



GWALIOR CHEMICAL INDUSTRIES LIMITED

24th Annual Report 2007-2008





Board of Directors

Mr. Ashwin Kumar Kothari	<i>Chairman and Executive Director</i>
Mr. Harisingh Syamsukha	<i>Executive Director</i>
Mr. K. N. Luhariwala	<i>Executive Director</i>
Mr. Vallabh Prasad Biyani	<i>Executive Director</i>
Mr. Rakesh Khanna	<i>Independent Director</i>
Mr. B. P. Kejariwal	<i>Independent Director</i>
Mr. Milan Mehta	<i>Independent Director</i>
Mr. K.P.S. Dagur	<i>Nominee Director (IDBI)</i>
Mr. Rohit Kothari	<i>Non-Executive Director</i>
Mr. Pratap R. Merchant	<i>Independent Director</i>

Company Secretary

Mr. Sanjeev Pathak

Chief Financial Officer

Mr. Gaurav Shyamsukha

Auditors

Sarda & Pareek
Chartered Accountants

Registered Office

1&2, Western India House,
1st Floor, Sir P. M. Road, Fort,
Mumbai – 400 001.
Phone : 022-22873541

Corporate Office

K. K. Chambers, 4th Floor,
Sir Purushottamdas Thakurdas Road,
Fort, Mumbai – 400 001.
Phone : 022-66388500
Fax : 022-66388620

Works

Birlagram, Nagda
Madhya Pradesh – 456331
Phone : 07366-245104, 245447
Fax : 07366-246283

GIDC, Industrial Estate
Ankleshwar, Gujarat
Phone : 02646-227175, 223280, 221776
Fax : 02646-224908

Bankers & Financial Institutions

State Bank of India
Bank of Baroda
Standard Chartered Bank
Industrial Development Bank of India

Registrar and Share Transfer Agent

Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West), Mumbai – 400078
Phone : 022-25946970 - 75
Fax : 022-25962691

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NOTICE

Notice is hereby given that the 24th Annual General Meeting of the Members of the Company will be held on Monday the 28th day of July 2008 at 4.00 P.M. at the M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. Dubash Marg, Fort, Mumbai – 400 001 to transact the following business: -

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 and the Profit and Loss Account for the year ended 31st March, 2008 together with the Reports of the Board of Directors and Auditor's Report thereon.
2. To declare dividend for the year ended on 31st March, 2008 on the equity share capital of the Company.
3. To appoint a director in place of Shri K. N. Luhariwala who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Shri V. P. Biyani who retires by rotation and being eligible offers himself for re-appointment.
5. To consider and if thought fit, to pass with our without modification, the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 224 of the Companies Act, 1956, M/s. Sarda & Pareek, Chartered Accountants be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the company at a remuneration to be decided mutually between the Audit Committee in consultation with the Board of Directors and Auditors plus reimbursement of out of pocket expenses, if any. ”

By Orders of the Board

Place: Mumbai
Date : 27th May, 2008.

Sanjeev Pathak
Company Secretary

Notes :

1. The relevant details as required by clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment / re-appointment as Directors under item Nos. 3 & 4 above, are annexed.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 18th July, 2008 to 28th July, 2008 (both days inclusive).
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**

The Proxy duly completed and signed must be deposited at the Corporate Office of the Company not less than 48 hours before the Meeting.
4. The members / proxies are requested to bring duly filled in Attendance Slips for attending the Meeting and Members/proxies are also requested to bring a copy of the Annual Report along with them to the Meeting.
5. The dividend, if declared, as recommended by the Board of Directors is approved at the Annual General Meeting, payment of such dividend will be made on or after 29th July, 2008 as under:
 - To all beneficial owners in respect of shares held in electronic form as per the data as may be made available by the National Securities Depository Limited and the Central Depository Services (India) Limited as of the close of business hours on 17th July, 2008.
 - To all Members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer request lodged with the Company on or before the close of business hours on 17th July, 2008.
6. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository account will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any changes of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
7. Members holding shares in physical form are requested to immediately notify change of address, if any, to the Company's Registrars and Share Transfer Agents, M/s. Intime Spectrum Registry Ltd., C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai – 400078. Members holding shares in electronic form must send the advice about changes in address to their respective Depository Participant only and not to the Company or Company's Registrar and Share Transfer Agents.
8. All documents referred to in the accompanying notice are open for inspection at the Corporate Office of the Company on all working days, except Saturdays between 11.00 A.M. to 1.00 P.M.
9. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the Meeting so that the information required may be made available at the Meeting.
10. As per the provisions of the Companies Act, 1956, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The Nomination Form-2B prescribed by the Government can be obtained from the Share Transfer Agent or may be down loaded from the website of the Department of Company Affairs.
11. Members are requested to note that as prescribed by Securities and Exchange Board of India (SEBI), trading in securities of the Company is in dematerialized form only. Hence, Members who are yet to dematerialize their shares are advised to do so. The Company has entered into agreements with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).



