



35th ANNUAL REPORT 2017-18

**Creating value for our
stakeholders**



Company information

BOARD OF DIRECTORS

Sanjay Dalmia	Non-Executive Chairman
Anurag Dalmia	Non-Executive Vice-Chairman
Neelabh Dalmia	Non-Executive Director
Dr. B C Jain	Independent Director
Lavanya Rastogi	Independent Director
G C Srivastava	Independent Director
Mahesh Kumar Kheria	Independent Director
K C Jani	Independent Director
Vijaylaxmi Joshi	Independent Director
R S Jalan	Managing Director
Raman Chopra	CFO & Executive Director (Finance)

SECRETARIES

Bhuwneshwar Mishra
Sr. General Manager & Company Secretary

Manoj Kumar Ishwar
Senior Manager (Secretarial)

Prabhakaran J. Mudaliar
Executive (Secretarial)

REGISTERED OFFICE

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

CORPORATE OFFICE

“GHCL House”
B-38, Institutional Area,
Sector - 1, Noida - 201 301 (UP)
Email: ghclinfo@ghcl.co.in, secretarial@ghcl.co.in
Website: www.ghcl.co.in

SUBSIDIARIES

1. Grace Home Fashions LLC
2. Dan River Properties LLC

COMPANY IDENTIFICATION NO.

CIN – L24100GJ1983PLC006513

STATUTORY AUDITORS

S.R. Batliboi & Co. LLP

WORKS

SODA ASH

Village: Sutrapada Near Veraval,
Distt.: Gir Somnath, Gujarat – 362275

SALT REFINERIES

- (a) Port Albert Victor, Via Dungar,
Distt.: Amreli, Gujarat - 364555
- (b) 713/B, Deri Road,
Near Diamond Chowk Krishnanagar,
Bhavnagar, Gujarat - 364001
- (c) Ayyakaramulam, Kadinal Vayal, Vedaranyam,
Distt. Nagapattanam,
Tamil Nadu – 614707
- (d) Nemeli Road, Thiruporur, Distt.: Kancheepuram,
Tamilnadu – 603110

TEXTILES

- (a) Paravai, Samayanallur P.O.,
Distt.: Madurai, Tamil Nadu – 625402
- (b) Thiagesar Alai P.O, Manaparai,
Distt.: Trichy, Tamil Nadu – 621312
191 & 192, Mahala Falia, Village - Bhilad,
Distt.: Valsad, Vapi, Gujarat - 396191

ENERGY DIVISION

- (a) Muppandal, Village: Irukkandurai, Post: Sankaneri,
Taluk: Radhapuram,
Distt.: Tirunelveli, Tamil Nadu
- (b) Village: Chinnaputhur, Taluk: Dharapuram,
Distt.: Erode, Tamil Nadu

BANKERS / FINANCIAL INSTITUTIONS

State Bank of India
Export Import Bank of India
IDBI Bank
Canara Bank
Oriental Bank of Commerce
Union Bank of India
Dena Bank
HDFC Bank
Axis Bank
Bank of Bahrain & Kuwait
Shinhan Bank

SHARE TRANSFER AGENTS

Link Intime India Private Limited
C-101, 247 Park, Vikhroli (West)
Mumbai - 400 083
Tel: 022-49186000/49186270
Fax: 022-49186060

Contents

Company Information	
Chairman's Message	
Notice	1
Board's Report	7
Business Responsibility Report	30
Management Discussion & Analysis	40
Corporate Governance Report	46
Secretarial Audit Report	66
Independent Auditors' Report	68
Balance Sheet	73
Statement of Profit & Loss	74
Cash Flow Statement	75
Standalone Statement of Changes in Equity	77
Notes	78
Statement u/s 129 of the Companies Act, 2013	120
Independent Auditors' Report on Consolidated Financial Statements	121
Consolidated Balance Sheet	124
Consolidated Statement of Profit & Loss	125
Consolidated Cash Flow Statement	126
Consolidated Statement of Changes in Equity	128
Notes to Consolidated Accounts	129
E-service of documents through Email	175
Form No. SH-13-Nomination Form	177
Form No. SH-14-Cancellation or Variation of Nomination	179
Attendance Slip and Proxy Form	181
Route Map	183

Annual General Meeting

Thursday, May 31, 2018

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 Friday, May 25, 2018 to Thursday, May
31, 2018 (Both days inclusive)

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.



