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Annual General Meeting – Thursday, December 31, 2009

Time – 10:00 A.M.

Venue – The Institution of Engineers (India), Gujarat State Centre,
Bhaikaka Bhavan, Law College Road,
Ahmedabad - 380 006 (Opp. Gajjar Hall)

Book Closure Date - From December 24, 2009 to December 31, 2009



COMPANY INFORMATION

BOARD OF DIRECTORS

Sanjay Dalmia	Chairman
Anurag Dalmia	
Neelabh Dalmia	
Dr. B C Jain	
K C Jani	Nominee (IDBI)
R W Khanna	Nominee (Exim Bank)
Naresh Chandra	
G C Srivastava	
Mahesh Kheria	Additional Director
Sanjiv Tyagi	Additional Director
Vijay Kumar	(Alt. to Mr. S H Ruparell)
R S Jalan	Managing Director
Tej Malhotra	Sr. Executive Director (Operations)
Raman Chopra	Executive Director (Finance)

SECRETARIES

Bhuwneshwar Mishra
General Manager & Company Secretary

Manoj Kumar Ishwar
Dy. Manager (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. Rosebys Interiors India Limited
2. Colwell & Salmon Communications Inc, USA
3. Indian Britain B V, the Netherlands
4. Indian England N V, the Netherlands
5. Indian Wales NV, the Netherlands
6. S C GHCL Upsom SA, Romania
7. Others - As per Statement given U/S 212

COMPANY IDENTIFICATION NO.

CIN – L24100GJ1983PLC006513

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

A-17, 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

IDBI Bank Ltd.
Export Import Bank of India
State Bank of India
State Bank of Travancore
State Bank of Patiala
State Bank of Hyderabad
State Bank of Mysore
Canara Bank
Bank of Maharashtra
Union Bank of India
Dena Bank
Andhra Bank
Bank of India

SHARE TRANSFER AGENTS

Link Intime India Private Limited
(Formerly Intime Spectrum Registry
Limited)
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup - West
Mumbai - 400 078

CHAIRMAN'S STATEMENT

"We are in the process of consolidating our operations to build a strong presence in the soda ash, home textiles and retail industry".

The year 2008-09 has been a challenging year for the world economy including India. The sub-prime crisis that erupted in the US and Western Europe impacted the global financial system, resulting in a significant cut-back in investment flows and the availability of funds.

We in India too have been impacted by these events although not as severely as the developed countries of the world. Industrial growth has been falling for more than a year and GDP growth in 2008-09 has reduced to 6.7% from 9.1% in 2007-08.

Since global trade has dropped drastically, exports are badly affected. There is uncertainty and volatility in markets and not much clarity on the kind of level of economic growth that we have witnessed during the pre- sub prime era. We are hopeful of the overall pick up of international markets and looking keenly to increase our presence in the domestic sector as well within our lines of businesses.

Higher input costs have hit everyone across the board. The cost of and access to funds for both consumers and corporate was another major issue.

During the year your company has entered the fastest growing segment of the Indian Home Lifestyle & retail space through our franchise model that would allow the retail business to grow through a partnership model between retailers & the brand thereby curtailing the possible and unforeseeable risks in the largely nascent yet growing organized market. We are optimistic & hopeful of the strong economic growth which is likely to continue for the Indian market & would lead your company to assume the position of strength going forward in the retail space.

Your company 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 have always looked at positioning GHCL among the top players within its focused verticals of Soda Ash, Home Textiles manufacturing, and our front end business of Retail. We would create and build infrastructure and invest in people's initiatives and career growth despite the economic downturn.

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 of our business strategy & plan.

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 been able to weather the sub-prime crisis and have taken tough steps to mitigate global risks and circumvent global and international influences of business down turn and at the same time protect its local interests and stabilized its operations nation wide. Such hardy measures were taken to secure a bigger and more stable future in the coming years and to position ourselves towards taking advantage of the signaled growth in our domestic markets.