12. Members (Beneficiaries) holding shares in dematerialized mode are requested to note that the bank details furnished by them to their respective Depository Participants will be printed on their Dividend Warrants, if not opted for Electronic Clearing Services (ECS). This is pursuant to the SEBI directive vide Circular No. D&CC/FITTTTC/CIR-4/2001 dated 13.11.2001.

STATEMENT REGARDING THE DIRECTORS PROPOSED FOR RE-APPOINTMENT

Name of the Appointee	Mr. K. N. Luhariwala
Designation	Whole-time Director
Age (in Years)	64
Qualification & Experience	Chartered Accountant by profession and is working with the Company since July, 2004 having an experience of around 40 years. He looks after the day-to-day management of the Company and formulates the business strategy of the Company.
Date of Appointment	Appointment as the director and further as the Executive Director w.e.f. 5th Nov., 2004.
Shareholding in the Company	6181
Other Directorships	Paritej Molecules Pvt. Ltd.
Pioneer Drilling Co. Pvt. Ltd	
Committee Chairmanships	Nil
Committee Memberships	Investors Grievance Committee of Gwalior Chemical Industries Ltd.

Name of the Appointee	Shri. V. P. Biyani
Designation	Whole-time Director
Age (in Years)	59
Qualification & Experience	Chartered Accountant by profession and is working with Company since 1980 having approximately 35 years of experience in Industry. He looks after the administration of the office and plant at Nagda.
Date of Appointment	Appointed as the director w.e.f. 30th June, 1986 and further as the Executive Director w.e.f. 1st April, 1994 at the EGM held on 18th April, 1994.
Shareholding in the Company	2000
Other Directorships	Sam-Jag-Deep Investments Pvt. Ltd.
Committee Chairmanships	Nil
Committee Memberships	Audit Committee and Investors Grievance Committee of Gwalior Chemical Industries Ltd.

By Orders of the Board

Place: Mumbai
Date : 27thMay, 2008.

Sanjeev Pathak
Company Secretary

**DIRECTORS' REPORT TO THE MEMBERS OF THE COMPANY
FOR THE YEAR ENDED 31ST MARCH 2008**

Dear Shareholders,

Your Directors have great pleasure in presenting their Twenty Fourth Annual Report together with the Audited Accounts for the period ended 31st March 2008

1. Financial Results

(Rs. in Lacs)

Particulars	Current year	Previous year
Sales	32051.92	22427.81
Other Income	84.02	162.54
Increase /Decrease in Stock	278.79	98.92
Total Income	32414.73	22689.27
Gross Profit before Interest & Depreciation	5516.01	4019.57
Less: Interest	918.71	562.79
Gross Profit before Depreciation	4597.30	3456.78
Less: Depreciation	862.86	707.67
Profit for the year before Taxation	3734.44	2749.11
Less: Provision for Current Tax	757.51	468.97
Less: Provision for Deferred Tax	464.02	397.26
Less: Provision for FBT	15.00	9.39
Net Profit before Prior Period Items	2497.92	1873.49
Prior Period Items	66.20	0.00
Net Profit after Prior Period Items	2431.72	1873.49
Add: Balance brought forward from previous year	1536.90	1379.94
Amount available for appropriation	3968.62	3253.43
APPROPRIATION		
i) Transfer to General Reserve	1500.00	1500.00
ii) Final Dividend [proposed]	296.12	185.07
iii) Corporate Tax on Dividend	50.33	31.46
iv) Balance carried to Balance sheet	2122.18	1536.90
Total	3968.62	3253.43
EPS (Basic& Dilute per share of face value of Rs 10)	9.85	7.59



2. Financial Performance

(a) Results of Operations

During the year under review, your company has earned a total income of Rs. 32414.73 Lacs as compared to Rs. 22689.27 Lacs of the previous year.

The net sales increased from Rs. 20536.41 Lacs to Rs. 29487.13 Lacs during the year, showing a growth of 43.58 % compared to the previous year.

(b) Export

There has been a considerable growth of 53.71 % in the Export turnover of the Company, which is reported to be Rs.12593.66 Lacs as against Rs. 8192.94 Lacs during the previous year. Your company is exporting its products to various countries across the world.

Your Directors are confident to explore better overseas market in the years to come.

3. Management Discussions and Analysis Report

A Management Discussion and Analysis Report as required under the Clause 49 of the Listing Agreement is annexed to and forming part of the Directors' Report.

4. Dividend

Your Directors are pleased to recommend a dividend of 12 % (Rs. 1.20 per share) for the financial year ended 31st March 2008 as against 7.50 % in the previous year. The total amount of dividend for the year ended 31st March 2008 is Rs.296.12 Lacs. The tax on distributed profits, payable by the Company would amount to Rs. 50.33 Lacs.

