29th

Annual Report 2011 - 2012

GHCL

GHCL Limited

Contents

Annual General Meeting – Thursday, September 20, 2012
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 10, 2012 to September 20, 2012

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	Chairman
Anurag Dalmia	
Neelabh Dalmia	
Dr. B C Jain	
K C Jani	Nominee (IDBI)
R M V Raman	Nominee (Exim Bank)
Surendra Singh	
G C Srivastava	
Mahesh Kheria	
Sanjiv Tyagi	
S H Ruparell	
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. Rosebys Interiors India Limited
4. Indian England N V, the Netherlands
5. Indian Wales NV, the Netherlands
6. 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.
Canara Bank
State Bank of Hyderabad
State Bank of Patiala
Export Import Bank of India
State Bank of India
State Bank of Mysore
Andhra Bank
Bank of Maharashtra
Tamilnad Merchantile Bank Ltd.
State Bank of Bikaner and Jaipur
Union Bank of India
Jammu & Kashmir Bank Ltd.
Bank of India

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,

Your company continues to record its impressive growth despite numerous challenges in the international market and the economy of the country.

The year 2011-12 has been a challenging year for the world economy including India. The Eurozone crisis has impacted the global financial system, resulting in a significant cut-back in investment flows and the availability of funds.

We in India too have been impacted by these events although not as severely as the developed countries of the world. Since global trade has dropped drastically, exports are badly affected. There is uncertainty and volatility in markets and not much clarity on when economic growth will pick up. Higher input costs have hit everyone across the board. The cost of and access to funds for both consumers and corporate was another major issue.

The Rupee has lost close to 25% its value against the US dollar mainly on account of high volatility in Eurozone which has led to this currency depreciation. Despite a highly volatile currency market, we have managed to display the resilience and robustness to face external challenges and have further scaled up our business as planned.

We have undertaken many proactive initiatives to sustain and expand our business even while mitigating potential risks. Apart from this your whole hearted support to the company's robust strategy to pursue multiple drivers of growth and initiatives has led to a significant jump in the revenues. Our ability to identify and pre-empt challenges have not only enabled us to grow during upturns but also grow steadily even during tough times. Our investments in capacities, ownership & management of resources and state-of-the-art plants have enabled us to prove our capabilities at a global level.

Our initiatives translated into another robust performance during the year under review. Our top line grew by 26% to Rs.1906 Crore as against Rs.1511 Crore in 2010-11. Our EBITDA improved by 10% to Rs.384 Crore in 2011-12 against Rs.350 Crore in previous year. We have also been very agile and fleet-footed in reacting to the volatility of the international currency markets and have been able to mitigate any risks arising thereof by prudently responding to the changing market conditions.

The Soda Ash Industry continued to witness intensive dumping of material last year from EU countries as well as Ukraine, Kenya, and Turkey apart from China and Pakistan which impacted the domestic players who are already facing pressures on their margins due to rising costs and availability of raw materials. After prolonged legal battle by the Industry, finally Anti-Dumping Duty has been levied on many of these dumping countries from July this year. This step by the Government would go a long way in protecting the employment of lakhs of people in Soda Ash Industry especially the downstream industry like Salt, which employ a large number of rural and tribal workforce.

The Textile Industry, especially spinning witnessed unprecedented volatility in cotton and yarn prices last year, not seen in the last four decades. This adversely affected the entire spectrum of people associated with the industry like ginners, traders and manufacturers and ultimately led to closure of many yarn manufacturing units last year. From the beginning of this calendar 2012, the position has now stabilized both in terms of cotton and yarn prices. Being the second largest provider of employment, the Government needs to put a mechanism in place so that any reoccurrence of this kind of volatility does not impact the future of farmers and other people directly or indirectly employed by Textile Industry.

Our Home-Textile Business continues to grow from strength to strength and last year we almost doubled our revenue from Rs. 276 Crore to Rs.530 Crore. The Home-Textile Industry employs millions of workers in both organised and un-organised sector in India and Pakistan. Both these countries are major source of supply of Home-Textile products to retail chains in US and Europe like Wal-Mart, K-Mart and J C Penny etc. It is desirable to have a suitable mechanism in place so that there is no unfair competition between India and Pakistan to grab volume in American and European retail industry.

Our Edible Salt division continues to grow strongly and posted robust performance during the year. The launch of our new Salt Brand "IFLO" has met with an excellent market response and we are the first company which has successfully introduced Herbal Salt also under "IFLO" brand with significant health benefits. Additionally, the Salt division obtained ISO 22000 accreditation on food safety – first in the Salt Industry.

Going forward, we want to further reinforce our core strengths and continue to focus on offering unparalleled quality products to our clients. We would want to further strengthen our relationships with all our customers across the globe and ensure delivering a world-class product mix going forward.

I would like to take this opportunity to thank all our stakeholders – our employees who are core to the organization, communities who have trusted us, Governments, who, over the years, have supported us, customers who have time and again reposed their faith in us, suppliers who have enabled us to perform, lenders who have funded our growth plans and, not least, investors who have stood by us

Sanjay Dalmia

Chairman

NOTICE

NOTICE is hereby given that the 29th 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 20, 2012 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, 2012, 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, 2012.
3. To appoint a director in place of Mr. Anurag Dalmia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. S. H. Ruparell, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Dr. B. C. Jain, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a director in place of Mr. G. C. Srivastava, 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. R. S. Jalan as Managing 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, or any amendment thereof and pursuant to Article 166 of the Articles of Association of the Company, Mr. R S Jalan be and is hereby re-appointed as a Managing Director of the Company, for a period of 5 years with effect from June 7, 2012, 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 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: May 30, 2012

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

NOTE

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 10, 2012 to Thursday, September 20, 2012 (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 10, 2012. 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. Anurag Dalmia (DOB - May 11, 1956) is a Director of the Company. Mr. Dalmia is a member of the Project Committee of the Company. Mr. Dalmia is an eminent Industrialist and had also represented PHD Chambers of Commerce and Industry. Mr. Dalmia 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 and also a member of the committee of Confederation of Indian Textile Industry. He does not hold any shares in the Company.
   b. 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.
   c. 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 of India (ICAI) and his area of specialization is Finance, Banking and Accounting. He was 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 the Member of Peer Review Board of ICAI. Dr. Jain is the Chairman of Audit Committee and a member of 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.
   d. 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 very rich

experience in Tax and Accounting. He is a member of the Audit Committee of the Company. He is a Director on the Board of India Bulls Asset Management Co. Limited. He is neither a member of more than 10 Committees nor the Chairman of more than 5 Committees. 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 ended March 31, 2005, 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 2012 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, 2005 or any subsequent financial year(s), are requested to lodge their claims with Link Intime India Private Limited (Formerly Intime Spectrum Registry Limited) (LIIPL). 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. 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.
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. R S Jalan as Managing Director of the Company for a period of five years with effect from June 7, 2012. The disclosure in accordance with the provisions of Clause 49 of Listing agreement in regard to the reappointment of Managing Director is given below:

Mr. R S Jalan, born on October 10, 1957, is a graduate in Commerce and Fellow member of Institute of Chartered Accountants of India and having a very wide experience in Corporate Finance and Textiles. Mr. R S Jalan has more than 30 years of Industrial experience. Mr. R S Jalan is a Director on the Board of Sumedha Investments Pvt. Ltd. and Sachin Holdings Pvt. Ltd. He is a member of Share Transfer & Investors' Grievances Committee and Banking & Operations Committee of the Company. He is neither a member of 10 Committees nor the Chairman of more than 5 Committees. Mr. Jalan holds 50,843 equity shares of the Company. Mr. R S Jalan fulfills the eligibility criteria set out under Part I of Schedule XIII to the Companies Act, 1956. The remuneration payable to Mr. R S Jalan is in line with the Uniform remuneration package payable to Whole time Directors and Managing Director. This approved remuneration package is also in accordance with the provisions of Schedule XIII of the Companies Act, 1956.

1. Basic Salary: ₹5,44,000/- 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.
2. Perquisites: Mr. R S Jalan 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. R S Jalan 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 remuneration of Whole Time Directors including Managing Director.

Registered Office:
GHCL HOUSE
Opp. Punjabi Hall
Navrangpura, Ahmedabad - 380009
Dated: May 30, 2012

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

DIRECTORS' REPORT

To
The Members,

We are pleased to present the 29th Annual Report and the audited accounts of the company for the financial year ended March 31, 2012.

OPERATIONAL RESULTS

The summary of the financial performance of the Company for the financial year ended March 31, 2012 compared to the previous year ended March 31, 2011 is given below:

		(₹ in Lacs)
Particulars	**Year Ended March 31, 2012**	Year Ended March 31, 2011
Net Sales /Income	**190,635.81**	151,146.70
Gross profit before interest and depreciation	**38,446.03**	34,972.54
Finance Cost		
(a) Interest Cost	**14,576.31**	11,043.48
(b) Loss on foreign currency transactions and translation (net)	**3,919.84**	-
Total Finance cost (a+b)	**18,496.15**	11,043.48
Profit before depreciation and amortisation - (Cash Profit)	**19,949.88**	23,929.06
Depreciation and Amortisation	**8,084.86**	8,439.55
Profit before Tax	**11,865.02**	15,489.51
Provision for Tax – Current	**377.00**	42.52
Provision for Tax – Deferred	**(259.93)**	3,814.45
Profit after Tax	**11,747.95**	11,632.54
Balance brought forward from last year	**14,570.27**	23,786.07
Prior period adjustments	**18.89**	64.29
Excess provision for tax for earlier years	**200.23**	75.52
Amount available for appropriation	**26,537.34**	35,558.42
Appropriations		
Transfer to General Reserve	**10,000**	1,163.25
Transfer to General Reserve as per Scheme of Arrangement	**-**	17,500.00
Proposed Dividend	**2,000.39**	2,000.39
Tax on Dividend	**324.51**	324.51
Balance carried to Balance Sheet	**14,212.44**	14,570.27

PERFORMANCE HIGHLIGHTS

Soda Ash

The Global Soda Ash demand which was around 46-48 million tons in 2010 is estimated to be slightly more than 50+ million metric tons in 2011against a capacity of about 57 Million MT.

We are seeing demand growth, despite the fact that the market is currently oversupplied specially from China. The world soda ash demand grew at an average annual rate of slightly more than 3%. China grew more than 7% and Rest of the world registered a growth of 1%. The demand for soda ash is forecast to grow about 3 to 4 percent per year over the next five years and this growth is expected to come from Latin America, India, China and Middle East countries due to higher GDP growth. 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 the largest Soda Ash player in the world, having a capacity of 27-28 Million MT which is around 50% of the global capacity. As per IHS Chemical report of February 2012 China's operating rates were around 84% in 2011, reporting a production of 24 million tons and domestic consumption of 22 million tons. There is an extremely sharp increase in input costs for soda ash manufacturers in all regions. Consequently, supported by rising demand and cost pressures prompted soda ash manufacturers to raise the sales prices of soda ash in 2011.

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. If the economies continue to stagnate, the demand for soda ash could fall, and we could see prices weaken and capacities idled.

The slow industrial growth of the Indian economy was witnessed in Soda Ash also as demand growth was almost flat in 2011-12 (approximately 1-2 %). But despite low GDP growth figure of 6.9 per cent, India remains one of the fastest growing economies of the world as all major countries including the fast growing emerging economies are seeing a significant slowdown. It is expected that on the back of higher GDP growth projected and strong growth in Glass (Construction/Automobiles) and Detergents (FMCG penetration and growth) Soda Ash demand will continue to grow at least 4-5 per cent in the FY 12-13.

Total installed capacity in India was 3.1 Million MT. With an estimated production of about 2.6 Million MT in last financial year (2011-12) the capacity utilization was around 81%. The total size of the Indian soda ash market is about 2.7 Million MT.

Dumped import of Soda Ash from China PR, EU, Kenya, Iran, Pakistan, Turkey, USA and Ukraine has been a major concern for the Soda Ash Industry. Based on an application by the domestic producers of Soda Ash, the Director General of Anti-dumping & Allied Duties ("DGAD") had recommended the imposition of anti-dumping duty on imports of Soda Ash from the above Countries, which has been upheld by the Hon'ble High Court of Madras vide their order dated April 27, 2012. Now, the Ministry of Finance is expected to issue a notification imposing duty on imports of the Soda Ash from the above countries based on the final finding issued by the DGAD.

At present your Soda Ash plant has a capacity of 8.50 lacs MTPA. During the financial year 2011-12 your company has achieved highest production around 7.12 lacs MT. This year, the Company has also achieved highest domestic sales i.e. 6.02 lacs MT and total sales of Soda Ash is 6.67 lacs MT including exports.

Bi-Carbonate (BICARB)

During the year, the Company achieved production of Bi-Carbonate 23369 tons against 22378 tons in the previous year, which is higher by 4.43%. During the year the Company achieved sales of Bi-Carbonate 22939 tons against 22912 tons in the previous year. Sodium Bicarbonate sales expected to improve further with high demand season and lower imports.

Home Textiles

The Indian Textile Industry, 2nd largest in the world, after witnessing growth of around 10% in FY 2009-10 & 2010-11, shrank during the FY'2011-12 mainly due to weak global economy and extreme volatility in cotton prices. The Confederation of Indian Textile Industry (CITI) in its Q3, 2011-12 review of textile sector pointed out that "there was highest price volatility in cotton prices in the past 150 years followed by a collapse in April, 2011, which had immediate repercussions in the domestic market. Cotton yarn production was down by 15% and fabric production was down by 19% in the April – October 2011 period over the previous year. Textile Mills faced with high priced cotton inventories could not pass through the prices into yarn and fabrics as the price decline came suddenly in the month of April'2011. This led to a slowdown in production and reduced utilization of capacity". Additionally, India Government's ad hoc policies with respect to export of cotton have also affected the sentiments of textiles industry and cotton growers. However, for the past 3-4 months the prices of cotton have stabilized and the outlook for the textile industry now looks positive

In the Textile Business of your company, the Made-ups (Home Textiles) Business has been growing significantly year on year and has done exceedingly well during the FY'2011-12 both in terms of volume growth and profitability compared to the previous year. However, the Yarn business has underperformed substantially which was largely due to unprecedented volatility in both cotton and yarn prices which affected the spinning industry all over the country as afore mentioned. This has adversely affected the overall profitability of textile business during FY'11-12

The Revenue of Home-Textiles division was at ₹ 530 Crores during the financial year 2011-12 against ₹ 276 Crores in 2010-11, thereby registering a significant growth of 92% 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 Macys, Bed Bath & Beyond, K-Mart, Springs, Revman and Belk etc. However, as aforesaid FY'2011-12 was an extremely challenging year for the entire Spinning Industry including yarn division of your company primarily due to extreme volatility in the cotton prices. The yarn industry got a doubly hit i.e. on one side, it was trapped with high cost inventory and on the other side the yarn prices crashed, thereby making most of the spinning units incur huge losses. Apart from the above said causes, frequent changes in the government policies as well as the grim power situation in Tamil Nadu had also affected the operations of yarn manufacturing industry including your company. However, the aggressive power trading by the Company resulted in substantial savings partially offsetting the aforesaid impact. Outlook for Spinning Industry now looks positive because the high cost inventory is out of the pipeline and with stable cotton prices and improved yarn price scenario, your directors expect a profitable period ahead.

DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 2.00 per Equity Share for the financial year ended March 31, 2012.

FINANCE

During the FY'2011-12, your company has successfully arranged Project Loans of ₹93.50 crore to part finance CAPEX of around ₹129.25 crore. Additionally, the company has also enhanced its working capital limits by ₹70 crore from ₹658 crore to ₹728 crore and further tied-up long term loans amounting to ₹130 crore to meet overall working capital requirements of the company.

During the year, interest rate went up significantly due to increase in Repo Rate by RBI by atleast five times and this coupled with huge volatility in Forex has resulted in a significant increase in finance cost compared to previous year.

Due to timely repayment of interest and principal payments to various banks including timely honouring of corporate guarantee obligations, CARE (Credit Analysis & Research Ltd) has upgraded the rating for long term borrowing from CARE BBB- to CARE BBB.

During the financial year, your Company has transferred to investors' education and protection fund account (IEPF) a sum of ₹ 20.57 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 ₹ 0.95 lacs have been transferred to IEPF during the financial year, which is included in ₹ 20.57 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

Grace Home Fashion, LLC, a subsidiary of the Company in USA has significantly grown its Home-Textiles Business during the FY'11-12. The Company 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 ₹26.16 Crore in FY'10-11 to ₹74.98 Crore during FY'2011-12.

The soda ash production of GHCL Upsom, Romania, a step down subsidiary of the Company remains closed since Jan'2010 as the outstanding issues with gas supplier M/s Romgaz could not be resolved. Subsequently, during the current year GHCL Upsom has been put under administration on November 21, 2011. Your company is in dialogue with the Judicial Administrator to access the feasibility of putting together a viable re-organization plan. In order to make any viable re-organization plan, GHCL Upsom would require major investments as per the preliminary report received from Roland Berger, a Consultant engaged by the Company last year and also export incentives from the Romanian Government. In view of frequent changes in the Romanian Government, the Company could not initiate any dialogue last year. With the new Government now in place in Romania, the Management would initiate a dialogue with BCR Bank, Romgaz and Romanian Government to explore the possibility of revival of GHCL Upsom's Operations.

Rosebys Interiors India Limited (RIIL), a subsidiary engaged in the business of Home and Life Style Retailing, has significantly reduced its operations during the year in order to curtail the costs and losses. Keeping in view of long term strategy, the Board of Directors of GHCL in its meeting held on February 25, 2011 had given in-principal approval for sale of its investment held in RIIL. Accordingly, a merchant banking firm was engaged to identify a suitable buyer to meet its objective. But, due to slow down in overall retail Industry and RIIL's operations, the merchant banker was unable to find a suitable buyer for RIIL's stake sale. RIIL is meeting its obligations to the bankers through support from GHCL as per the guarantee obligation of GHCL.

The operations of Colwell & Salmon USA, subsidiary company engaged in the IT outsourcing business remains dormant as the market is not conducive to recommence the operations. Additionally, two non operating subsidiaries registered in India namely Fabient Textiles Limited and Rosebys International Limited were closed down during the year by following the process of "Fast Track Exit Mode", u/s 560 of the Companies Act, 1956. Further, subsequent to the year end, GHCL Inc. (USA) has been dissolved in May 2012.

Ministry of Corporate Affairs, Government of India, vide its circular dated February 8, 2011, has exempted companies from attaching the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies along with the Annual Report of the Company required u/s 212 of the Companies Act, 1956. As required under the said circular, the Board of Directors of your Company at its meeting held on May 30, 2012 has given its consent for not attaching the Balance Sheet of its subsidiaries. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any members of the company on receipt of a written request from them at the Registered Office of the Company. The Annual Accounts of the subsidiary companies will also be kept open for inspection 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. Details regarding subsidiaries have been provided in note no. 2.38 (refer page no. 49 of Annual Report) and also under Statement u/s 212 of the Companies Act, 1956 (refer page no. 59 to page no. 61).

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, 2012.

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 Report which forms part of this Annual Report. The report on Management's Discussion and Analysis is annexed with the 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

The equity shares of your Company are listed at BSE Limited (BSE), The National Stock Exchange of India Limited (NSE) and Ahmedabad Stock Exchange Limited (ASE). The annual listing fees for the year 2011-12 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.

DIRECTORS

Shri Anurag Dalmia, Shri S. H. Ruparell, Dr. B. C. Jain and Shri G. C. Srivastava directors retire by rotation and being eligible, offer themselves for re-appointment. The Board recommends their appointments at the ensuing Annual General Meeting. Mr. R. S. Jalan has been re-appointed as Managing Director for a period of five years with effect from June 7, 2012 subject to the approval of the shareholders.

During the year, Exim Bank had nominated Mr. R. M. V. Raman in place of Mr. R. W. Khanna as a Nominee Director of the Company with effect from April 30, 2011. Subsequent to the year end, Mr. Tej Malhotra, Sr. Executive Director (Operations) retired from the services of the Company at the close of office hours on May 4, 2012. Accordingly, Mr. Tej Malhotra ceased as a Director on the Board of the Company with effect from May 5, 2012. Your Directors wish to record their gratitude and appreciation for the contribution by Mr. R. W. Khanna and Mr. Tej Malhotra during their tenure as Directors 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, as amended, are set out in Annexure to the Directors' Report and forms part of the Report. However, having regard to the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member 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 2012-13. Further, in line with the requirement of clause (k) of General Circular No. 15/2011 (52/5/CAB-2011) dated April 11, 2011, issued by the Ministry of Corporate Affairs, Cost Audit Branch, necessary particulars of Cost Auditors for the financial year 2010-11 are as under:

Name of Division of the Company	Particulars of Cost Auditors	Due date of filing of the Cost Audit Report for Financial Year 2010-11	Actual date of filing of the Cost Audit Report for Financial Year 2010-11
Soda Ash	M/s R. J. Goel & Co., Cost Auditors, (Membership No. 2171), Address - 31, Community Centre, Ashok Vihar, Delhi - 110052	September 30, 2011	September 30, 2011
Yarn	M/s L. S. Sathiamurthi & Co., Cost Auditors, (Membership No. 3128), Address - 17/6, Kumar Arcade Apartments, 4th Street, Nehru Nagar, Adyar, Chennai – 600020, Tamil Nadu	September 30, 2011	September 27, 2011
Home Textiles	M/s N. D. Birla & Co., Cost Auditors, (Membership No. 7907), Address - A-3, Nirant Society, Opp. Town Hall, Nr. Karnavati Hospital, Elisbridge, Ahmedabad – 380006, Gujarat	September 30, 2011	September 30, 2011

AUDITORS' REPORT

The Auditors have qualified on certain matters and the same are clarified in notes on accounts no. 2.28 and 2.55 which are forming part of Balance Sheet as at March 31, 2012 and Statement of Profit and Loss 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:

a. in the preparation of the annual accounts for the financial year ended March 31, 2012 the applicable accounting standards read with requirements set out under Revised Schedule VI to the Companies Act, 1956, have been followed and there has been no material departures from the same;

b. 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, 2012 and of the profits of the Company for the financial year ended March 31, 2012;

c. 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

d. the annual accounts for the financial year ended March 31, 2012 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, customers, suppliers, lenders, distributors and other stakeholders 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: May 30, 2012 **SANJAY DALMIA**
Place: New Delhi **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 stabilized and 100 % briquette usage during non-monsoon months established.
3 Introduction of Variable Frequency Drive
4 CII recommendations being implemented in phases.

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

1 Installation of condensing turbine for better steam power balance.
2 Installation of 120 TPH motor driven boiler feed water pump.
3 Implementation of CII recommendations.
4 Installation of Narmada water pipe line. This will eliminate operation of high energy consuming RO plants.
5 Variable Frequency Drive introduction in more drives

B. POWER & FUEL CONSUMED

	Year ended March 31,2012	Year ended March 31,2011
1 Electricity		
(i) Purchased Units (lacs kwh)	**765.24**	777.50
Total amount (₹ lacs)	**4,143.29**	4,216.65
Rate per Unit (₹)	**5.41**	5.42
(ii) Own Generation		
(a) Through DG		
Units (lacs kwh)	**59.89**	69.03
Units per ltr of Diesel Oil	**3.39**	3.34
Cost per Unit (₹)	**11.89**	10.66
(b) Through GTG		
Units (lacs kwh)	**206.21**	221.14
Units per SCM of Gas	**3.47**	3.76
Cost per Unit (₹)	**7.64**	5.00
(c) Through TG		
Units (lacs kwh)	**1,674.75**	1,627.52
Cost per Unit (₹)	**1.98**	1.92
2 Coal		
Quantity (MT)	**1,56,190.00**	1,89,147.00
Total Cost (₹ lacs)	**10,815.55**	10,374.43
Average Rate (₹/MT)	**6,924.61**	5,484.85
3 Lignite		
Quantity (MT)	**3,86,944.00**	2,97,254.00
Total Cost (₹ lacs)	**6,272.09**	4,401.46
Average Rate (₹/MT)	**1,620.93**	1,480.71

4 Consumption per Unit of Production

	Production (MT)	**Electricity (kwh/MT) Year ended March 31, 2012**	Year ended March 31, 2011
Soda Ash	7,11,706	**259.47**	252.49
Salt	42,769	**25.44**	31.34
Yarn	12,488	**5.06**	5.18
Cloth (Fabric '000 Meters)	36,374	**0.60**	0.76
Coal -Soda Ash (MT/MT)	7,11,706	**0.22**	0.27
Lignite - Soda Ash (MT/MT)	7,11,706	**0.54**	0.42

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

	Year ended March 31, 2012 (₹ in Lacs)	Year ended March 31, 2011 (₹ in Lacs)
Earnings	**52,783.68**	26,044.69
Outgo (includes CIF value of imports)	**15,399.37**	12,343.07

Annexure – II

The details as per regulation 12 of SEBI (ESOS & ESPS) Guidelines 1999 are as follows

Particulars	Details	
No of Options granted	16,55,000	
Pricing Formula	₹ 76.95 (Market Price i.e. the latest available closing price prior to the date when the options are granted)	
Options lapsed in respect of 5 employees who have left / retired before commencement of vesting period i.e. March 24, 2010.	90000	
Options Vested	15,65,000	
Options Exercised	Nil	
Total Number of shares arising as a result of exercise of options	Nil	
Option Lapsed during the year*	95000	
No of options vested in respect of employees who retired but not exercised their vested options**	60000	
Variation of Terms of Options	Nil	
Money realized by exercise of options	Nil	
Total Number of Options in force as on March 31, 2012	14,70,000	
Number of employees for whom above options are in force	31	
Employee-wise details of options granted to:		
(i) Senior Managerial personnel	**Name**	**No. of Options Granted**
	Mr. R S Jalan	2,00,000
	Mr. Tej Malhotra	1,25,000
	Mr. Raman Chopra	1,00,000
	Mr. Sunil Bhatnagar	1,00,000
	Mr. K V Rajendran	1,00,000
	Mr. B R D Krishnamoorthy	75,000
	Mr. R S Pandey	75,000
	Mr. N N Radia	75,000
	Mr. M. Sivabalasubramanian	75,000
	Mr. Neeraj Jalan	75,000
(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during that year	None	
(iii) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None	
Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 "Earning Per Share"	Not Applicable	
Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	Not Applicable	
Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Not Applicable	
A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information :	Options are granted at the Market price	
(i) risk – free interest rate	Not Applicable	
(ii) expected life,	Not Applicable	
(iii) expected volatility	Not Applicable	
(iv) expected dividends and	Not Applicable	
(v) The price of the underlying share in the market at the time of option grant.	₹ 76.95 per share	

*The stock options in respect of two employees i.e. Mr. Nikhil Sen (75000 options, resigned on 31-3-2011) and Mr. Jagdish Daral (20000 options, resigned on 3-12-2011) have lapsed as they have not exercised their vested options within 60 days of date of their resignations.

** Mr. P Surlivelu (20000 options, retired on 30-4-2010), Mr. N K Masand (20000 options, retired on 30-9-2010) and Mr. T Malayarasan (20000 options, retired on 30-6-2011) have not exercised their vested options.

MANAGEMENT DISCUSSION AND ANALYSIS 2012

Disclaimer:

Readers are cautioned that this Management Discussion and Analysis contains forward-looking statements that involve risks and uncertainties. When used in this discussion, the words “anticipate”, “believe”, “estimate”, “intend”, “will”, and “expected” and other similar expressions as they relate to the Company or its business are intended to identify such forward looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements and risks and opportunities could differ materially from those expressed or implied in such forward-looking statements. The important factors that would make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic and overseas markets, raw material prices, changes in the Governmental regulations, labour negotiations, tax laws and other statutes, economic development within India and the countries within which the Company conducts business and incidental factors. The Company undertakes no obligation to publicly amend, modify or revise any forward-looking statements on the basis, of any subsequent developments, information or events. The following discussion and analysis should be read in conjunction with the Company’s financial statements included herein and the notes thereto.

Management Discussion and Analysis

The management of GHCL Limited presents the analysis of division-wise performance of the Company for the financial year ended March 31, 2012 and its outlook for the future. This outlook is based on assessment of the current business environment. It may vary due to future economic and other developments, both in India and abroad.

Review of Economy

The Indian economy is estimated to grow by 6.9% in 2011-12, after having grown at the rate of more than 8% in each of the two preceding financial years. This indicates a slowdown mainly due to weakening of industrial growth. Farm sector output growth in 2011-12 has been strong, coming on top of the strong growth in the previous year. The average GDP growth rate that has been reported for the farm sector in the first half of 2011-12 is 3.7%. The estimates for both Kharif and the Rabi season are very favourable, with new output records for rice, wheat and foodgrain. Growth of GDP in the services sector was 9.6% in the first half of 2011-12. The mining & quarrying sector has shown particular weakness this year. This was a combination of weak coal output growth, a sharp decline in natural gas production in the KG-D6 fields and negative growth in crude oil output in the third quarter of the year. Moreover, restrictions imposed by the Courts on iron ore production in some parts of the country have also resulted in lower output. In consequence, the mining & quarrying sector is likely to report negative growth for the year as a whole – for the first time in three decades.

Inflation remains above 9 per cent during April-November 2011, y-o-y headline wholesale price index (WPI) inflation rate moderated to 7.7 per cent in December 2011 and further to 6.6 per cent in January 2012, before rising to 7.0 per cent in February 2012. While moderation in WPI inflation stemmed mainly from primary food articles, fuel and manufactured products groups also contributed. Inflation affects the purchasing power of people adversely. Especially food price inflation affects the poor and the low income groups harder than the higher income groups. Food inflation has been a worldwide phenomenon since late 2008. Primarily, fuel price and speculative commodity trading have contributed to food price hike in India. In order to tame the rising food price index, the RBI is trying to control money supply in the economy by raising repo rates and reverse repo rates. Till October 2011, the RBI has already hiked the repo rate by 3.50 percentage points in 13 installments since March 2010. This has jacked up the repo rate @ 8.50 per cent, which resulting into the hike of interest rate by the banks. High bank rate discourages investment and encourages savings, thereby reducing aggregate demand. However, the increase in the interest rate has done little to contain food inflation. On the contrary, costlier loan has hampered the growth rates of Gross Domestic Product and industrial output in the financial year 2011-12. However, the RBI reduced the CRR by 75 basis points from 5.5 per cent to 4.75 per cent effective March 10, 2012 to address the persistent structural liquidity deficit. Recent growth-inflation dynamics have prompted the RBI to indicate that no further tightening is required and that future actions will be towards lowering the rates in 2012-13. Further, to boost business sentiment and help economic growth, for the first time in three years, the RBI cut its repo rate & reverse repo rate by 50 bps in its monetary policy review on April 17, 2012, while CRR remains unchanged. After this cut, repo rate slashed down to 8% and reverse repo rate fell to 7%. The Reserve Bank of India's move would certainly bring some cheer for India Inc. It is a really very welcome step because high interest rates were having negative impact on the country's economic growth. The cycle of repo cut has started and we may see more cuts in future.

