




GILLANDERS ARBUTHNOT & COMPANY LIMITED

ANNUAL REPORT 2008 - 2009

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BLAST FURNACE - 3 FOR
DURGAPUR STEEL PLANT



FABRICATED STRUCTURE
FOR SOUTH AFRICA



6.5 MW CO-GENERATION CAPTIVE POWER PLANT



Dear Shareholders ,

It gives me immense pleasure to converse with you on this august occasion of the 'Platinum Jubilee Year' of the Company.

You are aware that the fiscal year 2008-09 was challenging in more than one ways. Global meltdown affected the Indian economy too, which is expected to recover by the end of March 2010. In spite of the slowdown and other negatives, 2008-09 saw your Company move ahead on the growth track. However, it has not been a pushover for your Company. It has been made possible because we are a generalist-specialist with a wide range of deep competencies, knowledge driven and a quality information system.

Your Company makes continuous efforts to improve, adapt and implement new technologies, equipments and innovation. In line with the above, 26,208 Spindles with the latest modern machines has been installed at Akbarpur, Punjab. It plans to continue this upgradation process by replacing old machineries and equipments in the future.

In the last few years, several Companies have

FROM THE DESK OF THE CHAIRMAN

amalgamated with your Company which has resulted in efficient utilisation of resources, reduction in overheads and other expenses and improvement in various other operating parameters. The importance of these amalgamations is that it has resulted in the formation of a larger and stronger entity having greater capacity for carrying on its business and conducting its operations on more favorable terms and thus maximising shareholders' value.

Figures released by the Indian Tea Association (ITA) suggest that global tea production is estimated to have fallen to 44.5 million kg until March. Tea exports during the January-March period fell by 24% to 38.89 million kg from 50.94 million kg in the corresponding period of the last year. Traders are optimistic that the global shortage will create opportunities for India as the carryover stocks have come down globally, while prices have maintained their upward spiral. Studies suggest that demand is seen growing at 3-4% per annum. Shortfall in Kenya works to our advantage and CTC consuming markets will open up more in coming days.

Recession in world market has affected the export

market for textile products, which has slackened the activities of textile industry of the Country. The government has to come out with adequate specific package for the recovery and growth of textile industry.

The macro picture for opportunities in infrastructure businesses continues to look robust when one sees the massive infrastructure deficit in power, roads, ports, airports and railways. This augurs well for the engineering (MICCO) division of your Company.

The auto industry in India is inching towards a slow recovery. With a number of new launches, the market sentiment is likely to improve, particularly for the passenger vehicle and two-wheeler segments. India is witnessing a telecommunication revolution and huge investments are also planned in the power sector. In this background, the chemical (Waldies) division of your Company is expected to do well.

The economic slowdown, input cost fluctuations and growing competition are likely to pose serious challenges. In spite of impediments, your Company is fully aware of opportunities. With this in mind your Company is

continually strengthening its business processes and rejuvenating its intellectual capital. We are targeting higher levels of productivity and efficiency environment that rewards meritocracy and performance.

I am confident that we will continuously strive towards maximizing the stakeholders' wealth while providing enhanced customer satisfaction. I seek your continued support in our endeavours to take your Company from pan India to Global India.

Yours truly,

A. K. Kothari
Chairman



CORPORATE INFORMATION

BOARD OF DIRECTORS

A. K. Kothari, *Chairman*
 P. K. Khaitan, *Director*
 J. N. Godbole, *Director*
 H. P. Kanoria, *Director (w.e.f. March 06, 2009)*
 S. Lahiri, *Director (w.e.f. March 06, 2009)*
 H. M. Parekh, *Director (w.e.f. April 30, 2009)*
 D. K. Sharda, *Joint Managing Director*
 S. K. Lakhotia, *Executive Director & CEO*
 A. Mallick, *Executive Director*

JOINT PRESIDENT & CFO

P. K. Jain

COMPANY SECRETARY

D. Karmakar

AUDITORS

Price Waterhouse, Kolkata

SOLICITORS

Khaitan & Co., Kolkata

BANKERS

State Bank of India
 IDBI Bank Limited
 State Bank of Patiala
 United Bank of India
 Bank of India
 Vijaya Bank
 Allahabad Bank

