

27th Annual Report 2009-2010



GHCL Limited

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Annual General Meeting – Thursday, September 9, 2010

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 September 2, 2010 to September 9, 2010



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	
Sanjiv Tyagi	
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
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 Hyderabad
Canara Bank
State Bank of Patiala
State Bank of Mysore
State Bank of Bikaner and Jaipur
Bank of Maharashtra
Union Bank of India
Andhra Bank
Bank of India
Dena Bank

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 consolidating our operations to provide value across the stakeholders' spectrum"

The year 2009-10 has been broadly a year that has shown a perspective of mixed recoveries across the globe post one of the worst global financial crisis of 2008.

The economic swings with in the Western world such as within the EU (European Union) where economies like Greece, Spain, Italy have created serious concerns for other developed nations such as Germany, have impacted consumption patterns across the economies. While at the same period growth contributors to the world economy in terms of consumption, attractiveness of investments and deployment of growth capital have largely been witnessed in China & India.

India and China's recovery within the industrial sector has shown that achievement of global stability in reference to the pre 2006 levels is yet to be achieved. However, with regard to the Indian story, while it was believed that we would clock a 6.5% growth, we are witnessing a higher growth level of 8.5%.

While, we in India too have been impacted by these events, it is not as severely as the other developed countries of the world. Though inflation still looms large, the Government is in the process of introducing steps to contain inflation & protect the overall domestic story with regard to consumption and growth of new consuming classes.

As mentioned in the last year's annual speech, we had stated that as a company our focus would be to drive growth in the Domestic Sector. Here we clearly see that following this strategy has paid rich dividends as the Indian Economy has emerged much stronger than even the Govt. estimates. Larger growth has happened in the manufacturing segment such as glass (construction/housing/automobiles) & FMCG (detergents/textiles), which in turn has given huge momentum to demand in soda ash and textiles segments.

Keeping in mind that there have been challenges in pricing & input costs, our ability to drive domestic throughput and cater to the domestic volumes in consumption have been able to more than mitigate these challenges. Going forward, we believe we are rightly poised to take advantage of this up-cycle in domestic demand.

During the year your company has consolidated its entry in 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 looking to enter into other models of retail that are more focused towards risk mitigation in terms costs and use the revenue share model in retail to drive different format roll outs.



Your company continues its focus 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 continue to create and build infrastructure and invest in people's initiatives and career growth. We are expecting a much stronger year ahead both in terms of revenue and margin growth 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 to 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.

We have made considerable strides towards developing a sound strategy on maintaining 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 and also cater to the growing needs of our customers.

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.

Sanjay Dalmia
Chairman

NOTICE

NOTICE is hereby given that the 27th 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, September 9, 2010 at 10.00AM to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2010, 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, 2010.
3. To appoint a director in place of Mr. S H Ruparell, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Dr. B. C. Jain, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Mr. G. C. Srivastava, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a director in place of Mr. Raman Chopra, who retires by rotation and being eligible, offers himself for re-appointment.
7. 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:**8. Re-appointment of Mr. Tej Malhotra as 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 pursuant to the provisions of Section 198, 269, 309, 311 read with Schedule XIII and any other applicable provisions, if any, of the Companies Act, 1956 or any amendment thereof and pursuant to Article 166 of Article of Association of the Company, Mr. Tej Malhotra be and is hereby re-appointed as a Whole Time Director designated as Sr. Executive Director (Operations) of the Company for a period of 2 years with effect from May 5, 2010, liable to retire by rotation, 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 re-appointment in such manner as the 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."

Registered Office:

GHCL HOUSE
Opp. Punjabi Hall
Navrangpura,
Ahmedabad - 380009
Dated: July 29, 2010

