



CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR ENDED MARCH 31, 2008

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

1. Company's Philosophy on Code 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 principle 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, 2008 is given herein below:

| COMPOSITION OF BOARD OF DIRECTORS AS ON MARCH 31, 2008 | | | |
|---|---|-------------------------|---------------------------------------|
| Category | Name of Directors | No. of Directors | % of total number of Directors |
| Promoter - Non Executive Director | Mr. Sanjay Dalmia | 3 | 25.00% |
| | Mr. Anurag Dalmia | | |
| | Mr. Neelabh Dalima | | |
| Promoter Nominee - Non Executive Director | Mr. Naresh Chandra | 2 | 16.67% |
| | Mr. S H Ruparell (Mr Mahesh Kheria – Alternate Director) | | |
| Non Executive - Independent Director | Dr. B C Jain | 3 | 25.00% |
| | Mr. H H Faruqi | | |
| | Mr. Jagdish Capoor | | |
| Representing Lending Institutions | Mr. G A Tadas – Nominee IDBI | 2 | 16.67% |
| | Mr. R W Khanna – Nominee EXIM Bank | | |
| Executive Directors | Mr. R S Jalan – Managing Director | 2 | 16.67% |
| | Mr. Tej Malhotra – Sr. Executive Director (Operations) | | |
| | TOTAL NO. OF DIRECTORS | 12 | 100% |



The Board of GHCL Limited consists of 12 Directors, 10 of whom are Non Executive Directors. The Company has a Non Executive Director as Chairman and hence the requirement that at least one third of the Board shall comprise of Non Executive Independent Directors is complied with as the Company has 5 Non Executive 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, 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 Grievance Committee, Remuneration Committee and Audit 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 and agenda is circulated to the Directors at least seven days before the meeting. During the financial year ended March 31, 2008, six Board Meetings were held on April 30, 2007, June 16, 2007, July 29, 2007, October 30, 2007, January 28, 2008 and March 24, 2008. The gap between any two Meetings has been less 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, 2008 is given herein below:

| SL. NO. | NAME | DATE OF BOARD MEETING | | | | | | AGM ATTENDANCE |
|---------|--|-----------------------|---------------|---------------|------------------|---------------|----------------|----------------|
| | | APRIL 30, 2007 | JUNE 16, 2007 | JULY 29, 2007 | OCTOBER 30, 2007 | JAN. 28, 2008 | MARCH 24, 2008 | |
| 1 | Mr Sanjay Dalmia | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 2 | Mr Anurag Dalmia | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 3 | Mr Neelabh Dalmia | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 4 | Dr. B C Jain | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 5 | Mr Jagdish Capoor | Yes | No | Yes | Yes | No | Yes | Yes |
| 6 | Mr H H Faruqi | Yes | Yes | Yes | Yes | No | No | Yes |
| 7 | Mr G A Tadas – Nominee IDBI | No | Yes | Yes | Yes | Yes | Yes | Yes |
| 8 | Mr R W Khanna – Nominee EXIM Bank | No | Yes | Yes | Yes | Yes | Yes | No |
| 9 | Mr Naresh Chandra | No | No | No | No | Yes | No | No |
| 10 | Mr Mahesh Kheria (Alt. to Mr S H Ruparell) | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 11 | Mr R S Jalan | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 12 | Mr Tej Malhotra | Yes | Yes | Yes | Yes | Yes | No | Yes |
| 13 | Mr P Sampath ³ | Yes | Yes | Yes | Yes | N/A | N/A | 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 Board Meeting.

2. Mr. Jagdish Capoor, Mr. Neelabh Dalmia and Mr. Sanjay Dalmia, are Directors retiring by rotation and are eligible for re-appointment. Information as required under Clause 49(VI) of the Listing Agreement is annexed to the notice of the AGM.