The pressure on the Balance of Payments (BoP) – both in regard to a larger than expected Current Account Deficit (CAD) and lower than expected net capital inflows – resulted in a very sizeable depreciation in the external value of the Indian rupee. The decline of the rupee vis-à-vis the US dollar was 19 per cent during April–December 2011. However, there was some recovery in January and February 2012, with the rupee recovering about 7.5 per cent. But that recovery was temporary and once again rupee started depreciating against dollar and overall the rupee has depreciated by around 14% against the dollar during financial year 2011-12. The last few months have been about the most volatile period for the external value of the currency. In a medium term sense, the weakening of the Indian currency not only reflects the current situation of demand and supply of foreign exchange, but outlines a scheme for the stabilization and improvement of the external payments situation. A weaker currency can by improving the prospect of exports and also by making the price of Indian assets more attractive to foreign investors, help to contract the CAD. However, there are several problems that we must guard against. First, a sharp depreciation can impact the liability side of corporates, which can dampen the recovery in the pace of economic growth. Second, capital inflows are a steady activity over time and if the impression gains ground that depreciation is likely to be a recurring theme, investors will tend to factor in this aspect in their valuation and to that extent it will have a negative impact on the perceived value of Indian assets.

We have witnessed a large amount of political and economic turmoil in 2011, from uprisings in the Middle East and North Africa to the tsunami in Japan and the sovereign debt crisis in the eurozone. Resulting volatility in commodity prices, disruptions to supply chains and general uncertainty has impacted businesses across the globe, slowing the recovery in both mature and emerging markets. The negative developments in the eurozone outweighed the small improvements in the US economy. The repeated attempts to sort out the problems of the eurozone in high profile Summits did not result in any lasting solution and to that extent by raising expectations made things worse. Though there is yet no resolution in sight and affected countries have large volumes of debt due for roll over, there is some improvement in the situation. In recent months things have crystallized to a much greater extent. Germany seems to be willing to provide extended support, partly as a result of which the European Central Bank (ECB) has provided large amount of finance through their banking system.

In the United States, the economy has been expanding moderately, notwithstanding some apparent slowing in global growth. Economic recovery of USA is better than projected, because there are clear signs that the economy is on the mend, including some improvement in the unemployment situation. Improvement in some U.S. statistics signals growth may be picking up. A consumer confidence index from the Conference Board rose in November 2011 to the highest since July. Manufacturing expanded recently at the fastest pace in five months, according to the Institute for Supply Management's factory index. U.S. economic data have outperformed expectations by the most in the recent past. It is likely that the US economy will grow by approx 2.5 per cent in 2012, which may to a large extent neutralize slowdown in Eurozone.

COMPANY PERFORMANCE- PERFORMANCE HIGHLIGHTS

- Revenue for the financial year ended 31st March 2012 has increased by 26.13% to ₹ 1,906.36 Crore as against ₹ 1,511.47 Crore for the previous Financial Year ended 31st March 2011.
- Profit before financial expenses and depreciation for the financial year ended March 31, 2012 has risen by 9.93% to ₹ 384.46 Crore as compared to ₹ 349.73 Crore for the previous Financial Year ended 31st March 2011.
- PAT (Profit After Tax) for the financial year ended March 31, 2012 is higher by 0.99% at ₹ 117.48 Crore against ₹ 116.33 Crore for the previous Financial Year ended 31st March 2011.

Inorganic Chemicals (Soda Ash) Global Soda Ash Industry

Demand-Supply Scenario

Demand

Following a sharp global decline after the 2009 recession, developing economies, particularly those in Asia, are driving demand for soda ash. According to the 2012 IHS Chemical World Soda Ash Analysis, despite an oversupply, much of which is from China, world demand for soda ash was estimated to be slightly more than 50+ million metric tons in 2011. The Global Soda Ash demand was around 46-48 million tons in 2010 with a capacity of 57 million tons. We are seeing demand growth, despite the fact that the market is currently oversupplied. However, since much of the overcapacity is in China and high costs are prohibiting any real surge in exports from China, much of the excess capacities in China are, in effect, stranded.

Due to the global cost disparities, relative production costs will be a key issue for the soda ash industry in the future. Demand for Soda Ash remained robust during the year, price pressure from key inputs such as salt and energy weighed heavily. Rising GDPs and urbanization in these regions have led to a higher per capita consumption of products manufactured using soda ash.

Demand for glass and detergents in emerging world markets surged in the last few years. The world soda ash demand grew at an average annual rate of slightly more than 3%. China grew more than 7% and Rest of the world registered a growth of 1%. The demand for soda ash is forecast to grow about 3 to 4 percent per year over the next five years.

Supply

China is the largest Soda Ash player in the world, having a capacity of 27-28 Million MT, which is around 50% of the global capacity. As per IHS Chemical report of February 2012 China's operating rates were around 84% in 2011, reporting a production of 24 million tons and domestic consumption of 22 million tons.

US capacity is 12.00 Million MT and the five main US natural soda ash producers are - FMC, General Chemical (TCL), OCI Wyoming, Solvay and Searless Valley (Nirma). In 2008, Tata Chemicals acquired the soda ash business of US based General Chemical that has manufacturing facilities in Wyoming, making the former the second largest producer of soda ash in the world. US produced 11 million tones of soda ash and their annual production represents a 95 operating rate, US consumption was 5 million tons and they exported 5.2 Million tons.

The world's largest deposit of trona is in the Green River Basin of Wyoming in USA having a presence of world's major companies in the area contributing to the sustained growth of US exports. With abundant reserves, US soda ash players dominate the international trade. US based FMC brought back part of its idle capacity at Granger (Wyoming) in July 2011 and is also exploring the possibility to restart the remainder at Granger. According to IHS report, other producers are also considering additional capacity. US exports appear to be at an all time high and growing steadily with a major surge to Asia and South America. High manufacturing costs in China have given US producers a big edge as well as a strong boost to margins. Natural soda ash is less energy intensive than the synthetic variety and has lower production costs. As such, more than 50% of the natural soda ash produced in US is exported.

Industry Outlook

The global soda ash industry continued to recover from the world economic problems that began in 2009. Domestic residential and commercial construction and automotive industries increased glass usage, which affected soda ash consumption worldwide. The world estimated 2011 distribution of soda ash by end use as under:

Glass	55%
Detergent & Soap formulations	14%
Chemical	10%
Alumina/Metals and mining	5%
Pulp & Paper	1%
Others (Environmental Protection/ Effluent treatment etc)	15%

Despite an oversupply, global demand for soda ash is growing. At the same time there is an extremely sharp increase in input costs for soda ash manufacturers in all regions. Consequently, supported by rising demand and cost pressures prompted soda ash manufacturers to raise the sales prices of soda ash in 2011. World's total soda ash demand which at present is at 50.00 Million MT is expected to grow by at least 3-4 % over the medium term with more than 50% of it is expected to come from Latin America, India, China and Middle East countries due to a higher GDP growth. 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. If the economies continue to stagnate, the demand for soda ash could fall, and we could see prices weaken and capacities idled.

Indian Scenario

The Indian economy is estimated to grow by 6.9 per cent in 2011-12, after having grown at the rate of 8.4 per cent in each of the two preceding years. This indicates a slowdown compared not just to the previous two years but 2003 to 2011 (except 2008-09) mainly due to weakening of industrial growth. The slow industrial growth of the Indian economy was witnessed in Soda Ash also as demand growth is almost flat in 2011-12 (Approx 1 -2%). But despite low growth figure of 6.9 per cent, India remains one of the fastest growing economies of the world as all major countries including the fast growing emerging economies are seeing a significant slowdown. However, it is expected that on the back of higher GDP growth projected and strong growth in Glass (Construction/Automobiles) and Detergents (FMCG penetration and growth) Soda Ash demand will continue to grow at least 4-5 per cent in the FY 12-13.

Dumped import of Soda Ash from China PR, EU, Kenya, Iran, Pakistan, Turkey, USA and Ukraine has been a major concern for the Soda Ash Industry. Based on an application by the domestic producers of Soda Ash, the Director General of Anti-dumping & Allied Duties ("**DGAD**") had recommended the imposition of anti-dumping duty on imports of Soda Ash from the above Countries, which has been upheld by the Hon'ble High Court of Madras vide their order dated April 27, 2012. Now, the Ministry of Finance is expected to issue a notification imposing duty on imports of the Soda Ash from the above countries based on the final finding issued by the DGAD.

The Indian Soda Ash market constitutes of two varieties – Light (used in detergent industry) & Dense (used in Glass industry), with a share of 61% and 39% respectively. Total installed capacity in India was 3.1 Million MT. With an estimated production of about 2.6 Million MT in last financial year (2011-12) 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.

Sourcing of these Key raw materials like Lime Stone & Salt are posing a major challenge the industry currently as no fresh Lime Stone mines or Land Bank for Salt Works is being allotted by the Govt. of Gujarat.

GHCL Soda Ash Business

GHCL Limited is a leading Indian producer of soda ash is well-poised to tap opportunities in the dense soda ash business which contributes about 42% of the total Soda Ash revenue of the company whereas the total soda ash business contributes about 61% of total Indian Stand alone revenue.

In India the company has a significant advantage in maintaining tight control on cost of soda ash due to major captive source on some of the raw materials – Salt, Limestone & Lignite. The other key factor for success is the innovation brought in by the company by replacing the imported Met Coke with in-house Developed Briquette Coke. GHCL is the only soda ash manufacturing company in India which has the captive mining of fuel (Lignite).

GHCL shares highly successful client relationships and is the preferred supplier to all major soda ash consumers; its clients include Hindustan Unilever Limited, Ghari Group, Fena Group, HNG Group, Gujarat Guardian Limited, Videocon Industries Limited, Gujarat Borosil Limited, Piramal Glass Limited, St Gobain Glass, Gold Plus Glass and Phillips.

Opportunity and Concerns

The Indian industry suffers from the weaknesses of concentration of 95% capacity in Gujarat and the cost of transport to markets in South and East India, which constitutes 30% of consumption, is high as compared to the ocean freights to South and East India where product is imported from China/Kenya and Europe. Currently around 18-20% of the Indian demand is being met by cheap imports. Import price variance continues to be extremely high.

GHCL has been able to maintain a domestic market share through a combination of market development, pro-active Direct Customer Relationship management Satisfaction Initiatives (CSI) and the speedy response to the needs of the market place.

Delivery Model & Approach

GHCL's core operations & management team over the last few years have come up with a focused model & approach towards implementing turnaround & growth strategies that would be implemented to develop the growth potential of the company and create replicable model to be used globally.

In India, GHCL is well placed to leverage the opportunity in the soda ash business due to the Entry Barrier for any kind of Greenfield Investments. As typical Modular Capacity for Greenfield Project needs to be 500,000 TPA which would come at a high cost of US $500 million. Also the time frame for project completion is minimum 4 years for a plant, moreover the major constraint comes in creation of Raw Material resources. With the Strong customer relationship in both domestic & Export market GHCL would be the major beneficiary.

Textiles – Outlook & Growth

The Indian Textiles Industry is one of the leading textile industries in the world and the 2nd largest only after China. The Indian Textiles Industry plays a major role in the economy of the country and contributes about 14% to the country's Industrial Production and it also contributes around 4% to GDP of the country. Further, India earns about 17% of its total foreign exchange through textile exports. Indian Textiles Industry also plays an important role in the country in terms of employment generation. It not only generates jobs in its own industry, but also opens up scopes for the other ancillary sectors. The Indian Textiles Industry currently generates employment to more than 35 million people and is the second largest provider of employment after agriculture. The close linkage of the Industry to agriculture and the ancient culture, and traditions of the country make the Indian textiles sector unique in comparison with the textiles industry of other countries.

After witnessing growth of around 10% in FY 2009-10 & 2010-11, the Indian Textile Industry shrank during the FY'2011-12 mainly due to weak global economy and extreme volatility in cotton prices. The Confederation of Indian Textile Industry (CITI) in its Q3, 2011-12 review of textile sector pointed out that "there was highest price volatility in cotton prices in the past 150 years followed by a collapse in April, 2011, which had immediate repercussions in the domestic market. Cotton yarn production was down by 15% and fabric production was down by 19% in the April – October 2011 period over the previous year. Textile Mills faced with high priced cotton inventories could not pass through the prices into yarn and fabrics as the price decline came suddenly in the month of April'2011. This led to a slowdown in production and reduced utilization of capacity". Additionally, India Government's ad hoc policies with respect to export of cotton have also affected the sentiments of textiles industry and cotton growers. However, for the past 3-4 months the prices of cotton have stabilized and with the Government of India providing a number of export promotion policies for the Textile sector in the Union Budget 2012-13 and the Foreign Trade Policy 2009-14, the outlook for the industry looks positive. The Government has now set an export target of US$ 65 billion and creation of 25 million additional jobs has been proposed with a CAGR of 15% during the 12th Five Year Plan (2012-17). As per the Government estimates, India has the potential to increase its textiles and apparel share in the world trade from the current level of 4.5 percent to 8 percent and reach US$ 80 billion by 2020. Inherent strengths & cost competitiveness of Indian textiles industry is catalyzing major retailers & brands of the world such as Wal-Mart, Target Gap, Marks & Spencer & Tesco to set up shops/increasing their Indian presence which augurs well for the sector.

GHCL - Textiles

GHCL Limited is one of the largest integrated textile manufacturers in the country with an installed spinning capacity of 147,000 spindles manufacturing 100% cotton and polyester cotton blended yarns. The company's state-of-art plant at Vapi, Gujarat, integrates weaving, processing and cut & sew facilities. With an annual capacity of 9 million meters, fabric is woven in plain weaves, plain sateens, sateens stripes, dobbies and jacquards.

Overall in the Textile Business of the Company, the Made-ups (Home Textiles) Business has been growing significantly year on year and has done exceedingly well during the FY 2011-12 both in terms of volume growth and profitability compared to the previous year. However, the Yarn business has underperformed substantially which is largely due to unprecedented volatility in both cotton and yarn prices which affected the spinning industry including our yarn business. This has adversely affected the overall profitability of textile business.

The Revenue of Home Textiles division was at ₹ 530 Crores during the financial year 2011-12 against ₹ 276 Crores in 2010-11, thereby registering a significant growth of 92% 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 Macys, Bed Bath & Beyond, K-Mart, Springs, Revman and Belk etc. However, as aforesaid FY 2011-12 was an extremely challenging year for the entire Spinning Industry including our yarn business, which went through one of the toughest challenges not seen in last 2 decades primarily due to extreme volatility in the cotton prices. After a huge increase in cotton prices at the beginning of the season from ₹ 30K per candy to ₹ 64K in December 2010 to March 2011, the prices suddenly crashed in the 1st quarter of 2011-12 from ₹ 64K per candy to ₹ 33k per candy. Industry started covering cotton during season at very high prices as the international prices were also rising and consequently, the Spinning Mills ended up with very high price cotton inventory during first 7-8 months of 2011-12. Another whammy which the industry suffered was a sharp drop in Yarn prices. Drop in Yarn Prices was even sharper in the first half than drop in cotton price. The Yarn industry, therefore, got a double whammy i.e. on one side, it was trapped with high cost inventory and on the other side the yarn prices crashed, thereby making most of the units incur huge losses. Apart from the above said causes, frequent changes in the government policies as well as the grim power situation in Tamil Nadu had also affected the operations of yarn manufacturing industry including GHCL Limited. However, the aggressive power trading by the Company resulted in substantial savings partially offsetting the aforesaid impact. Outlook for Spinning Industry now looks positive because the high cost inventory is out of the pipeline and with stable cotton prices and improved yarn price scenario, we expect a profitable period ahead.

Opportunities, Threats and Risk Mitigants:

With the reasonable growth in Indian Economy as well as good recovery in the US Economy, the largest textile market, there is a significant opportunity of growth for the Indian Textile Industry. Exports to the US and other countries are likely to gain further momentum in the coming months. The growing middle class population and rise in income levels of half of India's population are the major drivers for the growth of Indian textile industry. Growing at a rapid pace, the Indian Market is being flocked by foreign investors exploring investment purposes and with an increasing trend in the demand for the textile products in the country, a number of new companies and joint ventures are being set up in the country to capture new opportunities in the market.

However, there are significant challenges from other countries like Bangladesh, Vietnam etc in terms of managing the cost and retaining the market share. In the recent past, we have seen wide fluctuations in the raw cotton and yarn prices coupled with the changing government policies, which had adversely affected the margin of entire textiles' manufacturing industry especially yarn industry. Inflationary pressures, driven by loose monetary policy and high commodity prices, are lowering real incomes and reducing spending power across the globe, which may cause slowdown in the business. Substantial increase in the Gas price has also adversely impacted the bottom line of Home Textiles division and grim power situation in Tamil Nadu has affected the operations of Yarn division. This could have a major impact on the performance of the textile division of the company. GHCL recognizes this challenge and is taking steps to minimize the cost of production to overcome the above. The company is planning to enhance the volume of production and is implementing new Open End project to improve the performance. The company is also considering for setting up a Coal based power plant at Vapi unit. The cost and sourcing of fabric remains another challenge area. To overcome this, the company is expanding its weaving capacity by 50% to have better control on the fabric availability and cost.

The currency fluctuation is another risk, which the country has been facing in view of sovereign debt crisis in the eurozone. The decline of the rupee vis-à-vis the US dollar was around 14 per cent during FY 2011-12 with further slide continuing even in April – May 2012. The last few months have been about the most volatile period for the external value of the currency. We are taking active advice from experts in mitigating and minimizing foreign exchange fluctuation risk.

The Government of India has promoted a number of export promotion policies for the Textile sector in the Union Budget 2012-13 and the Foreign Trade Policy 2009-14. It has allowed 100 per cent Foreign Direct Investment (FDI) in Textiles under the automatic route.

Hence, keeping in view of the continuous Government focus on Indian Textile Industry, we are of the view that there will be a huge growth opportunity for the Textile Industry and your company is perfectly placed to take benefit of this growth.

Internal Controls and Risk Management

GHCL has adequate and proper system of internal controls commensurate with its size and business operations at all plants, divisions and the corporate office to ensure that its assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are reliably authorized, accurately recorded and reported quickly. The company has appointed outside internal audit agency to carry out concurrent internal audit at all its locations. The scope of its internal audit program is laid down by the Audit Committee of the Board of Directors. The Audit Committee meets periodically to discuss findings of the internal auditors along with the remedial actions that have been recorded or have been taken by the management to plug weakness of the system. Risk Management and internal audit functions complement each other at GHCL. The company strives to adopt a de-risking strategy in its operations while making growth investments. This involves setting up and monitoring risk on a regular basis.

Human Resource Development in GHCL

As on March 31, 2012, the Company had 3087 employees on its permanent rolls covering all divisions. Throughout the financial year 2011-12, the company, as in the past, kept its focus on maintaining its employee base with people having potential and willing to deliver so as to meet the goals and objectives of the organisation. While the company continued the various initiatives launched earlier viz. DISHA, MILAP, GHCL Digest etc. aimed at improving the various business and employee oriented processes, more have been added to step up the momentum.

As business and trade sectors, the world over are at cross-roads due to the uncertainty of political and economic turbulences, corporations have realised that the real differentiator for success is the Human Factor. The more a business invests in the development of its people, the better they fare in the business.

As GHCL had always believed in the impact of employees' competencies in achieving the business goals, apart from continuing the ongoing people developmental processes, a specific approach was developed this year in which the business strategy **'ABHILASHA'** was formulated and individual and team based contributions towards implementing this strategy was planned and is progressing as visualised. This strategy has been visualised keeping in all important factors like external market conditions, competition, future growth etc. which can influence and impact success of the organisation.

Different platforms have been created for employees to contribute towards achieving the various goals and objectives which in turn help in converting the above strategic concepts in to real time results. First of all, as having a unique culture is key to the effectiveness of all organisationwide people processes, core value adherence has been given utmost importance in day to day work life.

To nurture the creativity and also to spread the concept of innovation at work, an annual event, titled **'INCARNATION'** was organised during the year where employees from the different divisions presented new ideas on a wide variety of topics ranging from ways and means to improve day to day operations to major technical concepts and managerial issues. Many of the ideas generated during the programme have been adopted for implementation. More than the worth and cost benefit of ideas, it has helped in creating an aptitude towards creativity in work life throughout the organisation. Similar events are scheduled to be planned in coming years as well as so to keep the spirit of creativity.

Towards development of a core leadership group, the process of identifying employees with the right mix of potential, on the job performance, skills and leadership competencies, was started and depending on the current level and responsibility, they have been classified in to HIPO and Young Talent Group. Employees in the identified groups have been put on a fast track developmental and growth path with a view that, through the learning process, over a period of time will be ready to shoulder higher and wider roles in the organisation.

Another major initiative during the year was to strengthen the work processes of the organisation by formulating distinctive structures for each of the major functions in all divisions. Inter functional relationship and flow of activities has thus been channelized in the appropriate manner which has resulted in further improvement in the productivity across the organisation.

To gauge the involvement of employees at large in the various initiatives launched both on business growth plans as well as in building the right culture in the organisation, Employee Engagement Surveys have been conducted across the company and the result is very encouraging. The company is striving to increase the engagement quotient of employees to comparable levels with the leading corporations.

With regard to improving the quality levels on the job, the concept of 6 Sigma has been launched and training of employees in related tools and techniques are being provided with the aid of both external and internal resource persons. The objective is to build efficiency across processes and considering the enthusiasm among the employees, the company is confident of making significant progress in this direction.

In short, the company is fully aligning the developmental processes of its employees with that of the business strategies and aspirations as all success can come to an organisation through its people only.

The industrial relations at the manufacturing locations continue to be very cordial and peaceful where issues and often discussed and mutually agreed upon negating the chances of industrial unrest.

CSR Activities

During the financial year, GHCL Foundation implemented developmental projects on a wide variety of issues thereby improving the socio-economic conditions of local population around its manufacturing sites, primarily in and around Sutrapada. Overall around 85,000 people from 15 villages benefited from projects like health camps, education programme, farmer education camps, sanitation work, infrastructural development, donation of aides to handicapped etc. Foundation also runs 3 schools at the mining sites where 88 children are being given formal education.

In the coming years, the Foundation will be expanding its services to larger geographical locations and will be providing help and assistance to the local population on other needs also. The company will also be extending all co-operation to the Foundation in carrying out such tasks.

CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR ENDED MARCH 31, 2012

(as required under clause 49 of the Listing Agreement entered into with the Stock Exchanges)

1. Company's Philosophy on Code of Corporate Governance

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. The Company continues to focus on good Corporate Governance, in line with the best practices in the areas of Corporate Governance.

Your Company believes that sustainable and long-term growth of every stakeholder depends upon the judicious and effective use of available resources and consistent endeavour to achieve excellence in business along with active participation in the growth of society, building of environmental balances and significant contribution in economic growth.

The Governance for your Company means being true to own belief and constantly strengthening and increasing stakeholders' values and return on investment by adopting principles of transparency, accountability and adherence of committed value creation principles. We are firm in the belief that Corporate Governance means commitment for achievement of value based growth and meeting the commitment within the predefined time frame without compromising with ethical standards, set paradigms, transparency in transactions and fixing of accountability.

2. Board of Directors

The Company understands that good and quality governance is a powerful competitive differentiator and critical to economic and social progress. The "Board", being the trustee of the Company, responsible for the establishment of cultural, ethical and accountable growth of the Company, is constituted with a high level of integrated, knowledgeable and committed professionals. The Board of the Company is independent in making its decision and also capable and committed to address conflict of interest and impress upon the functionaries of the Company to focus on transparency, accountability, probity, integrity, equity and responsibility. The Composition of the Board as on March 31, 2012 is given herein below:

COMPOSITION OF BOARD OF DIRECTORS AS ON MARCH 31, 2012			
Category	**Name of Directors**	**No. of Directors**	**% of total number of Directors**
Promoter - Non Executive Director	Mr. Sanjay Dalmia	3	21.43%
	Mr. Anurag Dalmia		
	Mr. Neelabh Dalmia		
Promoter Nominee - Non Executive Director	Mr. S H Ruparell	1	7.14%
Non Executive - Independent Director	Dr. B C Jain	5	35.71%
	Mr. Surendra Singh		
	Mr. G. C. Srivastava		
	Mr. Mahesh Kheria		
	Mr. Sanjiv Tyagi		
Representing Lending Institutions	Mr. K. C. Jani – Nominee IDBI	2	14.29%
	Mr. R M V Raman – Nominee EXIM Bank[1]		
Executive Directors	Mr. R S Jalan – Managing Director	3	21.43%
	Mr. Tej Malhotra – Sr. Executive Director (Operations)[2]		
	Mr. Raman Chopra – Executive Director (Finance)		
	TOTAL NO. OF DIRECTORS	**14**	**100%**

Notes:

1. EXIM Bank had nominated Mr. R. M. V. Raman in place of Mr. R. W. Khanna as a Nominee Director of the Company w.e.f. April 30, 2011.
2. Subsequent to the year end, Mr. Tej Malhotra, Sr. Executive Director (Operations) retired from the services of the Company at the close of office hours on May 4, 2012. Accordingly, Mr. Tej Malhotra ceased as a Director on the Board of the Company with effect from May 5, 2012.

The Board of GHCL Limited consists of 14 Directors, 11 of whom are Non Executive Directors. The Chairman of the Company is a Non Executive Director and promoter of the Company and hence the requirement that at least one – half of the Board shall consist of Independent Directors is complied with as the Company has 7 Independent Directors. All of the Non Executive Directors have extensive business experience and are considered by the Board to be independent in character and judgment of the management of the Company and free from any business or other relationship, which could materially interfere with the exercise of their independent judgment.

The Board of Directors meets regularly to review strategic, operational and financial matters and has a formal schedule of matters reserved for its decision. It approves the interim and preliminary financial statements, budget, the annual financial plan, significant contracts and capital investment along with strategic decisions like Restructuring of Business, Debt and Human Resources etc. Wherever appropriate, the Board delegates its authority to Committees of Directors like Banking & Operations Committee, Investment /Project Committee, Share Transfer & Investors' Grievances Committee, Remuneration Committee, Audit Committee and Subsidiary Monitoring Committee. Information is provided to the Board in advance of every meeting and the Chairman ensures that all Directors are properly briefed on the matters being discussed. The Board reviews compliance reports of applicable laws in the Board meetings and also deliberates the compliance of code of conduct for Board Members and Senior Management.

Dates of the Board Meeting are fixed in advance after consultation of individual directors and the agenda is circulated to the Directors at least seven days before the meeting. Wherever it is not practicable to attach any document to the agenda the same is tabled before the Meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda is permitted. During the financial year ended March 31, 2012, four Board Meetings were held on April 29, 2011, July 18, 2011, October 20, 2011 and January 30, 2012. The gap between any two Meetings is not more than four months, ensuring compliance with the requirement of Clause 49 of the Listing Agreement and the Companies Act 1956. The attendance of Directors at the Board Meeting held during the financial year ended March 31, 2012 is given herein below:

Sl. No.	NAME	Date Of Board Meeting				AGM Attendance (September 2, 2011)
		April 29, 2011	July 18, 2011	October 20, 2011	January 30, 2012	
1	Mr. Sanjay Dalmia	Yes	Yes	Yes	Yes	Yes
2	Mr. Anurag Dalmia	Yes	Yes	Yes	Yes	Yes
3	Mr. Neelabh Dalmia	Yes	Yes	Yes	Yes	Yes
4	Dr. B C Jain	Yes	Yes	Yes	Yes	Yes
5	Mr. Surendra Singh	Yes	Yes	No	Yes	No
6	Mr. G. C. Srivastava	Yes	Yes	Yes	Yes	No
7	Mr. S. H. Ruparell	No	No	No	No	No
8	Mr. K. C. Jani – Nominee IDBI Bank	Yes	Yes	Yes	Yes	No
9	Mr. R. W. Khanna – Nominee EXIM Bank	Yes	N/A	N/A	N/A	N/A
10	Mr. R. M. V. Raman – Nominee EXIM Bank	N/A	Yes	Yes	Yes	No
11	Mr. Mahesh Kheria	Yes	Yes	Yes	Yes	No
12	Mr. Sanjiv Tyagi	Yes	Yes	Yes	Yes	No
13	Mr. R. S. Jalan	Yes	Yes	Yes	Yes	Yes
14	Mr. Tej Malhotra	Yes	Yes	Yes	Yes	Yes
15	Mr. Raman Chopra	Yes	Yes	Yes	Yes	Yes

Note:

1. The word N/A denotes that person was not a member of the Board of the Company at the date of the relevant Board Meeting.
2. Mr. Anurag Dalmia, Mr. S H Ruparell, Dr. B C Jain and Mr. G C Srivastava are Directors retiring by rotation and are eligible for re-appointment. Information as required under Clause 49(IV) of the Listing Agreement is annexed to the notice of the AGM.

None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 (C) (ii)) across all the Companies in which he is a Director. The necessary disclosure regarding Directorship and Committee positions have been made by the Directors who are on the Board of the Company as on March 31, 2012 and the same is reproduced herein below:

Sl. No.	Name of the Director	Director Identification Number (DIN)	No. of Directorship in other Public Companies	No. of committee positions held as Chairman in other Public Companies	No. of Committee positions held as Member in other Public Companies	No. of Equity Shares held by directors as on March 31, 2012
1	Mr. Sanjay Dalmia	00206992	1	-	-	-
2	Mr. Anurag Dalmia	00120710	1	-	-	-
3	Mr. Neelabh Dalmia	00121760	-	-	-	-
4	Dr. B C Jain	00319666	-	-	-	-
5	Mr. Surendra Singh	00003337	5	3	4	-
6	Mr. K C Jani	02535299	1	-	1	-
7	Mr. R M V Raman	01459620	-	-	-	-
8	Mr. S H Ruparell	00705817	-	-	-	-
9	Mr. Mahesh Kheria	00161680	-	-	-	-
10	Mr. G. C. Srivastava	02194331	1	-	-	-
11	Mr. Sanjiv Tyagi	00225812	3	-	-	-
12	Mr. R S Jalan	00121260	-	-	-	50,843
13	Mr. Tej Malhotra	00122419	-	-	-	-
14	Mr. Raman Chopra	00954190	1	-	-	-

Note: For the purpose of considering the limit of the number of directorship and chairman/member of committees, Private Limited Companies and Foreign Companies are excluded.

During the financial year ended March 31, 2012, the Company has not entered into any transaction with its Non Executive Directors, which establishes any pecuniary relationship with them. Thus the requirement of Clause 49, pertaining to independence of Non Executive Directors has been duly complied with.

The Audit Committee of the Board of the Company has reviewed the financial statements of its subsidiaries.

The requirement of appointment of an Independent Director of the Company on the Board of the Indian Subsidiaries is not mandatory as the turnover / net worth criteria as mentioned in the Listing Agreement is not applicable.

