

THIRTIETH
ANNUAL
REPORT
2012-13



GHCL Limited



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Annual General Meeting – Thursday, September 26, 2013

Time – 9:30 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 16, 2013 to September 26, 2013

Important Communication to Members

Ministry of Corporate Affairs had announced “green initiatives in the Corporate Governance” and permitted companies to service notices / documents including Annual Report to the members of the company on their email addresses. All those Shareholders who have not yet registered their email ids or holding shares in physical form are requested to register their email ids with NSDL/ CDSL and/or our RTA at ghclgogreen@linkintime.co.in along with your No. of shares and Folio No. / Client Id and DP Id.

COMPANY INFORMATION

BOARD OF DIRECTORS

Sanjay Dalmia	Non-Executive Chairman
Anurag Dalmia	Non-Executive Director
Neelabh Dalmia	Non-Executive Director
Dr. B C Jain	Independent Director
Ajoy Nath Jha	Nominee Director (IDBI Bank)
R M V Raman	Nominee Director (Exim Bank)
Surendra Singh	Independent Director
G C Srivastava	Independent Director
Mahesh Kheria	Independent Director
Sanjiv Tyagi	Independent Director
S H Ruparell	Non-Executive Director
R S Jalan	Managing Director
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.ghclindia.com

MAJOR SUBSIDIARIES

1. Teliforce Holding India Ltd.
2. Grace Home Fashions LLC
3. 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

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
IDBI Bank Ltd.
State Bank of Hyderabad
Canara Bank
State Bank of Patiala
State Bank of Mysore
State Bank of Bikaner and Jaipur
Export Import Bank of India
State Bank of India
Tamilnad Merchantile Bank Ltd.
Bank of Maharashtra
Union Bank of India
Jammu and Kashmir Bank Ltd.
Bank of India
Andhra 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

Dear Shareholders,

I am happy to report that your company continues to clock a healthy growth rate despite slowdown in the domestic economy and uncertainties in the international market.

The slowdown in our economy, which started in 2011-12, deepened in the year gone by and further hurt domestic demand. With global markets grappling with uncertainty, exports have also taken a hit. This has meant that companies across sectors have seen a muted growth in revenues and have been forced to cut back on their expansion plans. As a result, job creation too has suffered. The rupee's steady decline against the dollar has only added to the pressure for most companies and measures taken to counter its fall may end up pushing interest rates.

The Indian economy is estimated to have grown at 5.0% in 2012-13, down from 6.2% a year ago. Estimates put out by most economic think tanks have shown that the growth may stay around for 5.0% for the current year as well. While we may still be the second fastest growing economy of the world, current growth rate is way below our potential and simply not good enough to meet the aspirations of a young India. We urgently need a strong dosage of reforms coupled with clarity on the policy front to rebound to 9%-plus growth rate.

The pessimism prevailing in the country notwithstanding, your company has continued to buck the trend. A company's business model and character is put to test during times of a slowdown. I am pleased to say that with our focus on core competencies and our strengths, we have so far weathered the storm.

Our initiatives and ability to tackle challenges helped us post another impressive performance in the year under review. Our top line grew by 12% to 2128 crore rupees in 2012-13 from 1906 crore rupees in 2011-12. Our EBITDA rose by 9% to 419 crore rupees from 384 crore rupees in the same period. Despite high volatility in the foreign exchange market, we pro-actively took steps to ensure that risks arising from our exposure were contained.

I would now turn to detail performances of each of our divisions.

I am happy to report that despite over supply in the Indian market, your soda ash plant achieved its highest production of around 7.24 lakhs MT in 2012-13. Your company also clocked the highest domestic sales of 6.35 lakhs MT and total sales of 6.61 lakhs MT for soda ash including exports. While 2012-13 continued to see high imports of soda ash and exerted pressure on domestic manufacturers, imports are not expected to grow significantly this year as the government has imposed a definitive anti-dumping duty on soda ash imports from Russia and Turkey from April 18, 2013 for a period of five years. In addition, consumption of soda ash per person is expected to increase. This augurs well for your company.

