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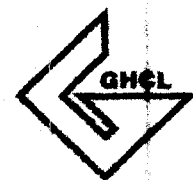
INTEGRITY

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ANNUAL REPORT 2008



GHCL Limited

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GHCL Limited

COMPANY INFORMATION

BOARD OF DIRECTORS

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

SECRETARIES

Bhuwneshwar Mishra
Company Secretary
Manoj Kumar Ishwar
Sr. Executive (Secretarial)

REGISTERED OFFICE

"GHCL HOUSE"
Opp. Punjabi Hall,
Navrangpura,
Ahmedabad -380 009 (Gujarat)

CORPORATE OFFICE

"GHCL House"
B-38, Institutional Area,
Sector - 1
Noida - 201 301 (UP)
Website: www.ghcl.co.in

MAJOR SUBSIDIARIES

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

STATUTORY AUDITORS

Jayantilal Thakkar & Co.
Rahul Gautam Divan & Associates

WORKS

SODA ASH

Village - Sutrapada,
Near Veraval,
Distt. Junagadh - 362 275
Gujarat

SALT REFINERIES

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

TEXTILES

- a) Samayanallur P O
Madurai -625 402
- b) Thaikesar Alai P O
Manaparai - 621 312
- c) S. No.191, 192, Mahala Falia,
Village Bhilad, Distt. Valsad,
Gujarat-396105, India

ITES

C-39, Sector - 58
Noida

ENERGY DIVISION

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

BANKERS / FINANCIAL INSTITUTIONS

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

SHARE TRANSFER AGENTS

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

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CHAIRMAN'S STATEMENT

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

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

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

Your company's focus is to scale up without losing sight of its competitive strengths like superior systems and processes, manpower development and training, customer satisfaction, productivity and quality.

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

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

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

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

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

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



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

We are expecting a much stronger year ahead both in terms of revenue and margin growth in the coming years on the back of successful execution and implementation our business strategy & plan. We are taking substantial initiatives for creating and leveraging the organic growth opportunities across business in multiple geographic locations. We are on a continuous look out for the inorganic growth opportunities that would catapult us into newer growth orbits going forward.

Continuous evolving of a strong risk management framework and policies would lead GHCL successfully confront any challenges and threats that come its way.

As it moves ahead, the Company will continue to deploy benchmarked practices followed worldwide to strengthen internal controls.

I would like to add that your company has gone from strength-to-strength over the past few years and faces a promising future ahead.

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

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

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

Sanjay Dalmia
Chairman

**NOTICE**

NOTICE is hereby given that the 25th Annual General Meeting of the members of GHCL Limited will be held at The Institution of Engineers (India), Gujarat State Centre, Bhaikaka Bhavan, Law College Road, Ahmedabad - 380 006 (Opp. Gajjar Hall) on Friday, September 12, 2008 at 10.00 AM to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2008, Profit and Loss Account for the year ended on that date together with the Reports of the Directors' and Auditors' thereon.
2. To declare a dividend for the financial year ended March 31, 2008.
3. To appoint a director in place of Mr. Jagdish Capoor, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Neelabh Dalmia, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Mr. Sanjay Dalmia, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint M/s Jayantilal Thakkar & Co., Chartered Accountants and M/s Rahul Gautam Divan & Associates, Chartered Accountants as Joint Auditors of the Company, to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting and to authorize Board of Directors to fix their remuneration.

SPECIAL BUSINESS:**7. Appointment of Mr. P. K. Laheri as Director of the Company**

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

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

8. Appointment of Mr. G. C. Srivastava as Director of the Company

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

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

9. Appointment of Whole Time Director

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

"RESOLVED that Mr. Raman Chopra, who was appointed by the Board of Directors as an Additional Director of the Company and who holds office till the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as Executive Director (finance) of the Company, for a period of 5 years with effect from April 1, 2008, liable to retire by rotation, pursuant to the provisions of Section 198, 269, 309, 311, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendment thereof and subject to approval of Central Government, if required, and pursuant to Article 166 of the Articles of Association of the Company, on such terms and conditions including remuneration as stated in the Explanatory Statement annexed to the Notice convening this meeting with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as Board may think fit;

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

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

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

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

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

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

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

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

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

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

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

- (i) Any business that can be transacted by the Company in General Meeting; and
- (ii) Particularly, resolutions relating to such business as the Central Government may by notification, declare to be conducted only by postal ballot.