3. Committees of the Board

(i) Audit Committee

The Board of Directors had constituted the Audit Committee with four non-executive directors including three Independent Directors having expertise in financial and accounting areas. The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence and performance of the statutory auditors and the internal auditors.

Audit Committee of the Board has been constituted as per Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreement with the Stock Exchanges. During the year, the Board have reconstituted the Audit Committee in their meeting held on July 18, 2011 and accordingly adequate intimation was given to the Stock Exchanges in this regard.

Terms of Reference:

The scope of activities of the Audit Committee includes the following:

a. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

b. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fee and also approval for payment to Statutory Auditors for any other services rendered by the Statutory Auditors.

c. Reviewing with management the annual financial statements before submission to the Board for approval, focusing primarily on;
   - Matters required to be included in the Director's Responsibility statement to be included in the Board's Report in terms of Section 217(2AA) of the Companies Act, 1956
   - Changes, if any, in accounting policies and practices and reasons for the same.
   - Major accounting entries based on exercise of judgement by management.
   - Qualifications in draft audit report.
   - Significant adjustments made in the financial statements arising out of audit findings.
   - The going concern assumption.
   - Compliance with accounting standards.
   - Compliance with listing and other legal requirements concerning financial statements.
   - Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.

d. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

e. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.

f. Reviewing with the management, performance of the statutory and internal auditors' and adequacy of internal control systems.

g. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

h. Discussion with internal auditors any significant findings and follow up there on.

i. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

j. Discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

k. Reviewing the company's financial and risk management policies.

l. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

m. Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

Executive summary of the Audit Committee Meetings are placed before the immediate next Board Meeting held after the Audit Committee Meetings for deliberation and the full minutes of the same are placed before the following Board Meeting for record. The Chairman of the Audit Committee apprises the Board on the recommendations made by the Committee. Further, at the beginning of the financial year, the Committee discuss the plan for the internal audit and statutory audit. Dates of the Audit Committee Meetings are fixed in advance and agenda is circulated at least seven days before the meeting. Wherever it is not practicable to attach any document to the agenda the same is tabled before the Meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted.

During the financial year ended March 31, 2012, the Audit Committee of the Board met four times and as per requirement of the Listing Agreement, the gap between any two meetings of the Audit Committee is not more than four months, ensuring compliance with the requirement of Clause 49 of the Listing Agreement and the Companies Act 1956. The adequate quorums were present at every Audit Committee Meeting. The Composition of Audit Committee and attendance of members at the meetings are given herein below:

	Name of the Audit Committee members			
	Dr. B C Jain -Chairman of the Committee	Mr. K C Jani	Mr. G C Srivastava	Mr. Neelabh Dalmia
Category	Independent Director (Expertise in Finance, Banking & Accounting)	Nominee Director - IDBI Ltd (Expertise in Banking & Finance)	Independent Director (Expertise in Tax & Accounting)	Non-executive Director (Expertise in Finance & Industry)
Date of the Meeting				
April 29, 2011	Yes	Yes	Yes	N/A
July 18, 2011	Yes	Yes	Yes	N/A
October 19, 2011	Yes	Yes	No	Yes
January 30, 2012	Yes	Yes	Yes	Yes
Whether attended Last AGM (Yes/No)	Yes	No	No	Yes

Note: Managing Director, Executive Director (Finance), Statutory Auditors and concerned employees for Internal Audit/ accounts were invitees to the Audit Committee Meetings whenever required. Secretary of the Company is the Secretary of the Committee. Mr. Neelabh Dalmia attended first two Audit Committee Meetings as an invitee and thereafter he attended as a member of the Audit Committee.

The Company has complied with the requirements of Clause 49 II (A) as regards composition of the Audit Committee. Dr. B C Jain, Chairman of the Audit Committee is a qualified Chartered Accountant and an expert in Finance, Banking and Accounting. He was present in the 28th Annual General Meeting held on September 2, 2011 to answer the queries of shareholders.

As required under Clause 49(II) (E) of the Listing Agreement, the Audit Committee had reviewed the following information:

- Management Discussion and Analysis of financial condition and results of operations.
- Statement of significant related party transactions submitted by management.
- Management letter(s)/letters of Internal control, weaknesses issued by the Statutory Auditors.
- Internal Auditor's Reports relating to internal control weaknesses.
- Appointment, removal and terms of remuneration of the internal auditors.

(ii) Remuneration Committee:

The Company is transparent in compensation policy of Directors. The Remuneration Committee of the Company was constituted as early as in 1995. During the year, the Board have reconstituted the Remuneration Committee in their meeting held on July 18, 2011 and accordingly adequate intimation was given to the Stock Exchanges in this regard.

The Remuneration Committee sets the overall policy on remuneration and the other terms of employment of Executive Directors of the Company as well as the sitting fee and commission to the Non Executive Directors within the overall ceiling fixed by members of the Company and recommends the same for the approval of the Board. The Committee recommends remuneration package of Executive Directors to the Board by reference to individual performance, experience and market conditions with a view to providing a remuneration package which is appropriate for the responsibilities involved. The Committee also has ultimate control over the GHCL Employees Stock Option Trust and regulates it affairs through appointed Trustees. The Remuneration Committee monitors the affairs of the GHCL Employees Stock Option Trust and directs the Trustees for discharge of their duties from time to time.

The executive summary of the Remuneration Committee Meeting is placed before the immediate next Board Meeting held after the Remuneration Committee, for deliberation and the full minutes of the same are placed before the following Board Meeting for record. Dates of the Remuneration Committee Meeting are fixed in advance and agenda is circulated to the Directors at least seven days before the meeting.

During the financial year ended March 31, 2012, the Remuneration Committee met only once on July 18, 2011. The Remuneration Committee of the Board comprises of Non-Executive Directors and the details of meeting attended by the Directors are as follows:

COMPOSITION AND ATTENDANCE OF MEMBERS AT THE REMUNERATION COMMITTEE MEETINGS HELD DURING THE FINANCIAL YEAR ENDED MARCH 31, 2012

	Name of the Remuneration Committee Members			
	Mr. Sanjay Dalmia - Chairman of the Committee	Dr. B C Jain	Mr. Sanjiv Tyagi	Mr. Surendra Singh
Category of Director	Non Executive Director (Industrialist)	Non Executive - Independent Director (Expertise in Finance Banking & Accounting)	Non Executive - Independent Director (Expertise in Management)	Non Executive - Independent Director (Ex-IAS & Expert in Corporate Governance, Industrial Policy and General Administration)
Date of the Meeting				
July 18, 2011	Yes	Yes	Yes	N/A
Whether attended Last AGM (Yes/ No)	Yes	Yes	No	No

Remuneration Policy:

Payment of remuneration to the Managing Director / Whole Time Director(s) is governed by the Uniform Remuneration Package approved by the Board and the Shareholders. Their Remuneration structure comprises salary / commission linked to profits, perquisites and allowances, contribution to Provident Fund and Superannuation Fund and premium on Gratuity Policy etc.

The Non - Executive Directors do not draw any remuneration from the Company other than the sitting fee and such commission as may be determined by the Board from time to time within the overall approval given by the shareholders and pursuant to the relevant provisions of the Companies Act, 1956. The commission payable to the Non - Executive Directors is limited to a fixed amount per year as determined and approved by the Board, the sum of which is within the limit of 1% of net profit for the year, calculated as per the provisions of the Companies Act, 1956. The actual amount of commission payable to each Non Executive Director is decided by the Board, upon recommendation of the Remuneration Committee, on the following criteria:-

- Number of board meeting, audit committee meeting, remuneration committee meeting, subsidiary monitoring committee meeting and project committee meeting attended by Director during the financial year
- Overall contribution and roll outside the Meeting;
- Role and responsibilities towards growth of the Company.

Details of remuneration, commission and sitting fee paid/payable to the Directors of the Company for the financial year ended March 31, 2012 are given below:

Non-Whole time Directors		**(in ₹)**
Name	**Sitting Fees**	**Commission**
Mr. Sanjay Dalmia	1,00,000	9,88,615
Mr. Anurag Dalmia	80,000	9,20,615
Mr. Neelabh Dalmia	1,20,000	10,77,538
Dr. B. C. Jain	1,80,000	13,02,462
Mr. Surendra Singh	60,000	6,90,463
Mr. S. H. Ruparell	--	--
Mr. G. C. Srivastava	1,40,000	11,56,000
Mr. K. C. Jani – Nominee IDBI*	1,60,000	12,34,462
Mr. R. W. Khanna / Mr. R. M. V. Raman – Nominee EXIM Bank*	80,000	9,20,615
Mr. Mahesh Kheria	80,000	9,20,615
Mr. Sanjiv Tyagi	1,00,000	9,88,615
TOTAL	**11,00,000**	**1,02,00,000**

Note: Commission payable to all or any one of the Non Whole Time Directors shall in aggregate not exceed 1% per annum of the net profit of the Company calculated under the provisions of the Companies Act, 1956.

*Commission and Sitting fee paid to Institutions which they represent.

Whole Time Directors (in ₹)

Name	Salary and other perquisites	Commission
Mr. R S Jalan, Managing Director	1,89,25,436	1,94,00,000
Mr. Tej Malhotra, Sr. Executive Director (Operations)	1,08,12,448	50,00,000
Mr. Raman Chopra, Executive Director (Finance)	1,07,97,336	1,14,00,000
Total	**4,05,35,220**	**3,58,00,000**

(a) The agreement with the Whole Time Directors is for a period of five years. Either party to the agreement is entitled to terminate the agreement by giving six calendar month prior notice in writing to the other party.

(b) Presently the Company has an Employee Stock Option Scheme for its employees including Whole Time Directors of the Company.

(c) Salary and perquisites Includes Company's contribution to Provident Fund, Superannuation Fund, LTA paid and premium on Gratuity Policy.

(iii) Share Transfer and Investors' Grievances Committee:

The Board had constituted the Share Transfer & Investors' Grievances Committee. During the year, the Board have reconstituted the Share Transfer and Investors' Grievances Committee in their meeting held on July 18, 2011 and accordingly adequate intimation was given to the Stock Exchanges in this regard. The committee expedite the process of redressal of complaints like non-transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividends, etc. The Committee meet once in a week to expedite all matters relating to Shareholders / Investors Grievances received and pending during the previous week.

The composition of Committee as on March 31, 2012 is as under:

Sl. No.	Name of Directors	Status
1	Mr. Mahesh Kheria	Chairman
2	Mr. Neelabh Dalmia	Member
3	Mr. R S Jalan	Member
4	Mr. Raman Chopra	Member

The Company addresses all complaints and grievances expeditiously and replies are sent/issues resolved usually within fifteen days, unless there is a dispute or other legal constraints. The Company received 24 shareholders complaints from Stock Exchanges and SEBI that inter–alia include non-receipt of dividend, share transfer (including Demat etc.) and non receipt of annual report. The Complaints were duly attended and the Company has furnished necessary documents / information to the shareholders.

Status of total complaints received (including 24 complaints received from Stock Exchanges / SEBI) during the financial year ended March 31, 2012:

Sl. No.	Type of Complaints	Total No. of Complaints received during the financial year ended March 31, 2012	Total No. of Complaints resolved during the financial year ended March 31, 2012	No. of Complaints pending as on March 31, 2012*
1	Non-receipt of dividend	229	229	0
2	Share transfer including Dmat request	33	33	0
3	Non receipt of Annual Report	27	27	0
	Total	289	289	0

*There are no complaints pending as on March 31, 2012 except the complaints pending at court or at the end of shareholders due to non submission of the information desired by RTA.

The Share Transfer and Investors Grievance Committee reviews the summary of the complaints received and appropriate action is taken promptly. No requests for share transfer or payment of dividend are pending except those that are disputed or sub–judice.

Mr. Bhuwneshwar Mishra, General Manager & Company Secretary of the Company is the Secretary of the Committee.

Mr. Bhuwneshwar Mishra, General Manager & Company Secretary is the Compliance Officer of the Company.

(iv) Banking and Operations Committee

The Board had constituted the Banking and Operations Committee to expedite the day to day functioning and exercise of delegated powers of the Board. This Committee meets as per the requirement of business, to expedite all matters relating to operations and granting authority for various functional requirements such as issue of Power of Attorney, arranging / negotiating of term loans, working capital loan, short term loan, dealings with Central / State Governments including their agents and various statutory / judicial / regulatory / local / commercial / excise / customs / port / sales tax / income tax / electricity board etc. and other authorities on behalf of the Company in line with the delegated authority of Board of Directors from time to time.

The composition of the Banking and Operations Committee as on March 31, 2012 is as under:

Sl. No.	Name		Status
1	Mr. Neelabh Dalmia	– Director	Member
2	Mr. R S Jalan	– Managing Director	Member
3	Mr. Tej Malhotra (Operations)	– Sr. Executive Director	Member
4	Mr. Raman Chopra (Finance)	– Executive Director	Member

(v) Project Committee

During the year, the Board have reconstituted the Project Committee in their meeting held on July 18, 2011 and accordingly adequate intimation was given to the Stock Exchanges in this regard. This Committee was constituted to review and recommend proposals relating to new projects, expansion, modernization, diversification, acquisitions, various kind of compromise, arrangement or amalgamation, restructuring of business of the Company and/or its subsidiaries.

The composition of the Project Committee as on March 31, 2012 is as under:

Sl. No.	Name		Status
1	Mr. Sanjay Dalmia	– Chairman	Chairman
2	Mr. Anurag Dalmia	– Director	Member
3	Mr. Neelabh Dalmia	– Director	Member
4	Mr. K C Jani	– Nominee Director (IDBI Bank)	Member
5	Mr. R M V Raman	– Nominee Director (EXIM Bank)	Member

(vi) **Subsidiary Monitoring Committee**

During the year, the Board have reconstituted the Subsidiary Monitoring Committee in their meeting held on July 18, 2011 and accordingly adequate intimation was given to the Stock Exchanges in this regard. There are six members of the Subsidiary Monitoring Committee having diversified business expertise. The Committee was constituted to review and monitor the financial performance, revenue and capex budget of the Subsidiaries besides other activities.

The composition of the Subsidiary Monitoring Committee as on March 31, 2012 is as under:

Sl. No.	Name		Status
1	Mr. Anurag Dalmia	– Chairman	Chairman
2	Dr. B. C. Jain	– Director	Member
3	Mr. Neelabh Dalmia	– Director	Member
4	Mr. K. C. Jani	– Nominee Director (IDBI Bank)	Member
5	Mr. R. M. V. Raman	– Nominee Director (EXIM Bank)	Member
6	Mr. G. C. Srivastava		Member

The company does not have any material non listed Indian subsidiary whose turnover or net worth (i.e. Paid up Capital and Free Reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding financial year ended on March 31, 2012. The Company monitors the performance of its subsidiaries, inter alia by the following means:-

- The financial statements, in particular, the investments made by the unlisted subsidiary companies, are reviewed by the Company's Audit Committee as well as by the Board;
- The minutes of the Board Meeting of the subsidiaries are periodically noted at the Board Meetings of the Company.

The Subsidiary Monitoring Committee review and monitor the financial performance, revenue and capex budget of the Subsidiaries besides other activities. The Board in its meeting held on May 30, 2012 decided to dissolve the Committee due to the reason that there is no operation in the subsidiary of the Company.

4. General Body Meeting:

a) The last three Annual General Meetings of the Company were held within the Statutory Time period and the details of the same are reproduced herein below:

Financial Year	Date	Time	Venue
2010-11	September 2, 2011	9.30 AM	The Institution of Engineers (India), Gujarat State Centre, Bhaikaka Bhavan, Law College Road, Ahmedabad-380 006
2009-10	September 9, 2010	10.00 AM	The Institution of Engineers (India), Gujarat State Centre, Bhaikaka Bhavan, Law College Road, Ahmedabad-380 006
2008-09*	December 31, 2009	10.00 AM	The Institution of Engineers (India), Gujarat State Centre, Bhaikaka Bhavan, Law College Road, Ahmedabad-380 006

*The 26th AGM was held pursuant to approval given by Registrar of Companies, Gujarat, Dadra and Nagar Havelli (ROC) vide their letter dated August 11, 2009.

The last three Extraordinary General Meetings were held as under:

Financial Year	Date	Time	Venue
2007-2008	March 19, 2008	10.00 AM	The Institution of Engineers (India), Gujarat State Centre, Bhaikaka Bhavan, Law College Road,Ahmedabad-380 006
2006-2007	August 4, 2006	10.30 AM	The Institution of Engineers (India), Gujarat State Centre, Bhaikaka Bhavan, Law College Road,Ahmedabad-380 006
2000-2001	December 8, 2000	11.00 AM	Gajar Hall, Nariman Bhawan, Law College Road, Ahmedabad

(b) **Special Resolutions**:

Annual General Meeting

The following special resolutions were passed in previous Three Annual General Meetings.

Year 2010-11:

Approval for payment of Commission to Non Whole time Directors

Year 2009-10:

No special resolution was passed at the 27th Annual General Meeting held on September 9, 2010.

Year 2008-09:

No special resolution was passed at the 26th Annual General Meeting held on December 31, 2009.

Extraordinary General Meeting (EGM)

The following special resolutions were passed in the Extraordinary General Meeting held during the three financial years.

Year 2011-12:

No EGM was held during the financial year 2011-12.

Year 2010-11:

No EGM was held during the financial year 2010-11.

Year 2009-10:

No EGM was held during the financial year 2009-10.

(c) No Special Resolution was passed in the last year through postal ballot and hence the provisions relating to postal ballot were not applicable.

(d) Normally, all Special Resolutions moved at the above AGMs / EGMs were unanimously passed by a show of hands by the shareholders present at the meeting.

5. Disclosures:

Disclosure on materially significant related party transactions

No transactions of a material nature have been entered into by the Company with its promoters, Directors, or the management or relatives etc. that may have potential conflict of interest of the Company. Transactions with related parties are disclosed in the notes to the accounts in this Annual Report.

Disclosure of accounting treatment in preparation of financial statements

GHCL Limited has followed the Accounting Standards issued by the Institute of Chartered Accountants of India and notified in the Companies (Accounting Standards) Rules 2006, in the preparation of its financial statements.

Details of non compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on the matter related to capital markets, during the last three years.

GHCL Limited has complied with all the requirement of regulatory authorities. No penalties/strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on the matter related to capital markets, during the last three years except the following:

(i) During the financial year 2008-09, SEBI had passed ad interim, ex-parte order dated April 20, 2009, which was subsequently revoked by Dr. K M Abraham, Hon'ble Whole time Member of SEBI, vide his order dated March 14, 2011. Further, after completion of the investigation in the matter, SEBI had referred the matter for adjudication and accordingly an Adjudication Officer was appointed to conduct the adjudication proceedings. The Adjudication officer had issued Show Cause Notices to the company and its officers, which have been adequately replied. Simultaneously, the Company has applied for consent settlement to put an end to the protracted proceedings and with a view to avoid litigation and to safeguard the interest of the stakeholders.

(ii) In other matter, Securities Exchange Board of India (SEBI) vide its Show Cause Notice No. EAD-7/PB/CS/28204/2010 dated November 30, 2010 ("the Notice") had inter alia alleged that GHCL has violated the provisions of Clause 35 of the Listing Agreement and other regulations by not disclosing shares held by promoters which are subject matter of Arbitration process with Indiabulls as an "encumbered shares". Similar notices have also been served to promoters entities. The Company had filed its representation and written submissions to the SEBI and stated that the Company had sufficiently disclosed the facts from time to time as per requirement of law. However, due to ambiguity in the provisions of Takeover Regulations and Clause 35 of Listing Agreement, SEBI has interpreted the term "pledge or otherwise encumbered" different than the view of the Company. Based on the representations, SEBI could not establish the alleged violations against Promoters entities in its order dated March 31, 2011. However, based on advice of legal firm, GHCL Limited had applied for consent settlement on March 16, 2011, to put an end to the protracted proceedings and with a view to avoid litigation and to safeguard the interest of the stakeholders. The matter is pending at SEBI's end.

Details of compliance with mandatory requirements and adoption of the non mandatory requirements of Clause 49 of the Listing Agreement

Code for prevention of insider trading practices

In compliance with the SEBI regulation on prevention of Insider Trading, the Company has placed a comprehensive code of conduct for its management and its staff. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them of the consequences of violations.

Code of Conduct:

GHCL Limited has well defined policy framework which lays down procedures to be adhered to by all Board Members and Senior Management for ethical professional conduct. The Code outlines fundamental ethical considerations as well as specified considerations that need to be maintained for professional conduct. The Annual Report contains the declaration to this effect that the Code of Conduct has been complied by the Board Members and Senior Management. The Code of Conduct is also posted on the website of the company www.ghclindia.com

Functional website of the Company as per Clause 54 of the Listing Agreement

Pursuant to the requirement of Clause 54 of the Listing Agreement, the Company maintains a functional website of the Company and website address of the Company is www.ghclindia.com . Website of the Company provides the basic information about the Company e.g. details of its business, financial information, shareholding pattern etc. and the Company is regularly updating the Information provided on its website.

Risk Management:

The Company shall lay down procedures to inform Board members about the risk assessment and minimization procedures. These procedures shall be periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

The Company has complied with the above requirement.

Reconciliation of Share Capital Audit (earlier known as Secretarial Audit)

A qualified practicing Company Secretary has carried out Secretarial Audit every quarter to reconcile the total admitted capital with National Securities Depositories Limited (NSDL) and Central Depositories Services (India) Limited (CDSL) and the total issued and listed capital. The Audit confirms that total issued / paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

6. Means of communications:

PUBLICATION OF UNAUDITED QUARTERLY / HALFYEARLY RESULTS AND RELATED MATTERS							
Sl. No.	**Particulars**		**Quarter - I**	**Quarter - II**	**Quarter - III**	**Quarter - IV**	**Financial Year ended March 31, 2012(Audited)**
1	English Newspapers in Which quarterly results were published / to be published	Economic Times (Ahmedabad edition)	July 20, 2011	October 21, 2011	January 31, 2012	May 31, 2012	May 31, 2012
		The Hindu - Business Line	July 20, 2011	October 21, 2011	January 31, 2012	May 31, 2012	May 31, 2012
2	Vernacular Newspapers in which quarterly results were published / to be published	(Economic Times - Gujarati)	July 20, 2011	October 21, 2011	February 1, 2012	June 1, 2012	June 1, 2012
3	Website Address of the Company on which financial results are posted	www.ghclindia.com					
4	Website Address of the Stock Exchange(s) on which financial results are posted.		**Quarter - I**	**Quarter - II**	**Quarter - III**	**Quarter - IV**	**Financial Year ended March 31, 2012 (Audited)**
	Name of Stock Exchange(s)	**Website Address(es)**	**Date of Filing of Results**				
	National Stock Exchange of India Limited (NSE)	www.nseindia.com	July 18, 2011	October 20, 2011	January 30, 2012	May 30, 2012	May 30, 2012
	BSE Limited (BSE)	www.bseindia.com	July 18, 2011	October 20, 2011	January 30, 2012	May 30, 2012	May 30, 2012

7. **Management Discussion and Analysis Report form part of this Annual Report**

The complete reports on Management Discussion and Analysis report are placed in the separate section of the Annual Report.

8 **General shareholder's Information:**

GENERAL SHAREHOLDER INFORMATION				
Sl. No.	**Particulars**	**Details**		
1	Annual General Meeting	Thursday, September 20, 2012	9.30 AM	The Institution of Engineers (India), Gujarat State Centre, Bhaikaka Bhavan, Law College Road, Ahmedabad - 380006
2	Financial Calendar			
	Financial Reporting for - Quarter - I (ending June 30, 2012)	By 2nd week of August 2012		
	Financial Reporting for - Quarter - II (ending September 30, 2012)	By 2nd week of November 2012		
	Financial Reporting for - Quarter - III (ending December 31, 2012)	By 2nd week of February 2013		
	Financial Reporting for - Quarter - IV (ending March 31, 2013)	By 4th week of May 2013		
3	Date of Book Closure	Monday, September 10, 2012 to Thursday, September 20, 2012 (both days inclusive)		
4	Dividend Payment Date	Dividend of ₹ 2.00 per share (20%) will be paid on or after Monday,September 24, 2012, if approved by the members in the ensuing Annual General Meeting		
5	Listing on Stock Exchanges	Name & Address of Stock Exchanges	Stock Code	ISIN WITH NSDL & CDSL
		BSE Limited, Phiroze Jeejeebhoy, Dalal Street, Mumbai - 400 001	500171	INE 539 A01019
		National Stock Exchange of India Limited , "Exchange Plaza", Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051	GHCL	INE 539 A01019
		The Stock Exchange, Ahmedabad, KamDhenu Complex, Opp. Sahajanand College, Ahmedabad - 380 015	20850	INE 539 A01019
6	Listing fees:	Listing fee for all the aforesaid Stock Exchanges have been paid for the financial year ended March 31, 2012		
7	Details of Registrar and Share Transfer Agent	Link Intime India Private Limited (Formerly Intime Spectrum Registry Limited), C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai - 400 078. Phone: 022 25963838, Fax: 022 25946969 (Email : **rnt.helpdesk@linkintime.co.in**)		
8	**Outstanding GDRs / ADRs / Warrants or any convertible instruments:**			
	There is no outstanding of FCCBs as on March 31, 2012.			
9	**Address for Correspondence**			
	Share Transfer System: Company processes the share transfer and other related shareholders services through Registrar & Share Transfer Agent (RTA) on a weekly basis. The share transfer in physical form is registered within 15 days from the date of receipt, provided the documents are complete in all respects. The Company provides facility for simultaneous transfer and dematerialization of equity shares as per the procedures provided by NSDL/CDSL. For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non receipt of dividend or annual report or any other query relating to shares be addressed to ***Link Intime India Private Limited (Formerly Intime Spectrum Registry Limited), C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078. Phone: 022 25963838, Fax: 022 25946969 (Email :*** **rnt.helpdesk@linkintime.co.in**)			

GENERAL SHAREHOLDER INFORMATION		
Sl. No.	Particulars	Details
	For General Correspondence: **GHCL Limited, "GHCL House" Opp. Punjabi Hall, Navrangpura, Ahmedabad - 380 009. Phone : 079 -26427818/26442677, 079-39324100, Fax: 079-26423623 (Email : secretarial@ghcl.co.in)**	
10	**Dematerialization of Shares and Liquidity:** 95.67% of the Company's total equity shares representing 9,56,84,071 shares were held in dematerialized form as on March 31, 2012. The trading in the Company's shares is permitted only in dematerialized form with effect from October 28, 2000 as per notification issued by SEBI.	
11	As required under Clause 49 (IV) (G) of Listing Agreement, particulars of Directors seeking appointment/ re appointment are given in Notice to the ensuing Annual General Meeting.	

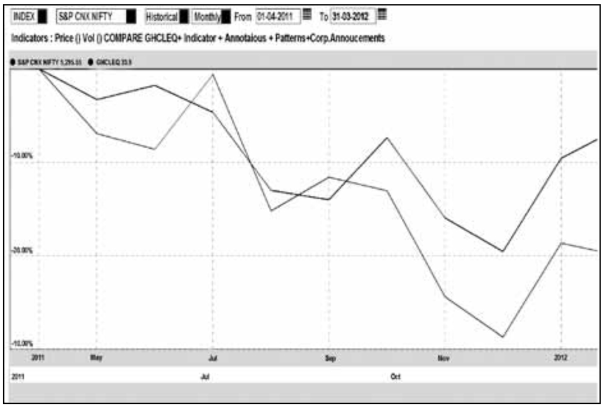
Corporate Benefits to Shareholders

Dividend declared for last 10 years		
Financial Year	Dividend	Dividend (₹ per Share)
2001-02	25.00%	2.50
2002-03	23.00%	2.30
2003-04	15.00%	1.50
2004-05	20.00%	2.00
2005-06	24.00%	2.40
2006-07	27.00%	2.70
2007-08	24.00%	2.40
2008-09	20.00%	2.00
2009-10	20.00%	2.00
2010-11	20.00%	2.00
Equity share of paid up value of ₹ 10 per share		

MONTHWISE STOCK MARKET DATA (BSE & NSE) RELATING TO EQUITY SHARES OF THE COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2012

MARKET PRICE DATA						
Month of the financial year 2011-12	BSE, MUMBAI			NSE, MUMBAI		
	Share Price		Traded Quantity	Share Price		Traded Quantity
	High	Low		High	Low	
April 2011	44.95	39.85	2619812	44.85	39.40	2818391
May 2011	41.70	38.20	1834105	44.80	37.60	2129329
June 2011	40.70	36.30	470741	40.65	36.30	852497
July 2011	42.65	38.15	852632	43.00	38.10	1469134
August 2011	42.10	34.60	1113885	42.20	35.00	2167751
September 2011	41.35	35.40	842836	41.45	35.30	1588471
October 2011	38.70	35.10	419547	39.40	34.80	875218
November 2011	36.65	30.15	402816	36.80	30.00	650798
December 2011	32.45	27.30	367685	33.50	27.25	791729
January 2012	36.90	29.80	811243	37.00	29.25	954620
February 2012	37.60	32.55	1015780	41.15	32.35	1780653
March 2012	38.00	32.05	1268247	34.40	32.05	1304030

Performance in comparison to broad based indices such as NSE



Shareholders Referencer

Unclaimed Dividend

Pursuant to Section 205A of the Companies Act, 1956 unclaimed dividend for the financial years 2003-04 have been transferred to the Investors Education and Protection Fund established by the Central Government (IEPF) pursuant to Section 205C of the Companies Act, 1956 and no claim shall lie with the Company in respect of the unclaimed dividend transferred to IEPF for the financial years 2003-2004.

The dividend for the following years remaining unclaimed for seven years will be transferred by the Company to IEPF according to the schedule given below. Shareholders who have not so far encashed their dividend warrant (s) or have not received the same are requested to seek issue of duplicate warrant (s) by writing to Link Intime India Private Limited (Formerly Intime Spectrum Registry Limited) confirming non – encashment / non - receipt of dividend warrant (s). Once the unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.