Dear Shareholders,

During the Fiscal 2018, which was a defining year for businesses in India and across the World economies, India's GDP is estimated to have increased 6.6 per cent in 2017-18 and is expected to grow 7.3 per cent in 2018-19. The after effects of demonetisation and GST are now beginning to fade away and the heartening fact is that India's foreign exchange reserves have grown up to US\$ 422.53 billion in March 2018.

At GHCL, we continued to remain firmly focused on maintaining our growth momentum based on capacity expansion, launch of new product range and enhancing the capabilities of our people to add to the value we create for our stakeholders. Our revenue for the last financial year was Rs.2942 Crore and the company recommended a dividend of 50% of the face value for the financial year ended March 31, 2018 as a token of gratitude towards its shareholders, who continue to hold faith in GHCL's management and its vision for the company.



Chairman's Message

Despite significant headwinds in textile industry we achieved a PAT of Rs. 367 crore. This has been due to our stellar performance in the Inorganic Segment with highest EBITDA achieving an overall revenue growth of 21% for the year. Our team's operational excellence has resulted in a benchmark capacity utilisation of 97% yielding extra volumes contributing to bottom-line. Our focus is to be the single largest producer of Soda Ash in the country within the next 5 years. On the anvil is a brown-field capacity expansion of 1.25 lakh tonnes by March 2019 and another one in FY 2019-20 and thereafter Greenfield project of 5 lakh tonnes.

The Home Textile Industry has been facing headwind and the market sentiment continues to remain challenging due to overcapacity, shift from brick & mortar to e-commerce platforms and rupee-dollar scenario. In the given scheme of things, our focus is to achieve product innovation and operational excellence because of which we launched "Rekoop"- the first fully source-verified recycled PET bedding product line. Other similar product innovations are in the pipeline to overcome the challenges. Our spinning division continues to do well and we have completed the installation of 'Airjet' Spinning project at Madurai as per schedule. We continue to be positive on the sector and look forward to leveraging the opportunities for growth.

Our Consumer products division has been expanding the product portfolio of its brand I-FLO. Apart from Salt, Honey, Spices and Powder Spices we have now ventured into the Premium Honey Category by pioneering the entry of Jujube Honey into the Indian market. The CPD division has been working on rolling out various marketing campaigns to reach out to their prospective buyers and we are significantly increasing our reach by expanding in to newer geographies within India.

Amidst all this, we have single-mindedly focused on being a responsible corporate citizen. We seek to make a tangible positive difference to the communities we live and work in. Through our GHCL Foundation Trust we have implemented projects worth Rs. 22 crore along with our partners on various CSR Initiatives, with GHCL contributing almost Rs. 9 crore. The Foundation works across areas of education & skill development, healthcare, agro & animal husbandry, women empowerment and water and sanitation. In the year under review, the GHCL foundation has influenced the lives of over 40000 households in 99 villages. As a recognition for our efforts, the GHCL Foundation Trust was awarded the prestigious Golden Peacock award for Corporate Social Responsibility.

Golden Peacock for Corporate Governance and for Quality are the other accolades which we received. GHCL was also certified as a 'Great Place to Work' in the manufacturing sector in India in 2018 which has been a great motivator.

Our aim is to nurture an efficient organization with improved risk management mechanisms, governance capability and capacity and to translate it into organic growth and sustained profitability. We aim to build a culture of respect, trust, ownership and team work. I am pleased to say that we are witnessing the specific outcomes of our efforts.