The Indian textile industry, which shrunk in 2011-12 due to weak global demand and volatility in cotton prices, is now on a rebound. In the year under review, stable cotton prices and export promotion schemes introduced by the government aided growth. In addition, the government continued with Technology Upgradation Fund Scheme. The revenues of yarn division rose 29% to 382 crore rupees from 296 crore rupees. The outlook for spinning industry is also positive with stable cotton prices, recovery in demand, and improved yarn price scenario. While shortage of skilled labour and grim power situation are main



challenges, aggressive power trading by your company has resulted in substantial savings.

I am happy to share that we got a confirmed annual business of approximately \$50 Mn from an overseas retailer for our home textile business. This is a long term order and will take 40% of our capacity, thereby allowing better capacity utilization in coming years. Due to our sustained marketing efforts, we have secured large replenishment orders from big global retailers in the US and Europe like Bed Bath & Beyond, K-Mart, Macy, and Belk. The revenues of home textile division grew 14% in 2012-13 to 617 crore rupees from 543 crore rupees.

Being a socially responsible corporate, your company continues to work actively in the area of corporate social responsibility and has initiated a number of projects for upliftment of the living standards of citizens in and around its manufacturing sites. Some of the key initiatives undertaken or progressing are : promoting agro based livelihood by providing drip irrigation and sprinkler irrigation system to the farmers, sanitation initiatives like construction of household toilet blocks, roof rain harvesting structures for villagers, coastal area development for prevention of salinity and providing education to children at our lime stone mines area.

The state of Uttarakhand was devastated by floods in June this year and your company took proactive steps and provided immediate relief material and monetary support for the people affected by the huge calamity.

Going forward, we will continue to be nimble footed, pre-empt challenges, offer quality products to our clients and create wealth for our stakeholders. We also hope to break into new markets with our high quality products and strengthen relationships with our existing customers.

I take this opportunity to thank all our stakeholders – our employees, who are at the core of our operations, governments, who have supported us through the years, customers for showing unflinching faith in our products and deliverability, lenders who have funded our growth plans and investors who have stood by us.

Sanjay Dalmia
Chairman



NOTICE

NOTICE is hereby given that the 30th 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 26, 2013 at 9.30 AM to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013, Statement of Profit and Loss 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, 2013.
3. To appoint a director in place of Mr. Sanjay Dalmia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Neelabh Dalmia, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Mr. Sanjiv Tyagi, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a director in place of Mr. Mahesh Kheria, who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint M/s Jayantilal Thakkar & Co., Chartered Accountants (Firm Reg. No. 104133W) and M/s Rahul Gautam Divan & Associates, Chartered Accountants (Firm Reg. No. 120294W) 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. Raman Chopra as Whole Time 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 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, including any amendment thereof and pursuant to Article 166 of the Articles of Association of the Company, approval of the Company be and is hereby accorded to the re-appointment of Mr. Raman Chopra as a Whole Time Director designated as Executive Director (Finance) of the Company, for a period of 5 years with effect from April 1, 2013, 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 vary, alter and modify the terms and conditions of the said re-appointment and / or remuneration, subject to the same not exceeding the limit prescribed under Schedule XIII of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

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."

9. 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, 2014;

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. Raman Chopra, Executive Director (Finance) and / or Mr. Bhuneshwar Mishra, General Manager & Company Secretary and / or Mr. Manoj Kumar Ishwar, Manager (Secretarial) 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."

Registered Office:

GHCL HOUSE
Opp. Punjabi Hall,
Navrangpura,
Ahmedabad - 380009
Dated: May 24, 2013