By Order of the Board of Directors
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. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of Special Business in the notice is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 2, 2010 to Thursday, September 9, 2010 (both days inclusive).
5. 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 2, 2010. 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.
6. The relevant details of directors seeking reappointment under Items No. 3 to 6, as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges is given herein below.
 - a. Mr. S H Ruparell (DOB – December 5, 1931) is a Director of the Company. He is an expert in Corporate Laws and solicitor authorized to administer Oath in UK. 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.
 - b. Dr. B. C. Jain (DOB – October 8, 1938) is a Director of the Company. He is LL. B, ACCS, Ph. D. and Fellow member of Institute of Chartered Accountants (ICAI) of India and his area of specialization is Finance, Banking and Accounting. He has been on the board of Union Bank of India, Central Bank of India and Bank of India. He has also been the Central Council Member of ICAI and Member of Peer Review Board of ICAI. Dr. Jain is the Chairman of Audit Committee and Subsidiary Monitoring Committee of the Company. He is also a member of the Remuneration 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. G. C. Srivastava (DOB – September 20, 1947) is a Director of the Company. He 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 is having rich experience in Tax and Accounting. He is a member of the Audit Committee and Subsidiary Monitoring 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.

- d. Mr. Raman Chopra (DOB – November 25, 1965) is a Whole Time Director of the Company and designated as Executive Director (Finance). He is a graduate in commerce and Fellow member of Institute of Chartered Accountants of India and having a very wide experience in Corporate Finance & Textiles. He is in charge of Financial, Secretarial & Legal functions covering financial accounting, management accounting, taxation, secretarial, legal and corporate finance. He is a member of Shareholders Grievance Committee and Banking & Operations Committee of the Company. Mr. Chopra is neither a member of more than 10 Committees nor the Chairman of more than 5 Committees. He is on the Board of Rosebys Interiors India Limited, Fabient Global Limited, Fabient Textiles Limited, Rosebys International Limited, North Eastern Tobacco Co. Limited and Rosebys UK Limited. He does not hold any shares in the Company.
7. 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.
8. 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.
9. 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.
10. 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 between 2.00 PM and 4.00 PM on all working days of the Company up to the date of the Annual General Meeting.
11. Members attending the Meeting are requested to complete the enclosed slip and deliver the same at the entrance of the meeting hall.
12. 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.
13. Dividend for the financial year ended March 31, 2003, 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 2010 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) (LIIFL). Members are advised that once the unclaimed dividend is transferred to IEPF no claims shall lie in respect thereof.
14. 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.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in Securities Market. The members holding shares in electronic form are therefore requested to submit the PAN to their depository participants with whom they are maintaining their Dmat Accounts. Members holding shares in physical form can submit their PAN details to the Company or Registrar and Transfer Agent i.e. Link Intime India Pvt. Limited.
16. **Nomination Facility:** Members holding shares in physical form may obtain the nomination form from the Company's Registrar and Share Transfer Agent. Members holding shares in electronic form may obtain the nomination form from their respective Depository Participants.

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

Item No. 8

The Board of Directors has re-appointed Mr. Tej Malhotra as Whole Time Director designated as Sr. Executive Director (Operations) of the Company for a period of two years with effect from May 5, 2010. The disclosure in accordance with the provisions of Clause 49 of Listing Agreement in regard to the re-appointment of Mr. Tej Malhotra is given below:

Mr. Tej Malhotra, aged about 60 years (DOB – June 9, 1950) is a Graduate in Engineering (Mechanical) and having 37 years of 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 a Director on the Board of SC GHCL Upsom SA, Romania, a step-down subsidiary of the Company. He is a member of the Banking & Operations Committee of the Company. He is neither a member of more than 10 Committees nor the Chairman of more than 5 Committees. He does not hold any shares of the Company. Mr. Tej Malhotra fulfills the eligibility criteria set out under Part - I of Schedule – XIII of the Companies Act, 1956.

Basic Salary: Rs. 3,02,000 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 of the Company.

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 etc. as approved under the Uniform Remuneration Package.

Except Mr. Tej Malhotra, none of the directors are interested in the resolution. 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 Directors including Managing Director.

Registered Office:

GHCL HOUSE
Opp. Punjabi Hall
Navrangpura,
Ahmedabad - 380009
Dated: July 29, 2010

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

Sd/-
Bhuvneshwar Mishra
General Manager & Company Secretary

DIRECTORS' REPORT

To

The Members,

We are delighted to present the 27th Annual Report of the Company together with Audited Accounts of the Company for the Financial Year ended March 31, 2010.