Financial Year	Date of AGM	Due for Transfer to IEPF
2004-05	02-09-2005	September 2012
2005 (9 months)	19-06-2006	June 2013
2006-07 (15 months)	30-07-2007	July 2014
2007-08	12-09-2008	September 2015
2008-09	31-12-2009	December 2016
2009-10	09-09-2010	September 2017
2010-11	02-09-2011	September 2018

DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH 2012

No. of Shares held of ₹ 10 each between		No. of shareh olders	% of total shareh olders	No. of shares	% of total shares
From	To				
1	500	61655	85.91%	10206848	10.20%
501	1000	5345	7.45%	4545887	4.55%
1001	2000	2417	3.37%	3794051	3.79%
2001	3000	783	1.09%	2017975	2.02%
3001	4000	344	0.48%	1248864	1.25%
4001	5000	315	0.44%	1501949	1.50%
5001	10000	436	0.61%	3240961	3.24%
10001	Above	469	0.65%	73462751	73.45%
		71764	**100.00%**	**100019286**	**100.00%**

SHAREHOLDING PATTERN AS ON 31ST MARCH 2012

	Category	No. of shares held	% of share-holding
A	**Promoters Holding**		
1	**Promoters**		
	Indian Promoters	11943984	11.94%
	Foreign Promoters	5507900	5.51%
2	**Others**		
	Trust	152000	0.15%
	Sub-Total	**17603884**	**17.60%**
B	**Non-promoters Holding**		
3	**Institutional Investors**		
	Mutual Funds and UTI	16913	0.02%
	Banks, Financial Institutions & Insurance Companies	6398124	6.40%
	FIIs	528259	0.53%
	Foreign Mutual Fund	153576	0.15%
	Sub-Total	**7096872**	**7.10%**
4	**Non-institutional Investors**		
	Bodies Corporate	34350954	34.34%
	Indian public (Individuals & HUF)	37108738	37.10%
	NRIs, OCBs & Foreign Companies	2209188	2.21%
	Directors & relatives	56843	0.06%
	Others	1592807	1.59%
	Sub-Total	**75318530**	**75.30%**
	Grand Total	**100019286**	**100.00%**

Plant Locations:

Soda Ash Plant		Village: Sutrapada Near Veraval, Dist. Junagarh – 362 275 Gujarat
Salt Works & Refinery	(a)	Ayyakaramulam, Kadinalvayal - 614 707. Distt Nagapattinam, Tamilnadu
	(b)	Nemeli Road Thiruporur - 603 110, Tamilnadu
Textile Division	(a)	Samayanallur P.O, Madurai–625 402.
	(b)	Thaikesar Alai P.O, Manaparai–621 312
	(c)	S. No. 191, 192, Mahala Falia,Village Bhilad, Vapi - 396191 Valsad District, Gujarat, India
Energy Division	(a)	Muppandal, Irukkandurai Village Sankaneri Post Radhapuram Taluk, Tirunelveli District Tamilnadu
	(b)	Chinnaputhur village, Dharapuram Taluk, Erode District,Tamil Nadu

DECLARATION

The Board has laid down a code of conduct for all Board Members and Senior Management of the Company, which is posted on the Website of the Company. The Board Members and Senior Management Personnel have affirmed to the compliance with the Code of Conduct for the financial year ended March 31, 2012.

For GHCL LIMITED

Sd/-
R S Jalan
Managing Director
Date : May 30, 2012

Sd/-
Raman Chopra
Executive Director (Finance)

CERTIFICATE UNDER CLAUSE 49(V)

The Board of Directors
GHCL Ltd.
We the undersigned certify to the Board that:

(a) We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2012 and that to the best of our knowledge and belief :

- **(i)** these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- **(ii)** these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit committee-

- **(i)** significant changes in internal control over financial reporting during the year;
- **(ii)** significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting

For GHCL LIMITED

Sd/-
R S Jalan
Managing Director
Date : May 30, 2012

Sd/-
Raman Chopra
Executive Director (Finance)

AUDITORS' CERTIFICATE

To the Members of
GHCL LIMITED

We have examined the compliance of conditions of corporate governance by GHCL Limited ('the Company'), for the financial year ended on 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and, to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For and on behalf of

JAYANTILAL THAKKAR & CO
Chartered Accountants
(Firm Reg. No. 104133W)

(C. V. THAKKER)
Partner
Membership No: 006205

For and on behalf of

RAHUL GAUTAM DIVAN & ASSOCIATES
Chartered Accountants
(Firm Reg. No. 120294W)

(RAHUL DIVAN)
Partner
Membership No: 100733

Place : New Delhi
Date : May 30, 2012

AUDITORS' REPORT

To the Members of
GHCL LIMITED

1. We have audited the attached Balance Sheet of GHCL Limited as at 31st March, 2012 and also the Statement of Profit and Loss annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order 2003 as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that :

   a) *no provision has been made in respect of outstanding Guarantees aggregating to ₹ 20,352 lakhs furnished on behalf of a subsidiary (considered as contingent liabilities in notes to accounts) since it cannot be quantified as on date.*

   b) Without qualifying our opinion, we draw your attention to:

      i) Note 2.28 in respect of the Scheme of Arrangement u/s 391 to 394 of the Companies Act, 1956 approved by Honourable High Court of Gujarat vide its Order dated 30th November, 2009 and the accounting treatment adopted by the Company in respect of the Business Development Reserve.

      ii) Note 2.55 in respect of the Employee Stock Option Scheme of the Company, wherein the potential diminution in the value of the assets of the Scheme are disclosed.

   c) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit.

   d) In our opinion, proper books of accounts, as required by law have been kept by the Company so far as appears from our examination of such books;

   e) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   f) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   g) On the basis of the written representations received from the Directors as at 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

   h) *Subject to our comments in paragraph 4(a) above*, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;

      ii. in the case of the Statement of Profit and Loss , of the profit for the year ended on that date; and

      iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of

JAYANTILAL THAKKAR & CO
Chartered Accountants
(Firm Reg. No. 104133W)

(C. V. THAKKER)
Partner
Membership No: 006205

For and on behalf of

RAHUL GAUTAM DIVAN & ASSOCIATES
Chartered Accountants
(Firm Reg. No. 120294W)

(RAHUL DIVAN)
Partner
Membership No: 100733

Place : New Delhi
Date : 30th May, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Annexure referred to in paragraph 3 of the Auditors' Report of even date to the Members of GHCL Limited on the accounts for the year ended 31st March, 2012.)

(i) (a) In our opinion, the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As explained to us, some of the fixed assets have been physically verified by the management according to a programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.

(c) In our opinion and according to explanations given to us, fixed assets disposed off during the year were not substantial and as such the disposal has not affected the going concern status of the Company.

(ii) (a) As explained to us, physical verification of inventory has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.

(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.

(c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. Discrepancies noticed on verification of inventory as compared to book records were not material and these have been properly dealt with in the books of account.

(iii) In our opinion and according to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties as covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (b) (c) (d) (f) and (g) of the order are not applicable.

(iv) In our opinion and according to the information and explanation given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.

(v) In our opinion and according to the information and explanations given to us, there are no contracts and arrangements, particulars of which need to be entered into the register maintained under Section 301 of the Companies Act, 1956.

(vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public within the meaning of Section 58A, 58AA of the Companies Act, 1956, and the rules framed thereunder.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.

(viii) We have broadly reviewed the books of accounts maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government, the maintenance of cost records have been prescribed under Section 209 (1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.

(ix) (a) According to the records of the Company and the information and explanations given to us, the Company has been regularly depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee State Insurance, Income tax, Sales Tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Cess and any other statutory dues applicable to it. There are no undisputed statutory dues as referred to above as at 31st March, 2012 outstanding for a period of more than six months from the date they become payable.

(b) The disputed statutory dues aggregating to ₹1343.10 lakhs that have not been deposited on account of matters pending before the appropriate authority are as under:

Sr. No.	Name of the statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount (₹ in Lakhs)
1	Income Tax Act, 1961	Depreciation	CIT (Appeal), Ahmedabad	F.Y. 2007-2008	3.14
2	Central Excise Act, 1944	CENVAT credit	High Court Chennai	2001-02	3.44
			Customs, Excise and Service Tax Appellate Tribunal	2002-2003, 2008-2009 & 2009-2010	887.89
			Commissioner (Appeals)	2008-2009, 2009-2010 & 2010-2011	189.62

Sr. No.	Name of the statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount (₹ in Lakhs)
3	Urban Land Tax Act,1966	Urban Land Tax	High Court Chennai	1981-2009	32.79
			High Court Chennai	2010-2012	43.34
4	Bombay Tenancy & Agricultural Land Tax Act, 1948	Non-Agriculture conversion Premium for Land	High Court Ahmedabad	2005-2006	171.17
5	The Employee's State Insurance Act, 1948	Contribution Demand	ESI Court, Madurai	Various Years	6.02
			Supreme Court	1985-1986	1.31
6.	The Employees' Provident Fund Act & Miscellaneous Provisions Act, 1952	Damages & Interest	The Employees' Provident Fund Appellate Tribunal, New Delhi	2007-2008 & 2008-2009	4.38

(x) The Company neither has any accumulated losses at the end of the financial year nor has incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(xi) Based on our audit procedures and according to the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks or financial institutions.

(xii) Based on our audit procedures and according to the information and explanations given by the management, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The Company is not a chit fund/nidhi/mutual benefit fund/society to which the provisions of special statue relating to chit fund are applicable.

(xiv) According to the information and explanations given by management, the Company is not dealing or trading in shares, securities, debentures and other investments.

(xv) Based on our examination of the records, we are of the opinion that the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are prima facie not prejudicial to the interest of the Company.

(xvi) In our opinion, the term loans have been applied for the purposes for which they were obtained.

(xvii) Based on our examination of the Balance Sheet and cash flows of the Company as at 31st March, 2012 and according to the information and explanations given to us, we report that funds raised on a short-term basis have not been used for long-term investment.

(xviii) During the year, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures at the year end.

(xx) During the year, the Company has not raised money by way of public issue.

(xxi) Based on the audit procedures performed and according to the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year ended 31st March, 2012.

For and on behalf of

JAYANTILAL THAKKAR & CO
Chartered Accountants
(Firm Reg. No. 104133W)

(C. V. THAKKER)
Partner
Membership No: 006205

For and on behalf of

RAHUL GAUTAM DIVAN & ASSOCIATES
Chartered Accountants
(Firm Reg. No. 120294W)

(RAHUL DIVAN)
Partner
Membership No: 100733

Place : New Delhi
Date : 30th May , 2012

BALANCE SHEET AS AT 31ST MARCH 2012

	Notes	As at 31.03.2012 (₹ in Lacs)		As at 31.03.2011 (₹ in Lacs)
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2.1	**10,001.93**		10,001.93
Reserves and Surplus	2.2	**86,155.20**		91,946.60
			96,157.13	101,948.53
Non-Current Liabilities				
Long-term borrowings	2.3	**70,436.01**		87,352.33
Deferred Tax Liability (Net)	2.4	**16,634.31**		17,119.45
Other Long term liabilities	2.5	**210.19**		195.13
Long-term provisions	2.6	**70.29**		-
			87,350.80	104,666.91
Current Liabilities				
Short-term borrowings	2.7	**48,171.28**		44,723.02
Trade payables	2.8	**22,981.28**		22,959.78
Other current Liabilities	2.9	**19,467.94**		15,090.14
Short-term Provisions	2.10	**3,480.44**		3,697.30
			94,100.94	86,470.24
Total			**277,608.87**	293,085.68
ASSETS				
Non-Current Assets				
Fixed Assets				
Tangible assets	2.11		**185,918.51**	192,925.04
Intangible assets	2.11		**1,321.87**	2,077.38
Capital Work-in-Progress			**1,506.54**	454.32
			188,746.92	195,456.74
Non-current Investments	2.12		**2,493.92**	2,503.40
Deferred Tax Assets (Net)	2.4		**-**	-
Long-term loans and advances	2.13		**1,301.82**	1,000.54
Other non-current assets	2.14		**938.63**	327.58
Current Assets				
Current Investments	2.12	**379.53**		-
Inventories	2.15	**32,452.73**		38,319.18
Trade receivables	2.16	**18,949.25**		18,801.74
Cash and bank balances	2.17	**3,011.26**		3,144.12
Short-term loans and advances	2.18	**28,949.71**		33,532.38
Other Current assets	2.19	**385.10**		-
			84,127.58	93,797.42
Total			**277,608.87**	293,085.68
SIGNIFICANT ACCOUNTING POLICES AND NOTES ON ACCOUNTS	1& 2			

The Notes referred to above form an integral part of the Balance Sheet

As per our report attached

For and on behalf of
Jayantilal Thakkar & Co.
Chartered Accountants

For and on behalf of
Rahul Gautam Divan & Associates
Chartered Accountants

(C. V. Thakker)
Partner

(Rahul Divan)
Partner

Place : New Delhi
Date :30th May, 2012

For and on behalf of the Board

Sanjay Dalmia
Chairman

Dr. B.C. Jain
Director

R. S. Jalan
Managing Director

Raman Chopra
Executive Director - Finance

Bhuwneshwar Mishra
General Manager & Company Secretary

Place : New Delhi
Date : 30th May 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012

	Note		For the Year Ended 31.03.2012 (₹ in Lacs)	For the Year Ended 31.03.2011 (₹ in Lacs)
INCOME				
Revenue from operations (Gross)	2.20		**200,019.79**	158,670.85
Less: Excise Duty			**10,346.64**	8,853.70
Revenue from operations (Net)			**189,673.15**	149,817.15
Other Income	2.21		**962.66**	1,329.55
TOTAL REVENUE			**190,635.81**	151,146.70
EXPENSES				
Cost of Material consumed	2.48(h)		**77,074.82**	59,361.42
Purchase of Stock-in-trade			**9,201.43**	1,855.90
Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.22		**(2,435.41)**	(2,514.66)
Employees benefits expenses	2.23		**9,992.52**	9,567.38
Others expenses	2.24		**58,356.42**	47,904.12
			152,189.78	116,174.16
Profit Before Finance costs, Depreciation and Amortisation expenses			**38,446.03**	34,972.54
Finance costs	2.25		**18,496.15**	11,043.48
Profit Before Depreciation and Amortisation expenses			**19,949.88**	23,929.06
Depreciation and Amortisation expenses	2.11	**10,021.17**		10,376.50
Less: Transferred from Business Development Reserve		**1,936.31**		1,936.95
			8,084.86	8,439.55
Profit Before Tax			**11,865.02**	15,489.51
Tax expenses				
- Current Tax			**377.00**	42.52
- Deferred Tax (Net)	2.4		**(259.93)**	3,814.45
Profit For The Year after Tax			**11,747.95**	11,632.54
Transferred from General Reserve as per Scheme of arrangement			**9,989.96**	18,475.11
Loss on Investment /Balances written off as per Scheme of arrangement			**(9,989.96)**	(18,475.11)
Net Profit For The Year after Tax			**11,747.95**	11,632.54
Earnings per Share (₹) - Basic	2.26		**11.96**	11.77
Earnings per Share (₹) - Diluted	2.26		**11.96**	11.20
SIGNIFICANT ACCOUNTING POLICES AND NOTES ON ACCOUNTS	1& 2			

The notes referred to above form an integral part of the Statement of Profit and Loss

As per our report attached

For and on behalf of
Jayantilal Thakkar & Co.
Chartered Accountants

(C. V. Thakker)
Partner

Place : New Delhi
Date :30th May, 2012

For and on behalf of
Rahul Gautam Divan & Associates
Chartered Accountants

(Rahul Divan)
Partner

For and on behalf of the Board

Sanjay Dalmia
Chairman

Dr. B.C. Jain
Director

R. S. Jalan
Managing Director

Raman Chopra
Executive Director - Finance

Bhuwneshwar Mishra
General Manager & Company Secretary

Place : New Delhi
Date : 30th May 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

		For the Year Ended 31.03.2012 (₹ in Lacs)		For the Year Ended 31.03.2011 (₹ in Lacs)
A.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Net Profit before tax and Extraordinary items		**11,865.02**	15,489.51
	Adjustment for :			
	Depreciation / Amortisation	**8,084.86**		8,439.55
	Foreign Exchange (Gain)/ Loss (Net)	**1,181.27**		(532.21)
	Interest Income	**(224.18)**		(123.62)
	Income From Dividend	**(5.69)**		(3.56)
	Prior Period Adjustments	**18.89**		64.29
	(Profit) / Loss on Sales / Discarding of Fixed Assets (Net)	**(564.68)**		378.31
	Provision for Doubtful Debts / Advances (Net)	**-**		(109.84)
	Profit on Sale of Investments (Net)	**(14.58)**		(3.15)
	Financial Expenses (Net)	**18,720.33**	**27,196.22**	11,167.10
	Operating Profit before Working Capital Changes		**39,061.24**	34,766.38
	Adjustments for :			
	[i] Trade & Other Receivables			
	• (Increase) / decrease in Trade receivables	**(147.51)**		(3,631.47)
	• (Increase) / decrease in Long term Loans and Advances	**(301.28)**		(327.58)
	• (Increase) / decrease in Short term Loans and Advances	**(5,782.91)**	**(6,231.70)**	(3,402.46)
	[ii] Trade & Other payables			
	• Increase / (decrease) in Trade payables	**21.50**		6,505.43
	• Increase / (decrease) in Long term provisions	**70.29**		-
	• Increase / (decrease) in Short term provisions	**(216.86)**		1,340.15
	• Increase / (decrease) in other current liabilities	**171.16**		(1,518.07)
	• Increase / (decrease) in other long term liabilities	**15.06**	**61.15**	195.13
	[iii] (Increase) / decrease in in Inventories		**5,866.45**	(7,222.69)
	Other Adjustments			
	Deferred Revenue Expenses		**-**	2.04
	Cash Generated from Operations		**38,757.14**	26,706.86
	Direct taxes paid		**(28.11)**	(89.49)
Net cash from Operating Activities			**38,729.03**	26,617.37
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets		**(3,318.63)**	(4,213.04)
	Sale of Fixed Assets		**957.37**	151.57
	(Purchase) / Sale of non current Investments		**(0.53)**	-
	(Purchase) / Sale of current Investments		**(364.96)**	2,050.00
	Profit on Sale of Investments (Net)		**-**	3.15
	Gain on Exchange		**(1,181.27)**	532.21
	Interest Received		**163.42**	77.66
	Dividend Received		**5.69**	3.56
Net cash used in Investing Activities			**(3,738.91)**	(1,394.89)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

	For the Year Ended 31.03.2012 (₹ in Lacs)	For the Year Ended 31.03.2011 (₹ in Lacs)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term borrowings	**38,570.43**	49,439.32
Repayments against Long Term Borrowings	**(56,482.90)**	(41,463.21)
Short Term Borrowings (Net)	**3,448.26**	15,715.75
Payment of Deutsche Bank debt	**-**	(18,475.11)
Repayment of FCCBs	**-**	(15,736.82)
Interest and Finance Charges Paid	**(18,341.07)**	(11,731.42)
Dividend and tax thereon paid	**(2,317.70)**	(2,324.35)
Net Cash from Financing Activities	**(35,122.98)**	(24,575.84)
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	**(132.86)**	646.64
Cash and Cash Equivalents at beginning of year	**3,144.12**	2,497.48
Cash and Cash Equivalents at end of year	**3,011.26**	3,144.12

As per our report attached

For and on behalf of
Jayantilal Thakkar & Co.
Chartered Accountants

(C. V. Thakker)
Partner

For and on behalf of
Rahul Gautam Divan & Associates
Chartered Accountants

(Rahul Divan)
Partner

Place : New Delhi
Date :30th May, 2012

For and on behalf of the Board

Sanjay Dalmia
Chairman

Dr. B.C. Jain
Director

R. S. Jalan
Managing Director

Raman Chopra
Executive Director - Finance

Bhuwneshwar Mishra
General Manager & Company Secretary

Place : New Delhi
Date : 30th May 2012

NOTE 1 :

SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention (except for revaluation of certain fixed assets in the earlier year) in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting year. Difference between the actual results and estimates are recognised in the year in which the results are known/ materialised.

Revenue Recognition

Sales represent value of goods sold and revenue from trade related activities as reduced by quality claims and rebates but includes excise duty and export benefits under DFIA Scheme and Focus Product Scheme. Income from services represents revenue from IT - Enabled services and job charges rendered during the year.

Fixed Assets and Depreciation

Fixed Assets are recorded at cost net of CENVAT, VAT and subsidies less depreciation and impairment loss, if any. In earlier years, some of the fixed assets have been revalued at their respective fair market value and such assets are stated at revalued amount. Depreciation is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on revalued fixed assets is provided on a straght line method over the remaining useful life as determined by the valuer. Intangible assets are depreciated on straight line basis over the useful life of the assets not exceeding ten years. Continuous process plants as defined therein have been taken on technical assessment and depreciation is provided accordingly. Assets acquired during the year whose cost does not exceed ₹ 10,000 are fully depreciated in the year of acquisition. Depreciation on certain assets are provided at a higher rate depending upon their useful life.

Depreciation is adjusted in subsequent years to allocate the asset's revised carrying amount after the recognition of an impairment loss, if any, on systematic basis over its remaining life. Additional depreciation on account of any upward revaluation of assets is charged to Business Development Reserve until such reserve exists.

Exchange differences adjusted to the cost of assets are depreciated equally over the balance useful life of the assets. Leases relating to land are amortized equally over the period of lease. Leased mines are depreciated over the estimated useful life of the mine or lease period, which ever is lower.

Machinery spares which are used only in connection with an item of fixed assets and whose use is not regular in nature are capitalised and written off over the estimated useful life of the relevant assets. The written down value of such spares is charged to the Statement of Profit and Loss on issue for consumption.

Government Grants

Cash Subsidies relating to specific fixed assets are recorded as deduction from the cost of the assets concerned in arriving at its book value.

Impairment of Assets

Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price or its value in use. Value in use is the present value of estimated future cash flow expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset at an arm's length transaction between knowledgeable willing parties, less the costs of disposal.

Investments

Investments are classified into current and non-current investments. Current investments are stated at the lower of cost or fair value. Non-current investments are stated at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of non-current investments. Investments in subsidiary companies are of long term strategic value and except as already provided, diminution, if any, in the value of these investments is temporary in nature.

Inventories

Inventories comprising Raw Materials and Finished Goods are stated at cost or net realizable value, whichever is lower. Cost of Raw Materials is arrived at mainly on weighted average basis for every month. The cost of Finished Goods include material cost, cost of conversion, depreciation, other overheads to the extent applicable and excise duty.

Stock-in-process is valued at cost determined by taking material cost, labour charges, and direct expenses.

Stores and Spares are stated at cost less provision, if any, for obsolescence. The cost of Loose Tools is written off equally over three years.

Foreign Currency Transactions

Transaction denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.

Non-monetary foreign currency items are carried at cost. Any income or expenses on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss.

Foreign currency monetary assets and liabilities other than net investments in non integral foreign operations are translated at the exchange rate prevailing on the balance sheet date. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss except for the exchange difference arising on translation of long term foreign currency monetary items as at the balance sheet date, which are being amortised over the maturity period of the said long term foreign currency monetary items and the unamortised balance is presented as "Foreign Currency Monetary item Transalation Difference Account" net of tax effect thereon.

Exchange difference arising on a monetary item that, in substance, forms part of an enterprise's net investments in a non-integral foreign operation are accumulated in a Foreign Currency Translation Reserve.

Derivative Instruments

The Company enters into derivative contracts in the nature of forward contracts and options with an intention to hedge its firm commitments and highly probable transactions. Derivative contracts which are closely linked to the underlying transactions are recognised in accordance with the contract terms. All other contracts are marked-to-market at the reporting date and resultant losses are recognised in the financial statements and the net gains, if any, however are ignored.

Retirement Benefits

Contribution payable to recognized Provident Fund and Superannuation Scheme which are defined contribution scheme is charged to the Statement of Profit and Loss. Gratuity and Leave Encashment which are defined benefits are accrued based on actuarial valuation as at the Balance Sheet date. The Company has opted for a Group Gratuity Scheme and the contribution is charged to the Statement of Profit and Loss each year.

Deferred Revenue Expenditure

In terms of Accounting Standard 26 - Intangible Assets issued by the Institute of Chartered Accountants of India, the carrying amounts of Deferred Revenue Expenditure are amortized / written off over the number of years in which the benefits are expected to accrue to the Company as per the accounting policy followed by the Company

However, expenditure incurred during the year, on such items which do not meet the definition of Intangible Assets as per the said Standard are charged off to the Statement of Profit and Loss except VRS expenditure which is amortized as per the existing Accounting Policy

Intangible Assets

Intangible Assets are stated at cost of acquisition less accumulated amortization/depreciation.

On amalgamation/acquisition the excess of consideration over the value of net assets acquired is treated as goodwill arising on amalgamation and is written off over a period of five years.

Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets. The capitalization rate is the weighted average of the borrowing cost applicable to the borrowings of the Company that are outstanding during the year. All other borrowing costs are recognized as an expense in the year in which they are incurred.

Leases

Leases entered into before 1st April, 2001 are treated as operating leases and lease rental paid are charged to the Statement of Profit and Loss. Leases entered into on or after 1st April, 2001 are accounted for in accordance with Accounting Standard - 19 Leases issued by the Institute of Chartered Accountants of India.

Taxation

Income Tax expenses comprises of current tax and deferred tax charge or credit. The deferred tax assets and/ or liabilities are calculated by applying tax rates and tax laws that have been enacted at the Balance Sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation (due to amalgamation) under tax laws, are recognized, only if there is virtual certainty of its realization, supported by convincing evidence. Deferred tax assets on account of other timing difference are recognized only to the extent there is a reasonable certainty of its realization. At each Balance Sheet date, the carrying amount of deferred tax assets are reviewed to re-assess realization.

Provisions, Contingent Liabilities and Contingent Assets

In accordance with Accounting Standard - 29 Provisions, Contingent Liabilities and Contingent Assets, issued by the Institute of Chartered Accountants of India, provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

NOTES ON FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH 2012

2.1 SHARE CAPITAL

	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
SHARE CAPITAL		
Authorised		
175,000,000 Equity Shares of ₹10/- each	**17,500.00**	17,500.00
	17,500.00	17,500.00
Issued, Subscribed and Paid up		
100,019,286 Equity Shares of ₹ 10/- each fully paid up	**10,001.93**	10,001.93
	10,001.93	10,001.93
Notes :		
Shareholder's holding more than 5 % Shares as on Balance sheet date:	**NIL**	NIL

2.2 RESERVES AND SURPLUS

	As at 31.03.2012 (₹ in Lacs)		As at 31.03.2011 (₹ in Lacs)
CAPITAL RESERVE			
Cash subsidy	**25.69**		25.69
Surplus on re-issue of forfeited Shares	**15.50**		15.50
Forfeiture of Preferential Convertible Warrants	**715.73**		715.73
		756.92	756.92
BUSINESS DEVELOPMENT RESERVE			
As per last Balance Sheet	**66,360.27**		72,034.00
Add: Earlier diminution in value of Investment Written back	**10,000.00**		-
Add: Premium on FCCB Buy back / redeemed	**-**		(926.81)
	76,360.27		71,107.19
Less:Diminution in value of Investment/ Advances/ Receivables	**(10,330.51)**		(2,654.45)
Less: Mark to Market impact on derivative (forward contacts & options)	**(2,958.90)**		-
Less:Depreciation Transferred to statement of Profit and Loss as reduction from depreciation	**(1,936.31)**		(1,936.95)
Less: Write back on Sales of Revalued Assets	**(555.46)**		(155.52)
	(15,781.18)	**60,579.09**	66,360.27
CAPITAL REDEMPTION RESERVE			
As per last Balance Sheet		**1,000.00**	1,000.00
FOREIGN CURRENCY TRANSLATION RESERVE			
As per last Balance Sheet	**(49.61)**		1,786.11
Adjustment during the year	**337.57**		(1,835.72)
		287.96	(49.61)
SECURITIES PREMIUM RESERVE			
As per last Balance Sheet		**1,815.04**	1,815.04
GENERAL RESERVE			
As per last Balance Sheet	**7,493.71**		7,305.57
Add: Transfer From Statement of Profit and Loss	**10,000.00**		1,163.25
Add: Transfer From Statement of Profit and Loss as per Scheme of arrangement	**-**		17,500.00
	17,493.71		25,968.82
Less: Transfer to Statement of Profit and Loss as per Scheme of arrangement	**(9,989.96)**		(18,475.11)
		7,503.75	7,493.71

2.2 RESERVES AND SURPLUS

	As at 31.03.2012 (₹ in Lacs)		As at 31.03.2011 (₹ in Lacs)
SURPLUS IN THE STATEMENT OF PROFIT AND LOSS			
As per last Balance Sheet	**14,570.27**		23,786.07
Add: Profit For The Year after Tax	**11,747.95**		11,632.54
Prior period adjustments	**18.89**		64.29
Excess / (Short) provision for Tax for earlier years	**(24.98)**		(30.61)
Excess provision for Deferred Tax for earlier years	**225.21**		106.13
Amount Available For Appropriation	**26,537.34**		35,558.42
APPROPRIATIONS			
Transfer to General Reserve	**10,000.00**		1,163.25
Transfer to General Reserve as per Scheme of arrangement	**-**		17,500.00
Proposed Dividend on Equity Shares	**2,000.39**		2,000.39
Tax on Dividend	**324.51**		324.51
	12,324.90		20,988.15
		14,212.44	14,570.27
Total		**86,155.20**	91,946.60

2.3 LONG TERM BORROWINGS

	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
FROM BANKS / FINANCIAL INSTITUTIONS		
Secured Loan		
Rupee Term Loans	**69,217.44**	77,717.86
Unsecured Loan		
Other Loans from banks	**1,218.57**	9,634.47
Total	**70,436.01**	87,352.33

Notes:

Rupee Term Loans from Banks / Institutions have been secured against :-

a) Loan aggregating to ₹ 17432.16 Lacs is secured by extension of first charge on pari passu basis, by way of equitable mortgage on immovable properties of the Soda Ash Division situated at Sutrapada, Veraval, Gujarat and extension of hypothecation charge on movable assets, both present and future of the company's Soda Ash division situated at village – Sutrapada, Veraval in Gujarat with other term lenders of the said project. The remaining tenure of the loans is 4 to 6 years.

b) Loan aggregating to ₹ 6878.49 Lacs is secured by exclusive charge on the specific fixed assets created out of the proceeds of the loan for Company's Soda Ash Division situated at village Sutrapada, Veraval in Gujarat. The remaining tenure of the loans is 7 to 9 years.

c) Loan aggregating to ₹ 16435.14 Lacs is secured by way of first pari passu charge on movable fixed assets of Soda Ash Division situated at village Sutrapada, Veraval in Gujarat. The remaining tenure of the loans is 1 to 5 years.

d) Loan aggregating to ₹ 8130.50 Lacs is secured by first charge on pari passu basis by way of equitable mortgage on fixed assets of the Textile Division situated at Vapi, Gujarat and hypothecation of movable assets both present and future of the Company's Textile Division at Vapi, Gujarat with other term lenders of the said project. The said loan is availed under Technology Upgradation Fund Scheme for Textile. The remaining tenure of the loans is 3 to 4 years.

e) Loan aggregating to ₹ 1317.35 Lacs is secured by exclusive charge on the specific fixed assets created out of the proceeds of the loan for Company's Home Textile Division situated at Vapi in Gujarat. The remaining tenure of the loans is 7 to 10 years.

f) Loan aggregating to ₹ 3600.00 Lacs is secured by first charge on pari passu basis by way of equitable mortgage on Factory Land & Building of Textile Division situated at Paravai and Manaparai, Tamil Nadu and hypothecation of specified movable assets, both present and future of the Company's Textile Division. The said loan is availed under Technology Upgradation Fund Scheme for Textile. The remaining tenure of the loans is 3 to 5 years.

g) Loan aggregating to ₹ 2452.62 Lacs is secured by exclusive charge on the specific fixed assets created out of the proceeds of the loan for Company's Textile Division situated at Madurai, Tamil Nadu. The remaining tenure of the loans is 7 to 10 years.

h) Loan aggregating to ₹ 10748.18 Lacs is secured by extension of first charge on pari passu basis on Factory Land & Building of Textile Division situated at Paravai and Manaparai, Tamil Nadu with other term lenders of the said project. The remaining tenure of the loans is 1 to 4 years.

i) Loan aggregating to ₹ 346.95 Lacs is secured by an exclusive first charge by way of equitable mortgage on immovable properties pertaining to Wind Mill Division – I situated at Irukkandurai village, Tirunelveli District in the state of Tamil Nadu and hypothecation of all present and future movable assets of Wind Mill Division – I. The said loan is availed under Technology Upgradation Fund Scheme for Textile. The remaining tenure of the loan is 3 years.

j) Loan aggregating to ₹ 503.55 Lacs is secured by an exclusive first charge on all present and future movable assets of Wind Mill Division – II situated at Chinnaputhur, near Poolavadi in the state of Tamil Nadu. The said loan is availed under Technology Upgradation Fund Scheme for Textile. The remaining tenure of the loan is 3 years.

k) Loan aggregating to ₹ 1750.00 Lacs is secured by extension of first charge on all present movable assets of Edible Salt division situated at Thiruporur, Vedaranyam and Industrial Salt Division and exclusive first charge on the factory land and building situated at Thiruporur village, Chengalpattu Taluka, Kancheepuram District. The remaining tenure of the loan is 2 years.

l) Loan aggregating to ₹ 4583.33 Lacs is secured by an exclusive charge on immovable property situated at Plot No.B-38, Section-I, New Okhla Industrial Area (Noida), Dist.-Gautam Budh Nagar, Uttar Pradesh. The remaining tenure of the loan is 4 years

m) Loan aggregating to ₹ 3000.00 Lacs is secured by an exclusive charge on immovable property situated at GHCL House, Swastik Society, Navrangpura, Ahmedabad, Gujarat. The remaining tenure of the loan is 5 years.

n) Out of all the aforesaid secured Loans appearing in note 2.3 (a) to 2.3 (m) totalling ₹ 77178.27 lacs, an amount of ₹ 7960.83 lacs is due for payment in next 12 months and accordingly reported under note no 2.9 under the head " others Current Liabilities" as 'current maturities of Long Term Debt'.