By Order of the Board
For **GHCL LIMITED**
Sd/-
Bhuneshwar 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 Monday, September 16, 2013 to Thursday, September 26, 2013 (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 16, 2013. 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. Sanjay Dalmia (DOB - March 17, 1944) is Non-executive Chairman of the Company. Mr. Dalmia is an eminent Industrialist and is an Ex-member of Rajya Sabha (Upper house of Parliament). He is also the 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 Golden Tobacco Limited (formerly known as GTC Industries 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 has also completed Masters of Business Administration (MBA) from Kelley School of Business, Indiana University, USA. He is a member of Share Transfer and Investors' Grievances Committee, CSR Committee and 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. Sanjiv Tyagi (DOB – February 25, 1959) is a Director of the Company. He is a graduate in arts and Diploma in Hotel Management from the prestigious Oberoi School of Hotel Management. He had worked with Oberoi Group, Holiday Inn, Radisson, Unitech etc. He has very rich experience in the Industry and his area of specialization is Management. He is a member of Remuneration Committee of the Company. Mr. Tyagi is neither a member of more than 10 Committees nor the Chairman of more than 5 Committees. He is on the Board of Unitech Country Club Limited, Unitech Pioneer Recreation Ltd., Unitech Pioneer Nirvana Recreation Ltd., Landmark Dwellers Pvt. Ltd., Landmark Infracon Private Limited, Siya Management Consultants Private Limited and Jupiter Venture Lands Private Limited. He does not hold any shares in the Company.
 - d. Mr. Mahesh Kheria (DOB – July 18, 1955) is a Director of the Company. He is a graduate in commerce and his area of specialization is Finance & Marketing. He has very wide areas of industrial experience and very long association with the Company. He is the Chairman of the Share Transfer and Investors' Grievances 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 Mass Food Products Pvt. Ltd. and Amicus Advisory Pvt. Ltd. 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. Ministry of Corporate Affairs had taken a "Green Initiative in the Corporate Governance" and permitted companies to service documents to the members of the Company on their e-mail addresses. Accordingly, the Company will send the correspondence and documents including Annual Report etc. in electronic form, to the e-mail address of the members instead of sending documents in physical form. To support this green initiative in full measure, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who

hold shares in physical form are requested to register their e-mail ids at ghclgogreen@linktime.co.in

10. 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.
11. 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.
12. Members attending the Meeting are requested to complete the enclosed slip and deliver the same at the entrance of the meeting hall.
13. 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.
14. Dividend for the financial year 2005-06 (9 months period ended December 31, 2005), which remains unpaid or unclaimed, is due for transfer to the Investor Education and Protection Fund of the Central Government (IEPF) in the month of June 2013 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 December 31, 2005 or any subsequent financial year(s), are requested to lodge their claims with Link Intime India Private Limited (Formerly Intime Spectrum Registry Limited) (LIPL). Members are advised that once the unclaimed dividend is transferred to IEPF no claims shall lie in respect thereof.
15. **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.
16. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in Securities Market. Members holding shares in physical form should submit their PAN details to the Company or Registrar and Transfer Agent i.e. Link Intime India Pvt. Limited.
17. **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. Raman Chopra as Whole time Director designated as Executive Director (Finance) of the Company for a period of five years with effect from April 1, 2013. The disclosure in accordance with the provisions of Clause 49 of Listing agreement in regard to the re-appointment of Whole time Director is given below:

Mr. Raman Chopra, aged about 48 years (DOB – November 25, 1965) is a graduate in Commerce and Fellow member of Institute of Chartered Accountants of India. Mr. Chopra is having wide experience in Corporate Finance and Textiles. Presently, he is in charge of Financial & Secretarial functions covering financial accounting, management accounting, taxation, secretarial, legal, IT and corporate finance areas. Mr. Chopra has more than 25 years of Industrial experience. Before elevated to Executive Director (Finance) with effect from April 1, 2008, he was CFO of the Company from October 30, 2007. Before taking charge of finance, he had successfully established the Home Textile plant at Vapi.

Mr. Raman Chopra is a Director on the Board of Rosebys Interiors India Limited and Dan River Properties LLC, USA, subsidiaries of

the Company. He is a member of Share Transfer and Investors' Grievances Committee and also a member of Banking and Operations Committee of the Company. He does not hold any shares of the Company in his name, but his wife holds 6000 shares. Apart from that he is also having Employees Stock Option of the Company, which is already reported in the relevant Annexure to the Directors' Report. 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 approved by shareholders in their annual general meeting held on September 12, 2008. This remuneration package is also in accordance with the provisions of Schedule XIII of the Companies Act, 1956.

The details of remuneration payable to Mr. Raman Chopra are given below:

1. **Basic Salary:** ₹ 3,45,000/- per month. However, annual increments will be effective from 1st April each year, as may be decided by the Board on recommendation of Compensation / Remuneration Committee of the Company based on the merit and performance of the director and also taking into account the Company's performance. The overall remuneration shall be in accordance with the Uniform Remuneration Package as approved by the members.