OPERATIONAL RESULTS

The summary of the financial performance of the Company for the Financial Year ended March 31, 2010 compared to the previous year ended March 31, 2009 are given below:

Particulars	(Rs in Lacs)	
	Year Ended March 31, 2010	Year Ended March 31, 2009
Net Sales /Income	122,546.09	124,697.05
Gross profit before interest and depreciation	30,320.37	28,486.65
Interest	10,544.94	9,000.42
Profit before depreciation and amortisation - (Cash Profit)	19,775.43	19,486.23
Depreciation / Amortisation	7,611.18	6,961.12
Profit before Tax	12,164.25	12,525.11
Provision for Taxation – Current	12.00	491.66
Provision for Taxation – Deferred	(1,932.29)	1,480.44
Fringe Benefit Tax	-	123.21
Profit after Tax	14,084.55	10,429.80
Balance brought forward from last year	28,431.11	32,389.73
Balance brought forward from amalgamating company	-	(1,222.49)
Prior period adjustments	(11.29)	99.12
Excess provision for tax for earlier years	21.97	118.29
Amount available for appropriation	42,526.33	41,814.45
Appropriations		
Transfer to General Reserve	1408.45	1,042.98
Transfer to General Reserve as per Scheme of Arrangement	15,000.00	10,000.00
Proposed Dividend	2,000.39	2,000.39
Tax on Dividend	332.24	339.97
Balance carried to Balance Sheet	23785.25	28,431.11

PERFORMANCE HIGHLIGHTS

Soda Ash

The Global Soda Ash demand was 44 million tons in 2009-10 with a capacity of 57 million tons. After growing at an average annual rate of almost 5 percent per year since 2004, world soda ash demand fell by about 9.5 percent in 2009. This represented a loss in volume of about 4.6 million metric tons compared to 2008. As a result of weak demand, world soda ash operating rates averaged just 76 percent of capacity in 2009, probably the lowest rate the industry has ever seen. The USD12.50 billion global soda ash market is being affected by the recession and a downturn in the demand for glass from the construction and automotive sectors. Rapid growth in the developing economies is expected to return but full recovery may take quite a few years. 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.

The global meltdown had affected Indian Industry also and Soda Ash demand growth in the year 2008 was flat. The strong rebound of the Indian Economy was witnessed in Soda Ash also as demand growth rebounded to a very healthy 9% in

2009. It is expected that on the back of a strong growth in Glass (Construction/Automobiles) and Detergents (FMCG penetration and growth), Soda Ash demand will continue to grow at 5-6% in the current year. Import of Soda Ash from China, Europe, Pakistan & other countries like Turkey are a major concern for Soda Ash industry. The Finance Ministry of Government of India had imposed Safeguard Duty on all Soda Ash Imports from China as part of its efforts to maintain a healthy domestic Soda Ash industry in the Country. While the imposition of Safeguard Duty has tempered Chinese Imports to some extent, continued imports from other European producers where domestic markets still remain weak remains a challenge.

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 676079 tons, which was 9.47% higher as compared to the previous year. The Company achieved sales of Soda Ash 656684 tons during the year including exports, which was 16.74% higher than the previous year.

Soda Ash prices have declined YOY. Further, 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 20161 tons against 12659 tons in the previous year, which is higher by 59.26%. During the year the Company achieved sales of Bi-Carbonate 19648 tons against 12343 tons in the previous year, which is higher by 60.48%.

Home-Textiles

The timely providing of "Stimulus Package" by the Government of India in 2009 to tide over Global Financial crisis has had a tremendous catalyst effect in turning around Indian Textile Industry in 2009-10. The Indian Textile industry, 2nd largest in the world, after registering a decline in 2008-09, rebounded magnificently by recording more than 8% growth in 2009-10. The exports also registered a growth of around 5%.

For GHCL's Textile Business also, the year 2009-10 has been remarkable in terms of overall performance and profitability of the company. Your company, with it's state-of-art textile facilities from spinning to made-ups, has cautiously rationalised its customer base and successfully made deep inroads with large Global Retailers for running their replenishment programmes. Your company today boasts of a customer base that comprises of Wal-Mart, K-Mart/Sears, Macy's, Bed Bath & Beyond, J C Penny and U.S. Polo in the USA and the likes of House of Fraser, 3 Suisses and Galeries Lafayette in Europe. Additionally, with other measures like excellent cotton coverage, timely investment in value added segment like compact spinning, optimum utilization of wind energy and power trading, your company has been able to achieve significant improvement in profitability and operational performance in its Textile Business as compared to previous year.

