of the Articles of Association of the Company with effect from 1<sup>st</sup> April 2003. Pursuant to Section 260 of the Companies Act, 1956, Mr. P Sampath 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. P Sampath for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. P Sampath is a Graduate in Commerce and Fellow member of Institute of Cost and Works Accountants of India and Institute of Company Secretaries of India. Mr. P Sampath is having very wide areas of experience in Corporate Finance and Corporate Laws and has more than 5 years of experience as Executive Director (Finance) in the Company out of his 28 years of Industrial experience. Mr. P Sampath is a Director of Colwell and Salmon Communications (India) Limited and a member and Shareholders Grievance Committee of Gujarat Heavy Chemicals Limited.

Mr. P Sampath fulfills the eligibility criteria set out under Part I of Schedule XIII to the Companies Act, 1956. The remuneration payable to Mr. P Sampath is in line with the Uniform remuneration package payable to Wholtime 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. **Basic Salary:** Rs. 90,000/- 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. P Sampath 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.
3. **Commission:** As per the Uniform Remuneration Package.

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

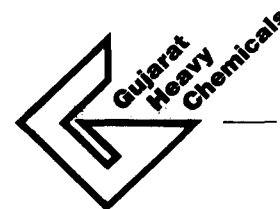
**Item No. 9**

Mr. D Rajagopalan, was appointed by the Board of Directors as an Additional Director at its meeting held on 30<sup>th</sup> October 2002 as per Article 131 and 138 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, Mr. D Rajagopalan 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. D Rajagopalan for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. D Rajagopalan, IAS, aged about 54 years is Principal Secretary of Industries and Mines under Government of Gujarat. He has very wide areas of experience in Public Administration and Public Policy. Mr. D Rajagopalan represents GIIC Ltd. and his association with the Board will be of immense value to the overall progress of the Company.

ANNUAL  
REPORT  
2002-03



**Gujarat Heavy Chemicals Limited**

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

**Item No. 10**

Mr. Chaman Kumar, was appointed by the Board of Directors as an Additional Director at its meeting held on 1<sup>st</sup> August 2003 as per Article 131 and 138 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, Mr. Chaman Kumar 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. Chaman Kumar for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. Chaman Kumar, IAS, aged about 52 years is Managing Director of Gujarat State Financial Corporation (GSFC) and Gujarat Industrial Investment Corporation Ltd. (GIIC). He has very wide areas of experience in Public Administration and Public Policy. Mr. Chaman Kumar represents GIIC Ltd. and his association with the Board will be of immense value to the overall progress of the Company.

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

**Item No. 11**

Presently, the Company's equity shares are listed at the Stock Exchange, Ahmedabad (the regional stock exchange), The Calcutta Stock Exchange Association Limited, The Delhi Stock Exchange Limited, The Stock Exchange Mumbai and National Stock Exchange of India Ltd. (NSE). With the extensive networking of the Stock Exchange, Mumbai (BSE) and the National Stock Exchange of India Limited (NSE) to other most of the cities of the India, investors have access to online dealings in the Company's securities across the country. The bulk of the trading in the Company's equity shares in any case takes place on the BSE and the NSE, and the depth and the liquidity of trading in the Company's securities on all other Stock Exchange in the country, in virtually "Nil". The Company's equity shares are one of the scrips which the Securities and Exchange Board of India (SEBI) has specified for settlement only in the dematerialised form by all investors, since 28<sup>th</sup> August 2000. It is also observed that the listing fee paid to the other Stock Exchange is disproportionately higher and the trading volumes and liquidity are lower compared to the BSE and NSE. As a part of its cost reduction measures, the Company has proposed this resolutions, which will enable it to delist its equity shares from all or any of the following Stock Exchanges i.e. the Delhi Stock Exchange Limited and The Calcutta Stock Exchange Association Limited. In line with the requirement of Listing Agreement entered into, by the Company with the Stock Exchanges and in accordance with SEBI (Delisting of Securities) Guidelines 2003, the Company seeks your approval by way of Special Resolution for voluntary delisting of shares from the Calcutta and Delhi Stock Exchanges. The Company is separately giving Special Notice of the proposed enabling resolution for the said delisting in one National Newspaper on all India basis and one in regional language having circulation in the State of Gujarat. The proposed delisting of the Company shares from the said Stock Exchanges, as and when takes place, will not adversely affect the investors. The delisting will take effect after all approvals, permissions and sanctions are received. The exact date on which delisting will take effect will be suitably notified at that time. Your Directors commend the Special Resolution for approval of members. None of the Directors of the Company are in any way, concerned or interested in the resolution.