2. **Perquisites / Allowances:** Mr. Raman Chopra shall also be entitled to the perquisites / allowances covering Housing, Medical Reimbursement, Leave, Leave Travel Concession, Club Fee, Personal Accident Insurance, conveyance, Car, Driver and other allowances / perquisites as approved under the Uniform Remuneration Package. Presently, total value of perquisites / allowances (including HRA, Car & other allowances / perquisites) except retiral benefits are ₹ 5,06,400/- per month. However, perquisites / allowances can be structured as per Company policy.

The breakup of perquisites / allowance as mentioned in Uniform Remuneration Package are given below:

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 ₹ 4000 per annum.

2.7 **Conveyance:**

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

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.

3. **Retiral Benefits:** In addition to the above perquisites, the director shall also be eligible to the following benefits, which is not included in the computation of the perquisites value. However, at present, total value of retiral benefits (Provident Fund, Superannuation & Gratuity) are 31.8% of the basic salary i.e. ₹ 1,09,710/- per month.

(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.

Current annual salary including perquisites / allowances and other retiral benefits (i.e. Total CTC) of Mr. Raman Chopra is ₹ 9,61,110/- per month (approx ₹ 115.33 lacs per annum) in addition to the annual commission as decided by the Board / Remuneration Committee from time to time.

4. **Total remuneration including Commission:** Annual Commission, salary and other perquisites (i.e. overall remuneration) payable to Whole time Director and Managing Director 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 / annual increment of individual Whole time Director and Managing Director 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.

5. **Minimum Remuneration:**

Where in any financial year during the currency of tenure of a Whole time Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration to the Whole time Director 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, whichever is less.

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 including Managing Director.

Item no. 9

The Board of Directors in their meeting held on May 24, 2013 has approved the amendment with reference to the limit of basic salary from ₹ 6 lacs to ₹ 10 lacs per month in the Uniform Remuneration Package as approved by shareholders in their meeting held on

September 12, 2008. Except the increase in the limit of basic salary, no other change is proposed in the Uniform Remuneration Package. Keeping in view to the industry trend and in order to have delegated authority from the shareholders the aforesaid proposal is placed before the shareholders for their approval.

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 ₹ 10,00,000/- 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 ₹ 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.

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, whichever 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, 2014.

Mr. R S Jalan 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).

Registered Office:

GHCL HOUSE
Opp. Punjabi Hall,
Navrangpura,
Ahmedabad - 380009
Dated: May 24, 2013

By Order of the Board
For **GHCL LIMITED**
Sd/-
Bhuvneshwar Mishra
General Manager &
Company Secretary

DIRECTORS' REPORT

To The Members,

We are pleased to present the 30th Annual Report and the audited accounts of the company for the financial year ended March 31, 2013.

OPERATIONAL RESULTS

The summary of the financial performance of the Company for the financial year ended March 31, 2013 compared to the previous year ended March 31, 2012 is given below:

(₹ in Lacs)		
Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
Net Sales /Income	2,12,793.13	190,635.81
Gross profit before interest and depreciation	41,956.41	38,446.03
Finance Cost		
(a) Interest Cost	14,091.22	14,576.31
(b) Loss on foreign currency transactions and translation (net)	1,704.96	3,919.84
Total Finance cost (a+b)	15,796.18	18,496.15
Profit before depreciation and amortisation - (Cash Profit)	26,160.23	19,949.88
Depreciation and Amortisation	8,196.72	8,084.86
PBT before exceptional items	17,963.51	11,865.02
Exceptional items	(3,958.32)	--
Profit before Tax (PBT)	14,005.19	11,865.02
Provision for Tax – Current	2,819.45	377.00
Provision for Tax – Deferred	(306.91)	(259.93)
Profit after Tax	11,492.65	11,747.95
Balance brought forward from last year	14,212.44	14,570.27
Prior period adjustments	3.92	18.89
Excess provision for tax for earlier years	(1.08)	200.23
Amount available for appropriation	25,707.93	26,537.34
Appropriations		
Transfer to General Reserve	1,149.27	10,000.00
Proposed Dividend	2000.39	2000.39
Tax on Dividend	339.96	324.51
Balance carried to Balance Sheet	22,218.31	14,212.44

PERFORMANCE HIGHLIGHTS

SODA ASH

The Global Soda Ash demand which was around 50 million tons in 2011 is estimated to be slightly more than 51 million metric tons in 2012 against a capacity of about 60 Million MT.