We are progressing towards developing a sound strategy on reorganizing our efforts towards managing our business & operations in a manner that allows all our business lines to take full advantage of resources and structures prevalent in the industries' they represent through a restructuring process that not only benefits the businesses and the various stakeholders, but also caters to the growing needs of our customers.

We have an exciting opportunity ahead in terms of retail growth in all our segments. Given the continued good performance in these times I am reassured that our results for the coming year will turn out to be healthy.

I would like to use this opportunity to express our sincere sense of gratitude to all our stakeholders, including customers, vendors, investors, employees, bankers & lenders. They have continued to support us during these times and I trust will continue to do so for all times to come.

Sd/-
Sanjay Dalmia
Chairman

**NOTICE**

NOTICE is hereby given that the 26th 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 Thursday, December 31, 2009 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, 2009, 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, 2009.
3. To appoint a director in place of Mr. Anurag Dalmia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Naresh Chandra, 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 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. Sanjiv Tyagi 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. Sanjiv Tyagi, 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. Mahesh Kheria 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. Mahesh Kheria, 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."

Registered Office:

GHCL HOUSE
Opp. Punjabi Hall
Navrangpura, Ahmedabad - 380009
Dated: December 1, 2009

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

Sd/-
Bhuwneshwar Mishra
General Manager & 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, December 24, 2009 to Thursday, December 31, 2009 (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 December 24, 2009. 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. Anurag Dalmia (DOB - May 11, 1956) is a Director of the Company. Mr. Dalmia is a Chairman of Share Transfer and Investors/Shareholders Grievance Committee of the Company. Mr. Dalmia is an eminent Industrialist and has represented PHD Chambers of Commerce and Industry and at present he is a member of committee of Confederation of Indian Textile Industry. Mr. Dalmia 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 Golden Tobacco Limited. He does not hold any shares in the Company.
 - (b) Mr. Naresh Chandra (DOB - February 11, 1935) is a Director of the Company. He is an Industrialist and is on the Board of Hercules Hoists Limited. He is neither a member of more than 10 Committees nor a Chairman of 5 Committees. He holds 30050 equity shares of the Company.
 - (c) Mr. R. S. Jalan (DOB - October 10, 1957) is Managing Director of the Company. Mr. Jalan is a Graduate in Commerce and Fellow member of Institute of Chartered Accountants of India. He is having rich experience in Finance and Operations. He is having more than 25 years of Industrial experience. He is neither a member of more than 10 Committees nor a Chairman of more than 5 Committees. He is a Director on the Board of GHCL Rosebys Limited, UK, Old Apparel Inc. (Formerly known as Best Textiles International Limited, USA) and Old Apparel Property Inc. (Formerly known as Best Real Properties Inc., USA). 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.
- (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, 2002, which remains unpaid or unclaimed, was due for transfer to the Investor Education and Protection Fund of the Central Government (IEPF) in the month of October 2009 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, 2003 or any subsequent financial year(s), are requested to lodge their claims with Link Intime India Private Limited (Formerly Intime Spectrum Registry Limited) (LI IPL). 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. Sanjiv Tyagi was appointed by the Board of Directors as an Additional Director of the Company at its meeting held on April 30, 2009 as per Article 131 and 138 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, Mr. Sanjiv Tyagi will hold office as an Additional Director up to the date of the ensuing Annual General Meeting. The Company has received notice in writing from member proposing the candidature of Mr. Sanjiv Tyagi for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. Sanjiv Tyagi, aged about 51 years (DOB – February 25, 1959) has completed Hotel Management from the prestigious Oberoi School of Hotel management. Mr. Tyagi had worked with Oberoi Group, Holiday Inn, Radisson, Unitech etc. He had worked as a Managing Director of Unitech Amusement Park. He has very rich experience in Hotel Industry. He is neither a member of more than 10 Committees nor a Chairman of more than 5 Committees. He does not hold any shares in the Company 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. Sanjiv Tyagi, none of the Directors of the Company is interested in the resolution.

