

GHCL Limited



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GHCL Limited**BOARD OF DIRECTORS****Sanjay Dalmia****Anurag Dalmia****Neelabh Dalmia****G A Tadas**

Nominee (IDBI)

R W Khanna

Nominee (Exim Bank)

Dr. B C Jain**Jagdish Capoor****H H Faruqi****Naresh Chandra****Mahesh Kheria**

(Alt. to Mr. S H Ruparell)

S K Mukherjee**P Sampath**

Joint Managing Director

R S Jalan

Joint Managing Director

Tej Malhotra

Sr. Executive Director (Operations)

SECRETARIES**J P Mehrotra****Sr. General Manager (Finance) &
Company Secretary****Bhuwneshwar Mishra****Jt. Company Secretary & Compliance Officer****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 & Co.
Rahul Gautam Divan & 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
Manapara - 621 312
- c) 15-17, Mohid Tower Daman
Road, ChalaVapi - 396 191,
Valsad, District Gujarat, India

ITESC-39, Sector - 58
Noida**ENERGY DIVISION**

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

BANKERSState Bank of Travancore
Bank of Maharashtra
Canara Bank
State Bank of Hyderabad
Dena Bank
Development Credit Bank
IDBI Bank Limited**SHARE TRANSFER AGENTS**Intime Spetrum Registry Limited
C-13, Pannalal Silk Mills Compound
LBS Marg
Bhandup - West
Mumbai - 400 078

GHCL Limited**NOTICE**

NOTICE is hereby given that the 22nd 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 2nd day of September 2005 at 10.30 AM to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2005, Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend for the financial year ended 31st March, 2005.
3. To appoint a director in place of Dr. B C Jain, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. P Sampath, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s Jayantilal Thakkar & Co., Chartered Accountants and M/s Rahul Gautam Divan & Associates, Chartered Accountants as Joint Auditors of the Company, to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting and to authorize Board of Directors to fix their remuneration.

SPECIAL BUSINESS:**6. Appointment of Mr. H H Faruqi as Director of the Company**

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

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

7. Appointment of Mr. Tej Malhotra as Director of the Company

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

"RESOLVED THAT Mr. Tej Malhotra who was re - appointed by the Board of Directors as an Additional Director of the Company 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 May 5, 2005, on such terms and conditions including remuneration as stated in the Explanatory Statement annexed to the Notice convening this Meeting, 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. Tej Malhotra, 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."

8. Appointment of Mr. Jagdish Capoor as Director of the Company

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

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

9. Appointment of Mr. Neelabh Dalmia as Director of the Company

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

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

10. Enhancement of Borrowing Power

To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT in supersession of Resolution No. 14 passed at 9th Annual General Meeting of the Company held on September 19, 1992 and pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company ("the Board") to borrow such sums of money as may be considered fit for the purpose of the business of the Company notwithstanding that the monies to be so borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up share capital and free reserves of the Company, provided however, that the total borrowings at any one time and outstanding shall not exceed Rs. 1500 Crores;



RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion consider necessary, proper, desirable and to settle any question, difficulty, or doubt that may arise in this regard."

11. Creation of charges or mortgages and hypothecations U/s 293 (1) (a) of the Companies Act, 1956

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 293(1)(a) of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include any existing Committee (s) or any Committee the Board may hereafter constitute to exercise powers of the Board including the power conferred by this resolution) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the management and concern of the Company in certain events in favour of banks/ financial institutions, other investing agencies and trustees for the holders of debentures /bonds / other instruments to secure rupee/ foreign currency loans and / or the issue of debentures whether partly / fully / non convertible and / or securities linked to Ordinary shares and / or rupee / foreign currency convertible bonds and / or bonds with share warrants attached hereinafter collectively referred to as "Loans") provided that the total amount of loan together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and all other moneys payable by the Company in respect of the said loans, shall not at any time exceed the limit of Rs. 1500 Crores;

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors be and is hereby authorized and empowered to finalize, settle and execute any such formal contract, agreements, documents, deeds, indemnities, guarantees or other legal undertakings as may be required and 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 or doubt that may arise in regard to creating mortgages/charges as aforesaid."