We are seeing demand growth, despite the fact that the market is currently oversupplied. The projected growth for this year is 3 to 4% with most of the growth expected to be in China, India, Russia and South America. World operating rates will not improve due to continued over capacity.

Due to the global cost disparities, relative production costs will be a key issue for the soda ash industry in the future. Though demand for Soda Ash remained little better during the year, price pressure from key inputs such as salt and energy weighed heavily. Demand for glass and detergents in emerging world markets surged in the last few years.

Consumption of soda ash per person is expected to register healthy rise in the next few years with China leading the rankings with consumption from 10.85 kilograms in 2007 to an expected 12.00 kilograms in 2012. China is likely to add at least 1.00 to 1.5 Mn MT capacities every year on the back of huge infrastructure investments. IHS analysts expect Global market for soda ash is projected to reach 65 million metric tons by 2016.

The biggest threat to the global soda ash industry is the global economic outlook, which remains quite delicate. The state of the global economy, combined with the role that China will continue to play in the market, is key to the future health of the soda ash industry. Global growth is set to pick up gradually and unevenly across the regions of the world. North America and Asia are on track to lead the way, with many other emerging regions and economies also doing their part.

Despite depressed conditions prevailing in the Indian Economy, Soda Ash demand witnessed a robust growth of around 9 to 10% in 2012-13. Market feedback suggests other than Glass; all other consuming segments lead by Detergents recorded handsome growth. Most affected sectors are container glass and flat glass, which are under pressure because of over capacity and slow growth in demand. They are under pressure and continue to struggle with sharp decline in sales and stock pile up and also their financial status is a cause of concern. Despite implementation of Anti-Dumping Duty effective July 2012, imports continue to flow in high volumes. The price differential between domestic and imported product is becoming bigger, landed prices of imported product are much lower than those of domestic despite ADD which is impacting pricing and discounting. Higher import continued to exert pressure on domestic manufacturers.

Soda Ash supply in India remains in excess of demand due to the high level of imports that the market is having to absorb. Domestic manufacturers are confident that imports will be reduced in this year. The Finance Ministry, Government of India has imposed a definitive anti-dumping duty on soda ash imports from Russia and Turkey. This anti-dumping duty will be valid for a period of five years from 18th April, 2013. The industry expects this additional trade restrictions (ADD) should bide well for the Indian Soda Ash industry. In addition, there is a view that the current level of exports from China is not sustainable given that the Chinese are exporting below their production cost.

The Indian Soda Ash market constitutes of two varieties – Light (used in detergent industry) & Dense (used in Glass industry), with a share of 60% and 40% respectively. Total installed capacity in India was 3.1 Million MT. With an estimated production of about 2.5 Million MT in last financial year (2012-13) the capacity utilization was of only 81%.

The total size of the Indian soda ash market is about 2.7 Million MT and almost all the major industry players are located in the state of Gujarat due to the closeness and ready availability of the main raw materials namely limestone and salt.

At present your Soda Ash plant has a capacity of 8.50 lacs MTPA. During the financial year 2012-13 your company has achieved highest production around 7.24 lacs MT. This year, the Company has also achieved highest domestic sales i.e. 6.35 lacs MT and total sales of Soda Ash is 6.61 lacs MT including exports.

BI-CARBONATE (BICARB)

During the year, the Company achieved production of Bi-Carbonate 23593 tons against 23369 tons in the previous year. During the year the Company achieved sales of Bi-Carbonate 23433 tons against 22939 tons in the previous year.

HOME TEXTILE

The Indian Textile Industry, 2nd largest in the world, after witnessing growth of around 10% in FY 2009-10 & 2010-11, had shrank during the FY'2011-12 mainly due to weak global economy and extreme volatility in cotton prices. However, FY 2012-13 started on a positive note for the Textile Industry, mainly due to the reason that prices of cotton had stabilized and the Government of India providing a number of export promotion policies for the Textile sector including the continuation of TUFS (Technology Upgradation Fund Scheme). There is some recovery in demand and prices for textiles products in domestic as well as global markets; hence the outlook for the textile industry looks positive.