Item No. 8

Mr. Mahesh Kheria was appointed by the Board of Directors as an Additional Director of the Company with effect from June 25, 2009, as per Article 131 and 138 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, Mr. Mahesh Kheria 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. Mahesh Kheria for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. Mahesh Kheria, aged about 54 years (DOB – July 18, 1955) was Alternate Director to Mr. S. H. Ruparell before his appointment as an Additional Director on the Board of the Company. Mr. Kheria is a Member of Share Transfer and Investors/Shareholders Grievance Committee of the Company. He is neither a member of more than 10 Committees nor a Chairman of more than 5 Committees. He does not hold any shares in the Company. He has very wide areas of industrial experience and very long association with the Company. 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. Mahesh Kheria, none of the Directors of the Company is interested in the resolution.

Registered Office:

GHCL HOUSE
Opp. Punjabi Hall
Navrangpura, Ahmedabad - 380009
Dated: December 1, 2009

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

Sd/-
Bhuvneshwar Mishra
General Manager & Company Secretary

DIRECTORS' REPORT

Your Directors have pleasure in presenting to you the 26th Annual Report of the Company together with Audited Accounts of the Company for the financial year ended March 31, 2009.

OPERATIONAL RESULTS

The summary of the financial performance of the Company for the financial year ended March 31, 2009 compared to the previous year ended March 31, 2008 are given below:

(Rs in lakhs)		
Particulars	Year Ended March 31, 2009 (12 months)	Year Ended March 31, 2008 (12 months)
Net Sales /Income	124,697.05	109,912.43
Gross profit before interest and depreciation	28,486.65	26,080.24
Interest	9,000.42	5,168.00
Profit before depreciation and amortisation - (Cash Profit)	19,486.23	20,912.24
Depreciation/Amortisation	6,961.12	6,442.02
Gain on exceptional items (Net)	-	653.18
Profit before Tax	12,525.11	15,123.40
Provision for Taxation – Current	491.66	2,689.72
Provision for Taxation – Deferred	1,480.44	2,228.62
Fringe Benefit Tax	123.21	123.10
Profit after Tax	10,429.80	10,081.96
Balance brought forward from last year	32,389.73	25,590.24
Balance brought forward from amalgamating company	(1,222.49)	-
Prior period adjustments	99.12	8.66
Excess provision for tax for earlier years	118.29	67.46
Debenture Redemption Reserve written back	-	458.33
Amount available for appropriation	41,814.45	36,206.65
Appropriations		
Transfer to General Reserve	1,042.98	1,008.50
Transfer to General Reserve as per scheme of arrangement	10,000.00	-
Proposed Dividend	2,000.39	2,400.46
Tax on Dividend	339.97	407.96
Balance carried to Balance sheet	28,431.11	32,389.73

PERFORMANCE HIGHLIGHTS

Soda Ash

The global Soda Ash demand was 48.3m tones in 2008 with a capacity of 55m tones. Everything was changed in late 2008 in the face of global economic meltdown leaving soda ash makers the world over scrambling to reposition them in a volatile market. Demand for glass, detergent, and other products made from soda ash plummeted the world over. The adverse economic conditions in automobile production and housing affected soda ash consumption in the flat glass and fibre glass sectors in 2008 continued through 2009. As a matter of the shrinking demand, Soda Ash producers round the globe had to resort to production cuts witnessed most profoundly in the largest producer i.e. China. Notwithstanding the continuing economic and energy problems in certain areas of the world, over all global demand for soda ash is expected to grow from 1.5% to 2% annually for the next several years. A global economic recovery is expected in the year 2010.

Your company had successfully completed its soda ash expansion during 2007-08 which has resulted increase in production capacity up to 8.50 lacs MTPA in India and globally 11.5 lacs MTPA. The Company's domestic production of Soda Ash for the year under review at 6,17,566 tones, which was 4.40% higher as compared to the previous year. The Company achieved sales of Soda Ash 5,62,516 tones during the year, which was 2.23% higher than the previous year.

The increase in cost of energy and other raw-materials have significantly affected the margin of Soda Ash manufacturers. However, your company is better placed 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.