I conclude by thanking all our stakeholders - our employees, our investors, various state governments where we have operations, central government and last but not the least, our valuable customers. I also, thank all of you for your continued confidence in us.

Sanjay Dalmia
Chairman



AT GHCL we believe that serving the interests of our stakeholders is an important aspect of doing business responsibly. This comes from creating a balance between economic, environmental and social objectives. Consistent investor interaction opportunities for transparent and seamless dissemination of information, corporate governance, CSR strategy, employee friendly culture, forming strategic partnerships with our vendors and caring for our customers' needs serves our overarching goal of helping people secure their futures. At GHCL, it is our mission to engage with our customers and vendors and achieve customer delight through serviceability and quality with a focus on product and process innovation. On the other hand we also aim to nurture entrepreneurship among our people, protect the environment and give back to the society in more ways than one.

Our aim is to concentrate on the core relationship between GHCL and its stakeholders with a hawk like focus on strategy, social responsibility and business ethics. We do understand that the growth of our business depends on our stakeholders and endeavour to centralize their needs and requirements. We also understand that the resources are limited and so, we never fall short to seize an opportunity to address issues regarding sustainability and to play our part in reducing our carbon footprint.



REKUP



GHCL Product Range



Investors

PAT growth in 7 years' + 20% CAGR

Multifold increase in shareholder payout

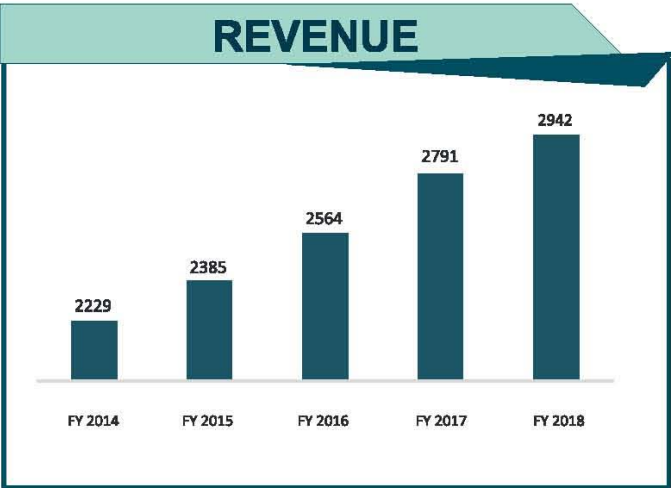
**Stated Dividend policy
15-20% of Standalone PAT**