2.4 DEFERRED TAX LIABILITIES (NET)

		As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
Deferred tax liability on account of:			
i) Depreciation		**16,837.93**	15,833.06
ii) Others			
Foreign Currency Fluctuation Loss		**323.25**	-
	Total (A)	**17,161.18**	15,833.06
Deferred tax assets on account of:			
i) Employee Benefit		**394.22**	328.79
ii) State & Central Taxes & Cess		**-**	21.94
iii) Provision for Bad Debts		**0.13**	36.62
iv) Disallowance u/s 40 (a)		**-**	0.60
v) Carry forward loss as per IT Act		**67.36**	-
vi) Deferred Revenue Expenditure		**65.16**	(1,674.34)
	Total (B)	**526.87**	(1,286.39)
	Total (A-B)	**16,634.31**	17,119.45

2.5 OTHER LONG TERM LIABILITIES

		As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
Trade Deposits from Dealers		**174.58**	159.83
Security Deposits		**35.61**	35.30
	Total	**210.19**	195.13

2.6 LONG TERM PROVISIONS

		As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
Provision for Closure of Mines		**70.29**	-
	Total	**70.29**	-

2.7 SHORT TERM BORROWINGS

		As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
SECURED LOANS REPAYABLE ON DEMAND			
Working Capital Loans from Banks		**48,171.28**	44,723.02
	Total	**48,171.28**	44,723.02

1) Working Capital Loans are secured by way of hypothecation of stock-in-trade and book debts of Soda Ash / Home Textile Division / Edible Salt / Textile Divisions and second charge on fixed assets of Soda Ash Division / Home Textile Division and Textile Division, both present and future.

2) Specified movable assets referred to in the above notes include all movable assets of Soda Ash Division, Home Textile Division and Textile Division both present and future but subject to prior charge created and / or that may be created in favour of Company's Bankers on stock-in-trade for securing borrowing for working capital.

2.8 TRADE PAYABLE

	Note	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
Sundry Creditors for Goods and Expenses		**22,949.15**	22,914.92
Sundry Creditors- Micro, Small & Medium Enterprises	2.51	**32.13**	44.86
	Total	**22,981.28**	22,959.78

2.9 OTHER CURRENT LIABILITIES

		As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
Current maturities of long term Debt		**7,960.83**	7,588.00
Foreign currency payable on forward contact		**3,172.19**	-
Interest accrued but not due on borrowings		**143.83**	86.00
Interest accrued and due on borrowings		**1,117.97**	796.53
Sundry Creditors for Capital Expenditure		**1,658.19**	796.92
Advances from Customers		**580.90**	329.66
*Investor Education & Protection Fund in respect of			
- Unclaimed Dividend		**241.89**	234.69
- Unclaimed Fixed Deposits		**0.20**	0.95
- Interest Accrued on Unclaimed Fixed Deposits		**-**	0.20
Other liabilities			
Accrued salaries and benefits		**1,482.49**	1,450.49
Withholding and other taxes payable		**431.99**	597.46
Provision for Expenses		**1,958.17**	2,156.44
Other payable		**719.29**	1,052.80
	Total	**19,467.94**	15,090.14

* The figure reflects the position as of 31st March, 2012. The actual amount to be transferred to the Investor Education & Protection Fund in this respect shall be determined on the due date.

2.10 SHORT TERM PROVISIONS

	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
Provision for employees' benefits		
Unavailed leave	**696.17**	688.83
Bonus/gratuity	**449.37**	673.57
Others		
Proposed Dividend on Equity Shares	**2,000.39**	2,000.39
Provision for		
Tax on Dividend	**324.51**	324.51
Wealth Tax	**10.00**	10.00
Total	**3,480.44**	3,697.30

2.11 FIXED ASSETS

(₹ In Lacs)

PARTICULARS	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK	
	As at 01-04-2011	**Additions (Deletions)**	**As at 31-03-2012**	**As at 01-04-2011**	**Additions (Deletions)**	**As at 31-03-2012**	**As at 31-03-2012**	**As at 31-03-2011**
(A) TANGIBLE ASSETS								
Freehold Land	39,381.51		38,632.63	-	-	-	38,632.63	39,381.51
		(748.88)			-			
Leasehold Land	38,732.43	-	38,732.43	1,550.63	485.57	2,036.20	36,696.23	37,181.80
Buildings	17,356.15	587.71	17,826.65	4,364.52	487.20	4,819.41	13,007.24	12,991.63
		(117.21)			(32.31)			
Plant and Machinery	156,460.79	2,162.23	158,256.02	60,285.00	7,073.51	67,125.49	91,130.53	96,175.79
		(367.00)		-	(233.02)			
Wind Turbine Generators	4,044.93	-	4,044.93	1,329.01	213.57	1,542.58	2,502.35	2,715.92
Furniture and Fixtures	601.81	120.67	670.71	354.48	33.14	337.82	332.89	247.33
		(51.77)		-	(49.80)			
Office Equipments	1,386.34	112.82	1,453.96	731.03	135.46	825.69	628.27	655.31
		(45.20)		-	(40.80)			
Vehicles	384.58	65.32	429.50	163.64	33.40	179.28	250.22	220.94
		(20.40)		-	(17.76)			
Leased Mines	6,166.61	-	6,166.61	2,811.80	616.66	3,428.46	2,738.15	3,354.81
Sub Total (A)	**264,515.15**	**3,048.75**	**266,213.44**	**71,590.11**	**9,078.51**	**80,294.93**	**185,918.51**	**192,925.04**
		(1,350.46)			**(373.69)**			
(B) INTANGIBLE ASSETS								
Goodwill	262.32	-	262.32	262.32	-	262.32	-	-
Software	449.20	95.95	545.15	276.74	105.34	382.08	163.07	172.46
Salt Works Reservoirs and Pans	6,241.03	91.20	6,332.23	4,336.11	837.32	5,173.43	1,158.80	1,904.92
Sub Total (B)	**6,952.55**	**187.15**	**7,139.70**	**4,875.17**	**942.66**	**5,817.83**	**1,321.87**	**2,077.38**
Grand Total (A+B)	**271,467.70**	**3,235.90**	**273,353.14**	**76,465.28**	**10,021.17**	**86,112.76**	**187,240.38**	**195,002.42**
		(1,350.46)			**(373.69)**			
Previous Year	2,70,432.03	3,988.95	271,467.70	68,024.00	10,376.50	76,465.28	195,002.42	
		(2,953.28)			(1,935.22)			

1. Deletion of Building include a sum of ₹ 91.40 Lacs being cost of office premises acquired on ownership basis sold during the year.
2. Leased mines represent expenditure incurred on development of mines.
3. Cash Subsidy amounting to ₹ 855.70 Lacs (previous year ₹ 823.35 Lacs) relating to Home Textile division at Vapi has been reduced from respective Fixed Assets.
4. Some of the fixed assets have been revalued as on 1st April 2008 as per Scheme of Arrangement duly approved by Hon'ble High Court of Gujarat vide its order dated 30th November 2009 by ₹ 1,01,184.68 lacs (refer note no. 2.28).
5. Deletion of Free Hold Land includes ₹ 548.97 lacs being revaluation amount of land of Sree Meenakshi Mills Division at Madurai and Plant & Machinery of ₹ 9.04 Lacs of Soda Ash Division sold during the year.

2.12 NON CURRENT INVESTMENTS /CURRENT INVESTMENTS

		Note	As at 31.03.2012 (₹ in Lacs)		As at 31.03.2011 (₹ in Lacs)
NON CURRENT INVESTMENTS					
Investment in Equity Instruments					
OTHER THAN TRADE					
Quoted (at cost)					
41,500	Equity Shares of HDFC Bank Limited of ₹ 2/- each fully paid up		**0.83**		0.83
68,598	Equity Shares of IDBI Limited of ₹ 10/- each fully paid up		**49.34**		49.34
2,595	Equity Shares of Dena Bank of ₹ 10/- each fully paid up		**0.70**		0.70
2,72,146	Equity Shares of GTC Industries Limited of ₹ 10/- each fully paid up		**495.01**		495.01
4,500	Equity Shares of Canara Bank of ₹ 10/- each fully paid up		**1.58**		1.58
SHARES IN SUBSIDIARY COMPANIES				**547.46**	547.46
Unquoted (at cost unless stated otherwise)		2.31			
2,000	Equity Shares of US $ 1/- each fully paid up of Colwell & Salmon Communications Inc (Written off in earlier year)		**-**		-
35,942	Equity Shares of Euro 100/- each fully paid up of Indian Britain B.V		**1,936.06**		1,936.03
45,380	Equity Shares of Euro 1/- each fully paid of Indian England N.V (Subscribed during the year)		**0.49**		-
50,000	Equity Shares of ₹ 10/- each fully paid of Fabient Textile Limited (Written off during the year)		**-**		5.00
750	Equity Shares of $ 10/- each fully paid of Grace Home Fashion LLC		**3.64**		3.64
1,000	Equity Shares of $ 1/- each fully paid of Teliforce Holding India Limited		**0.45**		0.45
50,000	Equity Shares of ₹ 10/- each fully paid up of Rosebys International Limited (Written off during the year)		**-**		5.00
50,000	Equity Shares of Rosebys Interiors India Limited ₹ 10/- each fully paid up (12500 shares pledged with J&K Bank against Loan to Rosebys Interiors India Limited)		**5.00**		5.00
				1,945.64	1,955.12
Investment in Government securities					
Unquoted (at cost unless stated otherwise)					
7 year National Savings Certificates (Pledged with Government Authorities)				**0.82**	0.82
		Total(A)		**2,493.92**	2,503.40
CURRENT INVESTMENTS - (UNQUOTED) (At lower of cost and fair value- fully paid)					
Investment in Mutual Funds					
4,86,282 units of HDFC Liquid Fund - Growth			**102.84**		-
5,24,590 units of J P MORGAN INDIA Liquid Fund-Growth			**72.85**		-
8,912 units of PRAMERICA Liquid Fund-Growth			**101.88**		-
6,924 units of RELIGARE Liquid Fund -Growth			**101.96**	**379.53**	-
		Total(B)		**379.53**	-
		Total(A+B)		**2,873.45**	2,503.40

	As at 31.03.2012 Book Value	As at 31.03.2012 Market Value	As at 31.03.2011 Book Value	As at 31.03.2011 Market Value
Quoted	**547.46**	**416.23**	547.46	544.01
Others	**2,325.99**		1,955.94	-
	2,873.45		2,503.40	

2.13 LONG-TERM LOANS AND ADVANCES (UNSECURED-CONSIDERED GOOD)

	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
Advances against capital expenditure	642.58	276.82
Security Deposits	659.24	723.72
Total	**1,301.82**	1,000.54

2.14 OTHERS NON-CURRENT ASSETS

	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
Foreign Currency Monetary Item Translation Difference Account	611.05	-
Long Term Trade Receivable (Unsecured, considered good)	327.58	327.58
Total	**938.63**	327.58

2.15 INVENTORIES

	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
Inventory (as taken, valued and certified by the Management)		
At cost or net realisable value which ever is lower		
Raw materials	**14,004.35**	20,581.38
Finished goods	**9,189.49**	7,217.74
Stock in process	**2,921.66**	2,525.73
Stock in trade	**397.83**	330.10
Stores and spares	**5,939.40**	7,664.23
Total	**32,452.73**	38,319.18

2.16 TRADE RECEIVABLES

		As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
Trade Receivable (Unsecured, considered good unless stated otherwise)			
Outstanding over six months from due date			
Considered good	**307.49**		155.35
Considered doubtful	**0.41**		0.41
Provision for Doubtful Debts	**(0.41)**		(0.41)
		307.49	155.35
Other debts		**18,641.76**	18,646.39
		18,949.25	18,801.74

2.17 CASH AND BANK BALANCES

	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
Cash and cash equivalents		
(a) Balances with Banks		
On current Account	**2,419.51**	2,536.98
On unpaid dividend account	**241.89**	234.69
(b) Cash -in- hand	**14.70**	16.41
Others bank balances		
Banks deposits with original maturity for more than 12 months	**306.43**	334.26
Margin money depsoit	**28.73**	21.78
Total	**3,011.26**	3,144.12

2.18 SHORT-TERM LOANS AND ADVANCES

(Unsecured, considered good)	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
Advances recoverable in cash or in kind or for value to be received - Considered Good	**12,073.74**	11,616.67
Loan to Employee Stock Option Scheme Trust	**6,377.36**	6,403.20
Advance against share application money	**-**	10,320.51
Due from Subsidiary Companies	**9,602.05**	4,012.21
Interest Accrued on Investments	**0.56**	0.56
Balances with Customs, Port Trust, Central Excise etc.	**493.66**	396.75
Income Tax paid / TDS (net of provisions of ₹377 Lacs Previous Year ₹52.52 lacs)	**402.34**	782.48
Total	**28,949.71**	33,532.38

2.19 OTHERS CURRENT ASSETS

	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
Foreign Currency Monetary Item Translation Difference Account	**385.10**	-
Total	**385.10**	-

2.20 REVENUE FROM OPERATIONS

	Note	For the Year Ended 31.03.2012 (₹ in Lacs)	For the Year Ended 31.03.2011 (₹ in Lacs)
Revenue from operations	2.48(g)		
Sales of Products			
Finished Goods		**186,390.68**	152,027.05
Traded Goods		**9,958.64**	1,887.05
Sales of Services		**885.04**	1,850.29
Others opearting revenue			
Insurance Claim for Loss of Profit		**-**	329.34
Waste & Scrap sales		**2,785.43**	2,577.12
Revenue from operations (Gross)		**200,019.79**	158,670.85
Less: Excise Duty		**10,346.64**	8,853.70
Revenue from operations (Net)	**Total**	**189,673.15**	149,817.15

2.21 OTHER INCOME

		For the Year Ended 31.03.2012 (₹ in Lacs)	For the Year Ended 31.03.2011 (₹ in Lacs)
Interest on Investment		**3.06**	4.07
Dividend Income (Non Current Investment)		**5.69**	3.56
Interest on Income Tax Refund		**51.39**	-
Gain on Foreign Exchange (net)		**-**	532.21
Profit on sale of Assets (net)		**564.68**	-
Profit on sale of Investment (net) (Current Investment)		**14.58**	3.15
Bad debts written off recovered		**-**	4.40
Sundry Balances Written back (net)		**163.89**	74.27
Rent Income		**3.68**	177.25
Provision for Doubtful Debts written back		**-**	109.84
Others non-operating income		**155.69**	420.80
	Total	**962.66**	1,329.55

2.22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE

	Note	For the Year Ended 31.03.2012 (₹ in Lacs)	For the Year Ended 31.03.2011 (₹ in Lacs)
Opening stock	2.48(b)		
Finished Goods		**7,217.74**	6,393.89
Stock in trade		**330.10**	7.71
Stock in Process		**2,525.73**	1,157.31
	(A)	**10,073.57**	7,558.91
Closing stock	2.48(g)		
Finished Goods		**9,189.49**	7,217.74
Stock in trade		**397.83**	330.10
Stock in Process		**2,921.66**	2,525.73
	(B)	**12,508.98**	10,073.57
Changes in inventories of finished goods, work-in-progress and stock-in-trade **(A-B)**		**(2,435.41)**	(2,514.66)

2.23 EMPLOYEES BENEFITS EXPENSES

		For the Year Ended 31.03.2012 (₹ in Lacs)	For the Year Ended 31.03.2011 (₹ in Lacs)
Salaries, Wages and Bonus		**8,315.51**	7,473.10
Contribution to PF and other funds		**822.86**	953.61
Staff Welfare		**496.15**	730.67
Commission to Whole time Directors		**358.00**	410.00
	Total	**9,992.52**	9,567.38

2.24 OTHERS EXPENSES

			For the Year Ended 31.03.2012 (₹ in Lacs)	For the Year Ended 31.03.2011 (₹ in Lacs)
Repairs and Maintenance				
Machinery		1,183.37		1,221.92
Building		74.88		71.71
Others		269.71		214.42
			1,527.96	1,508.05
Stores and Spares			3,767.19	3,384.07
Power, Fuel and Water			25,895.94	22,790.82
Other Manufacturing Expenses			7,562.68	4,482.26
Packing Expenses			5,714.05	4,019.94
Operating Expenses for Services			-	55.66
Cash Discount			1,235.62	1,340.11
Freight and Forwarding			5,074.12	3,934.74
Commission on Sales			1,532.43	1,675.29
Sales Promotion Expenses			289.45	111.56
Travelling & Conveyance			773.35	719.38
Rent and Lease Rent			550.99	519.41
Rates and Taxes			121.38	88.56
Insurance			559.09	560.80
Loss on Exchange (net)*			1,181.27	-
Commission to Non Whole time Directors			102.00	135.00
Communication Expenses			162.12	153.08
Legal & Professional Expenses			1,135.64	1,157.42
Deferred Revenue Expenditure Written Off			-	1.61
Donation			70.64	73.40
Deficit on Sale/Discarding of Fixed Assets (Net)			-	378.31
Excise Duty			(41.78)	73.33
Miscellaneous Expenses			1,142.28	741.32
	Total		58,356.42	47,904.12

2.25 FINANCE COSTS

			For the Year Ended 31.03.2012 (₹ in Lacs)	For the Year Ended 31.03.2011 (₹ in Lacs)
Interest - Fixed Loans			11,110.85	8,301.68
- Others			3,150.51	2,423.19
Applicable loss on foreign currency transactions and translation*			3,919.84	-
Other borrowing costs			539.13	442.23
			18,720.33	11,167.10
Less : Interest and Financial charges capitalised		60.76		45.96
Less : Interest from Subsidiary Company		132.98		43.67
Less : Interest Income Others		30.44		33.99
			224.18	123.62
	Total		18,496.15	11,043.48

*During the year the company has been impacted due to highly volatile forex market and huge devaluation of Rupee. The total impact of this fluctuation resulted into an exchange loss of ₹ 5101.11 Lakh for the year. The Company had some borrowings in foreign currency instruments which carry lower interest rate as compared to Indian Rupee borrowing rate, resulting into to lower interest cost of ₹ 3919.84 lakh. Therefore, out of total exchange loss of ₹ 5101.11 lakh, a sum of ₹ 3919.84 has been recognized under finance cost as “Applicable loss on foreign currency transactions and translation” and balance ₹ 1181.27 Lakh has been shown as Foreign Exchange Loss.

2.26 EARNING PER SHARE (EPS)

		For the Year Ended 31.03.2012 (₹ in Lacs)	For the Year Ended 31.03.2011 (₹ in Lacs)
Basic EPS			
Earnings per Share has been computed as under:			
Profit after Taxation (₹ in Lacs)		**11,747.95**	11,632.54
(Less)/Add : Prior year Adjustment		**219.12**	139.81
	(A)	**11,967.07**	11,772.35
The weighted average number of Equity Shares for Basic EPS	**(B)**	**100,019,286**	100,019,286
Earnings per share (Face value of ₹ 10/- per share) (A) / (B)		**11.96**	11.77
Diluted EPS			
Profit after Taxation (₹ in Lacs)		**11,967.07**	11,820.50
Number of Equity Shares for Basic EPS		**100,019,286**	100,019,286
Add : Adjustment for FCCB convertible into Equity Shares		**-**	5,528,100
The weighted average number of Equity Shares for Diluted EPS		**100,019,286**	105,547,386
Earnings Per Share		**11.96**	11.20

		As at 31st March, 2012 (₹ in Lacs)	As at 31st March, 2011 (₹ in Lacs)
2.27 a)	Estimated value of contracts remaining to be executed on Capital Account and not provided for	**5,134.98**	1,888.58
b)	Contingent Liabilities :		
	(i) Guarantees issued by banks	**1,548.78**	1,316.07
	(ii) Bills discounted with banks (since realized)	**5,340.95**	3,512.80
	(iii) Claims against the Company not acknowledged as debts		
	- Income Tax & Wealth Tax	**102.71**	140.49
	- Sales Tax / VAT	**3.99**	5.99
	- Excise & Service Tax	**3,498.44**	2,769.16
	- Other claims	**1,084.23**	620.00
	(iv) Corporate guarantee to Bank on behalf of subsidiaries of the Company	**50,036.68**	45,092.84
c)	Export Obligation on duty free imports	**16,782.33**	7,836.21

2.28 In Accordance with the Scheme of Arrangement duly approved by Hon'ble High Court of Gujarat vide its order dated 30th November 2009, the Company has taken following effects in the current financial statements :-

a) In accordance with the aforesaid Scheme, goodwill arising on amalgamation or acquisition or consolidation of financials statements of subsidiaries and which requires amortisation or impairment, any unrealizable assets whether fixed or current or tangible or intangible of the company, any diminution/write off in the value of the investments in its subsidiaries; whether in India or overseas, interest and other financial charges paid or payable on borrowings for subsidiaries by the company or by its subsidiaries or borrowings guaranteed by the company, mark to market adjustment on derivative instruments, currency swaps expenses, all the expenses / costs incurred in carrying out and implementing this Scheme, Integration expenses like plant shifting / shutting down, expenses arising on voluntary retirement offered to the employees of acquired companies, expenses for suit for bankruptcy including costs associated with existing projects / subsidiaries / divisions in part and / or whole by the Transferee Company and any additional depreciation on account of any upward revaluation of assets are to be charged to Business Development Reserve Account.

Accordingly ₹10,330.51 Lacs (previous year ₹ 2,654.45 Lacs) has been charged to Business Development Reserve on account of diminution in the value of investments in and loans & advances to and receivables from subsidiaries. Any further impairment arising out of such diminution shall be accounted for in subsequent years upon reasonable certainty that the same is non realisable and shall be charged to Business Development Reserve until such reserves exists. Further additional depreciation arising out of revaluation amounting to ₹ 1,936.31 Lacs (Previous year ₹ 1,936.95 Lacs) has been charged to the Business Development Reserve. Also an amount of ₹ 2,958.90 lakhs (Previous year ₹ 151.62 lakh gain and ignored) being marked to market impact on derivatives has been charged to Business Development Reserve. An amount of ₹ 10,000 Lacs charged to Business Development Reserve as provision in earlier year has been written back during the current year.

b) As per the Scheme, a sum of ₹ 9,989.96 Lacs (Previous year ₹18,475.11 Lacs) pertaining to investment in/receivables from subsidiaries have been written off and adjusted against General Reserve.

2.29 Rates and Taxes includes ₹ 10 Lacs (previous year ₹ 10.00 Lacs) for Wealth Tax

2.30 The following changes have taken place during the year with regard to Subsidiary Companies

a)

Dissolution of the company	**Country**	**Date of Dissolution**
Fabient Textile Limited	India	31st January 2012
Rosebys International Limited	India	31st January 2012
GHCL International Inc.	USA	13th September 2011

b) During the year, a wholly owned step down subsidiary Indian England N.V. (Netherlands) has been converted into a wholly owned direct subsidiary of the company on 21st February 2012.

c) Textile & Design Limited UK, subsidiary of the company which had filed for administration during 2008-09 is under Liquidation since 28th September, 2009.

d) During the year GHCL Upsom, Romania, a step down subsidiary of the company, the plant of which was lying closed since January 2010 due to impending gas issues, has been put under administration on 21st November 2011. The Company is in dialogue with the Judical Administrator to assess the feasiblity of a re-organization plan.

e) Subsequent to Balance Sheet date, GHCL Inc, a step down subsidiary in USA has been voluntary dissolved on 14th May 2012.

2.31 Unquoted investments in subsidiary companies are of long term strategic value in the opinion of the management. Except for as adjusted in the financial statements (as per Note 2.12 above), the current diminution in the value of these investments is temporary in nature considering the inherent value and nature of investee's business proposal and hence no provision is required.

2.32 Rosebys Interiors India Limited, a subsidiary of the company has been classified as a Non-current investment during the year.

2.33 In accordance with the requirements of Accounting Standard - 19 Leases issued by the Institute of Chartered Accountants of India, future obligation/rights as at Balance Sheet Date for lease arrangements amount to

	For the Year Ended 31st March, 2012 (₹ in Lacs)	For the Year Ended 31st March, 2011 (₹ in Lacs)
	Payable	Payable
Due within one year	**188.47**	143.70
Due within the following four years	**-**	172.87
Due after five years	**-**	22.41

2.34 The value of closing stock of Finished Goods includes excise duty not paid ₹ 62.70 Lacs (previous year ₹75.16 Lacs). The value of Lignite at mines includes excise duty, royalty & clean energy cess of ₹ 22.16 Lacs (previous year ₹ 19.60 Lacs) on the closing stock. The Value of Salt at Salt Fields includes Cess & Royalty of ₹ 19.11 Lacs (previous year ₹ 15.11 Lacs) on Closing Stock. This has however, no impact on the profit for the year.

2.35 Prior Period Item of ₹ 18.89 Lacs is on account of excess provision of legal expenses of earlier year.

2.36 Loans & Advances includes ₹ 7,650.18 Lacs (previous year ₹ 7524.94 Lacs) paid as advance for purchase of materials and services outstanding for more than six months and considered good.

2.37 As per Accounting Standard-15 "Employee Benefits", the disclosures of Employee Benefits as defined in the Accounting Standard are given below :

Defined Contribution Plan

Provident Fund and Superannuation Fund are Defined Contribution Plan. Contribution paid for Provident Fund and Superannuation Fund are recognised as expense for the year :

	For the Year Ended 31st March, 2012 (₹ in Lacs)	For the Year Ended 31st March, 2011 (₹ in Lacs)
Employer's contribution to Provident Fund/Pension Scheme	**496.08**	391.39
Employer's contribution to Superannuation Fund	**169.35**	156.54

The Company's Provident Fund is exempt under section 17 of Employees' Provident Fund and Miscellanous Provision Act, 1952. Conditions for grant of exemption stipulate that the employer shall make good, deficiency if any, in the interest rate declared by the trust vis-à-vis statutory rate.

Defined Benefit Plan

Gratuity (Funded)

The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of the obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Leave Encashment (Unfunded)

The Company recognises the leave encashment expenses in the Statement of Profit and Loss based on actuarial valuation.

The expenses recognised in the Statement of Profit and Loss and the Leave encashment liability at the beginning and at the end of the year :

	For the Year Ended 31st March, 2012 (₹ in Lacs)	For the Year Ended 31st March, 2011 (₹ in Lacs)
Liability at the beginning of the year	**686.71**	603.07
Paid during the year	**95.42**	73.95
Provided during the year	**101.32**	157.59
Liability at the end of the year	**692.61**	686.71

Reconciliation of opening and closing balances of the present value of defined benefit obligation in respect of Gratuity Fund

Particulars	**For the Year Ended 31st March, 2012 (₹ in Lacs)**	For the Year Ended 31st March, 2011 (₹ in Lacs)
Obligation at year beginning	**2,051.97**	1,660.29
Service cost	**152.87**	283.36
Interest cost	**169.29**	144.13
Actuarial gain/(loss)	**(30.01)**	58.73
Benefits paid	**(77.36)**	(94.54)
Obligation at year end	**2,266.76**	2,051.97
Change in plan assets		
Plans assets at year beginning, at fair value	**1,886.03**	1,646.19
Expected return on plan assets	**150.88**	143.39
Actuarial gain/(loss)	**(24.77)**	(2.49)
Contributions	**161.71**	193.48

Particulars	For the Year Ended 31st March, 2012 (₹ in Lacs)	For the Year Ended 31st March, 2011 (₹ in Lacs)
Benefits paid	**(77.36)**	(94.54)
Plan Assets at year end, at fair value	**2,096.49**	1,886.03
Reconciliation of the present value of the obligation and the fair value of the plan asset		
Fair value of the plan assets at the end of the year	**2,096.49**	1,886.03
Present value of the defined benefit obligation at the end of the year	**2,266.76**	2,051.97
Assets recognised in the Balance Sheet	**(170.27)**	(165.94)
Gratuity cost for the year		
Service cost	**152.87**	283.36
Interest cost	**169.29**	144.13
Expected return on plan assets	**150.88**	143.39
Actuarial gain/(loss)	**(5.24)**	61.22
Net Gratuity cost	**166.04**	345.32
Investment details of plan assets		
% of the Plan Assets invested in debt instruments	**86.79%**	88.79%
% of the Plan Assets invested in equity	**13.21%**	11.21%
Assumptions		
Mortality Table -LIC	**1994-96 (Ultimate)**	1994-96 (Ultimate)
Interest rate	**8.75%**	8.25%
Estimated rate of return on plan assets	**8.60%**	8.00%
Estimated future salary growth	**7.00%**	7.00%

2.38 **Related Party Transactions**

a Subsidiaries :

Colwell & Salmon Communications Inc.