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

Registered Office:

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

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

Sd/-
Bhuvneshwar Mishra
Company Secretary

NOTES

- (1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a Member. Proxies in order to be effective must be deposited at the registered office of the Company not less than 48 hours before the commencement of the Meeting.
- (2) The Register of Members and Share Transfer Books of the Company will remain closed from Friday, September 5, 2008 to Friday, September 12, 2008 (both days inclusive).
- (3) The dividend as recommended by the Board of Directors will be paid to those members whose names appear on the Company's Register of Members on September 5, 2008. In respect of the shares in electronic form, the dividend will be payable on the basis of beneficial ownership furnished by National Securities Depositories Limited (NSDL) and Central Depositories Services (India) Limited (CDSL) for this purpose.
- (4) The relevant details of directors seeking reappointment under Items No. 3 to 5, as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges is given herein below.
 - (a) Mr. Jagdish Capoor (DOB - July 1, 1939) is a Director of the Company. Mr. Capoor holds a Master of Commerce degree and is Certified Associate of the Indian Institute of Bankers. He is an expert in Finance, Banking & Accounting. Presently, Mr. Capoor is Chairman of HDFC Bank Limited and is a Director of Bombay Stock Exchange Limited, The Indian Hotels Co. Limited, Assets Care Enterprises Limited and LIC Pension Fund Limited. He is also Chairman of Quantum Trustee Co. Pvt. Ltd. and a member of Board of Governors of Indian Institute of Management, Indore and a Trustee of Sumati Capoor Charitable Trust and The Stock Exchange Investors' Protection Fund. He is member of Audit Committee of the Company. He is Chairman of the Shareholders Grievance Committee of HDFC Bank Limited and Bombay Stock Exchange Limited and also a member of the Audit Committee of The Indian Hotels Co. Limited and Quantum Trustee Co. Pvt. Limited. He does not hold any shares in the Company.
 - (b) Mr. Neelabh Dalmia (DOB - August 16, 1983) is a Director of the Company. He is Bachelor of Science in Business from Indiana University, Kelly School of Business, Bloomington, Indiana with majors in Finance and Entrepreneurship. He is a member of Share Transfer and Investors/Shareholders Grievance Committee and also a member of Banking and Operations Committee of the Company. He is not a member or Chairman of any Board or committee, other than GHCL Limited. He does not hold any shares in the Company.
 - (c) Mr. Sanjay Dalmia (DOB - March 17, 1944) is Chairman of the Company. Mr. Dalmia is an eminent Industrialist and is an Ex member of Rajya Sabha. He is also Chairman of Remuneration Committee and Project Committee of the Company. He is neither a member of more than 10 Committee nor a Chairman of more than 5 Committees. He is a Director on the Board of GTC Industries Limited, Colwell and Salmon Communications (India) Limited, Colwell & Salmon Communications Inc., USA and Rosebys Operations Ltd., U.K. He does not hold any shares in the Company.
- (5) Members are requested to notify immediately any change of address to their Depositories Participants (DPs) in respect of their electronic share accounts and to the Share Transfer Registrar of the Company in respect of their physical share folios, if any.
- (6) Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for deletion or / change in such bank details. Further instruction, if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, directly to their Depositories Participants.
- (7) Members are requested to send their queries, if any, at least seven days in advance of the meeting so that the information can be made available at the meeting.

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- (8) All documents referred to in the Notice and Explanatory Statement is available for inspection at the Registered Office of the Company during the business hours on all working days of the Company up to the date of the Annual General Meeting.
- (9) Members attending the Meeting are requested to complete the enclosed slip and deliver the same at the entrance of the meeting hall.
- (10) Persons attending the Annual General Meeting are requested to bring their copies of Annual Reports as the practice of distribution of copies of the report at the meeting has been discontinued.
- (11) Dividend for the financial year ended March 31, 2001, which remains unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government (IEPF) in the month of October 2008 pursuant to provisions of Section 205A of the Companies Act, 1956. Members who have not en-cashed their dividend warrant (s) for the financial year ended March 31, 2001 or any subsequent financial year (s), are requested to lodge their claims with Intime Spectrum Registry Ltd (ISRL). Members are advised that once the unclaimed dividend is transferred to IEPF no claims shall lie in respect thereof.
- (12) Electronic Clearing Service (ECS) Facility: With respect to payment of dividend, the Company provides the facility of ECS to all shareholders, holding shares in electronic and physical forms.

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

Item No. 7

Mr. Pravin Kanubhai Laheri (Mr. P. K. Laheri) was appointed by the Board of Directors as an Additional Director of the Company at its meeting held on May 10, 2008 as per Article 131 and 138 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, Mr. P. K. Laheri will hold office as an Additional Director upto the date of the ensuing Annual General Meeting. The Company has received notice in writing from member proposing the candidature of Mr. P. K. Laheri for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

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

Presently, he is a Director on the Board of S. Kumar Unitax Ltd., Mumbai and Ambuja Foundation (Section 25 Company), Mumbai. He is neither a member of more than 10 Committee nor a Chairman of more than 5 Committees. He does not hold any shares in the Company. He has very wide areas of administrative experience and his association with the Board will be of immense value to the overall progress of the Company.