In the Textile Business of your company, the performance of Yarn business has improved significantly as compared to the previous year, which is mainly due to better demand in yarn, increase in yarn prices and stability of cotton prices. The Made-ups (Home Textile) Business operations are now fully stabilized and doing reasonably well mainly due to the market sentiments in US continue to show improving trends. However, forex volatility significantly impacted the performance of the Home Textile division.

The Revenue of Home Textile division is at ₹ 617.04 Crores during the financial year 2012-13 against ₹ 543.15 Crores in 2011-12, thereby registering a growth of 14% over previous year. Due to its sustained marketing efforts, the company has successfully made deep in roads in export market and further secured large replenishment orders from the big Global Retailers in US and Europe like Bed Bath & Beyond, Macys, K-Mart, Springs, Revman and Belk etc. The Company's Home Textile division got confirmed annual business of approx US\$50 million from an overseas retailer, which is a long term business and will occupy about 40% of capacity and in turn this may help to achieve better capacity utilization in coming years.

The Revenue of Yarn division is at ₹ 381.87 Crores during the financial year 2012-13 against ₹296.57 Crores in 2011-12, thereby registering a handsome growth of 29% over previous year. The performance of Yarn business improved significantly as compared to the previous year, which is mainly due to better demand in Yarn and increase in yarn prices. Both Domestic and international cotton prices remained stable. But, shortage of skilled labour as well as grim power situation is the main challenges for yarn industry including your Company. However, the aggressive power trading by the Company resulted in substantial savings partially offsetting the aforesaid impact. Overall outlook for Spinning Industry looks steady and with stable cotton prices, timely cotton coverage and improved yarn price scenario, your directors expect a profitable period ahead for the Company.

DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 2.00 per Equity Share for the financial year ended March 31, 2013.

FINANCE

During the FY'2012-13, your company has successfully arranged Project Loans of ₹ 84.50 crore to part finance CAPEX of around

₹117.80 crore. Additionally, the company has also enhanced its working capital limits by ₹ 152 crore from ₹ 728 crore to ₹ 880 crore and further tied-up long term loans amounting to ₹ 150 crore to meet overall working capital requirements of the company.

During the year, due to better cash-flow management/ negotiation with various lenders in respect of interest rate besides reduction in base rate, helped your company to reduce weighted average interest cost which is mentioned as follows:

Facility	As on April 1, 2012	As on March 31, 2013
Working Capital Loans	7.61%	6.09%
Term Loans	11.95%	11.46 %

Due to timely repayment of interest and principal payments to various banks, CARE (Credit Analysis & Research Ltd) has reaffirmed the rating of CARE BBB assigned for long term facilities of the Company.

During the financial year, your Company has transferred to investors' education and protection fund account (IEPF) a sum of ₹ 25.40 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 ₹ 0.20 lacs have been transferred to IEPF during the financial year, which is included in ₹ 25.40 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 Scheme the employees are 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 were granted, at the time of exercise of the option. The options granted to the employees are vested effective from March 24, 2010 accordingly, eligible employees can exercise their rights. So far none the employees have exercised their rights on vested options. In compliance of SEBI Circular issued on January 17, 2013 on the Stock Option Scheme read with clarification issued by SEBI vide its Circular dated May 13, 2013, the existing GHCL Employees Stock Option Scheme, administered through Trust, will complete its term on December 31, 2013. The details as per regulation 12 of SEBI (ESOS & ESPS) Guidelines 1999 are given as an Annexure – II forming part of this report.

SUBSIDIARIES

Grace Home Fashion, LLC, a subsidiary of the Company in USA engaged in Home Textile segment is catering to some of the largest Home-Textile Retailers like Bed Bath Beyond and Babies R US. In addition, Grace Home Fashion is also doing online Home-Textile Business in USA through JC Penny and Kohls. com. The revenue of the company increased from ₹ 74.98 Crore in FY'11-12 to ₹ 150.04 Crore during FY'2012-13.

GHCL Upsom, Romania, a step down subsidiary of the Company whose operations are lying closed since Jan'2010 was put under administration on November 21, 2011. The control of GHCL Upsom SA, has been taken over by Casa Transilvania Cluj (the