REGISTERED OFFICE

C-4, Gillander House,
 Netaji Subhas Road, Kolkata - 700 001
 Phone : 033-2230-2331 (6 Lines)
 Fax : 033-2230 4185
 E-mail : gilander@cal3.vsnl.net.in
 Website : www.gillandersindia.com

Audit Committee

S. Lahiri, *Chairman*
 A. K. Kothari, *Member*
 J. N. Godbole, *Member*
 H. M. Parekh, *Member*

Shareholders' / Investors' Grievance Committee

S. Lahiri, *Chairman*
 A. K. Kothari, *Member*
 P. K. Khaitan, *Member*
 D. K. Sharda, *Member*

Remuneration Committee

H. P. Kanoria, *Chairman*
 A. K. Kothari, *Member*
 P. K. Khaitan, *Member*
 H. M. Parekh, *Member*

Quarterly Result Approval Committee

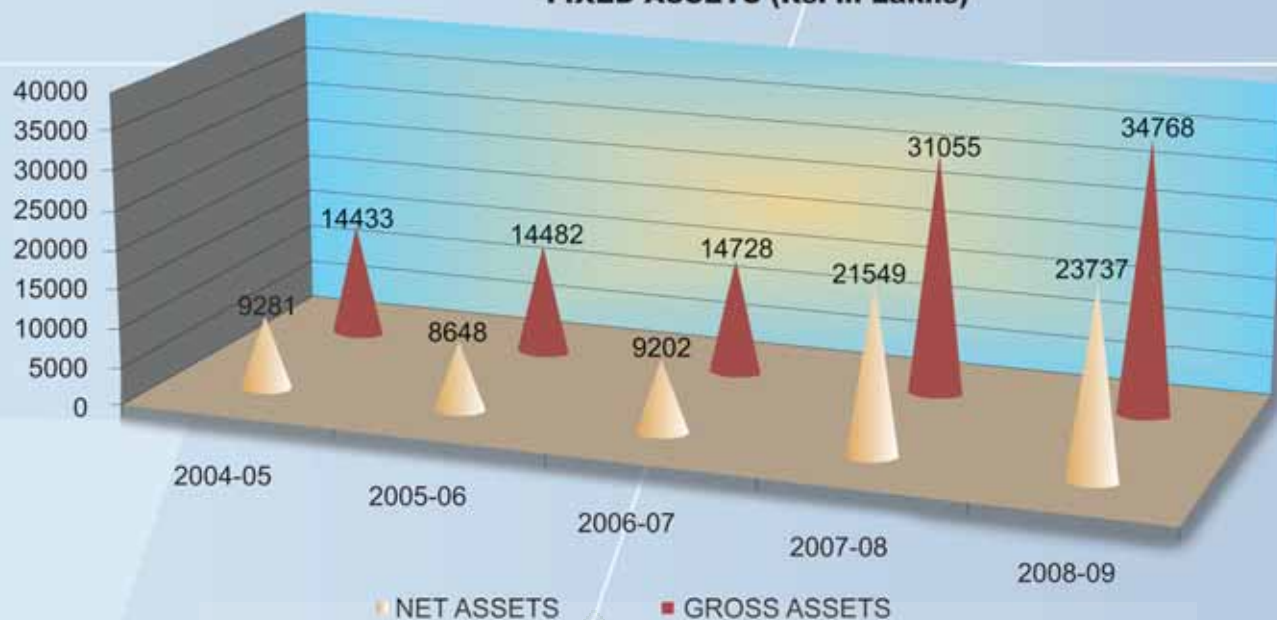
A. K. Kothari, *Chairman*
 S. Lahiri, *Member*
 D. K. Sharda, *Member*
 A. Mallick, *Member*

Branches/Offices

Ahmedabad, Amritsar, Bangalore, Chennai, Coimbatore,
 Delhi, Ernakulam, Hyderabad, Kundli, Ludhiana, Mumbai,
 Panipat, Salem, Solapur.