Bi-Carbonate (Bicarb)

During the year, the Company achieved production of Bi-Carbonate 12,659 tones versus 6,355 tones in the previous year, which was 99.20% higher than the previous year. The Company achieved sales of Bi-Carbonate 12,343 tones during the year versus 5,569 tones in the previous year, which was 121.64% higher than the previous year.

Home Textiles

India is a textile hub of the world and major international brands are reaching out to the Indian textile industry for quality fabric. India is one of the significant producers of cotton, cotton yarns and textiles in the world. 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 growth of the country. Employing around 35 million people, textiles industry stands as a major foreign currency revenue generator. India's home textile industry



suffered a drastic setback in growth in the recent past because of global crisis and forex fluctuations. Home textile exports are facing higher risks and domestic market is under pressure, as demand is shrinking in both developed countries and new emerging markets amid the global financial crisis. However, India's home textile enterprises will be benefited on account of several policy measures taken by the Government including stimulus package & export incentives apart from falling raw material prices. Hence, Indian Textiles industry will be able to achieve profitable growth despite market downturn. The impact of the stimulus package provided by the Government is already witnessed in improved performance of Textiles Industry in first half of the current financial year.

In the Home Textiles arena, your company has the most sophisticated processes in place as a Textile Company. Your company is a premium fabric manufacturer and weaving and interlacing processes produce different styles and tapestry, catering to a variety of customer tastes in the market today. As the Company constantly evolve and improve and aim to provide the best quality Home Textile products in affordable price range. The operations at Home Textiles plant at Vapi is stabilizing. The expertise of your Textile unit lies in designing Home Textile products. The wide range of products includes fabrics for Bed-linen, Curtains, Cotton Yarn and styling for Made-ups. The product range includes flat sheets, fitted sheets, pillow cases, Shams, Valences, Curtains, Duvet covers and other top of the bed items in 100% cotton and blends.

Retail Initiative

Your company has aggressively focused on retail business segment through Rosebys Interiors India Limited (RIIL). In continuation to our commitment to the retail business, despite the huge downturn which affected many retailers in the country, we persevered in our quest for excellence in this arena. Undaunted by the economic upheaval coupled with negative sentiments in the market, RIIL entered in the retail market aggressively. The launch of Rosebys Brand in the country has taken the retail industry with surprise. Starting our launch by end Oct. 08 we are already 60 stores old by end of March 09 and growing from strength to strength by the moment. Easy acceptability of the Rosebys brand created much furore in the bed, bath and gifting market. The uniqueness of the Rosebys retail venture was its ability to launch a single brand retail identity in the country. Expansion of the Rosebys brand to Eastern Europe and East Asia is on the anvil. The "Grace" brand entered the larger chunk of bed and bath retailers in the country and is able to sustain its own niche which it has created.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 2.00 per Equity Share for the financial year ended March 31, 2009.

FINANCE

The Company had issued an aggregate of US\$ 80.5 million Foreign Currency Convertible Bonds (FCCBs) at a coupon rate of 1% in 2005. Out of which USD 1.5 million FCCBs were converted into equity shares at the option of bondholders during previous year ended on March 31, 2008. Pursuant to circular issued by RBI vide AP(DIR Series) Circular No 39 dated December 8, 2008 and approval obtained by your Company vide letter dated January 30, 2009, during current financial year ended on March 31, 2009, your Company had bought back USD 11.00 million of FCCBs for USD 4.43 million at discount and extinguished the same. The total outstanding of FCCB

as on March 31, 2009 was USD 68.00 million. Subsequent to the close of financial year i.e. upto September 30, 2009, your company had further bought back USD 13.60 million of FCCBs for USD 8.01 million at discount and thereafter total outstanding of FCCBs were USD 54.40 million as on September 30, 2009.

During financial year ended March 31, 2009, pursuant to the provisions of Clause 13.1.2.3 of SEBI (Disclosures & Investor Protection) Guidelines 2000, the your Company had forfeited Rs. 7,15,73,000/-, the amount deposited by M/s Oval Investment Private Limited, a promoter company regarding issue of 45 lac Preferential Convertible warrants issued in 2006.