5. Directors

In accordance with the Articles of Association of the Company, Shri K. N. Luhariwala and Shri V. P. Biyani directors are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The information required to be furnished under clause 49 IV (G) of the Listing Agreement is given in the Notice of the Twenty Forth Annual General Meeting.

6. Initial Public Issue

The status of utilization of IPO proceeds as on 31st March 2008 is as under:-

IPO proceeds utilisation statement

NO.	PARTICULARS	Total Cost of Project	Amount Spent as on 31.03.08
A	EXPANSION, UPGRADATION OF EXISTING FACILITITES		
1	Benzyl Chloride/Benzal Chloride	1660	671
2	Benzaldehyde	510	471
3	Benzyl Alcohol	345	431
4	Thiony Chloride	660	590
	Sub Total (A)	3175	2163

B	NEW PRODUCTS		
1	Benzyl Esters and Acid Chlorides	1500	672
2	Viscose Dye Pigments	135	0
	Sub Total (B)	1635	672
C	Other Additional Expenditures	1600	1101
D	Investments	0	3500
E	Working Capital Facilities / General Corporate purpose	2000	3
F	Issue Expenses	600	561
	Total (A TO F)	9010	8000

7. Expansion Plans and the year under review:

Enthusied by the robust and continuing demand of all the products of your Company, the Company has embarked upon substantial expansion plans. The capacities, which are under creation, are outlined herewith along with expected dates of completion.

Sr. No.	Name of product	Existing Capacity	Expected Capacity	Completion
1	Chlorotoluene & its Derivatives	69600 TPA	93600 TPA	March, 2009
2	Sulphur Oxy Chloride & its Derivatives	43000 TPA	48000 TPA	June, 2009
3	Pigments	2400 TPA	3000 TPA	September 2008

New Scheme [under formulation]:-

Cogeneration Power Plant

Your Company is planning to set up a 7 MW Cogeneration Power Plant (CPP) at its production facility in Nagda – M.P. The land required for the same has already been acquired. The CPP would be based on mix of coal and biofuel and will meet the steam and power requirement of the production facility. The total outlay for this project is estimated to be Rs. 35 crores. Your Company hopes to commission the CPP by September, 2009.

The year under review:

All the products of your Company have been well accepted both in India and in international markets. Better price levels are expected in Chlorinated Toluene products and the derivatives in the coming year based on persisting global demands.

Though the business of Sulphur Oxy Chloride witnessed lower price levels; your Company has taken effective steps not only to sustain full levels of production but also increase its share in domestic markets. Your Company has started exporting the sulphur oxy chloride products and will aggressively target newer international markets.



8. ISO Certification

Your Company is having seven plants located across two chemical facilities at Nagda in Madhya Pradesh and Ankleshwar in Gujarat. Nagda facilities are having ISO 9001:2000E, ISO 14001:1996 and OHSAS 18001:1999 certifications.

9. RBNQA Certificate of Merit 2007

Your Company has received an international award instituted by Indian Merchant Chamber, Mumbai. The award is given to your Company for adopting world class practices in quality management systems and for creating excellence in business and supply chain. This achievement is the result of TPM/TQM practices and other best practices adopted by your Company. The aim of the Company is based on zero concepts of losses by maintaining zero breakdowns, zero accidents, zero customer complaints, zero defects and zero pollution. Various new practice like kaizen, suggestion scheme, autonomous maintenance, 5 S, one point lesson have helped the Company to maintain sustainable performance in the plants operation and quality.

10. Director's Responsibility Statement

Pursuant to Section 217(2AA) of Companies Act, 1956, your Directors confirm the following:

- i) in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any.
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that.
- iii) that the Directors have taken proper and sufficient care 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;
- iv) that the Directors have prepared the attached Statement of Accounts for the year ended 31st March 2008 on a 'going concern' basis.

11. Appointment of the Statutory Auditors:

M/s Sarda & Pareek, Chartered Accountants were appointed as the statutory auditors of your Company at the last annual general meeting to hold office till the conclusion of the next annual general meeting. The Company has received a certificate from the statutory auditors to the effect that their re-appointment if made, would be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956. Your directors recommend for their re-appointment and to fix their remuneration.

12. Subsidiary Company:

Your Company had incorporated a wholly owned foreign subsidiary Company in the name of Gwalior Chemicals bvba in March, 2005 under the laws of the Belgium with an objective of carrying on the business of selling products manufactured by our Company in the European Markets. The Annual Accounts of the said Company are annexed to and forming part of the Annual report.

Your Company has also incorporated a wholly owned foreign Subsidiary Company in the name of Gwalior Chemicals LLC in May, 2008 under the law of the United State of America, with the objective of carrying on business of selling products manufactured by our Company in the American Markets.