**Clear transparent Information,
regular conference calls &
Investor conferences**

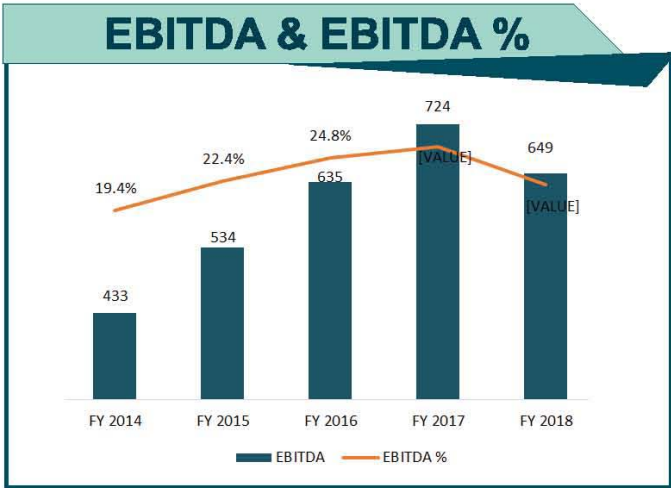


Financial Snapshots

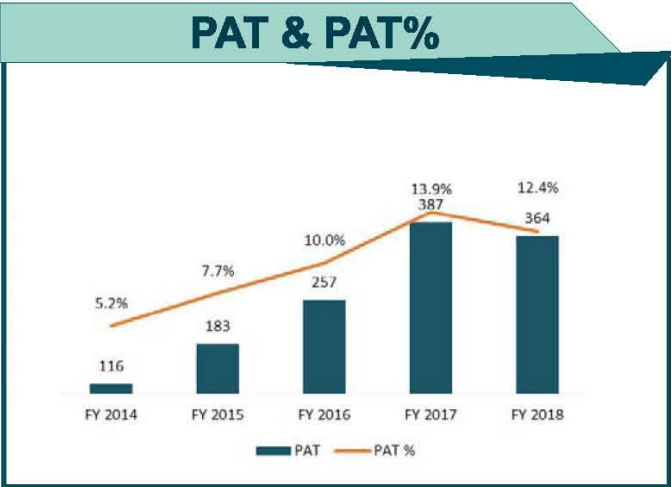
REVENUE



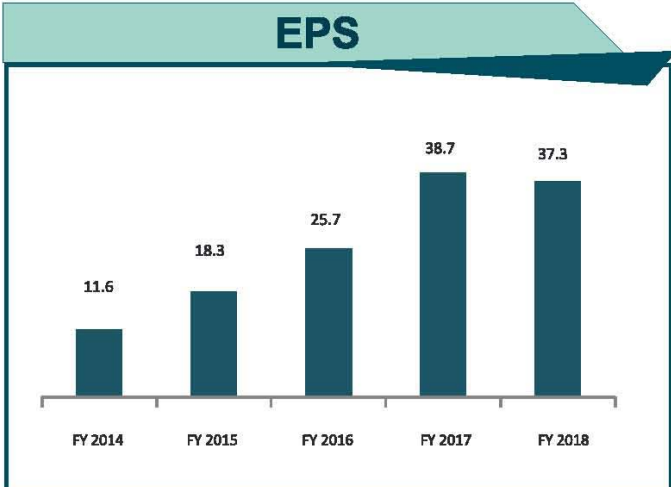
EBITDA & EBITDA %



PAT & PAT%

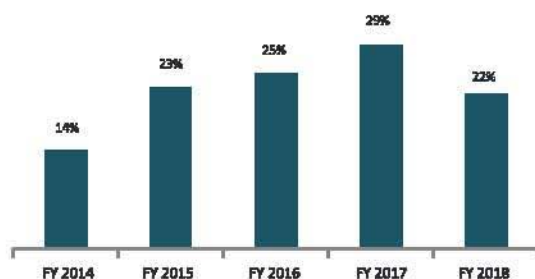


EPS



Financial Snapshots

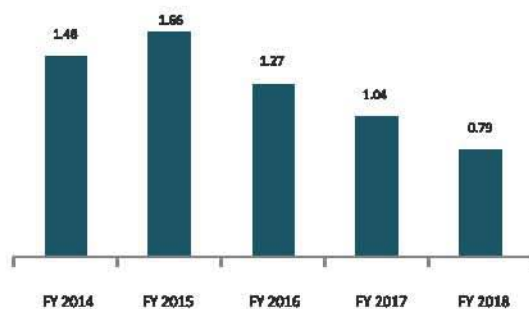
ROE



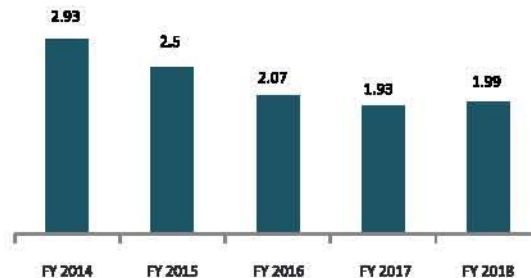
ROCE



NET DEBT EQUITY



NET DEBT EBITDA



MARKET CAPITALISATION