3. Mr. P Sampath, was Managing Director and on the Board of the Company till October 30, 2007.

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, 2008 and the same is reproduced herein below:

| Sl. No. | Name | 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 |
|---------|---|---|---|---|
| 1 | Mr. Sanjay Dalmia | 2 | - | - |
| 2 | Mr. Anurag Dalmia | 2 | - | - |
| 3 | Mr. Neelabh Dalmia | - | - | - |
| 4 | Dr. B C Jain | - | - | - |
| 5 | Mr. Jagdish Capoor | 5 | 2 | 1 |
| 6 | Mr. H H Faruqi | - | - | - |
| 7 | Mr. G A Tadas | - | - | - |
| 8 | Mr. R W Khanna | 1 | - | - |
| 9 | Mr. S H Ruparell Mr. Mahesh Kheria (Alt. to Mr. S H Ruparell) | NA | NA | NA |
| 10 | Mr. Naresh Chandra | 1 | 1 | - |
| 11 | Mr. R S Jalan | - | - | - |
| 12 | Mr. Tej Malhotra | - | - | - |

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, 2008, 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 GHCL Limited has reviewed the financial statements of its subsidiaries.

The requirement of appointment of an Independent Director of GHCL Limited on the Board of 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 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 performance of 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.

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 for any other services.
- c. Reviewing with management the annual financial statements before submission to the Board, 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
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgement by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and 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, performance of the statutory and internal auditors' and adequacy of internal control systems.
- e. 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.
- f. Discussion with internal auditors any significant findings and follow up there on.
- g. 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.
- h. 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.
- i. Reviewing the company's financial and risk management policies.
- j. 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.



Executive summary of the Audit Committee Meetings are placed before the immediate next Board Meeting held after the Audit Committee 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 to the Directors at least seven days before the meeting.

During the financial year ended March 31, 2008, the Audit Committee of the Board met six times and as per requirement of the Listing Agreement, the gap between any two meetings of the Committee is less than four month. 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 Committee Members | | | |
|-------------------------------------|---|---|--|---|
| | Dr. B C Jain - Chairman of the Committee | Mr. Jagdish Capoor | Mr. H H Faruqi | Mr. G A Tadas |
| Category | Independent Director (Expertise in Finance, Banking & Accounting) | Independent Director - (Expertise in Finance, Banking & Accounting) | Independent Director - (Expertise in Finance & Accounting) | Nominee Director - IDBI Ltd (Expertise in Finance & Accounting) |
| Date of the Meeting | | | | |
| April 30, 07 | Yes | Yes | Yes | No |
| June 16, 07 | Yes | No | Yes | Yes |
| July 29, 07 | Yes | Yes | Yes | Yes |
| Oct. 06, 07 | Yes | Yes | Yes | No |
| Oct. 30, 07 | Yes | Yes | Yes | Yes |
| Jan. 28, 08 | Yes | No | No | Yes |
| Whether attended Last AGM (Yes/ No) | Yes | Yes | Yes | Yes |

Note: Managing Directors, Chief Financial Officer, Chief Accounts Officer, Statutory Auditors were invitees to the Audit Committee Meetings whenever required. Secretary of the Company is the Secretary of the 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 24th Annual General Meeting held on July 30, 2007 to answer the queries of shareholders.

As required under Clause 49(III) (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. 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 recommend 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 package which is appropriate for the responsibilities involved. The Committee is also having ultimate control over the GHCL Employees Stock Option Trust and regulates its affairs through appointed Trustees.

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 in advance.

During the financial year ended March 31, 2008, the Remuneration Committee met five times. 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, 2008 | | | |
|--|--|--|--|
| Name of the Committee Members | | | |
| | Mr. Sanjay Dalmia- Chairman of the Committee | Dr. B C Jain | Mr. H.H. Faruqi |
| Category of Director | Non Executive- Director (Industrialist) | Non Executive - Independent Director (Expertise in Finance Banking & Accounting) | Non Executive Independent Director (Expertise in Finance & Accounting) |
| Date of the Meeting | | | |
| April 30, 2007 | Yes | Yes | Yes |
| June 16, 2007 | Yes | Yes | Yes |
| Sept. 1, 2007 | Yes | Yes | Yes |
| Jan. 28, 2008 | Yes | Yes | No |
| Mar. 24, 2008 | Yes | Yes | No |
| Whether attended Last AGM (Yes/No) | Yes | Yes | Yes |

Remuneration Policy:

Payment of remuneration to the Managing / 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.