12. Alteration of capital clause of Memorandum of Association

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

"RESOLVED THAT pursuant to Section 16 and other applicable provisions, if any of the Companies Act, 1956 the existing Clause 5 of the Memorandum of Association of the Company be and is hereby altered by substituting the following Clause 5 for the present Clause 5:

5. "The Authorised Share Capital of the Company is Rs. 125,00,00,000 (Rs. One hundred twenty five crores only) divided into

(a) 10,00,00,000 (Ten crores only) equity shares of Rs. 10 each;

(b) 2,50,00,000 (Two crores and fifty lacs only) unclassified shares of Rs. 10 each;

with power to increase and/or reduce Capital of the Company and to divide the Share Capital for the time being into several classes and to attach thereto respectively such preferential, guaranteed, qualified or special rights, privileges and conditions as may be determined by or in accordance with the provisions of Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being provided by the Articles of Association of the Company."

13. Alteration of Articles of Association

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

"RESOLVED THAT pursuant to Section 31 of the Companies Act, 1956, the Articles of Association of the Company be altered by replacing the existing Article 1 with the following:

"1. The Authorised Share Capital of the Company shall be such amount as may from time to time be authorised by the Memorandum of Association. The Company shall have the power to increase or reduce the capital from time to time and to divide the shares capital into several classes with rights, privileges or conditions as may be determined. The Company may issue preference shares, which shall at the option of the Company, be liable to be redeemed. The Company may also issue equity shares with differential rights as to dividend, voting or otherwise."

14. Alteration of Articles of Association

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

"RESOLVED THAT pursuant to Section 31 of the Act, the Articles of Association be altered by replacing the existing Article 5 with the following:

5. Neither the original capital nor any increased capital shall be of more than two kinds, namely

(a) Equity Share Capital

(i) with voting rights;

(ii) with differential rights as to dividend, voting or otherwise in accordance with such rules and subject to such conditions as may be prescribed;

(b) Preference Share Capital as defined in Section 85 of the Act;

"RESOLVED FURTHER THAT pursuant to Section 31 of the Act, the Articles of Association be altered by inserting the following clause as Article 5A after the existing Article 5:

5A. (i) Subject to provisions of Section 86 of the Act, and Companies (Issue of Share Capital with differential voting rights) Rule 2001 issued and amended from time to time, the Company shall have the power to issue equity shares with differential rights as to dividend, voting or otherwise and the resolution authorizing such issue shall prescribe the



manner, terms and conditions of such issue. Further, if required as per prevailing laws, the Company agrees to make application to the Stock Exchanges for the listing of any new issue of shares or securities and provisional documents relating thereto and further agrees to get the newly issued shares listed within the stipulated period as the listing guidelines."

- (ii) All the provisions of Memorandum and Articles of Association shall be applicable to the Equity Share Capital with Differential Rights with such modifications and variations wherever necessary as to differential rights to dividend, voting or otherwise as the case may be and further subject to the terms and conditions of the issue of such Equity Share Capital with differential rights.