**Item No. 12**

The Board of Director at their meeting held on 1<sup>st</sup> August 2003 has given in principle approval for change of name of the Company from "Gujarat Heavy Chemicals Limited" to "GHCL Limited" subject to approval of the members in the ensuing Annual General Meeting and Registrar of Companies. Gujarat, Dadra & Nagar Haveli as the existing name does not really represent the diversified businesses of the Company i.e. Soda Ash, Edible Salt, Textiles and IT enabled services. Further in the last 20 years of its existence, the Company has been able to establish "GHCL" as an identity and hence the name "GHCL Limited" would be most appropriate. Department of Company Affairs vide its Circular No 27/1/87-CL.II dated 27<sup>th</sup> May 1988 had issued direction that "where the existing Companies are stated and found to be well known in their respective fields by their abbreviated names, these Companies may be allowed to change their names, by way of the abbreviation, with the prior approval of the Central Government (This power has now been delegated to the Registrar of Companies). Pursuant to Section 21 or any other applicable provisions of the Companies Act, 1956 the approval of members of the Company is required on the said resolution.

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

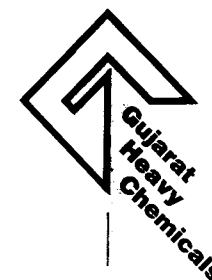
**Registered Office:**

GHCL HOUSE  
Near Punjabi Hall  
Navrangpura, Ahmedabad - 380009  
Dated: 1<sup>st</sup> August, 2003

By Order of the Board  
For Gujarat Heavy Chemicals Limited

Bhupneshwar Mishra  
Assistant Company Secretary

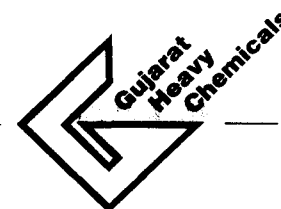


**Gujarat Heavy Chemicals Limited****Appointment or reappointment of Directors:****Details of the Directors seeking appointment /reappointment in 20<sup>th</sup> Annual General Meeting (In pursuance of Clause 49 of the Listing Agreement)**