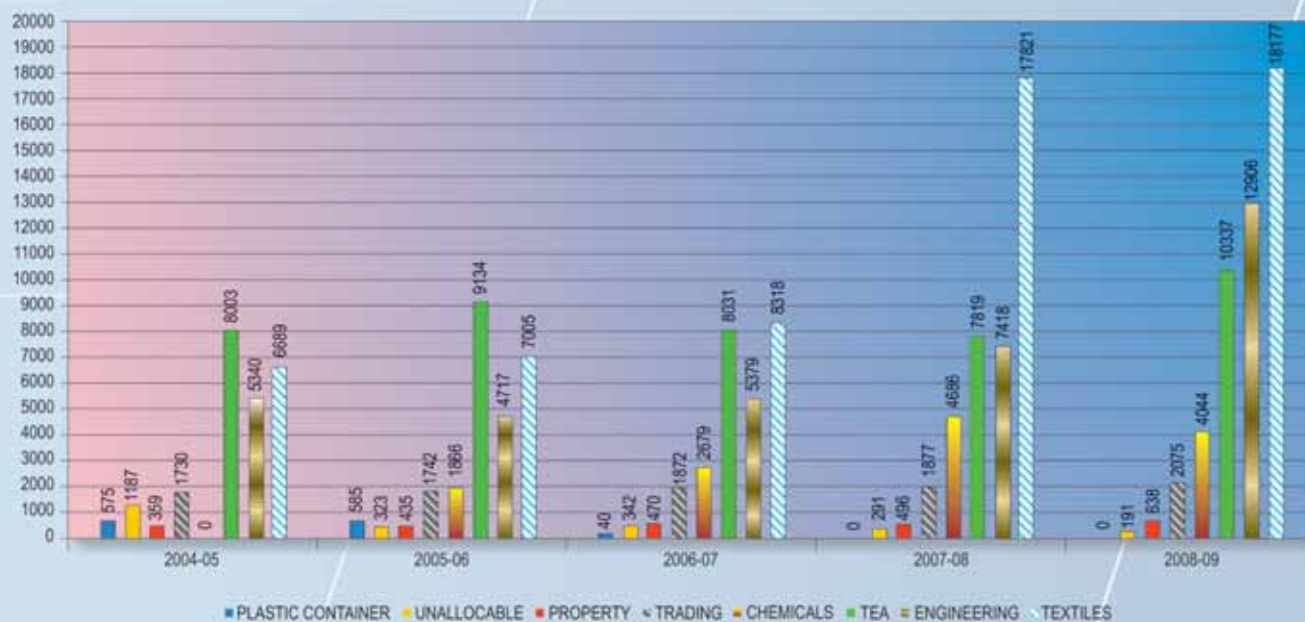


FIXED ASSETS (Rs. in Lakhs)

