

# **GHCL Limited**



**GHCL Limited****BOARD OF DIRECTORS****Sanjay Dalmia****Anurag Dalmia****D Rajagopalan****P K Pujari****P D Vaghela****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**

Joint Managing Director

**R S Jalan**

Joint Managing Director

**Tej Malhotra**

Wholetime Director

**N S Ramachandran**

Wholetime Director

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

**SUBSIDIARIES**Colwell and Salmon Communications (India) Limited  
Colwell & Salmon Communications Inc, USA**AUDITORS**

Jayantilal Thakkar &amp; Co.

Rahul Gautam Divan &amp; Associates

**WORKS****SODA ASH**Village - Sutrapada,  
Near Veraval,  
Distt. Junagarh - 362 256  
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

**ITES**C-39, Sector - 58  
Noida**BANKERS**State Bank of Travancore  
Bank of Maharashtra  
Canara Bank  
State Bank of Hyderabad  
Dena Bank  
Development Credit Bank  
IDBI Bank Limited  
Standard Chartered Bank  
Central Bank of India  
HDFC Bank Limited**SHARE TRANSFER AGENTS**Intime Spetrum Registry Limited  
C-13, Pannalal Silk Mills Compound  
LBS Marg  
Bhandup - West  
Mumbai - 400 078

**GHCL Limited****CONTENTS**

|  |    |
|--|----|
| Notice   | 3  |
| Directors' Report  | 7  |
| Management Discussion & Analysis   | 10 |
| Corporate Government Report  | 13 |
| Auditors' Report   | 19 |
| Balance Sheet  | 22 |
| Profit & Loss Account  | 23 |
| Cash Flow Statement  | 24 |
| Schedules Forming Part of the Balance Sheet and Profit & Loss Account              | 25 |
| Notes on Accounts  | 32 |
| Statement u/s 212  | 39 |
| Annual Accounts of Subsidiaries  | 40 |
| <b><u>CONSOLIDATED FINANCIAL STATEMENT :</u></b>                                   |    |
| Auditors' Report   | 49 |
| Consolidated Balance Sheet   | 50 |
| Consolidated Profit & Loss Account   | 51 |
| Consolidated Cash Flow Statement   | 52 |
| Schedules Forming Part of the Consolidated Balance Sheet and Profit & Loss Account | 53 |
| Notes to the Consolidated Financial Statement                                      | 60 |
| Electronic Clearing Services (ECS) Mandate Format                                  | 65 |
| Nomination Request Form  | 67 |
| Attendance Slip and Proxy Form   |    |



**GHCL Limited****NOTICE**

NOTICE is hereby given that the 21<sup>st</sup> 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, the 24<sup>th</sup> day of September, 2004 at 10.30 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 2004, 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. Sanjay Dalmia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Anurag Dalmia, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. R S Jalan, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. Naresh Chandra, who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint a Director in place of Mr. S H Ruparell, who retires by rotation and being eligible, offers himself for re-appointment.
8. 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".

ANNUAL  
REPORT  
03 3 04

**SPECIAL BUSINESS**

9. 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 Pujari, 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. P D Vaghela, 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) following resolution as **Ordinary Resolution**:

"RESOLVED that pursuant to the provisions of Section 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereof, consent of the Company be and is hereby accorded to the revision in terms of remuneration payable to Whole time Directors including Managing Director (s) as set out in the Explanatory Statement annexed hereto."

"RESOLVED FURTHER that all other terms and conditions of Uniform Remuneration Package pertaining to perquisites, commission, special allowances, retiral benefits and other benefits as approved by the members in their meeting held on 20<sup>th</sup> September 2000 will remain unchanged."

"RESOLVED FURTHER that Board of Directors of the Company be and is hereby authorised to alter, amend or vary the terms and conditions of uniform remuneration package as approved by the members so as to such alteration, amendment or variation will be in line with the approved uniform remuneration package and Schedule XIII of the Companies Act, 1956 or any amendment made thereto."