During the financial year your Company has transferred to investors education and protection fund account (IEPF) a sum of Rs. 31.78 lacs towards unclaimed dividend/unclaimed deposits along with interest thereon.

FIXED DEPOSITS

Your Company discontinued inviting, accepting and renewing of fixed deposits effective from September 24, 2002. However, unclaimed deposits of Rs. 2.34 lacs has been transferred to IEPF during the financial year, which is included in Rs. 31.78 lacs transferred, as stated above.

EMPLOYEES STOCK OPTION SCHEME

Members in their Extra Ordinary General Meeting held on March 19, 2008 had approved the Employees Stock Option Scheme (ESOS 2008) superceding the earlier Stock Option Scheme (ESOS – 2006) approved by shareholders in their General Meeting held on June 19, 2006. Accordingly the Employees Stock Option granted pursuant to ESOS 2006 had been cancelled and equivalent number of options granted by the compensation committee in their meeting held on March 24, 2008. Under ESOS 2008 the employees will be entitled for minimum guaranteed return of 20% on the Market price of the shares i.e. the latest available closing price prior to the date when the options are granted, at the time of exercise of the option. The ESOS is administered by Compensation Committee of the Company through a Trust formed for this purpose as per the Scheme. The details as per regulation 12 of SEBI (ESOS & ESPS) Guidelines 1999 are given as an Annexure – II forming part of this report.

SUBSIDIARIES

During the financial year your Company had incorporated Fabient Textiles Limited in state of Tamilnadu, Rosebys International Limited in state of Gujarat, Rosebys UK Limited in United Kingdom (UK) and Grace Home Fashions LLC in USA. The details of subsidiaries are contained in the statement made pursuant to Section 212 of the Companies Act, 1956, attached with this report. During the year Rosebys group of companies in UK, the step down subsidiaries of the Company went into pre - pack administration and the company had acquired the brand "Rosebys" including all Intellectual Property Rights and Trademarks through a wholly owned subsidiary of the company Rosebys UK Limited. The Chapter 11 proceedings related to Dan River Inc USA is in progress. Due to overall bleak US economic scenario and post Dan River exit, your Company decided to discontinue the operations of Old Apparel Inc. (Best Textiles). Accordingly, the trading operations along with investment, inventories and receivables were sold off to Patriarch Partner LLC on August 29, 2008 and the liabilities of secured lender i.e. Wells Fargo were paid off. During the financial year ended March 31, 2009, company has voluntarily wound up its non-operating step down subsidiary Indrom Chemicals SA incorporated in Romania.



Ministry of Corporate Affairs, Government of India, vide order No. 47/286/2009-CL-III dated May 15, 2009 has granted approval that the requirement to attach various documents in respect of subsidiary companies, as set out in sub-section (1) of Section 212 of the Companies Act, 1956, shall not apply to the Company. Accordingly, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Annual Report of the Company. Financial information of the subsidiary companies, as required by the said order, is disclosed in the Annual Report. Shareholders who wish to have a copy of the full report and accounts of the subsidiaries will be provided the same on receipt of a written request from them at the Registered Office of the Company. These documents will also be available for inspection by any shareholder at the Registered Office of the Company on any working day during business hours. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies.

SCHEME OF ARRANGEMENT / RESTRUCTURING:

Your Board of Directors in their meeting held on May 25, 2009 had approved "Scheme of Arrangement" under Section 391 -394 of the Companies Act, 1956 for the amalgamation of its 100% subsidiary namely Colwell and Salmon Communications (India) Limited with your company and inter alia to deal with suitable impairment / diminution in the value of investments, loans and advances to and receivables from its subsidiaries due to administration / restructuring of foreign subsidiaries in USA and UK and guarantees provided on behalf of these subsidiaries along with gain realized on buy back of FCCBs at a discount (details provided in note no. 3 to Notes on Accounts). The scheme has already been approved by BSE, NSE and ASE. The Hon'ble High Court of Gujarat has also granted the dispensation for holding separate meetings of the creditors and shareholders of your company for approving the scheme as it does not envisage any fresh issue of equity. Further, The Hon'ble High Court of Gujarat vide its order dated 30th November, 2009 has approved the Scheme of Arrangement.