Indian Britain B.V.

Indian England N.V.

Indian Wales N.V.

Dan River Properties LLC

Grace Home Fashions LLC

GHCL Rosebys Limited

Rosebys UK Limited

S C GHCL Upsom SA (Under administration since 21st November, 2011)

Rosebys Interiors India Limited

Teliforce Holding India Limited

GHCL Inc.(Dissolved as at 14th May, 2012)

Textile & Design Limited (under Liquidation since 28th September, 2009)

Fabient Textile Limited (Dissolved as at 31st January, 2012)

Rosebys International Limited (Dissolved as at 31st January, 2012)

GHCL International Inc. (Dissolved as at 13th September, 2011)

b Key Management Personnel:

Mr. R. S. Jalan, Managing Director

Mr. Tej Malhotra, Sr. Executive Director - Operations

Mr. Raman Chopra, Executive Director - Finance

c Relative of Key Management Personnel:

Mrs. Bharti Chopra, w/o Mr. Raman Chopra

Disclosure of transactions between the Company and related parties and the status of outstanding balances as at 31st March, 2012

(₹ in Lacs)

Type of Transactions		Subsidiary	Key Management Personnel	Relative of Key Management Personnel
1	**Purchase or Sale of Goods / others**			
	- Sale	-	-	-
		(3,223.19)		
	- Expenses	-	-	-
		(3.47)		
2	**Leasing & Hire purchase transactions**	-	-	3.30
				(3.30)
3	**Finance**			
	- Loans & Advances - Net	5,119.28	-	-
		(20,515.23)		
	- Equity	(9.47)	-	-
		-		
	- Advance for Share Application	-	-	-
		(1,054.16)		
4	**Services**			
	- Income	-	-	-
		(112.68)		
	- Interest charged	132.98	-	-
		(44.71)		
5	**Remuneration**	-	761.83	-
			(791.58)	
6	**Balances as at 31st March, 2012**			
	- Investments	1,945.64	-	-
		(1,955.12)		
	- Loans & Advances - Net *	9,602.05	-	-
		(4,012.21)		
	- Debtors	-	-	-
		(2,385.04)		

Figures in brackets relate to year ended 31st March, 2011

* Balances of Investment, Advance for Share Application/ Loans & Advances, debtors and creditors are after writing off of ₹10 Lacs (Previous year ₹ 1364.44 Lacs), ₹10320.51 Lacs (Previous year 18737.5 Lacs), NIL (Previous year 393.24 Lacs) and NIL Lacs (Previous Year 6.17 Lacs)

2.39 Disclosure as per Clause 32 of the Listing Agreement.

i) Loans and Advances in the nature of Loans given to Subsidiaries

Name of the Company	Relationship	Amount o/s as at 31st March, 2012	Max. Balance outstanding	Investment outstanding during the year
		₹ in Lacs	₹ in Lacs	₹ in Lacs
Dan River Properties LLC	Subsidiary	1,419.35	1,933.67	-
Rosebys Interiors India Limited	Subsidiary	5,053.45	5,053.45	5.00
Teleforce Holdings India Limited	Subsidiary	3,129.25	3,129.25	0.45

ii) Loans and Advances in the nature of Loans where there is no interest comprise employee loans of ₹ 170.13 Lacs (previous year ₹169.07 Lacs).

2.40 **Capital Work in Progress includes Incidental Expenditure during Project Implementation/Expansion**

	For the Year Ended 31st March, 2012 (₹ in Lacs)	For the Year Ended 31st March, 2011 (₹ in Lacs)
Financial Charges	**17.00**	3.45
Interest Charges	**41.40**	45.96
Total Preoperative Expenses	**58.40**	49.41
Add : Preoperative expenses incurred up to previous year	**48.23**	36.61
	106.63	86.02
Less : Capitalised during the year	**78.56**	37.79
Balance	**28.07**	48.23

2.41 Raw material and Power & Fuel costs include expenditure on captive production of Salt, Limestone, Briquette and Lignite as under:

		For the Year Ended 31st March, 2012 (₹ in Lacs)		For the Year Ended 31st March, 2011 (₹ in Lacs)
Manufacturing Expenses		**15,634.58**		11,453.82
Stores and spares consumed		**347.39**		308.65
Power and Fuel		**352.81**		274.51
Excise Duty, Cess and Royalty		**1,011.84**		784.24
Repairs and maintenance				
Building		**10.14**		10.00
Plant and machinery		**37.81**		35.59
Earth work		**88.25**		69.30
Others		**16.88**		11.09
Salaries and Wages		**742.76**		681.82
Traveling & Conveyance		**62.95**		54.43
Lease Rent		**58.54**		65.83
Rates and taxes		**13.16**		11.75
Insurance		**56.99**		67.78
Misc. Expenses (Including Deferred Revenue & Intangible Expenses)		**196.53**		102.06
Less: Interest on Investments (other than trade)	**(2.99)**		(1.60)	
Other Misc. Income	**(125.51)**	**(128.50)**	(51.17)	(52.77)
TOTAL		**18,502.13**		13,878.10

2.42 Payment to Auditors

		For the Year Ended 31st March, 2012 (₹ in Lacs)	For the Year Ended 31st March, 2011 (₹ in Lacs)
a)	To Statutory Auditors (excluding service tax)		
	Audit fee	**20.00**	20.00
	Tax Audit Fee	**1.60**	1.60
	Limited Review Report	**10.00**	8.00
	Certification	**2.27**	1.96
	Audit of consolidated financial statements	**8.00**	8.00
	Taxation matters	**2.96**	0.50
	Others	**0.85**	6.52
	Out of pocket expenses	**0.61**	0.78
	Total	**46.29**	47.36
b)	To Cost Auditors (excluding service tax)		
	Audit Fee	**1.23**	1.20
	Out of pocket expenses	**0.05**	0.26
	Total	**1.28**	1.46

2.43 Managerial Remuneration

		For the Year Ended 31st March, 2012 (₹ in Lacs)	For the Year Ended 31st March, 2011 (₹ in Lacs)
a)	Whole time Directors		
	Salaries	**330.55**	316.80
	Contribution to Provident and Superannuation funds	**36.68**	34.67
	Perquisites	**30.08**	23.95
	Gratuity & Leave Encashment	**6.52**	6.16
	Commission	**358.00**	410.00
b)	Other Directors		
	Sitting Fees	**11.00**	15.80
	Commission	**102.00**	135.00
		874.83	942.38

2.44 Expenditure in Foreign Currencies

	For the Year Ended 31st March, 2012 (₹ in Lacs)	For the Year Ended 31st March, 2011 (₹ in Lacs)
Foreign Travel	**66.71**	58.68
Commission on Export Sales	**667.62**	395.11
Interest and Commitment Charges	**1,752.23**	702.21
Others	**214.57**	167.62

2.45 Remittances during the year in foreign currency on account of

	For the Year Ended 31st March, 2012 (₹ in Lacs)	For the Year Ended 31st March, 2011 (₹ in Lacs)
Dividend for the financial year ended	**2010-11**	2009-10
Dividends to non-resident shareholders (₹ In Lacs)	**121.11**	119.58
Number of non-resident shareholders	**730**	667
Number of Shares	**6,055,359**	5,979,159

2.46 Earnings in Foreign exchange

Export of Finished Goods on FOB basis	**52,063.34**	25,458.18
Recovery towards Freight etc. on Exports	**689.87**	456.81
Export Income from Services	**-**	129.69
Others	**30.47**	-

2.47 Value of imports on CIF basis

Raw Materials and Utilities	**8,202.62**	8,320.42
Components and spare parts	**460.81**	993.04
Capital Goods	**728.61**	867.31
Trading Goods	**3,306.19**	838.68

2.48 Quantitative information in respect of Company's operations

	UNIT	For the Year Ended 31st March, 2012		For the Year Ended 31st March, 2011	
		Installed	**Licensed**	Installed	Licensed
(a) Capacity (as certified by the Management)					
Soda Ash	**MT**	**850,000**	**N.A.**	850,000	N.A.
Refined Salt	**MT**	**72,000**	**N.A.**	72,000	N.A.
Yarn - Spindles	**Nos.**	**148,280**	**N.A.**	147,080	N.A.
Sodium bicarbonate	**MT**	**27,000**	**N.A.**	27,000	N.A.
Wind Turbine Generators	**MW Per Hour**	**8**	**N.A.**	8	N.A.
Cloth Looms	**Nos.**	**96**	**N.A.**	96	N.A.
Cloth Processing	**MT₹ ('000)**	**34,000**	**N.A.**	34,000	N.A.

	UNIT	For the Year Ended 31st March, 2012		For the Year Ended 31st March, 2011	
		Quantity	**₹ in Lacs**	Quantity	₹ in Lacs
(b) Opening Stock					
Soda Ash	**MT**	**13,960**	**1,228.68**	10,429	891.97
Yarn	**MT**	**594**	**1,340.11**	227	354.89
Cloth	**MT₹ ('000)**	**564**	**920.90**	1,612	1,749.29
Bed Sheet Sets	**MT₹ ('000)**	**1,776**	**3,532.86**	1,897	3,328.84
Others		**N.A.**	**525.29**	N.A.	76.61
			7,547.84		6,401.60

	UNIT	For the Year Ended 31st March, 2012		For the Year Ended 31st March, 2011	
		Quantity	₹ in Lacs	Quantity	₹ in Lacs
(c) Production					
Soda Ash - (Gross)	MT	711,706		710,012	
Refined Salt	MT	42,769		35,818	
Yarn	MT	12,488		12,743	
Cloth - Job work + Own Production	MT₹ ('000)	38,352		30,338	
Bicarb - (Produced from Soda Ash)	MT	23,369		22,378	
Bed Sheet Sets - Job Work	MT₹ ('000)	24,616		13,080	
(d) Purchase of Trading Goods	₹ in Lacs		9,201.43		1,855.90
(e) Consumption for internal use *					
Soda Ash	MT	51,861		49,512	
Yarn	MT	3,445		1,257	
Cloth	MT₹ ('000)	36,352		28,347	
(f) Sales					
Soda Ash	MT	666,912	108,645.18	656,969	94,162.28
Yarn	MT	9,060	18,414.54	11,119	25,735.74
Cloth	MT₹ ('000)	1,853	2,166.64	3,039	3,901.33
Bed Sheet Sets	MT₹ ('000)	23,327	50,508.58	13,201	20,852.23
Others		N.A.	20,284.85	N.A.	14,019.27
			200,019.79		158,670.85
(g) Closing Stock					
Soda Ash	MT	6,893	694.70	13,960	1,228.68
Yarn	MT	577	1,176.30	594	1,340.11
Cloth	MT₹ ('000)	711	1,328.45	564	920.90
Bed Sheet Sets	MT₹ ('000)	3,065	5,806.04	1,776	3,532.86
Others		N.A.	581.83	N.A.	525.29
			9,587.32		7,547.84

* Including transit differences and process wastage.

	UNIT	Quantity	₹ in Lacs	Quantity	₹ in Lacs
(h) Consumption of Raw Materials and Consumables					
Salt	MT	1,320,297	9,065.99	1,319,222	8,043.88
Lime Stone	MT	1,493,941	5,365.08	1,397,603	5,305.07
Coke	MT	101,566	12,639.88	106,498	10,504.03
Cotton & Staple Fiber	MT	17,196	21,552.66	17,953	16,817.84
Yarn	MT	3,452	10,023.14	3,553	9,913.05
Fabric	MT₹ ('000)	11,052	13,877.82	4,682	5,019.22
Others		N.A.	4,550.25	N.A.	3,758.33
			77,074.82		59,361.42

The Consumption of Lime Stone and Cotton & Staple Fiber is net of undersize realization/sales of ₹ 970.36 Lacs (previous year ₹ 559.12 Lacs) and ₹ Nil Lacs (Previous year 753.90 lacs).

	For the Year Ended 31st March, 2012		For the Year Ended 31st March, 2011	
	Value of Consumption	**% AGE**	Value of Consumption	% AGE
(j) Consumption of Raw Materials & Stores and Spares				
Raw Materials :				
Imported	**475.22**	**0.62%**	1,735.14	2.92%
Indigenous	**76,599.60**	**99.38%**	57,626.28	97.08%
	77,074.82	**100.00%**	59,361.42	100.00%
Stores and Spares :				
Imported	**478.17**	**12.69%**	869.87	25.70%
Indigenous	**3,289.02**	**87.31%**	2,514.20	74.30%
	3,767.19	**100.00%**	3,384.07	100.00%

2.49 **Intangible Assets**

Intangible Asset, meeting the definition as per the provisions of Accounting Standard - 26 Intangible Assets issued by The Institute of Chartered Accountants of India, comprises of :

a **Salt Pans**

Expenditure on the development of salt pans is being written off over a period of five years

b **Software**

Expenditure on purchased software, ERP System and IT related expenses is being written off over a period of three years.

2.50 **Impairment of Assets**

In pursuance of Accounting Standard - 28 - Impairment of Assets issued by the Institute of Chartered Accountants of India, the Company has reviewed its carrying cost of assets with value in use (determined based on future earnings) / net selling price (determined based on valuation). Based on such review, management is of the view that in the current financial year impairment of assets is not considered necessary.

2.51 The details of amounts outstanding to Micro, Small and Medium Enterprises under the "Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under,

Sr. No	Particulars	**As at 31st March, 2012 ₹ in Lacs**	As at 31st March, 2011 ₹ in Lacs
1	Principal amount due and remaining unpaid	-	-
2	Interest due on (1) above and the unpaid interest	-	-
3	Interest paid on all delayed payments under the MSMED Act	-	-
4	Payment made beyond the appointed day during the year	-	-
5	Interest due and payable for the period of delay other than (3) above	-	-
6	Interest accrued and remaining unpaid	-	-
7	Amount of further interest remaining due and payable in succeeding years	-	-

2.52 The Company has exercised the option granted vide notification F.No.17/33/2008/CL.V dated December 29, 2011 issued by the Ministry of Corporate Affairs and accordingly the exchange differences arising on revaluation of long term foreign currency monetary items for the year ended 31st March, 2012 has been recognised over the maturity period. The unamortised balance is presented as “Foreign Currency Monetary item Translation Difference Account” (FCMTDA). Accordingly an amount of ₹ 428. 68 lacs has been chagred to the Statement of Profit and Loss and an aggregate amount of ₹ 996.15 lacs is deferred and recognised as an asset under FCMTDA.

2.53 The Company provides for the estimated expenditure required to restore quarries and mines. The total estimate of restoration expenses is apportioned over the estimate of mineral reserves and a provision is made based on minerals extracted during the year. The total estimate of restoration expenses will be review periodically, on the basis of technical estimates.

2.54 Category-wise quantitative data about derivative instruments that are outstanding are disclosed as per the requirement of Accounting Standard - 30 issued by the Institute of Chartered Accountants of India.

		As at 31st March, 2012			As at 31st March, 2011		
	Particulars	**No. of Contracts**	**Foreign Currency Equivalent (In Lacs)**	**INR Equivalent (In Lacs)**	No. of Contracts	Foreign Currency Equivalent (In Lacs)	INR Equivalent (In Lacs)
a)	Long Term Export Options (Dollar Receivables)	**1**	**45.00**	**1,795.50**	3	81.00	3,337.41
	Forward (Dollar Receivables)	**25**	**764.08**	**37,203.72**	47	424.37	20,185.65
	Forward (GBP Receivables)	-	**-**	**-**	3	9.00	657.66
	Forward (EURO Receivables)	**4**	**16.00**	**1,066.16**	6	24.58	1,602.22
	Forward (Dollar Payables)	**2**	**5.26**	**269.50**	-	-	-

b) Foreign currency exposures that are not hedged by a derivative instrument or otherwise are

Particulars	**As at 31st March, 2012 (₹ in Lacs)**	As at 31st March, 2011 (₹ in Lacs)
Import Payable	**16,193.46**	9,575.93
Foreign Currency Loans & Interest thereon	**28,274.95**	13,958.12

2.55 The shareholders in their Extra Ordinary General Meeting held on 19th March, 2008 had approved the Employees Stock Option Scheme (ESOS 2008). Accordingly, the Employees Stock Option granted pursuant to ESOS 2006 (Series - 1) had been cancelled and equivalent number of options were granted by the compensation committee meeting held on 24th March, 2008. Under ESOS 2008 the compensation committee has assured a minimum price appreciation guarantee @ 20% on the Exercise Price i.e. ₹ 76.95 per share i.e. the latest available closing price prior to the date of grant of options i.e. 24th March, 2008.

As per SEBI (ESOS & ESPS) Guidelines 1999 the Employees Stock Option Scheme is administered by the registered Trust named GHCL Employees Stock Option Trust (ESOS Trust). The Company has advanced interest free loan of ₹ 6,377.36 Lacs (Previous year 6,403.20 Lacs) to the Trust for the purpose of purchase of shares from the open market for allotment of shares to the eligible employees upon exercising their option from time to time.

The current market value of the shares held by ESOS Trust is lower than the cost of acquisition of these shares by ₹ 5,692 Lacs which is on account of market volatility. The impact of fall in market value, if any would be appropriately considered by the company in its Statement of Profit and Loss at the time of exercise of Options by the eligible employees. As per ESOS scheme, 15, 65,000 option have been vested with the eliglible empolyees as on March 24th 2010 with an exercise period of 4 years ending on 24th March 2014. However none of the employees have exercised the option during the period ended 31 March 2012.

The total number of shares purchased by ESOS Trust was 4,995,386 shares. Of these, 1,579,922 shares were illegally sold by a party against which ESOS trust has initiated legal proceedings and has got a favorable award from the Court. Additionally, ESOS Trust had taken a loan of ₹1,057.00 Lacs from various companies and had created a third-party pledge of 2,068,000 shares on behalf of these lender companies. The lender companies could not fulfill their obligations toward the aforesaid third parties and consequently the pledge was invoked by these parties. ESOS trust got a favorable arbitration award against the lender companies whereby the lender companies would restore 2,068,000 shares in favour of ESOS Trust upon ESOS trust repaying their loan of ₹ 967.00 Lacs.

The details as per regulation 12 of SEBI (ESOS & ESPS) Guidelines 1999 are as follows:

	Particulars	Details		
a)	No of Options granted	16,55,000) (Each option is equivalent to one equity share on exercise of option)		
b)	Pricing Formula	₹ 76.95 (Market Price i.e. the latest available closing price prior to the date of grant of options)		
c)	Options lapsed in respect of 5 employees who have left / retired before commencement of vesting period i.e. March 24, 2010.	90,000		
d)	Options Vested	15,65,000 (Vesting period is two years from the date of grant i.e. March 24, 2008 to March 24, 2010)		
e)	Options Exercised	Nil		
f)	Total Number of shares arising as a result of exercise of options	Nil		
g)	Option Lapsed during the year *	95,000		
h)	No of options vested in respect of employees who retired but not exercised their vested options**	60,000		
i)	Variation of Terms of Options	Nil		
j)	Money realized by exercise of options	Nil		
k)	Total Number of Options in force as at 31st March, 2012	1,470,000		
	(i) Senior Managerial person			
	Name	No. of Options Granted	Name	No. of Options Granted
	Mr. R.S. Jalan	200,000	Mr. BRD Krishnamoorthy	75,000
	Mr. Tej Malhotra	125,000	Mr. R S Pandey	75,000
	Mr. Raman Chopra	100,000	Mr. N N Radia	75,000
	Mr. Sunil Bhatnagar	100,000	Mr. M Sivabalasubramaniun	75,000
	Mr. K V Rajendran	100,000	Mr. Neeraj Jalan	75,000
	(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during that year	None		
	(iii) Identified employees who where granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	None		
m)	Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 "Earning Per Share"	Not Applicable		
n)	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	Not Applicable		

	Particulars	Details
o)	Weighted Average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Not Applicable
p)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information :	Options are granted at Market price
	Risk - Free interest Rate	Not Applicable
	Expected Life	Not Applicable
	Expected Volatility	Not Applicable
	Expected Dividends	Not Applicable
	The price of the underlying share in the market at the time of grant of option	₹ 76.95 per share

* The stock options in respect of two employees i.e. Mr. Nikhil Sen (75000 options, resigned on 31-3-2011) and Mr. Jagdish Daral (20000 options, resigned on 3-12-2011) have lapsed as they have not exercised their vested options within 60 days of date of their resignations.

** Mr. P Surlivelu (20000 options, retired on 30-4-2010), Mr. N K Masand (20000 options, retired on 30-9-2010) and Mr. T Malayarasan (20000 options, retired on 30-6-2011) have not exercised their vested options.

2.56 The previous year's /corresponding period's figures have been regrouped / reclassified to be in conformity with the Revised Schedule VI of the Companies Act. 1956.

Signature to Note 1 to 2

As per our report attached

For and on behalf of the Board

For and on behalf of
Jayantilal Thakkar & Co.
Chartered Accountants

(C. V. Thakker)
Partner

For and on behalf of
Rahul Gautam Divan & Associates
Chartered Accountants

(Rahul Divan)
Partner

Place : New Delhi
Date : 30th May, 2012

Sanjay Dalmia
Chairman

Dr B.C.Jain
Director

R. S. Jalan
Managing Director

Raman Chopra
Executive Director - Finance

Place : New Delhi
Date : 30th May, 2012

Bhuwneshwar Mishra
General Manager & Company Secretary

Statement Pursuant to Section 212 of the Companies Act, 1956, relating to Company's Interest in Subsidiary Company

S.No.	Name of Subsidiary Company	Colwell & salmon Communi-cation Inc	Indian Britain B.V.	Rosebys Interior India Limited	Indian England N.V.	Indian Wales N.V.	SC GHCL Upsom SA	GHCL INC. USA.	GHCL Inter-national Inc.	GHCL Rosebys Limited	Rosebys UK Ltd	Grace Home Fashion LLC	Fabient Textiles Limited	Rosebys Inter-National Ltd	Teliforce Holding India Ltd
1.00	The financial period of the Subsidiary Company ended on	31st March 2012	31st March 2012	31st March 2012	31st March 2012	31st March 2012	31st March 2012	31st March 2012	13th September 2011	31st March 2012	31st March 2012	31st March 2012	31st January 2012	31st January 2012	31st March 2012
2.00	Date from which they become subsidiary Companies	12th December 2002	17th November 2005	12th December 2007	18th November 2005	27th December 2005	6th December 2005	13th November 2005	8th June 2006	21st July 2006	18th September 2008	07th July 2008	06th June 2008	13th March 2009	26th February 2010
3.00	Number of shares held by GHCL Ltd.	2000 Equity Shares	35942 Equity Shares	50000 Equity Shares	45380 Ordinary Shares	60000 Ordinary Shares	155614464 shares of	500000 Equity Shares	1000 Equity Shares	10,000,001 Ordinary shares	200 Shares	7500 Shares	50000 shares	50000 shares	1000 shares
	with its nominees in the subsidiaries at the end of the	of USD 1/- each	of EURO 100/-each	of ₹ 10/- each	of EURO 1/- each	of EURO 1/- each	RON 0.25/- share	of USD 0.01 each	of USD 0.01 each	of GBP 1/- each	of GBP 1 /- each	of USD 1 /- each	of ₹ 10 /- each	of ₹ 10/- each	of USD 1/- each
	financial year of the subsidiary Company.														
3.10	Extent of interest of holding Company at the end of the	100.00%	100.00%	96.45%	100.00%	100.00%	95.67%	100.00%	100.00%	100.00%	100.00%	75.00%	100.00%	100.00%	100.00%
	financial year of the subsidiary Company.														
3.20	Name of the Immediate Holding Company	GHCL Limited	GHCL Limited	GHCL Limited	GHCL Limited	Rosebys Interiors India Limited	Indian England NV	Indian Britain BV	GHCL Inc.	Indian Wales NV	GHCL Rosebys Ltd	GHCL LTD	GHCL LTD	GHCL LTD	GHCL LTD
4.00	The net aggregate amount of the subsidiary Company														
	Profit/(Loss) so far as concerns the members of the														
	holding company.														
4.10	Not dealt with in the holding Company accounts.														
4.10.10	For the financial years ended 31st March 2012	USD (0.06 Mn)	USD (0.02 Mn)	NA	USD (1.40 Mn)	USD (1.82 Mn)	RON (16.97 Mn)	USD (0.03 Mn)	USD 2.06 Mn	GBP (0.01 Mn)	GBP (0.00 Mn)	USD 0.13 Mn	NA	NA	USD (2.17 Mn)
		INR (57.42 Lacs)	INR (9.95 Lacs)	INR (2239.39 Lacs)	INR (669.90 Lacs)	INR (873.43 Lacs)	INR (3407.13 Lacs)	INR (11.99 Lacs)	INR 989.76Lacs	INR (8.11 Lacs)	INR (2.67 Lacs)	INR 37.69 Lacs	INR (1.55 Lacs)	INR (4.86 Lacs)	INR (1108.43 Lacs)
4.10.20	For the previous financial years of the subsidiary Company	USD (0.46 Mn)	USD (26.03 Mn)	NA	USD (13.24 Mn)	USD (57.68 Mn)	RON (143.70 Mn)	USD (40.98 Mn)	USD (2.09 Mn)	GBP (10.00 Mn)	GBP (0.01 Mn)	USD (0.45 Mn)	NA	NA	USD (0.07 Mn)
	since it became the holding Company's subsidiary.	INR (204.25 Lacs)	INR (13211.98 Lacs)	INR (4045.34 Lacs)	INR (4053.42 Lacs)	INR (25,759.02 Lacs)	INR (20627.94 Lacs)	INR (19206.31 Lacs)	INR (1031.63 Lacs)	INR (8509.79 Lacs)	INR (10.88 Lacs)	INR (202.22 Lacs)	INR (3.45 Lacs)	INR (0.14 Lacs)	INR (29.16 Lacs)
4.20	Dealt with in holding company's account														

S.No.	Name of Subsidiary Company	Colwell & salmon Communi-cation Inc	Indian Britain B.V.	Rosebys Interior India Limited	Indian England N.V.	Indian Wales N.V.	SC GHCL Upsom SA	GHCL INC. USA.	GHCL Inter-national Inc.	GHCL Rosebys Limited	Rosebys UK Ltd	Grace Home Fashion LLC	Fabient Textiles Limited	Rosebys Inter-National Ltd	Teliforce Holding India Ltd
4.20.10	For the financial year ended 31st March 2012	NIL	NIL	NIL	NIL	NIL	NIL	NIL	N.A.	N.A.	N.A.	NIL	NIL	NIL	NIL
4.20.20	For the previous financial years of the subsidiary Company	NIL	NIL	NIL	NIL	NIL	NIL	NIL	N.A.	N.A.	N.A.	NIL	NIL	NIL	NIL
	since it became the holding Company's subsidiary.														
5.00	Material Changes between the end of the financial year of the														
	Subsidiary Company and the Company's financial Statement														
	ended 31st March 2012														
	a.) Fixed Assets														
	b.) Investments														
	c.) Money Lent														
	d.) Money borrowed ohter than those for meeting Current liabilities														

For and on Behalf of the Board

Sanjay Dalmia
Chairman

Dr. B. C. Jain
Director

R. S. Jalan
Managing Director

Raman Chopra
Executive Director (Finance)

Place : New Delhi
Date : 30th May 2012

Bhuwneshwar Mishra
General Manager & Company Secretary

Details of Subsidiary Companies

(₹ In lacs)

S.No.	Name of Subsidiary Company	Colwell & Salmon Communi-cation Inc	Indian Britain BV	Rosebys Interiors India Ltd	Indian England NV	Indian Wales NV	SC GHCL Upsom S.A.	GHCL INC., USA	GHCL Inter-national Inc	GHCL Rosebys Limited	Rosebys UK Ltd	Grace Home Fashions LLC	Fabient Textiles Ltd	Rosebys Inter-national Ltd	Teliforce Holding India Ltd
a	Capital	0.98	2,248.08	5.18	26.83	35.47	6,849.87	2.27	0.00	8,510.00	0.17	3.64	5.00	5.00	0.45
b	Reserves	(261.67)	(2,271.10)	(5,827.30)	(7,662.17)	(30,272.19)	(19,074.25)	(2.27)	(0.01)	(8,517.90)	(13.56)	(164.53)	(5.00)	(5.00)	(1,137.59)
c	Total Assets	467.23	2.43	12,831.72	7,990.80	49.97	18,647.31	-	-	0.22	4.56	5,469.88	0.00	0.00	1,994.62
d	Total Liabilities	727.93	25.46	18,653.84	15,626.15	30,286.69	30,871.69	-	-	8.13	17.95	5,630.78	-	-	3,131.76
e	Investments (Except in case of Investment in Subsidiary)	-	-				8.92				-	-	-	-	-
f	Turnover/ Total Income	0.67	0.00	53.77	2.08	0.00	267.82	-	-	-	-	7,498.42	0.00	0.03	84.32
g	Profit before Taxation (Including Exceptional Item)	(57.42)	(9.97)	(2,239.39)	(669.90)	(873.43)	(3,407.13)	(11.99)	989.76	(8.11)	(2.67)	39.02	(1.55)	(4.86)	(1,108.43)
h	Provision for Taxation	0.00	-	-	-	-	-	-	-	-	-	1.33	-	-	-
i	Profit After Taxation	(57.42)	(9.97)	(2,239.39)	(669.90)	(873.43)	(3,407.13)	(11.99)	989.76	(8.11)	(2.67)	37.69	(1.55)	(4.86)	(1,108.43)
j	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The financial statements of the Foreign Subsidiaries have been converted into Indian Rupees at an appropriate exchange Rate.

Note:-

1) The Company directly/indirectly owns 100% in all the subsidiaries other than S.C. GHCL Bega Upsom S.A. , Grace Home Fashion LLC , and Rosebys Interiors India Ltd. in which company holds 95.67% , 75 % and 96.45% respectively

2) No Books of accounts are available since the companies are under Administration/Liquidation and/or no control:-
   a) Dan River Properties Inc.
   b) Textile & Design Ltd

3) The above details have been annexed in terms of general circular No. 2/2011(No. 5/12/2007-CL-III) dated 8th February 2011 issued by the Govt. of India, Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956

4) During the year the following companies has been closed :-
   a) GHCL International Inc. (Dissolved on 13th September 2011)
   b) Fabient Textile Limited (Dissolved on 31st January 2012)
   c) Rosebys International Limited (Dissolved on 31st January 2012)

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors
GHCL LIMITED

1. We have audited the attached Consolidated Balance Sheet of GHCL LIMITED ("the Company") and its subsidiaries as at 31st March, 2012 and the Consolidated Statement of Profit and Loss annexed thereto and the Consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

3. a) The financial statements of three subsidiary companies, whose financial statements have been audited by at least one of us, reflect total liabilities (net) of ₹ 5828 lakhs as at 31st March, 2012 and total revenues of ₹ 39 lakhs for the year ended on that date.

   b) We did not audit the financial statements of two subsidiaries, whose financial statements reflect total liabilities (net) of ₹ 1151 lakhs as at 31st March 2012 and total revenues of ₹ 84 lakhs for the year ended on that date. Other auditors, whose reports have been furnished to us, have audited these financial statements, and in our opinion, so far as it relates to the amounts included in respect of these subsidiaries, are based solely on their reports

   c) The Consolidated Financial Statements also includes the unaudited financial statements of Nine subsidiaries which reflect total liabilities net of ₹ 50549 lakhs as at 31st March, 2012 and total revenue of ₹ 7752 lakhs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been certified by the management.