Name of Directors	Mr. S K Mukherjee	Mr. N S Ramachandran	Mr. K K Ahuja	Mr. Tej Malhotra	Mr. P Sampath	Mr. D Rajagopalan	Mr. Chaman Kumar
Date of Birth	27 <sup>th</sup> December 1935	5 <sup>th</sup> January 1943	31 <sup>st</sup> August 1946	9 <sup>th</sup> June 1950	26 <sup>th</sup> May 1955	26 <sup>th</sup> July 1949	3 <sup>rd</sup> December 1951
Date of Appointment	5 <sup>th</sup> May 2000	5 <sup>th</sup> May 2000	5 <sup>th</sup> May 2000	5 <sup>th</sup> May 2000	24 <sup>th</sup> January 2003 w.e.f 1st April 2003	30 <sup>th</sup> October 2002	1 <sup>st</sup> August 2003
Expertise in specific functional areas	Experienced in Mining Management	Experienced in Soda Ash Marketing	Experienced in the field of Human Resource Management	Experienced in production of Soda Ash and General Management	Experienced in Corporate Finance and Corporate Laws.	Experienced in Public Administration and Public Policy	Experienced in Public Administration and Public Policy
Qualification	Graduate in Mining Engg. Management Diploma Chestees, Glasgow UK	M A (Sociology )	B Sc. MIE BE (Tech) PGD (PSL& IR) MBA, DLL, MS	B Sc. Engg- (Mech)	Graduate in Commerce, FICWA, FCS	IAS	M Sc (Physics), IAS
List of Companies in which outside Directorship held as on 31 <sup>st</sup> March 2003 or on the date of appointment (if appointed after 31 <sup>st</sup> March 2003)	TRF Limited Colwell and Salmon Communications (India) Limited	NA	Dalmia Power Development Ltd. Dalmia Light Power Ltd. Dalmia Power Corporation Ltd. Dalmia Electric Development Ltd. Dalmia Energy Ltd.	NA	Colwell and Salmon Communications (India) Limited	Gujarat Mineral Development Corporation Ltd. Gujarat Industrial Investment Corporation Limited Gujarat State Investment Ltd. Gujarat Setco Clutch Limited Gujarat State Export Corporation Limited Infrastructure Finance Co. of Gujarat Limited Gujarat Industrial Development Corporation Gujarat State Financial Corporation Gujarat Lease Financing Limited Gujarat Themis Biosyn Ltd.	Gujarat State Machine Tools Corporation Limited Gujarat Venture Finance Limited Gujarat Lease Finance Limited Gujarat Alkalies & Chemicals Ltd. Gujarat Chemical Port Terminals Co. Ltd. Gujarat Welspun Sthal Rohrens Limited Gujarat State Investment Ltd. Infrastructure Finance Company Gujarat Ltd. Gujarat Ports Devpt. Co. Ltd. Gujarat Small Industries Corporation Gujarat Industrial & Technical Consultancy
Chairman /Member of the Committee of the Boards of the other Companies on which he is a Director as on 31 <sup>st</sup> March 2003 or on the date of appointment (if appointed after 31 <sup>st</sup> March 2003)	NA	NA	NA	NA	NA	NA	NA



# Gujarat Heavy Chemicals Limited



## DIRECTORS' REPORT

Your Directors have pleasure in presenting to you the 20<sup>th</sup> Annual Report of the Company together with Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2003.

## OPERATIONAL RESULTS

The summary of the financial performance for the year ended 31<sup>st</sup> March 2003 as compared to the previous year is as under. However, the figures are not comparable as the year 2002-03 incorporates the effect of the amalgamation of the erstwhile Icon Data Management Limited w.e.f. 1<sup>st</sup> February 2003 as per the Order dated 17<sup>th</sup> March 2003, of the Hon'ble High Court of Gujarat.

	(Rs. crores)	
	2002-03	2001-02
Net Sales/Income	434.82	406.89
Gross profit before interest and depreciation	99.72	107.95
Interest	20.00	28.64
Profit before depreciation and preliminary expenses - (cash profit)	79.72	79.31
Depreciation/Preliminary Expenses written off	29.52	29.21
Profit before Tax	50.20	50.10
Provision For Taxation - Current	3.57	3.57
Provision For Taxation - Deferred	0.32	0.82
Profit after tax	46.31	45.71
Balance brought forward from last year	63.29	60.68
Excess/(short) provision for tax for earlier year	(0.06)	(0.45)
Debenture redemption Reserve written back	9.85	2.12
Balance absorbed on Amalgamation	(16.74)	—
Amount available for Appropriation	102.65	108.06
<b>Appropriations :</b>		
Debenture Redemption Reserve	3.42	6.00
Capital Redemption Reserve	—	10.00
General Reserve	5.00	5.00
Proposed Dividend	21.87	23.77
Tax on Dividend	2.80	—
Balance Carried To Balance Sheet	69.56	63.29

negotiated others at lower interest rates. In fact, during the year, most of the fund requirements were met through internal generation. Consequently interest charges were substantially lower at Rs. 20.00 Crores as against Rs. 28.64 Crores in the previous year.