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

Item No. 8

Mr. Girish Chandra Srivastava (Mr. G. C. Srivastava) was appointed by the Board of Directors as an Additional Director of the Company at its meeting held on May 10, 2008 as per Article 131 and 138 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, Mr. G. C. Srivastava will hold office as an Additional Director upto the date of the ensuing Annual General Meeting. The Company has received notice in writing from member proposing the candidature of Mr. G. C. Srivastava for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. G. C. Srivastava, aged about 61 years (DOB – September 20, 1947) is an ex-IRS. Mr. Srivastava had joined Indian Revenue Service in 1971 and retired on September 30, 2007 as Director General of International Taxation. He had served as Jt. Secretary in the Tax Policy Division of CBDT and also worked as Jt. Secretary Foreign Tax Division and negotiated tax treaties with many countries. He had worked as Director General of International Taxation in Delhi and was responsible for the administration of international taxation on Transfer Pricing. He was a member of the governing council of the ICAI as a Government Nominee from 1998 to 2004. He is currently working as an advisor in matters of International Taxation and Transfer Pricing at Delhi. He is not a Director in any Company. He is neither a member of more than 10 Committee nor a Chairman of more than 5 Committees. He does not hold any shares in the Company. He has very wide areas of experience in Tax Laws. His association with the Board will be of immense value to the overall progress of the Company.

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

Item no. 9

Mr. Raman Chopra was appointed by the Board of Directors at its meeting held on May 10, 2008 as an Additional Director designated as Executive Director (Finance) of the Company with effect from April 1, 2008 as per Article 131, 138 and 166 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, Mr. Raman Chopra will hold office as an Additional Director upto the date of the ensuing Annual General Meeting. The Company has received notice in writing from member proposing the candidature of Mr. Raman Chopra for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

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

Mr. Raman Chopra is a Director on the Board of Colwell and Salmon Communications (India) Limited, Rosebys Interiors India Limited and Fabient Global Limited, subsidiaries of the Company. He is a member of Shareholders Grievance Committee and also a member



of Banking and Operations Committee of the Company. He does not hold any shares of the Company. Mr. Raman Chopra fulfills the eligibility criteria set out under Part I of Schedule XIII to the Companies Act, 1956. The remuneration payable to Mr. Raman Chopra is in line with the Uniform Remuneration Package payable to Whole Time Directors. This approved remuneration package is also in accordance with the provisions of Schedule XIII of the Companies Act, 1956.

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

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

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

Item no. 10

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

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

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

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

The full text of Uniform Remuneration Package is given below:

1. Basic Salary;

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

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

The breakup of perquisites is as follows:

2.1 Housing:

The expenditure incurred by the Company on providing unfurnished accommodation for the Director shall be as per rule of the company subject to ceiling of 60% of the basic salary. In case no accommodation is provided, the Director shall be entitled to House Rent Allowance subject to ceiling of 60% of the basic salary.

The expenditure incurred by the Company on Gas, Electricity, Water shall be valued as per Income Tax Act, 1962 amended from time to time.

2.2 Medical Reimbursement :

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

2.3 Leave :

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

2.4 Leave Travel Concession :

For the director and his family, once in a year, incurred in accordance with the rules specified by the Company.

2.5 Club Fee :

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

2.6 Personal Accident Assurance:

Premium on each director not to exceed Rs. 4000 per annum.

2.7 Conveyance:

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

2.8 Telephone:

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

2.9 Personal Adjustment allowance:

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

2.10 Any other allowances:

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

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

- (a) **Provident Fund :**
As per Rules of the Company.
- (b) **Superannuation :**
As per Rules of the Company.
- (c) **Gratuity :**
Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- (d) **Encashment of Leave :**
Encashment of leave at the end of the tenure.

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

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

4. **Minimum Remunerations:**

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

- 5. All other terms or privileges or facilities shall be in accordance with the standard rules of the company applicable to the senior officers of the Company.
- 6. **Employees Stock Option :** The Whole time Director(s) including Managing Director(s) shall be entitled for Employees Stock Option as per the scheme applicable to the Company.

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

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

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

Item no. 11

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

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

Registered Office:

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

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





DIRECTORS' REPORT

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

OPERATIONAL RESULTS

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

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

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

PERFORMANCE HIGHLIGHTS

Soda Ash

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

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

The global increase in the prices of crude oil and gas are the matter of concern for commodity based industry like Soda Ash. The increase in cost of energy has significantly affected the margin of Soda Ash manufacturers. Further, prices of Coal have touched unprecedented high thereby pushing up cost of production. Rising fuel prices have impacted sea freights and this has also taken up landed price of Soda Ash. However, your company is better placed than the competitors because of its own captive lignite mines and in-house developed briquette usages as an alternative source of fuel, which is cost effective and also reduced dependability on other source of energy.

Home Textiles

Indian textiles industry is a well-established with showing strong features and a bright future. In fact, the country is the second biggest textiles manufacturer worldwide, right after China. Similar force is demonstrated in the cotton production and consumption trend where India ranks just after China and USA. The textiles manufacturing business is a pioneer activity in the Indian manufacturing sector and it has a primordial importance in the economic life of the country, which is still predominantly based on the agro-alimentary sector. Employing around 35 million people, textiles industry stands as a major foreign currency revenue generator and further proves it in its 14% share of industrial production and the 16% of export revenues it generated.

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