15. **Authority to issue securities in foreign markets/ international offer**

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

"RESOLVED THAT pursuant to provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956, the Foreign Exchange Management Act, 1999 (including any regulations, statutory modification(s) or re-enactment thereof for the time being in force including but not limited to Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident Outside India) Regulation 2000, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 and also provisions of any other applicable law or laws, rules and regulations (including any amendment thereto or re-enactment thereof for the time being in force) and relevant provisions of Memorandum and Articles of Association of the Company and the listing agreements entered into by the Company with the stock exchanges, where the Company's shares are listed, and subject to such applicable approval(s), consent(s) permission(s) of the Government of India (GOI), Reserve Bank of India (RBI), Ministry of Finance, Securities and Exchange Board of India (SEBI) and any other appropriate authorities, institutions or bodies, as may be necessary and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission or sanction, and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any committee of the Board for the time being or any committee the Board may hereafter constitute for, exercising the powers conferred on the Board by this resolution) which the Board be and is hereby authorised to accept, if it think fit, in the interest of the Company, the consent of the Company be and is hereby accorded to the Board to issue, offer and allot equity shares/warrants/ foreign currency convertible bonds (FCCB) and /or any instruments convertible into equity shares whether optionally or otherwise Global Depository Receipts (GDRs) and / or fully partly convertible bonds/ debentures/ loans and / or depository shares/ receipts and / or any other instruments/ securities in the nature of shares/ debentures/ bonds and / or warrants convertible into equity shares or otherwise (hereinafter referred to as "Securities") for an aggregate sum upto US \$ 100 million or equivalent in Indian and / or any other currency(ies) (inclusive of such premium, as may be permitted by the Ministry of Finance/ such other authorities, directly to Indian/Foreign/Resident/Non resident investors (whether institutions, incorporated bodies, mutual funds, trusts, foreign institutional investors, banks and / or individuals or otherwise and whether or not such investors or members, promoters, directors or their relatives / associates or the Company through public issue (s), right issue (s), private placement (s), preferential issue (s) or a combinations thereof at such time or times in such tranche or tranches at such price or prices at a discount or premium at market price or prices in such manner and on such terms and conditions as may be decided and deemed appropriate by the Board at the time of such issue or allotment considering the prevailing market conditions and other relevant factors, wherever necessary in consultation with the lead managers, merchant bankers, underwriters, guarantors, financial and / or legal advisors, depositories, custodians, principal paying / transfer / conversion agents, listing agents, registrars or through the subsidiaries, in any markets as may be deemed fit by the Board but not limited to initial public offer, public issue, preferential issue in any foreign countries so as to enable the Company to get listed at any stock exchanges in India and or Luxembourg / London/ Singapore and / or any of the overseas stock exchanges.

RESOLVED FURTHER THAT such of these Securities as or not subscribed may be disposed of by the Board in its absolute discretion in such a manner as the Board may deem fit.

RESOLVED FURTHER THAT the Company may enter into any arrangement with any agency or body authorised by the Company for issue of depository receipts representing the underlying equity shares/warrants /other securities to be issued by the Company in registered or bearer form with such feature and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the international practices and regulations and under the forms and practices prevalent in the international markets;

RESOLVED FURTHER THAT Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any securities referred in the aforesaid resolutions or as may be necessary in accordance with the terms of offering, all such shares being pari passu with the then existing equity shares of the Company in all respect, excepting such rights as to dividend as may be provided under the terms of issue of the Securities and in the offer documents;

RESOLVED FURTHER THAT the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things and to execute such documents or writings as may be necessary for the purpose of giving effect to the above resolution and for matter connected therewith or incidental thereto.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or Jt. Managing Directors or any other officer of the Company to give effect to the aforesaid resolution."

16. **Authority to issue warrants convertible into equity shares on preferential basis**

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

"RESOLVED THAT in accordance with and subject to the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 (including any regulations, statutory modification(s) or re-enactment thereof for the time being

GHCL Limited

in force), and the applicable rules, guidelines, regulations, notifications and circulars, if any, of the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and other concerned and relevant authorities, and other applicable laws, if any, and relevant provisions of Memorandum and Articles of Association of the Company, the listing agreements entered into by the Company with the stock exchanges, where the Company's shares are listed, and subject to such approval(s), consent(s), permission(s) of the Government of India (GOI), Ministry of Finance, Reserve Bank of India (RBI), Securities Exchange Board of India (SEBI) and any other appropriate authorities, institutions or bodies, as may be necessary and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission or sanction, and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any committee of the Board for the time being or any Committee the Board may hereafter constitute for, exercising the powers conferred on the Board), the consent of the Company be and is hereby accorded to the Board to issue, offer and allot warrants on preferential basis to the promoters of the Company, aggregating to not more than 45,00,000 (Forty five lacs) in numbers entitling the warrant holders to an option to convert such warrants into equity shares of Rs. 10 each fully paid up of the Company in the ratio of one equity share of Rs. 10 each fully paid up against one warrants at the Exercise Price on terms and conditions mentioned hereinbelow and thereby to issue and allot 45,00,000 (Forty five lacs) equity shares of Rs. 10 each fully paid up on conversion of warrants, through private placement and in one or more tranches to the promoters of the Company on the following terms and conditions.