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

"RESOLVED that Company do hereby accord its consent under Section 293 (1)(a) and other applicable provisions of the Companies Act, 1956, to mortgaging and/or charging by the Board of Directors of Company, the immovable properties in

**GHCL Limited**

respect of Soda Ash Division of the Company situated at village limits of Sutrapada, Taluka Veraval, District Junagadh in the state of Gujarat for securing term loan of U S \$ 4.5 million (U S Dollar 4.5 million) obtained from Cooperative Centrale, Raiffeisen – Boerenleenbank B.A., Singapore together with interest, costs, charges, expenses and any other money payable by the Company”

13. To consider and if thought fit to pass with or without modification(s) following resolution as **Ordinary Resolution**.

“Resolved that Company do hereby accord its consent under Section 293 (1)(a) and other applicable provisions of the Companies Act, 1956, to mortgaging by way of second charge and/or charging by the Board of Directors of Company, the immovable properties in respect of Soda Ash Division of the Company situated at village limits of Sutrapada Taluka Veraval, District Junagadh in the state of Gujarat for securing working capital limits of Rs.115 crores from:

| Sr. No. | Name of the Bank         | Rs. in Crores |
|---------|--------------------------|---------------|
| 1.      | State Bank of Travancore | 32.00         |
| 2.      | Bank of Maharashtra      | 20.00         |
| 3.      | Canara Bank              | 18.00         |
| 4.      | State Bank of Hyderabad  | 15.90         |
| 5.      | Dena Bank, Ashram Road   | 10.60         |
| 6.      | Development Credit Bank  | 10.00         |
| 7.      | IDBI Bank Ltd.           | 8.50          |
|         | Total                    | 115.00        |

together with interest, costs, charges, expenses and any other money payable by the Company.



**Registered Office:**  
GHCL HOUSE  
Opp. Punjabi Hall  
Navrangpura, Ahmedabad - 380009  
Dated: 30<sup>th</sup> July 2004

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

Bhuwneshwar Mishra  
Dy. Company Secretary

#### NOTES

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. Proxies in order to be effective must be deposited at the Registered office of the Company not less than 48 hours before the commencement of the Meeting.
- (2) The Register of Members and Share Transfer Books of the Company will remain closed from Thursday the 16<sup>th</sup> September 2004 to Friday the 24<sup>th</sup> September 2004 (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 16<sup>th</sup> September 2004. In respect of the shares in electronic form, the dividend will be payable on the basis of beneficial ownership as on 15<sup>th</sup> September 2004 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. 8 and Special Business in respect of Item Nos. 9 to 13 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 7 and 9 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.

**GHCL Limited**

- (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.
- (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 31<sup>st</sup> March 1997, 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 2004 pursuant to provisions of Section 205 A of the Companies Act, 1956. Members who have not encashed their dividend warrant (s) for the financial year ended 31<sup>st</sup> March 1997 or any subsequent financial year (s), are requested to lodge their claims with Intime Spectrum Registry Ltd (ISRL). However, in respect of unclaimed dividend for the financial year ended 31<sup>st</sup> March 1997 only those claims which are received by ISRL on or before 31<sup>st</sup> August will be entertained. 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. However, 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 2003-04 should be lodged on or before 16<sup>th</sup> September 2004 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. 8

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. 9

Mr. P K Pujari, was appointed by the Board of Directors as an Additional Director at its meeting held on 28<sup>th</sup> January 2004 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 Pujari 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 K Pujari for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. P K Pujari, IAS, aged about 47 years is Secretary of Economic Affairs with Government of Gujarat. He has very wide areas of experience in Public Administration and Public Policy. Mr. P K Pujari 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. P K Pujari, none of the Directors of the Company is interested in the resolution.

##### Item No. 10

Mr. P D Vaghela, was appointed by the Board of Directors as an Additional Director at its meeting held on 28<sup>th</sup> January 2004 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 D Vaghela 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 D Vaghela for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. P D Vaghela, IAS, aged about 44 years is Managing Director of Gujarat Industrial Investment Corporation Ltd. (GIIC). He has very wide areas of experience in Public Administration and Public Policy. Mr. P D Vaghela 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. P D Vaghela, none of the Directors of the Company is interested in the resolution.