EXTENSION OF ANNUAL GENERAL MEETING:

Your Board of Directors in their meeting held on July 18, 2009 had given their consent to file application with the Registrar of Companies, for seeking extension of time for convening of 26th Annual General Meeting (AGM) of the Company for the financial year 2008-09. This application was made for giving effect of the Scheme of Arrangement in the financial accounts of the Company for the year ending March 31, 2009, if it is approved by the High Court, before the accounts are adopted by the shareholders in the Annual General Meeting. This endeavor is in order to give true and fair reporting to the shareholders of the financial position of the company. The Registrar of Companies, Gujarat, Dadra and Nagar Haveli (ROC) vide their letter dated August 11, 2009 had granted the Company extension of time till December 31, 2009 for holding the Annual General Meeting (i.e. 26th AGM) for the financial year ended on March 31, 2009. The Company had intimated to the Stock Exchanges in this regard vide its letter dated August 13, 2009.

CONSOLIDATED FINANCIAL STATEMENTS

Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to Clause 32 read with Clause 41 of the Listing Agreement entered into with the Stock Exchanges and prepared in accordance with Accounting Standard 21 (Consolidated Financial Statements) of Institute of Chartered Accountants of India, for financial year ended March 31, 2009.

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 along with Auditor's certificate for the compliance.

LISTING/DELISTING OF THE EQUITY SHARES/FCCBs

The equity shares of your Company are listed at Ahmedabad Stock Exchange Limited, (ASE), Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE). The annual listing fees for the year 2008-09 have been paid to all these Stock Exchanges. The application for voluntarily delisting of Company's ordinary shares is pending with The Calcutta Stock Exchange Ltd. (CSE), in spite of the fact that company had submitted all relevant information asked by CSE. Company had also requested SEBI to interfere in the matter and direct CSE to delist the shares of the Company as the Company had complied with all statutory requirement. Company on its own had stopped filing of information to CSE and listing fee. The Foreign Currency Convertible Bonds (FCCBs) issued by the Company are listed on the Singapore Stock Exchange.

DIRECTORS

Mr. Anurag Dalmia, Mr. Naresh Chandra and Mr. R S Jalan, Directors retire by rotation and being eligible, offer themselves for re-appointment. The Board recommends their appointments at the ensuing Annual General Meeting.

Mr. Sanjiv Tyagi and Mr. Mahesh Kheria were appointed as Additional Directors on the Board of the Company w.e.f. April 30, 2009 and June 25, 2009 respectively. The Company has received notice u/s 257 of the Companies Act, 1956 from shareholders signifying intention to propose at the ensuing Annual General Meeting the candidature of Mr. Sanjiv Tyagi and Mr. Mahesh Kheria as Directors of the Company. The Board recommends their appointments at the ensuing Annual General Meeting.

Mr. Jagdish Capoor, Director resigned w.e.f April 22, 2009. Mr. P.K. Laheri, Ex-IAS, Director resigned w.e.f June 25, 2009. Mr. H. H. Faruqi, Director expired on June 19, 2009. Your Directors wish to record their gratitude and appreciation for the contribution by above directors during their tenure as Directors of the Company.

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 are given in Annexure-I forming part of this 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 to this Report and forms part of the Report. However, as per the provisions of Section 219 (1)(b) (iv) of the Companies Act, 1956, the Report and the accounts are



being sent to the 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.

STATUTORY AUDITORS

M/s Jayantilal Thakkar & Co., Chartered Accountants and M/s Rahul Gautam Divan & Associates, Chartered Accountants, the Joint Auditors of the Company will retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received certificates 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 Board recommends their re-appointment.