Terms and Conditions of warrants:

- (a) **Entitlement to equity shares:** The warrants shall entitle the holder thereof to subscribe for one equity share of Rs. 10 each fully paid up in the capital of the Company at an Exercise Price for every warrant held by such holder on the exercise date.
- (b) **Exercise Price:** The Exercise Price under the warrant shall be the price worked out in accordance with SEBI (Disclosure & Investor Protection) Guidelines, 2000 ('SEBI Guidelines') for Preferential Issues. The price will be worked out based upon "relevant date". The relevant date for the purpose of determining the price of the shares shall be 30 days prior to the date of this Annual General Meeting as per SEBI Guidelines.
- (c) **Down Payment:** An amount equivalent to at least 10% of the Exercise Price shall be payable on the date of allotment of the warrants. Such down payment may be made in cheque or any other mode, which may be prescribed, and subject to applicable SEBI Guidelines and such advance payment shall be adjusted against the conversion price on the date of conversion of the warrants into equity shares.
- (d) **Exercise of Option:** The warrant holders are entitled to exercise the option of conversion at an exercise price at any time after the date of allotment of the warrants but not later than 18 months from the date of its allotment. If such an option is not exercised on or before the expiry of 18 months from the date of allotment of the warrants, the warrants not so exercised shall expire and the down payment received against such warrants shall stand forfeited as per the current SEBI Guidelines for Preferential issue.
- (e) **Lock in:** The warrants or equity shares, arising upon conversion of the warrants, shall be subject to lock - in period as prescribed under SEBI Guidelines.
- (f) **Ranking and Listing of the new equity shares:** The new equity shares issued on conversion of the warrants shall rank pari passu in all respect with the existing equity shares of the Company and will be listed on National Stock Exchange of India Limited (NSE) and / or The Stock Exchange Mumbai (BSE) and / or The Stock Exchange, Ahmedabad (ASE).

RESOLVED FURTHER THAT for the purpose of giving effect to the issue and allotment of warrants and to the issue of allotment of equity shares on conversion of the warrants, the Board be and is hereby authorised to do all acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, to settle any question, difficulty (ies) or doubt that may arise in regard to the offer, issue, allotment and utilization of the issue proceeds, to finalise all matters incidental to the above and to give such directions as it may deem fit and appropriate for the purpose.

RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorised to make application, file necessary papers and documents which may be required for getting in-principal approval and or final approval for listing of 45,00,000 (Forty five lacs) equity shares of Rs. 10 each fully paid up, arising out of conversion of warrants issued on preferential basis to the promoters of the Company to National Stock Exchange of India Limited (NSE) and/or The Stock Exchange Mumbai (BSE) and/or The Stock Exchange, Ahmedabad (ASE) and take all necessary action to give effect to the above resolutions.

17. **Payment of Sitting fees**

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

"RESOLVED THAT pursuant to Clause 49 of the Listing Agreement, Section 309, 310 and all other applicable provisions of the Companies Act, 1956, the Company hereby accords its approval to the payment of sitting fees and commission to its Non Executive Directors within the limit as may be notified by the Central Government from time to time."

RESOLVED FURTHER THAT within the overall approval given by the members and pursuant to notification(s) issued by the Central Government or any amendment thereto, from time to time, Board of Directors of the Company be and is hereby authorised to decide quantum of sitting fee and commission payable to Non Executive Directors."