##### Item No. 11

The members in the AGM held on 20<sup>th</sup> September 2000 approved a Uniform Remuneration Package in accordance with which the Whole time Directors including Managing Director (s) of the Company were being compensated for their services. Keeping in view the increased responsibilities and challenges and in order to ensure that annual increment are in line with practice in the industry it is propose to increase the limit of basic salary payable to Whole time Directors including Managing Director (s) as follows.

- (a) Salary payable to each Whole time Director including Managing Director (s) shall not exceed Rs. 2,00,000/ per month.
- (b) All other terms and conditions pertaining to perquisites, commission, special allowances, retiral benefits and other miscellaneous benefits shall remain unchanged."

Yours Directors commend the resolutions for your approval. All the Whole time Directors are concerned or interested in the said resolution.

03 5 04  
ANNUAL  
REPORT



**GHCL Limited**

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

**Item No. 12**

As a security for External Commercial Borrowing (ECB) availed from the Cooperative Centrale, Raiffeisen – Boerenleenbank B.A. (Rabo Bank – Singapore), the Company is required to create first pari passu mortgage of its immovable properties in respect of Soda Ash division of the Company situated at village limits of Sutrapada, Taluka Veraval, District Junagadh in the state of Gujarat. As per the requirement of Section 293 (1) (a) of the Companies Act, 1956, members approval is being sought for creating the pari passu charge in favour of Cooperative Centrale, Raiffeisen – Boerenleenbank B.A. (Rabo Bank – Singapore), subject to other approves, if any. Board recommends the resolution for approval. None of the Directors of the Company is interested in this resolution.

**Item No. 13**

As a security to obtain working capital facilities of Rs.115 crores from the various banks as mentioned in the resolution, the Company is required to create second charge on immovable properties in respect of Soda Ash Division situated at village limits of Sutrapada Taluka Veraval, District Junagadh in the state of Gujarat.

As per the requirement of Section 293(1) (a) of the Companies Act, 1956, members approval is being sought for creating second charge in favour of State Bank of Travancore, Bank of Maharashtra, Canara Bank, State Bank of Hyderabad, Dena Bank, Development Credit Bank Ltd. and IDBI bank Ltd. subject to compliance of other formalities/approvals, if any.

Board recommends the resolution for approval. None of the Directors of the Company is interested in this resolution.

**Registered Office:**

GHCL HOUSE

Opp. Punjabi Hall

Navrangpura, Ahmedabad – 380009

Dated: 30<sup>th</sup> July 2004

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

Bhuwadeshwar Mishra  
Dy. Company Secretary

**Appointment or reappointment of Directors:****Details of the Directors seeking appointment /reappointment in 21st Annual General Meeting (In pursuance of Clause 49 of the Listing Agreement)**