The operating profit of the textile division stood at Rs. 18.07 Crore for 2009-10 as against operating loss of Rs. (14.13) Crore in 2008-09, which signified a huge improvement of Rs. 32.20 Crore in profitability as compared to last year.



The Management is taking further initiatives in terms of adding more capacities in value-add segment, Printing and Cut & Sew facility which would have significant benefits in the coming years.

Retail Initiative

Your company's retail initiative under Rosebys Interiors India Limited (RIIL) is primarily focused on home and life style retailing. Rosebys has recently signed an agreement with National Textile Corporation (NTC) to run their stores. The first one is already operational in a premium shopping area in New Delhi and the others will be rolled out at different places during the year. Rosebys in joint association with NTC has been awarded Home-ware category license to sell Common Wealth Games, (CWG) 2010 propriety products across India. Rosebys in partnership with NTC would shortly launch a "Brand" to expand its Home-Textiles Retail Business.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 2.00 per Equity Share for the financial year ended March 31, 2010.

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 in the financial year 2007-08. During the previous financial year ended on March 31, 2009, pursuant to circular issued by RBI vide AP(DIR Series) Circular No 39 dated December 8, 2008 and in line with the approval obtained from RBI, your Company had bought back USD 11.00 million of FCCBs at discount and extinguished the same. The total outstanding of FCCB as on March 31, 2009 was USD 68.00 million.

At the beginning of financial year 2009-10, the outstanding FCCBs were USD 68.00 million. During the Financial year 2009-10, the Company had repurchased (bought back) FCCBs aggregating to face value of USD 39.00 million at discount and extinguished the same in line with the approval received from Reserve Bank of India. After said buy back, the outstanding FCCBs were USD 29.00 million at the close of Financial Year 2009-10 i.e. March 31, 2010.

Subsequent to the year end, buy back process of FCCBs is still going on pursuant to specific approval of the Reserve Bank of India and the Company had bought back FCCBs aggregating to face value of USD 7.25 million at discount and extinguished the same. After said buy back, the outstanding FCCBs is USD 21.75 million as on June 30, 2010.

During the financial year your Company has transferred to investors' education and protection fund account (IEPF) a sum of Rs. 31.64 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. 1.96 lacs have been transferred to IEPF during the financial year, which is included in Rs. 31.64 lacs transferred, as stated above.

EMPLOYEES STOCK OPTION SCHEME

Your company has Stock Option Scheme for its employees as per the Revised Scheme approved by shareholders in their Extra Ordinary General Meeting held on March 19, 2008 and accordingly Compensation Committee in their meeting held on March 24, 2008 had granted options to its eligible employees. Under the current ESOS Scheme the employees would 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. Pursuant to the approval given by the Compensation Committee, "vesting period" of options granted was two years from the date of grant (i.e March 24, 2008). Accordingly, eligible employees can exercise their rights on the valid options granted to them by the Committee on or after March 24, 2010. However, no employee has exercised his right on the vested option so far. 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 has incorporated a company in Cyprus with the name and style of Teliforce Holding India Limited, as a wholly owned subsidiary on February 26, 2010. During the previous 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 7 proceedings related to Dan River Inc USA is still pending.

Soda Ash production of GHCL Upsom, Romania, a step down subsidiary of the Company, is adversely affected due to outstanding issues with gas suppliers M/s Romgaz and adverse weather conditions resulting in damage to plant & equipment. Further, the Board of GHCL Upsom has decided to send notice for collective dismissal of its employees retaining around 80 critical employees to ensure the safety and security of the plant and to carry out essential repairs and maintenance to restart the plant shortly. The Board of Upsom is in continuous dialogue with Romgaz and Government Authorities. Details regarding subsidiaries have been provided in note no. 1(c) to 1(g) of Consolidated Accounts of the Company and also under Statement u/s 212 of the Companies Act, 1956.

Ministry of Corporate Affairs, Government of India, vide order No. 47/508/2010-CL-III dated June 4, 2010 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.

AWARDS AND RECOGNITIONS

Your directors are pleased to inform you that GHCL Limited achieved a milestone because GHCL Sutrapada plant has been awarded "Darbari Seth Award for Best Managed Plant in Soda Ash Industry – 2009" by Alkali Manufacturers Association of India.