Registered Office:

GHCL HOUSE
Opp. Punjabi Hall
Navrangpura, Ahmedabad - 380009
Dated: July 20, 2005

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

Bhwneshwar Mishra
Jt. Company Secretary &
Compliance Officer

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REPORT

GHCL 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 Monday the August 22, 2005 to Friday the September 2, 2005 (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 August 22, 2005. In respect of the shares in electronic form, the dividend will be payable on the basis of beneficial ownership as on August 20, 2005 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 Special Business in respect of Item Nos. 6 to 17 of the accompanying Notice as required by Section 173(2) of The Companies Act, 1956, is annexed hereto. The relevant details of directors seeking reappointment under Items No. 3 to 4, as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges is given herein below.
 - (a) Dr. B C Jain, age about 66 years (DOB-October 8, 1938), is a Director of the Company since April 19, 1986. Dr. B C Jain is LLB, ACCS, Ph.D. and Fellow member of Institute of Chartered Accountants of India and his area of specialization is banking and finance. He is Chairman of Audit Committee, Member of the Remuneration Committee and Project Committee of the Company. Dr. B C Jain is neither a member of more than 10 Committee nor a Chairman of more than 5 Committees.
 - (b) Mr. P Sampath, Jt. Managing Director of the Company 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 wide experience in Corporate Finance and Corporate Laws. He is about 50 years (DOB -May 26, 1955) and has more than 31 years of Industrial experience. Mr. P Sampath is a Director of Colwell and Salmon Communications (India) Limited and a member of Shareholders Grievance Committee of the Company. Mr. P Sampath is neither a member of more than 10 Committee nor a Chairman of more than 5 Committees.
- (5) Members are requested to notify immediately any change of address to their Depositories Participants (DPs) in respect of their electronic share accounts and to the Share Transfer Registrar of the Company in respect of their physical share folios, if any.
- (6) Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for deletion or / change in such bank details. Further instruction, if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, directly to their Depositories Participants.
- (7) Members are requested to send their queries, if any, at least seven days in advance of the meeting so that the information can be made available at the meeting.
- (8) All documents referred to in the Notice and Explanatory Statement is available for inspection at the Registered Office of the Company during the business hours on all working days of the Company up to the date of the Annual General Meeting.
- (9) Members attending the Meeting are requested to complete the enclosed slip and deliver the same at the entrance of the meeting hall.
- (10) Persons attending the Annual General Meeting are requested to bring their copies of Annual Reports as the practice of distribution of copies of the report at the meeting has been discontinued.
- (11) Dividend for the financial year ended March 31, 1998, 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 2005 pursuant to provisions of Section 205A of the Companies Act, 1956. Members who have not en-cashed their dividend warrant (s) for the financial year ended 31st March 1998 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 March 31, 1998 only those claims, which are received by ISRL on or before August 31, 2005, 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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 6**

Mr. H H Faruqi was appointed by the Board of Directors as an Additional Director of the Company at its meeting held on January 25, 2005 as per Article 131 and 138 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, Mr. H H Faruqi 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. H H Faruqi for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. H H Faruqi, M.Com, LL.B, aged about 64 years (DOB-June 20, 1941), retired from the Board of LIC of India and has been associated with the Company since 1998 as nominee Director of LIC of India. Mr. H H Faruqi has resigned from the Board of the Company as nominee of LIC of India on January 04, 2005. Mr. H H Faruqi is neither a member of more than 10 Committee nor a Chairman of more than 5 Committees and he is not on the Board of any other Company. He has very wide areas of experience in Insurance and Finance. Mr. H H Faruqi's association with the Board will be of immense value to the overall progress of the Company.

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

**Item No. 7**

Mr. Tej Malhotra, Sr. Executive Director (Operations) was re-appointed by the Board of Directors as an Additional Director at its meeting held on April 20, 2005, as per Article 131 and 138 of the Articles of Association of the Company with effect from May 5, 2005. Pursuant to Section 260 of the Companies Act, 1956, Mr. Tej Malhotra 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. Tej Malhotra for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. Tej Malhotra is a Graduate in Engineering (Mechanical), aged about 55 years (DOB June 9, 1950) and has 32 years experience in Engineering, Manufacturing and General Management. Mr. Tej Malhotra was awarded Bharatiya Udyog Ratan Award from Indian Economic Development & Research Association (IEDRA), New Delhi and Bharatiya Gaurav Award from World Economic Progress Society, New Delhi. Mr. Tej Malhotra is President of Western Gujarat Chamber of Industries and is a member of various professional bodies. Mr. Tej Malhotra is neither a member of more than 10 Committee nor a Chairman of more than 5 Committees and he is not on the Board of any other Company.