| Name of Directors  | Mr. Sanjay Dalmia                       | Mr. Anurag Dalmia  | Mr. R S Jalan                                  | Mr. Naresh Chandra      | Mr. S H Rupareli                          | Mr. P K Pujari  | Mr. P D Vaghela  |
|--|---|--|--|-------------------------|---|---|--|
| Date of Birth  | 13-Jul-44                               | 11-May-56  | 10-Oct-57                                      | 11-Feb-35               | 5-Dec-31                                  | 12-Jun-57   | 22-Sep-60  |
| Date of Appointment  | 20-Oct-83                               | 19-Apr-86  | 21-Sep-01                                      | 28-Nov-97               | 10-Oct-91                                 | 28-Jan-04   | 28-Jan-04  |
| Expertise in specific functional areas   | Industrialist                           | Industrialist  | Finance & Accounts, Textile industry           | Industrialist           | Solicitors Authorised to administer oaths | Public Administration and Public Policy   | Public Administration and Public Policy  |
| Qualification  | Graduate and Ex - Member of Rajya Sabha | Graduate   | FCA  | Post Graduates          | MBE                                       | IAS   | IAS  |
| List of Companies in which outside Directorship held as on 31st March 2004   | 1. Bharat Explosives Ltd.               | 1. Bharat Explosives Ltd.<br>2. PHD Chamber of Commerce and Industry | 1. Bharat Explosives Limited                   | 1. Hercules Hoists Ltd. | NIL                                       | 1. Gujarat Mahindra Tractor Limited<br>2. Gujarat State Financial Services Limited, Ahmedabad<br>3. Gujarat State Petroleum Corporation Limited<br>4. Gujarat Small Scale Industries Corporation<br>5. Gujarat State Energy Generation Ltd.<br>6. Gujarat State Road Transport Corporation<br>7. Gujarat State Petronet Ltd.<br>8. Gujarat Informatics Limited<br>9. Gujarat Growth Centres<br>10. Development Corporation Ahmedabad Mehsana Toll Road Company Limited<br>11. Gujarat Toll Road Company Ltd.<br>12. Vadodara Halol Toll Road Company Ltd.<br>13. Gujarat State Investments Ltd.<br>14. Gujarat State Financial Services<br>Member - Audit Committee - GSFS, GSFC, GSEG, GSIC, GIL, AMTRL, VHTRL | 1. Gujarat State Machine Tools Corporation Limited<br>2. Gujarat Venture Finance Limited<br>3. Gujarat Lease Financing Ltd.<br>4. Gujarat Alkalies & Chemicals Ltd.<br>5. Gujarat Chemical Port Terminals Ltd.<br>6. Webspun Gujarat Steel Rohrens Limited<br>7. Gujarat State Investment Ltd.<br>8. Infrastructure Finance Company Gujarat Ltd.<br>9. Gujarat Ports Infrastructure and Devpt. Co. Ltd.<br>10. Gujarat Alcock Ashdown Ltd. |
| Chairman /Member of the Committee of the Boards of the other Companies on which he is a Director as on 31st March 2004 | NA                                      | NA   | Member - Audit Committee & Grievance Committee | NA                      | NA  | NA  | NA   |



## DIRECTORS' REPORT

Your Directors have pleasure in presenting to you the 21<sup>st</sup> Annual Report of the Company together with Audited Accounts of the Company for the year ended 31st March 2004.

## OPERATIONAL RESULTS

The summary of the financial performance for the year ended 31<sup>st</sup> March 2004 as compared to the previous year is as under. However, the figures are not comparable as the current year incorporates full year results of the ITES division whereas the previous year has only two months of operations of the ITES division.

|   | (Rs. Crores) |         |
|---|--------------|---------|
|   | 2003-04      | 2002-03 |
| Net Sales /Income   | 469.51       | 434.82  |
| Gross profit before interest and depreciation                       | 89.02        | 99.72   |
| Interest  | 14.76        | 20.00   |
| Profit before depreciation and preliminary expenses - (cash profit) | 74.26        | 79.72   |
| Depreciation/Preliminary  |              |         |
| Expenses written off  | 32.95        | 29.52   |
| Profit before Tax   | 41.31        | 50.20   |
| Provision For Taxation - Current                                    | 16.20        | 3.57    |
| Provision For Taxation - Deferred                                   | (4.98)       | 0.32    |
| Profit after tax  | 30.09        | 46.31   |
| Balance brought forward from last year                              | 69.56        | 63.29   |
| Arrears of Depreciation/Deferred Revenue                            |              |         |
| Expenditure for earlier years                                       | (3.13)       | -       |
| Excess/(short) provision for tax for earlier year                   | 0.23         | (0.06)  |
| Debenture redemption  |              |         |
| Reserve written back  | -            | 9.85    |
| Balance absorbed on Amalgamation                                    | -            | (16.74) |
| Amount available for Appropriation                                  | 96.75        | 102.65  |
| <b>Appropriations :</b>   |              |         |
| Debenture Redemption Reserve  | 1.58         | 3.42    |
| General Reserve   | 1.50         | 5.00    |
| Proposed Dividend   | 14.26        | 21.87   |
| Tax on Dividend   | 1.87         | 2.80    |
| Balance Carried To Balance Sheet                                    | 77.54        | 69.56   |

## PERFORMANCE

With the continuous pressure of competition in the Soda Ash domestic market due to additional supplies by a local producer in the market alongwith import threat due to constant rupee appreciation and also the impact of increasing coke prices (which have increased by more than three times), your Company has been successful in partially setting off the negative factors due to continued effort on cost reduction, lowering of interest cost and improved performance of the yarn division after modernisation.

## DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.1.50 per Equity Share for the year ended 31<sup>st</sup> March 2004. The pay out ratio including dividend tax (total dividend as % of profit after tax) for the year ended 31<sup>st</sup> March 2004 is 54% (previous year 53%)

## FINANCE

The Company has progressively retired high cost debt and

partly negotiated others at lower interest rates and converted rupee term loans into foreign currency loans. During the year, most of the fund requirements were met through internal generation except for the funding of modernisation for the Yarn division under the TUF scheme eligible for concessional rate of interest. Consequently interest charges were substantially lower at Rs. 14.76 Crores as against Rs. 20.00 Crores in the previous year.

Your Company has contributed a sum of Rs. 79.17 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.15.67 lacs towards unclaimed dividend/unclaimed deposits alongwith interest thereon.

## FIXED DEPOSITS

Your 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 Rs. 17.26 lacs remained unclaimed as on 31st March 2004, out of which Rs. 0.91 lacs have since been repaid till 31st May 2004.

## 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 31st March 2004.

## 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 Stock Exchange Mumbai, The Calcutta Stock Exchange Association Ltd. (CSE) 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 application for voluntarily delisting were duly filed with Delhi Stock Exchange (DSE) and Calcutta Stock Exchange (CSE) simultaneously. The equity shares of the Company has been delisted from Delhi Stock Exchange with effect from 26th December 2003, and the delisting confirmation from Calcutta Stock Exchange is awaited.



**GHCL Limited****SUBSIDIARIES**

During the year, your Company has subscribed 6,99,950 equity shares of Rs. 10/- each fully paid up of M/s Colwell and Salmon Communications (India) Limited, wholly owned subsidiary of the Company and also acquired 140 shares of Colwell & Salmon Communications Inc., USA under a share purchase agreement thereby increasing its holding to 76%. 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 2004 are annexed herewith.

**CHANGE OF NAME**

As approved by the members in the last Annual General Meeting held on 26<sup>th</sup> September 2003, the name of your Company has been changed to "GHCL Limited" with effect from 21<sup>st</sup> November 2003.

**DIRECTORS**

During the year Board has appointed Mr. P K Pujari, IAS, Secretary Economic Affairs, Government of Gujarat and Mr. P D Vaghela, IAS, Managing Director of Gujarat Industrial Investment Corporation Ltd. (GIIC Ltd) in place of Mr. Hasmukh Adhia and Mr. Chaman Kumar respectively, in its meeting held on 28<sup>th</sup> January 2004 as the nominee of GIIC Limited. 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 Pujari and Mr. P D Vaghela as Directors of the Company. Directors recommend their appointment at the ensuing Annual General Meeting.

The Directors place on record their appreciation for the services rendered by Mr. Chaman Kumar and Mr. Hasmukh Adhia during their tenure as members of the Board. The Directors also welcomed Mr. P K Pujari and Mr. P D Vaghela to the Board. Mr. K K Ahuja, Executive Director (HR) resigned from the services of the Company w.e.f. 30<sup>th</sup> June 2004 and the Directors place on record their appreciation for the services rendered by him.

Mr. Sanjay Dalmia, Mr. Anurag Dalmia, Mr. R S Jalan, Mr. Naresh Chandra and Mr. S H Ruparel 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 Rahul Gautam Divan & Associates and M/s Jayantilal

Thakkar & Co., the Joint Auditors of the Company, will retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a certificate 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 appointment of the Auditors is required to be made by a Special Resolution pursuant to provisions of Section 224A of The Companies Act, 1956.

The Board recommends their re-appointment.

**COST AUDITORS**

The Board has appointed M/s R J Goel & Company, New Delhi and M/s L S Sathiamurthi & Co. Chennai as Cost Auditors for the Soda Ash division and Yarn division of the Company respectively under Section 233B of the Companies Act, 1956 for the financial year 2003-04. The Cost Auditors' Report for 2003-04 will be forwarded to the Central Government in pursuance of the provisions of the Companies Act, 1956.