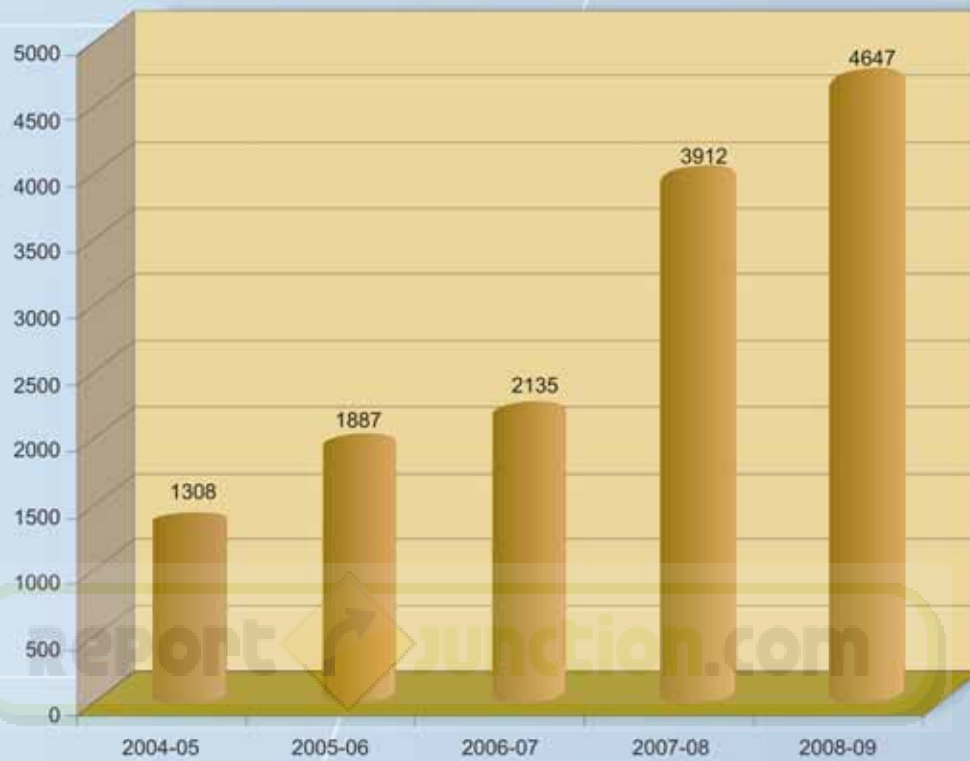


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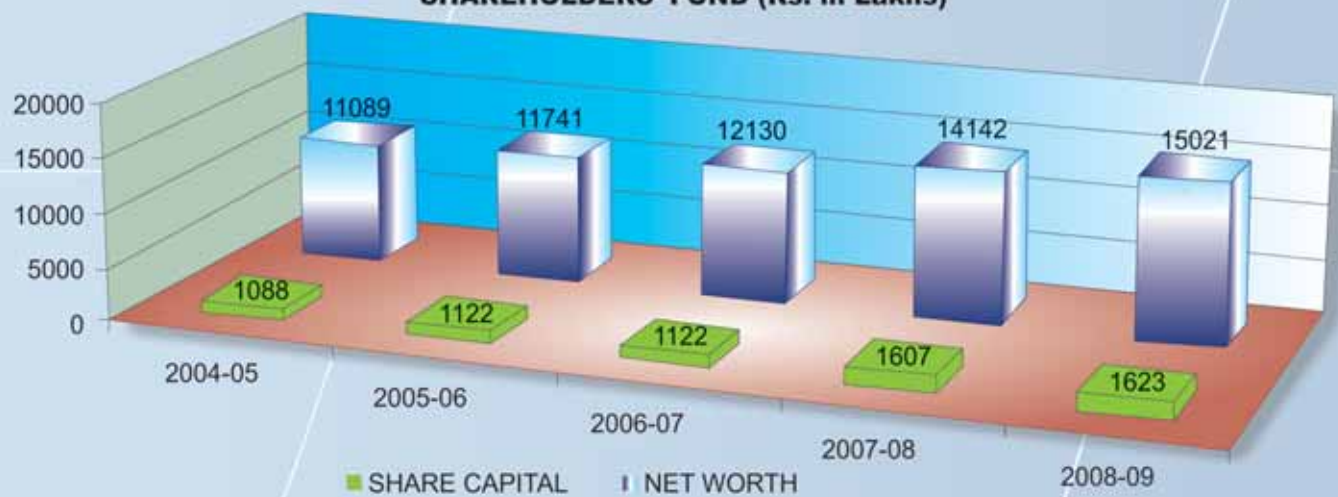
SEGMENTWISE REVENUE (Rs. in Lakhs)