Mr. Tej Malhotra fulfills the eligibility criteria set out under Part I of Schedule XIII to the Companies Act, 1956. The remuneration payable to Mr. Tej Malhotra 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 September 20, 2000 and amended in 21st Annual General Meeting of shareholders of the Company in their meeting held on September 24, 2004. This approved remuneration package is also in accordance with the provisions of Schedule XIII of the Companies Act, 1956.

1. Basic Salary: 1,07,000 /- 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. Tej Malhotra 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 recommend the resolution for your approval. Save and except Mr. Tej Malhotra, none of the Directors of the Company is interested in the resolution.

Item No. 8

Mr. Jagdish Capoor was appointed by the Board of Directors as an Additional Director of the Company at its meeting held on July 20, 2005 as per Article 131 and 138 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, Mr. Capoor 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. Capoor for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. Jagdish Capoor holds a Master of Commerce degree and is Certified Associate of the Indian Institute of Bankers. Mr. Capoor is a Chairman of HDFC Bank and he has served as Deputy Governor of Reserve Bank of India (RBI). Mr. Capoor was Chairman of Deposit Insurance and Credit Guarantee Corporation of India and Bharatiya Reserve Bank Note Mudran Limited and served as a Director on the Boards of Bank of Baroda, Export Import Bank of India, The State Bank of India, The National Bank for Agriculture and Rural Development and National Housing Bank. Presently Mr. Capoor is Chairman of Agricultural Finance Corporation Limited and is a Director of Indian Hotels Company Limited and Asset Care Enterprise Limited. He is also a member of Board of Governors of Indian Institute of Management, Indore and the Governing Board of the Stock Exchange, Mumbai.

Mr. Jagdish Capoor is a member of the Audit Committee and is a Chairman of the Remuneration Committee of Indian Hotels Company Limited. He is also a member of the Audit Committee of Asset Care Enterprise Limited.

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

Item No 9

Mr. Neelabh Dalmia was appointed by the Board of Directors of the Company as an Additional Director at its meeting held on July 20, 2005 as per Article 131 and 138 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, Mr. Neelabh Dalmia 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. Neelabh Dalmia for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. Neelabh Dalmia, aged about 22 years (DOB-August 16, 1983) is a Bachelor of Science in Business from Indiana University, Kelly School of Business, Bloomington, Indiana with majors in Finance and Entrepreneurship.

Mr. Neelabh Dalmia is a son of Mr. Anurag Dalmia and is related to Mr. Sanjay Dalmia. Hence Mr. Sanjay Dalmia and Mr. Anurag Dalmia is interested in the appointment of Mr. Neelabh Dalmia.

Item No. 10

The members of the Company in their meeting held on September 19, 1992, had approved borrowing not exceeding Rs. 400 Crores. Since 1992, Company has diversified its business and is working on expansion of its core businesses. Due to increased activity and expansion, the requirement of borrowings for meeting the funding requirements for diversification and expansions has also increased. As per the provisions of Section 293(1) (d) of the Companies Act, 1956, the Board of Directors of the Company cannot borrow money exceeding the aggregate of the paid up share capital and free reserves of the Company. Keeping in view the above it is felt necessary to increase the borrowing limit to Rs. 1500 Crores.

None of the Directors are interested in the proposed resolution. Your Directors recommend the resolution for your approval.

Item No. 11

Section 293 (1)(a) of the Companies Act, 1956, however, does not require approval of members for obtaining of loans by mortgaging of whole or substantially whole of undertaking except in case of usufructuary mortgage. But in practice, Financial Institution/Banks insist for the members' approval. Keeping in view the increase in borrowing powers this resolution is consequential and approval of members is required.

GHCL Limited

None of the Directors are interested in the proposed resolution. Your Directors recommend the resolution for your approval.

Item No. 12, 13 & 14

The Company is in the process of finalizing its plans for expansions, modernization, quality upgradation, cost reduction, energy conservation and value addition of its business. To fund the requirements of such business activities, the Company is exploring the possibility of issue further equity shares or issue of equity share capital with differential rights or preference shares or combination thereof. Hence it is considered necessary to re organize the capital clause of Memorandum of Association of the Company.