**AUDITORS OBSERVATIONS**

The Notes to Accounts, forming part of the Balance Sheet as at 31<sup>st</sup> March 2004 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**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 217 (2AA) of the Companies Act, 1956, that :

- in the preparation of the annual accounts for the year ended 31<sup>st</sup> March 2004, the applicable accounting standards have been followed.
- appropriate accounting policies have been selected and applied them consistently and judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs as at 31<sup>st</sup> March 2004 and of the profit of the Company for the financial year ended 31<sup>st</sup> March 2004;
- the proper and sufficient care has been taken 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;
- the annual accounts for the year ended 31<sup>st</sup> March 2004 have been prepared 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 the results. The Directors take this opportunity of thanking them and hope that they will maintain their commitment to excellence in the years to come.

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

Sd/-

Date : 30th July 2004  
Place : New Delhi

**SANJAY DALMIA**  
Chairman of the meeting

ANNUAL  
REPORT  
03 8 04

**GHCL Limited****ANNEXURE I TO THE DIRECTORS' REPORT****A. CONSERVATION OF ENERGY****a) Energy Conservation Measures Taken**

1. System for uniform mixing of fuel i.e. coal & lignite, commissioned, resulting in 0.25% benefit in Boiler efficiency.
2. Distiller flash tank lowering of all three streams done, about 5% reduction is achieved in distiller steam consumption.
3. Energy Management Cell is in action for making GHCL a most efficient Company.

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

Schemes planned under this head are:

1. Expansion of Briquetting Plant Capacity to utilise rejected Coke Breeze.
2. Boiler efficiency improvement by fire side fuel additives.
3. Bicarb filtration system improvement for reduction in Bicarb moisture.

**B. POWER & FUEL CONSUMED****1. Electricity**

|                                | 2003- 04 | 2002- 03 |
|--------------------------------|----------|----------|
| (i) Purchased Units (lacs kwh) | 326.79   | 244.64   |
| Total amount (Rs.lacs)         | 1452.32  | 1136.38  |
| Rate per Unit (Rs.)            | 4.44     | 4.65     |

**(ii) Own Generation****(a) Through DG**

|                             |       |       |
|-----------------------------|-------|-------|
| Units (lacs kwh)            | 10.23 | 22.68 |
| Units per ltr of Diesel Oil | 3.91  | 3.35  |
| Cost per unit (Rs.)         | 4.28  | 5.90  |

**(b) Through TG**

|                     |         |         |
|---------------------|---------|---------|
| Units (lacs kwh)    | 1065.75 | 1092.54 |
| Cost per unit (Rs.) | 1.15    | 1.11    |

**2 Coal**

|                       |          |           |
|-----------------------|----------|-----------|
| Quantity (MT.)        | 96317.00 | 117797.00 |
| Total cost (Rs. lacs) | 2056.67  | 2965.57   |
| Average Rate (Rs/MT)  | 2135.31  | 2517.53   |

**3 Lignite**

|                       |           |           |
|-----------------------|-----------|-----------|
| Quantity (MT.)        | 186368.00 | 166089.00 |
| Total cost (Rs. lacs) | 2483.42   | 2171.25   |
| Average Rate (Rs/MT)  | 1332.54   | 1307.28   |

**4 Consumption per Unit of Production**

|                | Electricity(Kwh/MT) |         | Coal(MT/MT) |         | Lignite (MT/MT) |         |
|----------------|---------------------|---------|-------------|---------|-----------------|---------|
| Production(MT) | 2003-04             | 2002-03 | 2003-04     | 2002-03 | 2003-04         | 2002-03 |
| Soda Ash       | 212.70              | 217.44  | 0.19        | 0.23    | 0.37            | 0.33    |
| Salt           | 32.51               | 31.29   | -           | -       | -               | -       |
| Yarn           | 6.37                | 5.28    | -           | -       | -               | -       |

**C. TECHNOLOGY ABSORPTION****1. Research & Development**

Efforts continue to bring in operational efficiencies and product upgradation through R&amp;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.

 03  
 ANNUAL  
 9  
 REPORT  
 04