Your Company has contributed a sum of Rs. 62.85 Crores to the Exchequer by way of Central excise, Sales Tax and Income Tax during the period.

During the year your Company has transferred a sum of Rs. 11.29 lacs towards unclaimed dividend/unclaimed deposits alongwith interest thereon.

## FIXED DEPOSITS

The Company discontinued inviting, accepting and renewing of fixed deposits effective from 24<sup>th</sup> September 2002. In respect of existing deposits that were due for repayment during the year under review 25.78 lacs remained unclaimed as on 31<sup>st</sup> March 2003, out of which 7.27 lacs have since been repaid till 31<sup>st</sup> July 2003.

## 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 subsidiaries for the year ended 31<sup>st</sup> March 2003.

## 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 alongwith Auditor's certificate for the compliance.

## VOLUNTARY DELISTING OF THE EQUITY SHARES FROM DELHI AND CALCUTTA STOCK EXCHANGES.

The equity shares of your Company are listed at The Stock Exchange, Ahmedabad (the regional stock exchange), The Calcutta Stock Exchange Association Limited, The Delhi Stock Exchange Limited, The Stock Exchange Mumbai and The National Stock Exchange of India Limited (NSE). The annual listing fees for the year 2003-04 has been paid to all these Stock Exchanges. The shares of the Company are compulsorily traded in dematerialized form.

Specific attention of the Members is drawn to the Item No. 11 of the Notice of the Annual General Meeting and the Explanatory Statement attached thereto, whereby the Company proposes to

## PERFORMANCE

Despite severe competition at the Soda Ash domestic market due to creation of additional capacities in the Industry, your Company has maintained its performance due to continued effort on cost reduction, lowering of interest cost and improved performance of the yarn division. The profit after tax is marginally higher at Rs.46.31 Crores as against Rs. 45.71 Crores in the previous year.

## DIVIDEND

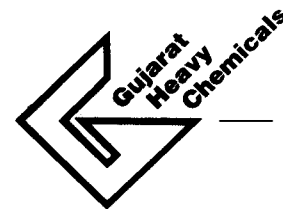
Your Directors are pleased to recommend a dividend of Rs. 2.30 per Equity Share for the year ended 31<sup>st</sup> March 2003.

The pay out ratio including dividend tax (total dividend as % of profit after tax) for the year ended 31<sup>st</sup> March 2003 is 53% (previous year 52%)

## FINANCE

The Company has progressively retired high cost debt and partly

## Gujarat Heavy Chemicals Limited



delist its equity shares from Delhi and Calcutta Stock Exchanges. With the wide and extensive networking of the BSE and NSE, the investors have access to online dealings in the Company's shares across the country. The trading volumes of the Company's shares on the Delhi and Calcutta Stock Exchanges are on the decline since the past few years as the bulk of the shares are transacted on the BSE and NSE.

The listing fees paid to the Stock Exchanges do not now offer commensurate benefits to the Company/ its investors and the continued listing on the Delhi and Calcutta Stock Exchanges is not considered necessary. The Board of Directors has therefore, decided to apply for the voluntary delisting under the SEBI (Delisting of Securities) Guidelines 2003, of the Company's shares from the Delhi and Calcutta Stock Exchanges. Considering that equity shares will continue to be listed at BSE, NSE and Ahmedabad Stock Exchanges, no exit option is required to be offered to the shareholders. The delisting would further contribute to the cost reduction initiative taken across various functional areas of the Company. The delisting of equity shares from Delhi and Calcutta Stock Exchanges will not adversely affect any investors including the members located in the regions where the said Stock Exchanges are situated.