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, 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of Clause 49 of the Listing Agreement of the Stock Exchanges, the detailed review of the operations, performance and future outlook of the Company and its business is given in the Management's Discussion and Analysis which forms part of this report. The report on Management's Discussion and Analysis is annexed with 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 Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE) and Ahmedabad Stock Exchange Limited, (ASE). The annual listing fees for the year 2009-10 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. S. H. Ruparell, Dr. B. C. Jain, Mr. G. C. Srivastava and Mr. Raman Chopra, Directors retire by rotation and being eligible, offer themselves for re-appointment. The Board recommends their appointments at the ensuing Annual General Meeting.

Mr. Tej Malhotra, Sr. Director (Operations) was re-appointed as Whole Time Director for a period of two years with effect from May 5, 2010 subject to the approval of the shareholders. The Board recommends their appointments at the ensuing Annual General Meeting.

The Board of Directors had appointed Mr. Vijay Kumar as an Alternate Director to Mr. S. H. Ruparell w.e.f July 18, 2009. However, by virtue of operation of Section 313(2) of the Companies Act, 1956, the position of alternate director has vacated with effect from April 26, 2010. Your Directors wish to record their gratitude and appreciation for the contribution made by Mr. Vijay Kumar during his tenure as Director 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 2010-11.

AUDITORS' OBSERVATION

The Auditors have qualified on certain matters and the same are clarified in notes on accounts no. 2, 4 and 35 which are forming part of Balance Sheet as at March 31, 2010 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:

- in the preparation of the annual accounts for the financial year ended March 31, 2010 the applicable accounting standards have been followed and there has been no material departure;
- 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, 2010 and of the profits of the Company for the financial year ended March 31, 2010;
- 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
- the annual accounts for the financial year ended March 31, 2010 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.

For and on behalf of the Board of Directors
For GHCL Limited

Date: July 29, 2010
Place: New Delhi

SANJAY DALMIA
Chairman

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

- 1 Usage of low GCV fuel in CFBC boiler maximized.
- 2 Mechanized briquette plant commissioned.
- 3 PEER to PEER system installed in air Compressor for optimize energy consumption at Vapi Plant.

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

- 1 Revamping of Old Nano filtration plant reducing load on high energy consuming RO plants and seawater processing
- 2 Installation of condensing turbine for better steam power balance.
- 3 Installation of 120 TPH motor driven boiler feed water pump.

B. POWER & FUEL CONSUMED

	Year ended March 31,2010	Year ended March 31,2009
1 Electricity		
(i) Purchased Units (lacs kwh)	623.17	648.75
Total amount (Rs. lacs)	3,305.66	3,053.29
Rate per Unit (Rs.)	5.30	4.71
(ii) Own Generation		
(a) Through DG		
Units (lacs kwh)	79.13	84.19
Units per ltr of Diesel Oil	3.41	3.71
Cost per Unit (Rs.)	9.58	7.27
(b) Through GTG		
Units (lacs kwh)	206.27	177.12
Units per SCM of Gas	2.30	2.56
Cost per Unit (Rs.)	7.09	5.62
(c) Through TG		
Units (lacs kwh)	1,587.95	1,474.58
Cost per Unit (Rs.)	1.65	1.78
2 Coal		
Quantity (MT)	171,061.25	192,686.00
Total Cost (Rs. lacs)	8,210.85	12,728.44
Average Rate (Rs/MT)	4,799.95	6,605.79
3 Lignite		
Quantity (MT)	327,680.00	245,503.20
Total Cost (Rs. lacs)	4,403.14	1,637.45
Average Rate (Rs/MT)	1,343.73	666.98
4 Consumption per Unit of Production		

	Production (MT)	Electricity (kwh/MT) Year ended March 31, 2010	Year ended March 31, 2009
Soda Ash	676,069	256.32	261.29
Salt	26,589	37.05	33.28
Yarn	11,471	4.64	5.01
Cloth (Fabric '000 Meters)	30,217	0.73	0.76
Coal -Soda Ash (MT/MT)	676,069	0.25	0.31
Lignite - Soda Ash (MT/MT)	676,069	0.48	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 Research & Development, 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.