COST AUDITORS

The Board has appointed M/s R J Goel & Company, Cost Accountants, New Delhi, M/s L S Sathiamurthi & Co., Cost Accountants, Chennai and M/s N D Birla & Co., Cost Accountants, Ahmedabad as Cost Auditors for the Soda Ash division, Yarn division (Madurai) and Home Textile division (Vapi) of the Company respectively under Section 233B of the Companies Act, 1956 for the financial year 2009-10.

AUDITORS

The Auditors have qualified on certain matters and the same are clarified in notes on accounts no. 3,6,9 and 38 which are forming part of Balance Sheet as at March 31, 2009 and Profit and Loss Accounts for the year ended on that date, are self explanatory and therefore do not call for any further comment U/s 217(3) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, confirm that:

- a. in the preparation of the annual accounts for the financial year ended March 31, 2009 the applicable accounting standards have been followed and there has been no material departure;

- b. appropriate accounting policies have been selected by them and applied the same consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009 and of the profits of the Company for the financial year ended March 31, 2009;
- c. the proper and sufficient care has been taken by them 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; and
- d. the annual accounts for the financial year ended March 31, 2009 have been prepared by them on a going concern basis.

ACKNOWLEDGEMENT

The Directors express their gratitude to 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, bondholders, customers, suppliers, 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/-
SANJAY DALMIA
Chairman

Date: December 1, 2009
Place: New Delhi

ANNEXURE I TO THE DIRECTORS REPORT
A. CONSERVATION OF ENERGY
a) Energy Conservation Measure Taken

- 1 Lignite beneficiation plant in successful operation, captive lignite usage increased.
- 2 Installation of two more streams of Nano filtration plant reducing load on high energy consuming RO plants and seawater processing.

b) Additional Investment & proposals, if any, being implemented for reduction of consumption of energy

- 1 Maximum usage of low GCV fuel in CFBC boiler.
- 2 Feasibility study for a condensing turbine for better steam power balance.

B. POWER & FUEL CONSUMED

B. POWER & FUEL CONSUMED		Year ended March 31,2009	Year ended March 31,2008	
1	Electricity			
(i)	Purchased Units (lacs kwh)	648.75	683.81	
	Total amount (Rs. lacs)	3,053.29	3,076.95	
	Rate per Unit (Rs.)	4.71	4.50	
(ii)	Own Generation			
(a)	Through DG			
	Units (lacs kwh)	84.19	150.04	
	Units per ltr of Diesel Oil	3.71	3.19	
	Cost per Unit (Rs.)	7.27	5.21	
(b)	Through GTG			
	Units (lacs kwh)	177.12	118.40	
	Units per SCM of Gas	2.56	2.63	
	Cost per Unit (Rs.)	5.62	4.83	
(c)	Through TG			
	Units (lacs kwh)	1,474.58	1,396.92	
	Cost per Unit (Rs.)	1.78	1.60	
2	Coal			
	Quantity (MT)	192,686.00	172,225.00	
	Total Cost (Rs. lacs)	12,728.44	6,250.38	
	Average Rate (Rs/MT)	6,605.79	3,629.19	
3	Lignite			
	Quantity (MT)	245,503.20	233,695.73	
	Total Cost (Rs. lacs)	1,637.45	3,058.60	
	Average Rate (Rs/MT)	666.98	1,308.80	
4	Consumption per Unit of Production			
		Electricity (kwh/MT)		
	Production (MT)	Year ended	Year ended	
		March 31, 2009	March 31, 2008	
	Soda Ash	617,566	261.29	254.88
	Salt	31,203	33.28	38.40
	Yarn	10,614	5.01	4.71
	Cloth (Fabric '000 Meters)	30,293	0.76	0.78
	Coal - Soda Ash (MT/MT)	617,566	0.31	0.29
	Lignite - Soda Ash (MT/MT)	617,566	0.40	0.40

C. TECHNOLOGY ABSORPTION
1 Research & Development

Efforts continue to bring in operational efficiencies and product up gradations to meet specific customer need both domestic and export. No specific expense can be earmarked for R&D, as this is an ongoing process at the operational level.

2 Technology -Absorption, Adoption and Innovation

The technology for soda ash provided by M/s Akzo Zout Chemis 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.