4. Without qualifying our opinion, we draw your attention to:

   i) Note 2.28 in respect of the Scheme of Arrangement u/s 391 to 394 of the Companies Act, 1956 approved by Honourable High Court of Gujarat vide its Order dated 30th November, 2009 and the accounting treatment adopted by the Company in respect of the Business development Reserve.

   ii). Note 2.40 in respect of the Employee Stock Option Scheme of the Company, wherein the potential diminution in the value of the assets of the Scheme are disclosed.

5. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and the audited/verified financial statements of its subsidiaries included in the consolidated financial statements.

6. We report that on the basis of the information and explanations given to us and on the consideration of the separate audit/verification reports on individual financial statements of the Company and its subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31st March, 2012;

   (b) in case of the Consolidated Statement of Profit and Loss of the consolidated results of operations of the Company and its subsidiaries for the year ended on that date; and

   (c) in the case Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries for the year ended on that date.

For and on behalf of	For and on behalf of
JAYANTILAL THAKKAR & CO	RAHUL GAUTAM DIVAN & ASSOCIATES
Chartered Accountants (Firm Reg. No. 104133W)	Chartered Accountants (Firm Reg. No. 120294W)
(C. V. THAKKER) Partner Membership No: 006205	(RAHUL DIVAN) Partner Membership No: 100733

Place : New Delhi
Date : 30th May, 2012

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

	Note	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2.1	**10,001.93**	10,001.93
Reserves and Surplus	2.2	**38,199.63**	44,536.98
NON-CURRENT LIABILITIES			
Long-term borrowings	2.3	**108,985.46**	127,619.37
Deferred Tax Liability (Net)	2.4	**16,634.31**	17,119.46
Other Long term liabilities	2.5	**210.19**	239.65
Long-term provisions	2.6	**70.29**	-
CURRENT LIABILITIES			
Short-term borrowings	2.7	**62,120.56**	55,883.16
Trade payables	2.8	**35,606.68**	30,670.24
Other current Liabilities	2.9	**21,344.74**	16,227.98
Short-term Provisions	2.10	**3,480.44**	3,697.30
Total		**296,654.23**	305,996.07
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Tangible assets	2.11	**201,622.78**	210,316.70
Intangible assets	2.11	**5,096.13**	6,678.25
Capital Work-in-Progress		**3,991.53**	1,934.61
		210,710.44	218,929.56
Non-current Investments	2.12	**548.28**	548.28
Deferred Tax Aseets (Net)	2.4	**-**	-
Long-term loans and advances	2.13	**1,302.88**	1,911.45
Other non-current assets	2.14	**938.63**	327.58
CURRENT ASSETS			
Current Investments	2.12	**388.45**	0.78
Inventories	2.15	**35,553.34**	40,085.28
Trade receivables	2.16	**22,161.00**	19,309.14
Cash and bank balances	2.17	**3,513.03**	3,457.49
Short-term loans and advances	2.18	**21,153.08**	21,426.51
Other Current assets	2.19	**385.10**	-
Total		**296,654.23**	305,996.07
SIGNIFICANT ACCOUNTING POLICES AND NOTES ON ACCOUNTS	1&2		

The Notes referred to above form an integral part of the Consolidated Balance Sheet

As per our report attached

For and on behalf of
Jayantilal Thakkar & Co.
Chartered Accountants

For and on behalf of
Rahul Gautam Divan & Associates
Chartered Accountants

(C. V. Thakker)
Partner

(Rahul Divan)
Partner

Place : New Delhi
Date : 30th May 2012

For and on behalf of the Board

Sanjay Dalmia
Chairman

Dr. B.C. Jain
Director

R. S. Jalan
Managing Director

Raman Chopra
Executive Director - Finance

Bhuwneshwar Mishra
General Manager & Company Secretary

Place : New Delhi
Date : 30th May 2012

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Note	For the Year Ended 31.03.2012 (₹ in Lacs)		For the Year Ended 31.03.2011 (₹ in Lacs)
INCOME				
Revenue from operations (Gross)	2.20		**207,811.56**	167,658.18
Less: Excise Duty			**10,346.64**	8,853.70
Revenue from operations (Net)			**197,464.92**	158,804.48
Other Income	2.21		**932.68**	2,329.52
TOTAL REVENUE			**198,397.60**	161,134.00
EXPENDITURE				
Cost of Material consumed			**77,077.35**	59,561.39
Purchase of Stock-in-trade			**16,970.10**	8,946.66
Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.22		**(3,819.40)**	(2,446.09)
Employees benefits expenses	2.23		**10,293.11**	12,287.09
Others Expenses	2.24		**60,423.26**	51,114.65
(Gain)/ Loss on Conversion into INR			**919.89**	1,563.20
			161,864.31	131,026.90
Profit Before Finance costs and Depreciation and Amortisation expenses			**36,533.29**	30,107.10
Finance costs	2.25		**21,319.51**	15,167.03
Profit Before Depreciation and Amortisation expenses			**15,213.78**	14,940.07
Depreciation and Amortisation expenses	2.11	**12,581.81**		11,971.11
Less: Transferred from Business Development Reserve		**1,936.31**		1,936.95
			10,645.50	10,034.16
Gain on Exceptional Items (Net)			**-**	(1,838.03)
Profit Before Tax			**4,568.28**	3,067.88
Tax expenses				
- Current Tax			**378.33**	43.05
- Deferred Tax (Net)	2.4		**(259.93)**	3,981.01
Profit For The Year after Tax			**4,449.88**	(956.18)
Earnings per Share (₹) - Basic	2.26		**4.66**	(1.05)
Earnings per Share (₹) - Diluted	2.26		**4.66**	(0.95)

SIGNIFICANT ACCOUNTING POLICES AND NOTES ON ACCOUNTS

The notes referred to above form an integral part of the Consolidated Statement of Profit and Loss

As per our report attached

For and on behalf of
Jayantilal Thakkar & Co.
Chartered Accountants

(C. V. Thakker)
Partner

For and on behalf of
Rahul Gautam Divan & Associates
Chartered Accountants

(Rahul Divan)
Partner

Place : New Delhi
Date : 30th May 2012

For and on behalf of the Board

Sanjay Dalmia
Chairman

Dr. B.C. Jain
Director

R. S. Jalan
Managing Director

Raman Chopra
Executive Director - Finance

Bhuwneshwar Mishra
General Manager & Company Secretary

Place : New Delhi
Date : 30th May 2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	For the Year Ended 31 March 2012 (₹ in Lacs)		For the Year Ended 31 March 2011 (₹ in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit/(Loss) before tax and Extraordinary items		4,568.28	3,067.88
Adjustment for :			
Depreciation / Amortisation	10,645.50		10,034.16
Foreign Exchange Gain (Net)	1,182.40		(520.54)
Interest Income	(91.20)		(79.95)
Income From Dividend	(5.69)		(3.56)
Prior Period Adjustments	11.44		29.61
Profit on Sales / Discarding on Fixed Assets (Net)	(503.67)		378.31
Provision for Doubtful Debts	-		(909.75)
Minority Interest	-		0.18
Profit on Sale of Investments (Net)	(14.58)		(3.15)
Financial Expenses (Net)	21,410.71	32,634.91	15,246.98
Operating Profit before Working capital Changes		37,203.19	27,240.17
Adjustments for :			
[i] Trade & Other Receivables			
* (Increase) / decrease in Trade receivables	(2,851.86)		(7,172.16)
* (Increase) / decrease in Long term Loans and Advances	208.57		(1,911.45)
* (Increase) / decrease in Short term Loans and Advances	(108.54)	(2,751.83)	(327.58)
[ii] Trade & Other payables			
* Increase / (decrease) in Trade payables	2,936.44		4,719.53
* Increase / (decrease) in Long term provisions	70.29		-
* Increase / (decrease) in Short term provisions	(716.86)		3,697.30
* Increase / (decrease) in other current liabilities	(1,241.68)		(2,665.92)
* Increase / (decrease) in other long term liabilities	(29.46)	1,018.73	-
[iii] (Increase) / decrease in in Inventories		4,390.17	(7,364.03)
Other Adjustments			
Deferred Revenue Expenditure (to the extent not written off)		3.93	3.80
Cash generated from Operations		39,864.19	16,219.66
Direct taxes paid		25.57	(89.49)
Net cash generated from Operating Activities		39,889.76	16,130.17
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		(3,352.97)	(4,566.34)
Sale of Fixed Assets		960.43	151.57
(Purchase) / Sale of non current Investments		(8.16)	-
(Purchase) / Sale of current Investments		(379.52)	2,058.36
Profit on Sale of Investments (Net)		14.58	3.15
Gain on Exchange		(1,182.40)	520.54
Interest Received		91.20	79.95
Dividend Received		5.69	3.56
Net cash used from Investing Activities		(3,851.15)	(1,749.21)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	For the Year Ended 31 March 2012 (₹ in Lacs)	For the Year Ended 31 March 2011 (₹ in Lacs)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term borrowings	**38,570.43**	60,978.84
Repayments against Long Term Borrowings	**(57,204.33)**	(41,463.09)
Short Term Borrowings (Net)	**6,237.40**	17,603.48
Payment of Deutsche Bank debt	**-**	(18,475.11)
Repayment of FCCBs	**-**	(15,736.82)
Interest and Finance Charges Paid	**(21,268.87)**	(14,508.52)
Dividend and tax thereon paid	**(2,317.70)**	(2,324.35)
Net Cash used from Financing Activities	**(35,983.07)**	(13,925.57)
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	**55.54**	455.39
Cash and Cash Equivalents at beginning of year	**3,457.49**	3,002.10
Cash and Cash Equivalents at end of year	**3,513.03**	3,457.49

As per our report attached

For and on behalf of
Jayantilal Thakkar & Co.
Chartered Accountants

(C. V. Thakker)
Partner

For and on behalf of
Rahul Gautam Divan & Associates
Chartered Accountants

(Rahul Divan)
Partner

Place : New Delhi
Date : 30th May 2012

For and on behalf of the Board

Sanjay Dalmia
Chairman

Dr. B.C. Jain
Director

R. S. Jalan
Managing Director

Raman Chopra
Executive Director - Finance

Bhuwneshwar Mishra
General Manager & Company Secretary

Place : New Delhi
Date : 30th May 2012

NOTES TO CONSOLIDATED ACCOUNTS

1 **CONSOLIDATION**

a. GHCL Limited together with its subsidiaries (Collectively “The Group”) is engaged in the business of manufacturing and trading of Inorganic Chemicals, Home Textiles, IT enabled services and Wind Power Generation.

b The consolidated financial statements of the Group have been combined on a line- by- line basis by adding together book value of like items of assets, liabilities, Income and Expenses in accordance with Accounting Standard (AS - 21) on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

c The list of subsidiary companies which are included in the consolidation with the respective country of incorporation and the Group’s holding therein are given below:

<table>
<tr><th rowspan="2"></th><th rowspan="2">Name of the company</th><th colspan="3">% of Holding either directly or through Subsidiary</th></tr>
<tr><th>Country of incorporation</th><th>As at 31st March, 2012</th><th>As at 31st March, 2011</th></tr>
<tr><td>1</td><td>Indian Britain B.V.</td><td rowspan="3">Netherlands</td><td rowspan="8">100</td><td rowspan="8">100</td></tr>
<tr><td>2</td><td>Indian England N.V.</td></tr>
<tr><td>3</td><td>Indian Wales N.V.</td></tr>
<tr><td>4</td><td>Rosebys UK Ltd</td><td rowspan="2">UK</td></tr>
<tr><td>5</td><td>GHCL Rosebys Limited</td></tr>
<tr><td>6</td><td>Teliforce Holding India Limited</td><td>Cyprus</td></tr>
<tr><td>7</td><td>Colwell & Salmon Communications Inc.,</td><td rowspan="4">USA</td></tr>
<tr><td>8</td><td>GHCL Inc.</td></tr>
<tr><td>9</td><td>Grace Home Fashions LLC</td><td>75</td><td>75</td></tr>
<tr><td>10</td><td>GHCL International Inc.</td><td rowspan="3">-</td><td rowspan="3">100</td></tr>
<tr><td>11</td><td>Fabient Textiles Limited</td><td rowspan="3">India</td></tr>
<tr><td>12</td><td>Rosebys International Limited</td></tr>
<tr><td>13</td><td>Rosebys Interiors India Limited</td><td>96.45</td><td>96.45</td></tr>
<tr><td>14</td><td>SC GHCL Upsom SA</td><td>Romania</td><td>95.67</td><td>95.67</td></tr>
</table>

d Financial results of Rosebys Interiors India Limited and its subsidiaries have been included in the consolidated financial statements. These results were not consolidated in the previous year's audited consolidated financial statements since previously control was intended to be temporary. However, in view of a change in intention, the consolidated financial statements for the year ended 31 March 2011 have been restated to include the results of Rosebys Interiors India Limited and its subsidiaries.

e Following subsidiaries of the Company, are under administration/closure. hence No accounts are available for the same.

Name of Subsidiaries	**Date of administration**	**Status**
SC GHCL Upsom SA	21st November, 2011	Under Administration
Textile & Design Limited	25th September, 2008	Under Liquidation

Closure - The financial results of these companies are consolidated upto the date of closure.

GHCL International Inc.	13th September 2011
Fabient Textiles Limited	31st January 2012
Rosebys International Limited	31st January 2012

f SC GHCL Upsom SA , Romania a stepdown subsidiary of the company follow different accounting year. (1st January to 31st December) The accounts of this subsidiary are prepared upto the reporting date of parent company to facilitate consolidation.

g The accounts of certain subsidiaries which are not required to be audited under domestic law or whose audited accounts are not required to be prepared upto the reporting date of parent company are drawn on the basis of financial statements certified by the Management.

The list of such subsidiaries are given below:-

Indian Britain BV
Indian England NV
Indian Wales N.V.
GHCL Inc.
GHCL International Inc.
Grace Home Fashions LLC

h All material inter- company balances and transactions are eliminated on consolidation.

i The excess of value of investments in the subsidiary companies over its share of the net assets of the subsidiary companies, at the date on which the investments in the subsidiary companies are made, is recognised as "goodwill" being an asset in the consolidated financial statements. The net asset value, considered for the purpose of goodwill in respect of trenches of investment, is the value as at the date of the first investment for acquiring subsidiary company. Goodwill arising out of consolidation is impaired during the year.

j Minority interest in the net assets of the subsidiary consists of the amount of equity attributable to the minority shareholders at the date on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the date of investments attributable to their equity. In case of Rosebys Interiors India Ltd and S.C. GHCL Upsom S.A., since the minority interest was less than the losses for the year hence the minority interest is restricted to NIL as per AS -21 "Consolidated Financial Statements".

k Revenue and expenses are translated into Indian Rupee at average rate for the year of the respective financial year of the companies . Fixed Assets, Share Capital and Reserves as at date of acquisition of subsidiary companies are translated into Indian Rupee on the prevailing rate on the same day. All other assets and liabilities are translated into Indian Rupee at the rate of exchange prevailing as at Balance Sheet Date. All overseas subsidiaries except Colwell & Salmon Communications Inc. USA, S.C. GHCL Upsom SA, Romania, and Grace Home Fashions LLC, USA, are considered as non-integral part of the company's business under AS-11 and accordingly the gain/loss on account of exchange difference is treated under Foreign Currency Translation Reserve. The gain/loss on translation of Colwell and Salmon Communications Inc., S. C. GHCL Upsom SA and Grace Home Fashions LLC has been recognised in the Statement of Profit and Loss.

l Consolidated Financial Statements have been prepared using uniform accounting policies for all major transactions and other events in similar circumstances except the policies adopted by the subsidiaries based on local laws which are given below :-

1. The parent and the subsidiaries write off Intangible Assets over different number of years.
2. Parent and subsidiaries provide depreciation at different rates on Tangible Assets.
3. The parent and the subsidiaries follow their local guidelines for accounting the leases.
4 Foreign subsidiary companies recognize tax liabilities and assets in accordance with the applicable local legislation.
5. The parent and subsidiaries follow different method of valuation of inventory.
6. Parent and subsidiaries follow different method of accounting with regard to revalued fixed assets.

It is not practicable to adopt uniform accounting policies in respect of the aforesaid items. The proportion of these items vis-a-vis results/assets of the Group is not significant.

2 SIGNIFICANT ACCOUNTING POLICIES

a Investments other than in Subsidiaries have been accounted as per Accounting Standard 13 -"Accounting for Investments".

b **Other Significant accounting policies**

Other Significant accounting policies are set out under " Significant Accounting Policies" as given in the standalone financial statements of the parent company.

Notes forming part of the Consolidated Balance Sheet

2.1 : SHARE CAPITAL

	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
SHARE CAPITAL		
Authorised		
175,000,000 Equity Shares of ₹10/- each	**17,500.00**	17,500.00
	17,500.00	17,500.00
Issued, Subscribed and Paid up		
100,019,286 Equity Shares of ` 10/- each fully paid up	**10,001.93**	10,001.93
	10,001.93	10,001.93

2.2 RESERVES AND SURPLUS

		As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
CAPITAL RESERVE			
Cash subsidy	**25.69**		25.69
Surplus on re-issue of forfeited Shares	**15.50**		15.50
Forfeiture of Preferential Convertible Warrants	**715.73**		715.73
		756.92	756.92
BUSINESS DEVELOPMENT RESERVE			
As per last Balance Sheet	**30,741.30**		65,240.32
Add: Premium on FCCB Buy back / redeemed	**-**		(926.81)
	30,741.30		64,313.51
Less:Diminution in value of Investment/ Advances/ Receivables	**-**		(31,479.74)
Less: Mark to Market impact on derivative (forward contacts & options)	**(2,958.90)**		
Less: Depreciation Transferred to statement of Profit and Loss as reduction from depreciation	**(1,936.31)**		(1,936.95)
Less: Write back on Sales of Revalued Assets	**(555.46)**		(155.52)
		25,290.63	30,741.30
CAPITAL REDEMPTION RESERVE			
As per last Balance Sheet		**1,000.00**	1,000.00
FOREIGN CURRENCY TRANSLATION RESERVE			
As per last Balance Sheet	**898.26**		2,632.61
Adjustment during the year	**(3,226.34)**		(1,734.35)
		(2,328.08)	898.26
SECURITIES PREMIUM ACCOUNT			
As per last Balance Sheet		**2,314.60**	2,314.60
GENERAL RESERVE			
As per last Balance Sheet	**7,493.70**		7,305.56
Add: Transfer From Statement of Profit and Loss	**10,000.00**		1,163.25
Add: Transfer From Statement of Profit and Loss as per Scheme of arrangement	**-**		17,500.00
	17,493.70		25,968.81
Less: Transfer to Statement of Profit and Loss as per Scheme of arrangement	**(9,989.96)**		(18,475.11)
		7,503.74	7,493.70
SURPLUS/ (DEFICIT) IN THE STATEMENT OF PROFIT AND LOSS			
As per last Balance Sheet	**1,332.20**		4,898.83
Net Profit For The Year after Tax	**4,449.88**		(956.18)
Transferred from General Reserve as per Scheme of Arrangement	**9,989.96**		18,475.11
Minority Interest Loss	**-**		0.18
Prior period adjustments	**11.44**		29.61
Excess/(Short) provision for Tax for earlier years	**(21.96)**		(233.33)
Excess provision for Deferred Tax for earlier years	**225.20**		106.13
	15,986.72		22,320.35

2.2 RESERVES AND SURPLUS

		As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
APPROPRIATIONS			
Transfer to General Reserve	**10,000.00**		1,163.25
Transfer to General Reserve as per Scheme of Arrangement	**-**		17,500.00
Proposed Dividend on Equity Shares	**2,000.39**		2,000.39
Tax on Dividend	**324.51**		324.51
	12,324.90		20,988.15
		3,661.82	1,332.20
Total		**38,199.63**	44,536.98

2.3 LONG TERM BORROWINGS

	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
FROM BANKS / FINANCIAL INSTITUTIONS		
Secured Loan		
Rupee Term Loans	**70,119.14**	79,089.79
Foreign Currency Loans	**37,647.75**	38,895.11
Unsecured Loan		
Loan from Banks	**1,218.57**	9,634.47
Total	**108,985.46**	127,619.37

Notes :

1) Foreign Currency Loans aggregating to ₹ 37,647.75 Lacs of the foreign subsidiary companies are secured by way of exclusive first charge by way of hypothecation in favour of Respective Banks of moveable fixed assets, both present and future of the foreign subsidiary companies and guaranteed by the holding company.

2) Rupee Term Loans from Banks / Institutions have been secured against :-

a) Loan aggregating to ₹ 17432.16 Lacs is secured by extension of first charge on pari passu basis, by way of equitable mortgage on immovable properties of the Soda Ash Division situated at Sutrapada, Veraval, Gujarat and extension of hypothecation charge on movable assets, both present and future of the company's Soda Ash division situated at village – Sutrapada, Veraval in Gujarat with other term lenders of the said project. The remaining tenure of the loans is 4 to 6 years.

b) Loan aggregating to ₹ 6878.49 Lacs is secured by exclusive charge on the specific fixed assets created out of the proceeds of the loan for Company's Soda Ash Division situated at village Sutrapada, Veraval in Gujarat. The remaining tenure of the loans is 7 to 9 years.

c) Loan aggregating to ₹ 16435.14 Lacs is secured by way of first pari passu charge on movable fixed assets of Soda Ash Division situated at village Sutrapada, Veraval in Gujarat. The remaining tenure of the loans is 1 to 5 years.

d) Loan aggregating to ₹ 8130.50 Lacs is secured by first charge on pari passu basis by way of equitable mortgage on fixed assets of the Textile Division situated at Vapi, Gujarat and hypothecation of movable assets both present and future of the Company's Textile Division at Vapi, Gujarat with other term lenders of the said project. The said loan is availed under Technology Upgradation Fund Scheme for Textile. The remaining tenure of the loans is 3 to 4 years.

e) Loan aggregating to ₹ 1317.35 Lacs is secured by exclusive charge on the specific fixed assets created out of the proceeds of the loan for Company's Home Textile Division situated at Vapi in Gujarat. The remaining tenure of the loans is 7 to 10 years.

f) Loan aggregating to ₹ 3600.00 Lacs is secured by first charge on pari passu basis by way of equitable mortgage on Factory Land & Building of Textile Division situated at Paravai and Manaparai, Tamil Nadu and hypothecation of specified movable assets, both present and future of the Company's Textile Division. The said loan is availed under Technology Upgradation Fund Scheme for Textile. The remaining tenure of the loans is 3 to 5 years.

g) Loan aggregating to ₹ 2452.62 Lacs is secured by exclusive charge on the specific fixed assets created out of the proceeds of the loan for Company's Textile Division situated at Madurai, Tamil Nadu. The remaining tenure of the loans is 7 to 10 years.

h) Loan aggregating to ₹ 10748.18 Lacs is secured by extension of first charge on pari passu basis on Factory Land & Building of Textile Division situated at Paravai and Manaparai, Tamil Nadu with other term lenders of the said project. The remaining tenure of the loans is 1 to 4 years.

i) Loan aggregating to ₹ 346.95 Lacs is secured by an exclusive first charge by way of equitable mortgage on immovable properties pertaining to Wind Mill Division – I situated at Irukkandurai village, Tirunelveli District in the state of Tamil Nadu and hypothecation of all present and future movable assets of Wind Mill Division – I. The said loan is availed under Technology Upgradation Fund Scheme for Textile. The remaining tenure of the loan is 3 years.

j) Loan aggregating to ₹ 503.55 Lacs is secured by an exclusive first charge on all present and future movable assets of Wind Mill Division – II situated at Chinnaputhur, near Poolavadi in the state of Tamil Nadu. The said loan is availed under Technology Upgradation Fund Scheme for Textile. The remaining tenure of the loan is 3 years.

k) Loan aggregating to ₹ 1750.00 Lacs is secured by extension of first charge on all present movable assets of Edible Salt division situated at Thiruporur, Vedaranyam and Industrial Salt Division and exclusive first charge on the factory land and building situated at Thiruporur village, Chengalpattu Taluka, Kancheepuram District. The remaining tenure of the loan is 2 years.

l) Loan aggregating to ₹ 4583.33 Lacs is secured by an exclusive charge on immovable property situated at Plot No.B-38, Section-I, New Okhla Industrial Area (Noida), Dist.-Gautam Budh Nagar, Uttar Pradesh. The remaining tenure of the loan is 4 years.

m) Loan aggregating to ₹ 3000.00 Lacs is secured by an exclusive charge on immovable property situated at GHCL House, Swastik Society, Navrangpura, Ahmedabad, Gujarat. The remaining tenure of the loan is 5 years.

n) Loans aggregating to ₹1349.70 Lacs of the subsidiary company is secured by way of exclusive first charge by way of hypothecation in favour of Respective Banks of moveable fixed assets, both present and future of the subsidiary company and guaranteed by the holding company. The remaining tenure of the loan is 2 years.

o) Out of all the aforesaid secured Loans appearing in note 2.3 (a) to 2.3 (n) totalling ₹ 78,527.97 lacs, an amount of ₹ 8408.83 lacs is due for payment in next 12 months and accordingly reported under note no 2.9 under the head " others Current Liabilities" as 'current maturities of Long Term Debt'.

2.4 DEFERRED TAX LIABILITIES (NET)

		As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
Deferred tax liability on account of:			
i) Depreciation		**16,837.93**	15,833.05
ii) Others			
Foreign Currency Fluctuation Loss		**323.25**	-
	Total (A)	**17,161.18**	15,833.05
Deferred tax assets on account of:			
i) Employee Benefit		**394.22**	328.76
ii) State & Central Taxes & Cess		**-**	22.03
iii) Provision for Bad Debts		**0.13**	36.61
iv) Disallowance u/s 40 (a)		**-**	0.60
v) Carry forward loss as per IT Act		**67.36**	-
vi) Deferred Revenue Expenditure		**65.16**	(1,674.41)
	Total (B)	**526.87**	(1,286.41)
	Total (A-B)	**16,634.31**	17,119.46

2.5 OTHER LONG TERM LIABILITIES

		As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
Trade Deposits from Dealers		**174.58**	204.35
Security Deposits		**35.61**	35.30
	Total	**210.19**	239.65

2.6 LONG TERM PROVISIONS

		As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
Provision for Closure of Mines		**70.29**	-
	Total	**70.29**	-

2.7 SHORT TERM BORROWINGS

	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
SECURED LOANS REPAYABLE ON DEMAND		
Working Capital Loans from Banks	**61,093.06**	54,740.66
UNSECURED LOANS REPAYABLE ON DEMAND		
Loans from others	**1,027.50**	1,142.50
Total	**62,120.56**	55,883.16

1) a) Working Capital Loans are secured by way of hypothecation of stock-in-trade and book debts of Soda Ash / Home Textile Division / Edible Salt / Textile Divisions and second charge on fixed assets of Soda Ash Division / Home Textile Division and Textile Division, both present and future.

   b) Working Capital Loans of the foreign subsidiary companies are secured by way of exclusive first charge of equitable mortgage on the respective specified immovable properties, assignment of receivables on future revenues and inventories.

2) Specified movable assets referred to in the above notes include all movable assets of Soda Ash Division, Home Textile Division and Textile Division both present and future but subject to prior charge created and / or that may be created in favour of Company's Bankers on stock-in-trade for securing borrowing for working capital.

2.8 TRADE PAYABLE

	Note	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
Sundry Creditors for Goods and Expenses		**35,574.55**	30,625.38
* Sundry Creditors - Micro, Small & Medium Enterprises	2.39	**32.13**	44.86
Total		**35,606.68**	30,670.24

2.9 OTHER CURRENT LIABILITIES

	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
Current maturities of long term Debt	**8,408.83**	8,036.00
Foreign currency payable on forward contact	**3,172.19**	-
Interest accrued but not due on borrowings	**825.03**	380.95
Interest accrued and due on borrowings	**1,118.53**	976.68
Advances from Customers	**1,735.19**	796.92
Sundry Creditors for Capital Expenditure	**580.90**	441.47
*Investor Education & Protection Fund in respect of		
- Unclaimed Dividend	**241.89**	234.69
- Unclaimed Fixed Deposits	**0.20**	0.95
- Interest Accrued on Unclaimed Fixed Deposits	**-**	0.20
Other liabilities		
Accrued salaries and benefits	**1,496.81**	1,450.49
Withholding and other taxes payable	**431.99**	597.46
Provision for Expenses	**1,958.17**	2,156.44
Other payable	**1,375.01**	1,155.73
Total	**21,344.74**	16,227.98

* The figure reflects the position as of 31st March, 2012. The actual amount to be transferred to the Investor Education & Protection Fund in this respect shall be determined on the due date.