### AMALGAMATION

Icon Data Management Limited (IDML), an erstwhile subsidiary of the Company was amalgamated with the Company, following the Order of Hon'ble High Court of Gujarat dated 17<sup>th</sup> March 2003. The appointed date of amalgamation is 1<sup>st</sup> February 2003. Accordingly, IDML has become a Division of the Company. The financial results of the erstwhile IDML for the period beginning from the appointed date of amalgamation to 31<sup>st</sup> March 2003 are reflected in the Company's accounts.

### SUBSIDIARIES

During the year, your Company has acquired the entire equity comprising of 50,050 equity shares of Rs. 10/- each fully paid up of M/s Colwell and Salmon Communications (India) Limited thereby making it a wholly owned subsidiary of the Company. M/s Colwell & Salmon Communications Inc. USA, subsidiary of erstwhile M/s Icon Data Management Limited, has become direct subsidiary of your Company by virtue of amalgamation of M/s Icon Data Management Limited with your Company. As required under Section 212 of the Companies Act, 1956 the audited statement of accounts along with the report of the Board of Directors of the subsidiaries and the respective Auditor's report thereon for the year ended 31<sup>st</sup> March 2003 are annexed herewith.

### SHAREHOLDING OF PROMOTERS' GROUP

Pursuant to Regulation 3 (e) of SEBI (Substantial Acquisition of Shares & Takeover) Regulations, 1997 it is hereby informed that your Company is jointly promoted by Dalmia Group Companies and its associates along with Gujarat Industrial Investment Corporation Limited (GIIC) and the details of their shareholdings are being regularly disclosed to the Stock Exchanges under the requirement of listing agreement on quarterly basis. As on 30<sup>th</sup> June 2003 Dalmia Group and its associates is holding 30.89 % and GIIC is holding 13.41 % of the total paid up equity Capital of the Company.

### CODE FOR PREVENTION OF INSIDER TRADING

Your Company has adopted a Code of Conduct for Prevention of Insider Trading ("GHCL Code") in the shares of the Company. The "GHCL Code" *inter alia*, prohibits purchase/sale of shares

of the Company by employees while in possession of unpublished price sensitive information in relation to the Company. The disclosure of information pursuant to "GHCL Code" has already been given to Stock Exchanges.

### CHANGE OF NAME

Your Company has diversified into Edible Salt, Textiles and IT enabled services and therefore, the existing name of the Company does not really represent the true nature of business in which Company is engaged. The Company has been able to establish its identity with "GHCL" and hence the Board of Directors has given its in principle approval for change of name of the Company from "Gujarat Heavy Chemicals Limited" to "GHCL Limited" subject to approval of the members in the ensuing Annual General Meeting and Registrar of Companies Gujarat, Dadra & Nagar Haveli.

### DIRECTORS

During the year the Board re-appointed Mr. P Sampath as Additional Director for a period of 5 years on the Board subject to members' approval. The Board also appointed Mr. D Rajagopalan and Mr. Chaman Kumar as the nominee of GIIC Limited in place of Mr. L Mansingh and Mr. C L Meena respectively. The Company has received notice u/s 257 of the Companies Act, 1956 from shareholders signifying intention to propose at the ensuing Annual General Meeting the candidature of Mr. P Sampath, Mr. D Rajagopalan and Mr. Chaman Kumar as Directors of the Company. Directors recommend their appointment at the ensuing Annual General Meeting.

The Directors place on record their gratitude for the services rendered by Mr. G P Joshi, Mr. L Mansingh, Mr. C L Meena, and Mr. Shyamsunder Viswanathan during their tenure as members of the Board. The Directors also welcome Mr. D Rajagopalan and Mr. Chaman Kumar to the Board and wish him success for a fruitful association in the future.

Mr. S K Mukherjee, Mr. N S Ramachandran, Mr. K K Ahuja and Mr. Tej Malhotra retire by rotation and, being eligible, offer themselves for re-appointment. The Board recommends their 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 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 Jayantilal Thakkar & Co., and M/s Rahul Gautam Divan & Associates, the Joint Auditors of the Company, will retire at the ensuing Annual General Meeting and are eligible for re-