The Companies (Amendment) Act, 2000 introduced a number of amendments in the Companies Act, 1956 including introduction of a concept of equity share capital with differential rights as to dividend, voting or otherwise. Further, the Department of Company Affairs notified the Companies (Issue of Share Capital with Differential Voting Rights) Rules 2001, for issue of equity share capital with differential rights as to dividend, voting or otherwise. Accordingly, Memorandum and Articles of Association of the Company have to be suitably altered and new articles need to be inserted in order to facilitate the Company to issue of equity shares with differential rights.

None of the Directors are interested in the proposed resolution. Your Directors recommend the resolution for your approval.

Item No. 15

With a view to meet proposed capital expenditure plans, new acquisitions domestic/overseas, modernization & up gradation and long term working capital, your company is considering tapping the overseas capital market.

To augment the proposed capital requirements, your Company is considering placement of the instruments of the Company with the Overseas Corporate Bodies, International Institutions, Foreign Institutional Investors, Financial Institutions, Banks, Mutual Funds, Individual investors, NRIs or Body Corporates in the form of IPO, GDRs, FCCBs, Euro Issue, Private Placement or Preferential Allotment or by one or more of the above method(s).

With the proposed issue of securities abroad, the Company will get access to the international financial market, which is an important milestone for the Company. The access in the international markets gains importance in the sense that it provides flexibility to the company in controlling the financial cost considering differential cost of funds in India and abroad. The overseas issue of securities will not only provide long term low cost funds to the Company but will also considerably enhance its visibility and acceptability on the global scale. Based on the Company's track record, the International offering will also prove to be an important yardstick for Company's future growth.

The detailed terms and conditions for the international offers will be determined in due course, in consultation with the Merchant Bankers, Advisors, Lead Managers and Underwriters of repute.

The Company proposes to pass this enabling Resolution to give powers to the Board of Directors of the Company to issue Securities in such tranche or tranches at such time(s) in the capital market abroad.

Therefore, the consent of the shareholders is being sought pursuant to the provisions of Section 81 (1A) and other applicable provisions of the Companies Act, 1956

None of the Directors are interested in the resolutions.

Item No. 16

The Company proposes to issue 45,00,000 warrants convertible into equity shares to Oval Investment Private Limited, one of the promoters of the Company (hereinafter referred as "OIPL"), on preferential basis, with an option to convert such warrants into equity shares of Rs. 10 each fully paid up. The proceeds from issue may be used towards part financing the expansion plan of the Company.

The information required to be given in the notice calling Annual General Meeting pursuant to SEBI (Disclosure & Investor Protection) Guidelines ('SEBI Guidelines') is as under:-

I. The Object of the issue through preferential offer

The proceeds from the proposed issue shall be used towards part financing the expansion plan of the Company. The funds may be used towards the proposed capital expenditure plans, modernization & up gradation of existing units, setting up new production units and new acquisitions domestic / overseas.

II. Intention of promoter to subscribe to the offer.

The OIPL one of the promoter Company of GHCL Limited intend to subscribe the proposed preferential issue fully.

III. Shareholding pattern before and after the offer.

	Pre Issue Holding		Post issue Holding	
	No of shares	%	No. of shares	%
Promoter Group				
Proposed Acquirer - Oval Investment Private Limited (OIPL)	166848	0.18	4666848	4.69
Others	41961502	44.13	41961502	42.13
Total Holding of Promoter Group	42128350	44.31	46628350	46.82
MFs/Banks/FIIs/	7286057	7.66	7286057	7.32
NRIs/FIs /Foreign Mutual Fund	3355817	3.53	3355817	3.37
General Public	42318187	44.50	42318187	42.49
Total	95088411	100.00	99588411	100.00

Consequent to the issue of aforesaid shares there will be no change in the Board of Directors of the Company and control over the company. The Voting right would change in tandem with shareholding pattern of the Company.

In accordance with the provisions of SEBI Guidelines, it has been confirmed by the proposed allottee that its entire shareholding in the Company is in dematerialized form.