2.10 SHORT TERM PROVISIONS

	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
Provision for employees' benefits		
Unavailed leave	**696.17**	688.83
Bonus/gratuity	**449.37**	673.57
Others		
Proposed Dividend on Equity Shares	**2,000.39**	2,000.39
Provision for		
Tax on Dividend	**324.51**	324.51
Wealth Tax	**10.00**	10.00
Total	**3,480.44**	3,697.30

2.11 FIXED ASSETS

₹ in Lacs

PARTICULARS	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK	
	As at 01-04-2011	Additions (Deletions)	As at 31-03-2012	As at 01-04-2011	Additions (Deletions)	As at 31-03-2012	As at 31-03-2012	As at 31-03-2011
(A) TANGIBLE ASSETS								
Free hold Land	39,828.95	0.00	39,080.07	-	-	-	39,080.07	39,828.95
		(748.88)			-			
Leasehold Land	38,732.43	-	38,732.43	1,550.63	485.57	2,036.20	36,696.23	37,181.80
Buildings	28,010.48	587.71	28,480.98	6,182.17	810.66	6,960.53	21,520.45	21,828.31
		(117.21)			(32.30)			
Plant and Machinery	172,210.34	2,162.23	174,005.57	68,014.22	8,472.14	76,181.00	97,824.57	104,196.12
		(367.00)			(305.36)			
Wind Turbine Generators	4,044.93	-	4,044.93	1,329.01	213.57	1,542.58	2,502.35	2,715.92
Furniture and Fixtures	684.63	155.19	713.22	381.24	35.43	344.18	369.04	303.39
		(126.60)			(72.49)			
Office Equipments	1,472.39	112.82	1,526.54	789.40	144.66	884.83	641.71	682.99
		(58.67)			(49.23)			
Vehicles	389.58	65.32	429.50	165.17	33.85	179.29	250.21	224.41
		(25.40)			(19.73)			
Leased Mines	6,166.61	-	6,166.61	2,811.80	616.66	3,428.46	2,738.15	3,354.81
Sub Total (A)	**291,540.34**	**3,083.27**	**293,179.85**	**81,223.64**	**10,812.54**	**91,557.07**	**201,622.78**	**210,316.70**
		(1,443.76)			**(479.11)**			
(B) INTANGIBLE ASSETS								
Goodwill	783.66	-	783.66	269.68	7.72	277.40	506.26	513.98
Salt Works Reservoirs and Pans	6,241.03	91.20	6,332.23	4,336.11	837.31	5,173.42	1,158.81	1,904.92
Software	467.45	95.95	563.40	284.36	108.99	393.35	170.05	183.09
Brand Expenditure	4,076.26	-	4,076.26	-	815.25	815.25	3,261.01	4,076.26
Sub Total (B)	**11,568.40**	**187.15**	**11,755.55**	**4,890.15**	**1,769.27**	**6,659.42**	**5,096.13**	**6,678.25**
Grand Total (A+B)	**303,108.74**	**3,270.42**	**304,935.40**	**86,113.79**	**12,581.81**	**98,216.49**	**206,718.91**	**216,994.95**
		(1,443.76)			**(479.11)**			
Previous Year	312,148.86	8,598.34	303,108.74	78,243.62	11,971.11	86,113.79	216,994.95	
		(17,638.46)			(4,100.94)			

1. Deletion of Building include a sum of ₹ 91.40 Lacs being cost of office premises acquired on ownership basis sold during the year.
2. Leased mines represent expenditure incurred on development of mines.
3. Cash Subsidy amounting to ₹ 855.70 Lacs (previous year ₹ 823.35 Lacs) relating to Home Textile division at Vapi has been reduced from respective Fixed Assets.
4. Some of the fixed assets have been revalued as on 1st April 2008 as per Scheme of Arrangement duly approved by Hon'ble High Court of Gujarat vide its order dated 30th November 2009 by ₹ 1,01,184.68 lacs (refer note no. 2.28).
5. Deletion of Free Hold Land includes ₹ 548.97 lacs being revaluation amount of land of Sree Meenakshi Mills Division at Madurai and Plant & Machinery of ₹ 9.04 Lacs of Soda Ash Division sold during the year.

2.12 NON CURRENT INVESTMENTS /CURRENT INVESTMENTS

		As at 31.03.2012 (₹ in Lacs)		As at 31.03.2011 (₹ in Lacs)	
NON CURRENT INVESTMENTS					
Investment in Equity Instruments					
OTHER THAN TRADE					
Quoted (at cost)					
41,500	Equity Shares of HDFC Bank Limited of ₹ 2/- each fully paid up	**0.83**			0.83
68,598	Equity Shares of IDBI Limited of ₹ 10/- each fully paid up	**49.34**			49.34
2,595	Equity Shares of Dena Bank of ₹ 10/- each fully paid up	**0.70**			0.70
2,72,146	Equity Shares of GTC Industries Limited of ₹ 10/- each fully paid up	**495.01**			495.01
4,500	Equity Shares of Canara Bank of ₹ 10/- each fully paid up	**1.58**			1.58
			547.46		547.46
Investment in Government securities					
Unquoted (at cost unless stated otherwise)					
7 year National Savings Certificates (Pledged with Government Authorities)			**0.82**		0.82
			548.28		548.28
CURRENT INVESTMENTS - (UNQUOTED)					
(At lower of cost and fair value- fully paid)					
4,86,282 Units of HDFC Liquid Fund - Growth		**102.84**			-
5,24,590 units of J P MORGAN INDIA Liquid Fund - Growth		**72.85**			-
8,912 units of PRAMERICA Liquid Fund-Growth		**101.88**			-
6,924 units of RELIGARE Liquid Fund -Growth		**101.96**			-
			379.53		-
Shares of Romanian Bank		**0.76**			0.78
Shares of Bega Invest SA Timisoara		**8.16**			-
			8.92		0.78
			388.45		0.78
	Total		**936.73**		549.06

	As at 31.03.2012		As at 31.03.2011	
	Book Value	**Market Value**	Book Value	Market Value
Quoted	**547.46**	**416.23**	547.46	544.01
Others	**389.27**	**-**	1.60	-
	936.73		549.06	

2.13 LONG-TERM LOANS AND ADVANCES (UNSECURED-CONSIDERED GOOD)

	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
Advances against capital expenditure	**642.58**	1,163.07
Security Deposits	**660.30**	748.38
Total	**1,302.88**	1,911.45

2.14 OTHERS NON-CURRENT ASSETS

	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
Foreign Currency Monetary Item Translation Difference Account	**611.05**	-
Long Term Trade Receivable (Unsecured, considered good)	**327.58**	327.58
Total	**938.63**	327.58

2.15 INVENTORIES

	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
Inventory (as taken, valued and certified by the Management)		
At cost or net realisable value which ever is lower		
Raw materials	**14,095.88**	20,722.39
Finished goods	**9,266.83**	7,301.30
Stock in process	**2,921.66**	2,525.73
Stock in trade	**3,329.57**	1,871.63
Stores and spares	**5,939.40**	7,664.23
Total	**35,553.34**	40,085.28

2.16 TRADE RECEIVABLES

		As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
Sundry Debtors (Unsecured, considered good unless stated otherwise)			
Outstanding over six months from due date			
Considered good	**1,227.30**		1,570.78
Considered doubtful	**4.82**		4.28
Provision for Doubtful Debts	**(4.82)**		(4.28)
		1,227.30	1,570.78
Other debts		**20,933.70**	17,738.36
Total		**22,161.00**	19,309.14

2.17 CASH AND BANK BALANCES

	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
(a) Balances with Banks		
On current Account	**2,914.06**	2,618.49
On unpaid dividend account	**241.89**	267.22
(b) Cash -in- hand	**14.94**	16.79
Others bank balances		
Banks deposits with original maturity for more than 12 months	**313.41**	533.21
Margin money depsoit	**28.73**	21.78
Total	**3,513.03**	3,457.49

2.18 SHORT-TERM LOANS AND ADVANCES

	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for		
value to be received - Considered Good	**13,877.88**	13,835.44
Loan to Employee Stock Option Scheme Trust	**6,377.36**	6,403.22
Interest Accrued on Investments	**0.56**	2.86
Deferred Revenue Expenses	**-**	3.93
Balances with Customs, Port Trust, Central Excise etc.	**494.94**	396.75
Income Tax paid / FBT paid / TDS	**402.34**	784.31
Total	**21,153.08**	21,426.51

2.19 OTHERS CURRENT ASSETS

	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
Foreign Currency Monetary Item Translation Difference Account	**385.10**	-
Total	**385.10**	-

2.20 REVENUE FROM OPERATIONS

	For the Year Ended 31.03.2012 (₹ in Lacs)	For the Year Ended 31.03.2011 (₹ in Lacs)
Revenue from operations		
Sales of Products		
Finished Goods	**186,645.06**	151,867.41
Traded Goods	**17,496.03**	9,778.88
Sales of Services	**885.04**	3,105.43
Others opearting revenue		
Insurance Claim for Loss of Profit	**-**	329.34
Waste & Scrap sales	**2,785.43**	2,577.12
Revenue from operations(Gross)	**207,811.56**	167,658.18
Less: Excise Duty	**10,346.64**	8,853.70
Revenue from operations(Net)	**197,464.92**	158,804.48

2.21 OTHER INCOME

	For the Year Ended 31.03.2012 (₹ in Lacs)	For the Year Ended 31.03.2011 (₹ in Lacs)
Interest on Investment	**7.94**	9.33
Dividend Income (Non Current Investment)	**5.69**	3.56
Interest on Income Tax Refund	**51.46**	-
Gain on Foreign Exchange (net)	**-**	520.54
Profit on sale of Assets (net)	**503.67**	-
Profit on sale of Investment (net) (Current Investment)	**14.58**	3.15
Bad debts written off recovered	**-**	4.40
Sundry Credit Balances Written back (net)	**188.82**	162.17
Rent Income	**3.68**	265.60
Provision for Doubtful Debts written back	**-**	909.75
Other non-operating income	**156.84**	451.02
Total	**932.68**	2,329.52

2.22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE

		For the Year Ended 31.03.2012 (₹ in Lacs)	For the Year Ended 31.03.2011 (₹ in Lacs)
Opening stock			
Finished Goods		**7,301.30**	7,028.14
Stock in trade		**1,871.63**	1,067.12
Stock in Process		**2,525.73**	1,157.31
	(A)	**11,698.66**	9,252.57
Closing stock			
Finished Goods		**9,266.83**	7,301.30
Stock in trade		**3,329.57**	1,871.63
Stock in Process		**2,921.66**	2,525.73
	(B)	**15,518.06**	11,698.66
Changes in inventories of finished goods, work-in-progress and stock-in-trade	**Total (A-B)**	**(3,819.40)**	(2,446.09)

2.23 EMPLOYEES BENEFITS EXPENSES

	For the Year Ended 31.03.2012 (₹ in Lacs)	For the Year Ended 31.03.2011 (₹ in Lacs)
Salaries, Wages and Bonus	**8,552.44**	9,876.05
Contribution to PF and other funds	**886.15**	1,263.46
Staff Welfare	**496.52**	737.58
Commission to Wholetime Directors	**358.00**	410.00
Total	**10,293.11**	12,287.09

2.24 OTHERS EXPENSES

		For the Year Ended 31.03.2012 (₹ in Lacs)	For the Year Ended 31.03.2011 (₹ in Lacs)
Repairs and Maintenance			
Machinery	1,184.77		1,221.92
Building	74.88		71.71
Others	273.03		267.11
		1,532.68	1,560.74
Stores and Spares		3,767.19	3,384.07
Power, Fuel and Water		25,918.61	22,800.39
Other Manufacturing Expenses		7,562.68	4,482.26
Packing Expenses		5,714.05	4,027.11
Operating Expenses for Services		-	219.06
Cash Discount		1,646.59	1,980.67
Freight and Forwarding		5,313.23	4,001.40
Commission on Sales		1,682.19	2,068.70
Sales Promotion Expenses		289.83	235.68
Travelling & Conveyance		780.25	768.47
Rent and Lease Rent		782.72	865.85
Rates and Taxes		192.97	88.56
Insurance		566.94	574.04
Loss on Foreign Exchange (net)		1,182.40	70.12
Commission to Non Wholetime Directors		102.00	135.00
Communication Expenses		175.82	210.67
Legal & Professional Expenses		1,214.93	1,289.99
Deferred Revenue Expenditure Written Off		3.93	1.61
Bad Debts / Irrecoverable amounts written off (net)		555.11	-
Donation		70.64	73.40
Returns (Net of Sale/Purchase)		72.32	-
Deficit on Sale / Discarding of Fixed Assets (net)		-	378.31
Excise Duty		(41.78)	73.33
Miscellaneous Expenses		1,337.96	1,825.22
Total		60,423.26	51,114.65

2.25 FINANCE COSTS

		For the Year Ended 31.03.2012 (₹ in Lacs)	For the Year Ended 31.03.2011 (₹ in Lacs)
Interest - Fixed Loans		13,743.11	11,994.95
- Others		3,150.91	2,694.46
Applicable loss on foreign currency transactions and translation		3,919.84	-
Other borrowing costs		596.85	557.57
		21,410.71	15,246.98
Less : Interest and Financial charges capitalised	60.76		45.96
Less : Interest Income Others	30.44		33.99
		91.20	79.95
Total		21,319.51	15,167.03

2.26 EARNING PER SHARE(EPS)

		For the Year Ended 31.03.2012 (₹ in Lacs)	For the Year Ended 31.03.2011 (₹ in Lacs)
Basic EPS			
Earnings per Share has been computed as under:			
Profit after Taxation (₹ in Lacs)		**4,449.88**	(956.18)
(Less)/Add : Prior year Adjustment		**214.68**	(97.59)
	(A)	**4,664.56**	(1,053.77)
The weighted average number of Equity Shares for Basic EPS	**(B)**	**100,019,286**	100,019,286
Earnings per share (Face value of ₹ 10/- per share) (A) / (B)		**4.66**	(1.05)
Diluted EPS			
Profit after Taxation (₹ in Lacs)		**4,664.56**	(1,005.61)
Number of Equity Shares for Basic EPS		**100,019,286**	100,019,286
Add : Adjustment for FCCB convertible into Equity Shares		**-**	5,528,100
The weighted average number of Equity Shares for Diluted EPS		**100,019,286**	105,547,386
Earnings Per Share		**4.66**	(0.95)

	As at 31st March,2012 (₹ in Lacs)	As at 31st March,2011 (₹ in Lacs)
2.27 (a) Estimated value of contracts remaining to be executed on Capital Account and not provided for	**5,134.98**	1,888.58
(b) Contingent Liabilities :		
(i) Guarantees issued by banks	**1,548.78**	1,316.07
(ii) Bills discounted with banks (since realized)	**5,340.95**	3,512.80
(iii) Claims against the Company not acknowledged as debts		
- Income Tax & Wealth Tax	**102.71**	140.49
- Sales Tax/VAT	**3.99**	5.99
- Excise matters	**3,498.44**	2,769.16
- Other claims	**1,084.23**	620.00
(c) Export Obligation on duty free imports	**16,782.33**	7,836.21

2.28 In Accordance with the Scheme of Arrangement duly approved by Hon'ble High Court of Gujarat vide its order dated 30th Novemeber 2009, the Company has taken following effects in the current financial statements :-

a) In accordance with the aforesaid Scheme, goodwill arising on amalgamation or acquisition or consolidation of financials statements of subsidiaries and which requires amortisation or impairment, any unrealizable assets whether fixed or current or tangible or intangible of the company, any diminution/write off in the value of the investments in its subsidiaries; whether in India or overseas, interest and other financial charges paid or payable on borrowings for subsidiaries by the company or by its subsidiaries or borrowings guaranteed by the company, mark to market adjustment on derivative instruments, currency swaps expenses, all the expenses / costs incurred in carrying out and implementing this Scheme, Integration expenses like plant shifting / shutting down, expenses arising on voluntary retirement offered to the employees of acquired companies, expenses for suit for bankruptcy including costs associated with existing projects / subsidiaries / divisions in part and / or whole by the Transferee Company and any additional depreciation on account of any upward revaluation of assets are to be charged to Business Development Reserve Account.

Accordingly NIL Lacs (previous year ₹ 8725.33 Lacs) has been charged to Business Development Reserve on account of impairment of Goodwill and diminution in the value investments in and loans & advances to and receivables from subsidiaries. Any further impairment arising out of such diminution shall be accounted for in subsequent years upon reasonable certainty that the same is non realisable and shall be charged to Business Development Reserve until such reserves exists. Further additional depreciation arising out of revaluation amounting to ₹ 1936.31 Lacs (Previous year ₹ 1,936.95 Lacs) has been charged to the Business Development Reserve. Also an amount of ₹ 2958.90 lakhs (Previous year ₹ 151.62 lakh gain and ignored) being marked to market impact on derivatives has been charged to Business Development Reserve.

2.29 Rates and Taxes includes ₹ 10 Lacs (previous year ₹ 10.00 Lacs) for Wealth Tax .

2.30 Prior Period Item of ₹ 11.44 Lacs is on account of excess provision expenses of earlier year.

2.31 In accordance with the requirements of Accounting Standard- 19 Leases issued by the Institute of Chartered Accountants of India, future obligation/ rights as at Balance Sheet Date for lease arrangements amount to :-

(₹ in Lacs)

	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011
	Payable	Payable
Due within one year	**188.47**	143.70
Due within the following four years	**-**	172.87
Due after five years	**-**	22.41

2.32 **Segment**

The Company and its subsidiaries are primarily engaged in the business of manufacture of Inorganic Chemicals and Textiles. One subsidiaries is engaged in IT Enabled Services which are categorised as " Others".

Secondary segment reporting is performed on the basis of the geographical location of customers distinguished between India and Rest of the World.

BUSINESS SEGMENT (₹ in Lacs)

Particulars	Inorganic Chemicals		Textiles		Others		Total	
	Apr.11-Mar.12	Apr.10-Mar.11	Apr.11-Mar.12	Apr.10-Mar.11	Apr.11-Mar.12	Apr.10-Mar.11	Apr.11-Mar.12	Apr.10-Mar.11
SEGMENT REVENUE								
External Revenue	115,108.06	92,833.48	82,356.86	64,561.10	-	1,409.90	**197,464.92**	**158,804.48**
Less : Inter Segment Revenue							**-**	**-**
Total Revenue	**115,108.06**	**92,833.48**	**82,356.86**	**64,561.10**	**-**	**1,409.90**	**197,464.92**	**158,804.48**
SEGMENT RESULT							**26,170.73**	**18,830.82**
Unallocated Corporate Expenses.							**1,215.62**	**1,087.40**
Operating Profit							**24,955.11**	**17,743.42**
Interest Expenses							**21,319.51**	**15,167.03**
Interest Income							**-**	**-**
Other Income							**914.43**	**2,176.10**
Unallocated Corporate Other Income							**18.25**	**153.42**
Total Other Income							**932.68**	**2,329.52**
Profit from Ordinary Activities							**4,568.28**	**4,905.91**
Exceptional Items							**-**	**(1,838.03)**
NET PROFIT BEFORE TAXES							**4,568.28**	**3,067.88**
OTHER INFORMATION								
Segment Assets	195,090.77	201,286.88	97,917.81	101,613.91	2,361.49	2,156.71	**295,370.07**	**305,057.50**
Unallocated Corporate . Assets							**1,284.16**	**938.57**
Total Assets	**195,090.77**	**201,286.88**	**97,917.81**	**101,613.91**	**2,361.49**	**2,156.71**	**296,654.23**	**305,996.07**
Segment Liabilities	130,661.42	126,361.22	49,753.10	54,646.19	47,860.37	41,360.92	**228,274.89**	**222,368.33**
Unallocated Corporate . Liabilities							**20,177.78**	**29,088.83**
Total Liabilities	**130,661.42**	**126,361.22**	**49,753.10**	**54,646.19**	**47,860.37**	**41,360.92**	**248,452.67**	**251,457.16**
Capital Expenditure	1,234.66	2,344.55	1,979.60	6,063.00	-	177.44	**3,214.26**	**8,584.99**
Unallocated Capital Expenditure							**56.16**	**13.35**
Total Capital Expenditure	**1,234.66**	**2,344.55**	**1,979.60**	**6,063.00**	**-**	**177.44**	**3,270.42**	**8,598.34**
Depreciation	7,135.95	7,079.89	3,432.02	2,741.02	-	134.10	**10,567.97**	**9,955.01**
Unallocated Depreciation							**77.53**	**79.15**
Total Depreciation	**7,135.95**	**7,079.89**	**3,432.02**	**2,712.86**	**-**	**134.10**	**10,645.50**	**10,034.16**
Non-Cash Expenses other than Depreciation	-	1.36	-	0.25	3.93	-	**3.93**	**1.61**
Unallocated Non Cash Expenses other than Depreciation							**-**	**-**
Total Non Cash Expenses other than Depreciation	**-**	**1.36**	**-**	**0.25**	**3.93**	**-**	**3.93**	**1.61**

GEOGRAPHICAL SEGMENT

Particulars	India		Rest of The World		Total	
	Apr.11-Mar.12	Apr.10-Mar.11	Apr.11-Mar.12	Apr.10-Mar.11	Apr.11-Mar.12	Apr.10-Mar.11
Segment Revenue	189,673.16	149,663.31	7,791.76	9,141.17	**197,464.92**	**158,804.48**
Carrying Costs of Segment Assets	277,608.87	293,085.68	19,045.36	12,910.39	**296,654.23**	**305,996.07**
Additions to Fixed Assets and Intangible Assets	3,235.91	3,989.95	34.51	4,608.39	**3,270.42**	**8,598.34**

2.33 **Related Party Transactions:**

Related Party

a **Key Management Personnel:**
Mr. R. S. Jalan, Managing Director
Mr. Tej Malhotra, Sr. Executive Director - Operations
Mr. Raman Chopra, Executive Director - Finance

b **Relative of Key Management Personnel:**
Mrs. Bharti Chopra, w/o Mr. Raman Chopra

2.34 **Disclosure of transactions between the Company and related parties and the status of outstanding balances as at 31st March, 2012**

₹ in Lacs

	Type of Transactions	Key Management Personnel	Relative of Key Management Personnel
1	Remuneration	761.83 (942.38)	
2	Leasing and hire purchase transaction		3.30 (3.30)

Figures in brackets relate to period ended 31 March 2011

2.35 Category-wise quantitative data about derivative instruments that are outstanding are disclosed as per the requirement of Accounting Standard - 30 issued by the Institute of Chartered Accountants of India.

	Particulars	No. of Contracts	As at 31st March, 2012			As at 31st March, 2011	
			USD Equivalent (In Lacs)	**INR Equivalent (In Lacs)**	No. of Contracts	USD Equivalent (In Lacs)	INR Equivalent (In Lacs)
a)	Long Term Export Options (Dollar Receivables)	1	**45.00**	**1,795.50**	3	81.00	3,337.41
	Forward (Dollar Receivables)	25	**764.08**	**37,203.72**	47	424.37	20,185.65
	Forward (GBP Receivables)	-	**-**	**-**	3	9.00	657.66
	Forward (EURO Receivables)	4	**16.00**	**1,066.16**	3	24.58	1,602.22
	Forward (Dollar Payables)	2	**5.26**	**269.50**	-	-	-

b) Foreign currency exposures that are not hedged by a derivative instrument or otherwise are

Particulars	As at 31st March, 2012	As at 31st March, 2011
	(₹ in Lacs)	(₹ in Lacs)
Import Payable	**16,193.46**	9575.93
Foreign Currency Loans & Interest thereon	**28,274.95**	13,958.12

2.36 **Deferred Revenue Expenditure:**

Deferred Revenue Expenditure comprises of carrying amount as per Accounting Standard -26 on Intangible Assets issued by the Institute of Chartered Accountants of India.

2.37 **Intangible Assets**

Intangible Asset, meeting the definition as per the provisions of Accounting Standard 26 Intangible Assets issued by the Institute of Chartered Accountants of India, comprises of :

a **Salt Pans**

Expenditure on the development of salt pans is being written off over a period of five years.

b **Software**

Expenditure on purchased software, ERP System and IT related expenses is being written off over a period of three years.

2.38 **Impairment of Assets**

In pursuance of Accounting Standard - 28 - Impairment of Assets issued by the Institute of Chartered Accountants of India, the Company has reviewed its carrying cost of assets with value in use (determined based on future earnings) / net selling price (determined based on valuation). Based on such review, management is of the view that in the current financial year impairment of assets is not considered necessary.

2.39 The details of amounts outstanding to Micro, Small and Medium Enterprises under the "Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under,

Sr. No	Particulars	₹ in Lacs As at 31st March, 2012	₹ in Lacs As at 31st March, 2011
1	Principal amount due and remaining unpaid	-	-
2	Interest due on (1) above and the unpaid interest	-	-
3	Interest paid on all delayed payments under the MSMED Act	-	-
4	Payment made beyond the appointed day during the year	-	-
5	Interest due and payable for the period of delay other than (3) above	-	-
6	Interest accrued and remaining unpaid	-	-
7	Amount of further interest remaining due and payable in succeeding years	-	-

2.40 The shareholders in their Extra Ordinary General Meeting held on 19th March, 2008 had approved the Employees Stock Option Scheme (ESOS 2008). Accordingly, the Employees Stock Option granted pursuant to ESOS 2006 (Series - 1) had been cancelled and equivalent number of options were granted by the compensation committee meeting held on 24th March, 2008. Under ESOS 2008 the compensation committee has assured a minimum price appreciation guarantee @ 20% on the Exercise Price i.e. ₹ 76.95 per share i.e. the latest available closing price prior to the date of grant of options i.e. 24th March, 2008.

As per SEBI (ESOS & ESPS) Guidelines 1999 the Employees Stock Option Scheme is administered by the registered Trust named GHCL Employees Stock Option Trust (ESOS Trust). The Company has advanced interest free loan of ₹ 6,377.36 Lacs (Previous year ₹ 6,403.20 Lacs) to the Trust for the purpose of purchase of shares from the open market for allotment of shares to the eligible employees upon exercising their option from time to time.

The current market value of the shares held by ESOS Trust is lower than the cost of acquisition of these shares by ₹ 5,692 Lacs which is on account of market volatility. The impact of fall in market value, if any would be appropriately considered by the company in its Statement of Profit and Loss at the time of exercise of Options by the eligible employees. As per ESOS scheme, 15, 65,000 option have been vested with the eliglible empolyees as on March 24th 2010 with an exercise period of 4 years ending on 24th March 2014. However none of the employees have exercised the option during the period ended 31 March 2012.

The total number of shares purchased by ESOS Trust was 4,995,386 shares. of these, 1,579,922 shares were illegally sold by a party against which ESOS trust has initiated legal proceedings and has got a favorable award from the Court. Additionally, ESOS Trust had taken a loan of ₹1,057.00 Lacs from various companies and had created a third-party pledge of 2,068,000 shares on behalf of these lender companies. The lender companies could not fulfill their obligations toward the aforesaid third parties and consequently the pledge was invoked by these parties. ESOS trust got a favorable arbitration award against the lender companies whereby the lender companies would restore 2,068,000 shares in favour of ESOS Trust upon ESOS trust repaying their loan of ₹ 967.00 Lacs.

The details as per regulation 12 of SEBI (ESOS & ESPS) Guidelines 1999 are as follows:

	Particulars	Details
a)	No of Options granted	16,55,000) (Each option is equivalent to one equity share on exercise of option)
b)	Pricing Formula	₹ 76.95 (Market Price i.e. the latest available closing price prior to the date of grant of options)
c)	Options lapsed in respect of 5 employees who have left / retired before commencement of vesting period i.e. March 24, 2010.	90,000
d)	Options Vested	15,65,000 (Vesting period is two years from the date of grant i.e. March 24, 2008 to March 24, 2010)
e)	Options Exercised	Nil
f)	Total Number of shares arising as a result of exercise of options	Nil
g)	Option Lapsed during the year *	95,000
h)	No of options vested in respect of employees who retired but not exercised their vested options**	60,000
i)	Variation of Terms of Options	Nil
j)	Money realized by exercise of options	Nil
k)	Total Number of Options in force as at 31st March, 2012	1,470,000
l)	Number of employees to whom options are granted (i) Senior Managerial person	31

Name	No. of Options Granted	Name	No. of Options Granted
Mr. R.S. Jalan	200,000	Mr. BRD Krishnamoorthy	75,000
Mr. Tej Malhotra	125,000	Mr. R S Pandey	75,000
Mr. Raman Chopra	100,000	Mr. N N Radia	75,000
Mr. Sunil Bhatnagar	100,000	Mr. M Sivabalasubramaniun	75,000
Mr. K V Rajendran	100,000	Mr. Neeraj Jalan	75,000

	(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during that year	None
	(iii) Identified employees who where granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	None
m)	Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 "Earning Per Share"	Not Applicable
n)	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	Not Applicable
o)	Weighted Average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Not Applicable
p)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information :	Options are granted at Market price
	Risk - Free interest Rate	Not Applicable
	Expected Life	Not Applicable
	Expected Volatility	Not Applicable
	Expected Dividends	Not Applicable
	The price of the underlying share in the market at the time of grant of option	₹ 76.95 per share

* The stock options in respect of two employees i.e. Mr. Nikhil Sen (75000 options, resigned on 31-3-2011) and Mr. Jagdish Daral (20000 options, resigned on 3-12-2011) have lapsed as they have not exercised their vested options within 60 days of date of their resignations.

** Mr. P Surlivelu (20000 options, retired on 30-4-2010), Mr. N K Masand (20000 options, retired on 30-9-2010) and Mr. T Malayarasan (20000 options, retired on 30-6-2011) have not exercised their vested options.

2.41 Figures pertaining to the Subsidiary Companies have been reclassified wherever necessary to bring them in line with the parent company's Financial Statements.

2.42 The previous year's/corresponding period's figures have been regrouped / reclassified to be in conformity with the Revised Schedule VI of the Companies Act, 1956.

Signature to Note 1 to 2

As per our report attached

For and on behalf of
Jayantilal Thakkar & Co.
Chartered Accountants

(C. V. Thakker)
Partner

For and on behalf of
Rahul Gautam Divan & Associates
Chartered Accountants

(Rahul Divan)
Partner

Place : New Delhi
Date : 30th May 2012

For and on behalf of the Board

Sanjay Dalmia
Chairman

Dr. B.C. Jain
Director

R. S. Jalan
Managing Director

Raman Chopra
Executive Director - Finance

Bhuwneshwar Mishra
General Manager & Company Secretary

Place : New Delhi
Date : 30th May 2012

GHCL Limited

Registered Office : GHCL HOUSE, Opp. Punjabi Hall
Navrangpura, Ahmedabad-380 009

ATTENDANCE SLIP

I hereby record my presence at the Twenty Ninth ANNUAL GENERAL MEETING of the Company held on Thursday, September 20, 2012 at 9:30 a.m. at The Institution of Engineers (India), Gujarat State Centre, Bhaikaka Bhavan, Law College Road, Ahmedabad - 380 006 (Opp. Gajjar Hall).

Folio No. / DPID/CL.ID-No. No. of Shares ....

Names :

SIGNATURE OF THE ATTENDING MEMBER / PROXY

Notes:
1. Shareholder/Proxy holder wish to attend the meeting must bring the Attendance Slip to the meeting and hand over at entrance duly signed.
2. Shareholder/Proxy holder desire to attend the meeting should bring his copy of the Annual Report for reference at the meetings.

GHCL Limited

Registered Office : GHCL HOUSE, Opp. Punjabi Hall
Navrangpura, Ahmedabad-380 009

PROXY FORM

I/We .... of ....

.... in the district of... being a Member/Members of

the above named Company, hereby appoint.. of

........................in the District of................................. or failing him ....of

........................in the District of.. as my/our Proxy to

attend and vote for me/us and on my/our behalf at the Twenty Ninth Annual General Meeting of the Company, to be held on Thursday, September 20, 2012 at 9:30 a.m. and at any adjournment thereof.

Signed this.. day of 2012

Reference Folio:/DPID/CL.ID

Signature

Affix
Re. 1
Revenue
stamp

No. of Shares: ....

Note: The Proxy Form should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of Meeting.

Book-Post

If undelivered, please return to:

GHCL

GHCL Limited

Registered Office:
"GHCL HOUSE" Opp. Punjabi Hall, Navrangpura, Ahmedabad - 380 009 (Gujarat)
www.ghclindia.com

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