**PROFIT BEFORE INTEREST, DEPRECIATION & TAXES
(Rs. in Lakhs)**

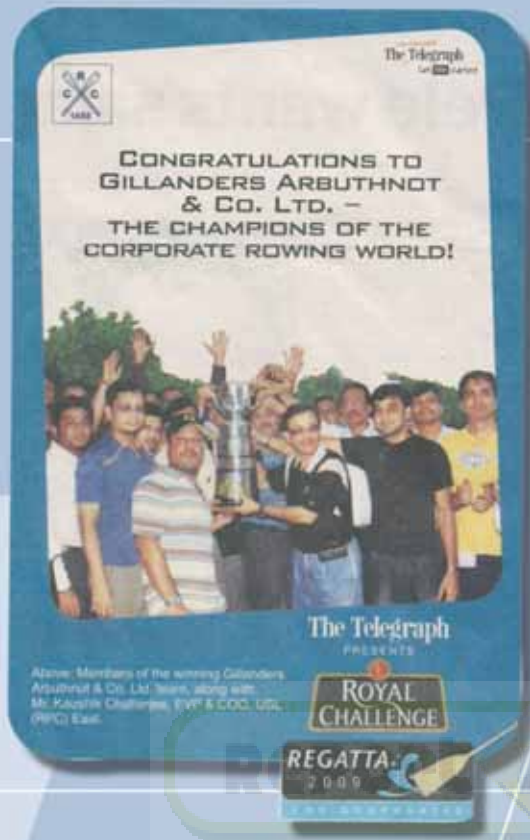


SHAREHOLDERS' FUND (Rs. in Lakhs)





GILLANDERS ARBUTHNOT & CO. LTD.



TEA FACTORY



RING SPINNING FRAME LR 6/S



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NOTICE

NOTICE is hereby given that the **Seventy Fifth** Annual General Meeting of the Members of the Company will be held at the Williamson Magor Hall of The Bengal Chamber of Commerce and Industry, (1st Floor), Royal Exchange, 6, Netaji Subhas Road, Kolkata on **Thursday, the 27th August, 2009 at 11.30 A.M.** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2009 and Profit and Loss Account for the year ended on that date along with, the Reports of Auditor and Directors thereon.
2. To Declare Dividend on 8% Cumulative Redeemable Preference & Ordinary Shares.
3. To appoint a Director in place of Mr. J. N. Godbole, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A. K. Kothari, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass, with or without modification(s) the following Resolutions as **Ordinary Resolutions**:
 - (a) "RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956 Messrs. Price Waterhouse, Chartered Accountants, Kolkata, be and are hereby re-appointed as Auditor of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors plus reimbursement of out-of-pocket expenses actually incurred in the performance of their duties."
 - (b) "RESOLVED THAT pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956 Messrs. Bagree & Co., Chartered Accountants, Kolkata, be and are hereby re-appointed as Branch Auditor to audit the accounts in respect of Modern India Construction Division (MICCO) of the Company and to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors plus reimbursement of out-of-pocket expenses actually incurred in the performance of their duties."
 - (c) "RESOLVED THAT pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956 Messrs Dutta Ghosh &

Associates, Chartered Accountants, Kolkata, be and are hereby re-appointed as Branch Auditor to audit the accounts in respect of GIS Cotton Mill, Champdani, a Division of the Company and to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors plus reimbursement of out-of-pocket expenses actually incurred in the performance of their duties."

SPECIAL BUSINESS:

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

6. Appointment of Mr. H. P. Kanoria as Director

"RESOLVED THAT in accordance with the provisions of Section 257 of the Companies Act, 1956, Mr. H. P. Kanoria be and is hereby appointed as Director of the Company, liable to retire by rotation."

7. Appointment of Mr. S. Lahiri as Director

"RESOLVED THAT in accordance with the provisions of Section 257 of the Companies Act, 1956, Mr. S. Lahiri be and is hereby appointed as Director of the Company, liable to retire by rotation."

8. Appointment of Mr. H. M. Parekh as Director

"RESOLVED THAT in accordance with the provisions of Section 257 of the Companies Act, 1956, Mr. H. M. Parekh be and is hereby appointed as Director of the Company, liable to retire by rotation."

9. Re-appointment of Mr. D. K. Sharda as Joint Managing Director

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310, Schedule XIII and all other applicable provisions of the Companies Act, 1956 the Company hereby approves and accords approval to the re-appointment of Mr. D. K. Sharda as Joint Managing Director of the Company for a period of one year with effect from 1st April, 2009 on the terms and conditions and payment of remuneration and other perquisites/benefits as set out in the Agreement entered into between the Company and Mr. D. K. Sharda (copy whereof duly authenticated is placed before this Annual General Meeting), and to such remuneration, perquisites/benefits being set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting with liberty to the Board of Directors of the Company to vary and alter such terms and conditions including remuneration provided that the same are in accordance with the