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.

Details of remuneration, commission and sitting fee paid/payable to the Directors of the Company for the financial year ended March 31, 2008 are given below:



| Non-Wholetime Directors | | (in Rupees) |
|--|------------------|-------------------|
| Name | Sitting Fees | Commission |
| Mr. Sanjay Dalmia | 220,000 | 1,500,000 |
| Mr. Anurag Dalmia | 120,000 | 1,500,000 |
| Mr. Neelabh Dalmia | 120,000 | 1,500,000 |
| Dr. B C Jain | 340,000 | 1,500,000 |
| Mr. Jagdish Capoor | 160,000 | 1,500,000 |
| Mr. H H Faruqi | 240,000 | 1,500,000 |
| Mr. G A Tadas – Nominee IDBI* | 180,000 | 1,500,000 |
| Mr. R W Khanna– Nominee EXIM Bank* | 100,000 | 1,500,000 |
| Mr. Naresh Chandra | 20,000 | 1,500,000 |
| Mr. Mahesh Kheria (Alternate to Mr S H Ruparell) | 120,000 | 1,500,000 |
| TOTAL | 1,620,000 | 15,000,000 |

Note: Commission payable to all or any one of the Non Whole Time Director 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 to which they represent.

| Whole Time Directors | | (in Rupees) |
|---|---|-------------|
| Name | Salary and other perquisites ^c | Commission |
| Mr R S Jalan, Managing Director | 9,675,648 | 15,600,000 |
| Mr P Sampath, Managing Director (upto October 30, 2007) | 9,082,897 | 9,100,000 |
| Mr Tej Malhotra, Sr. Executive Director | 4,990,460 | 8,800,000 |
| Total | 23,749,005 | 33,500,000 |

- 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.
- Presently the Company has a scheme of Stock Options for its employees including Whole Time Directors of the Company.
- Salary and perquisites Includes Company's contribution to Provident Fund, Superannuation Fund and premium on gratuity policy.
- Commission payable to Mr. P Sampath is pro rata for his period of service and salary & perquisites paid to him includes Gratuity and Leave Encashment

(iii) Share Transfer and Grievance Handling Committee:

The Board had constituted the Share Transfer & Investors Grievance Committee. The Board reconstituted this committee on October 30, 2007 and Mr. H. H. Faruqi, Director of the Company was inducted as a member of the Committee. 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 at least

once in a week to expedite all matters relating to Shareholders / Investors Grievances received and pending during the previous week. During the financial year ended March 31, 2008, fifty one Meetings of the Committee were held.

The composition of Committee as on March 31, 2008 is as under:

| S. No | Name | Status |
|-------|--------------------|----------|
| 1 | Mr. Anurag Dalmia | Chairman |
| 2 | Mr. Neelabh Dalmia | Member |
| 3 | Mr. H H faruqi | Member |
| 4 | Mr. R S Jalan | Member |
| 5 | Mr. Mahesh Kheria | 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 6 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 to and the Company has furnished necessary documents / information to the shareholders.

Status of total complaints received during the financial year ended March 31, 2008:

| Sl. No. | Type of Complaints | Total No. of Complaints received during the financial year ended March 31, 2008 | Total No. of Complaints resolved during the financial year ended March 31, 2008 | No. of Complaints pending as on March 31, 2008 |
|---------|---------------------------------------|---|---|--|
| 1 | Non-receipt of dividend | 262 | 262 | 0 |
| 2 | Share transfer including Dmat request | 96 | 96 | 0 |
| 3 | Non receipt of Annual Report | 32 | 32 | 0 |
| | Total | 390 | 390 | 0 |

The Share Transfer and Investors Grievance Committee reviews 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. Bhuvneshwar Mishra, Company Secretary of the Company was present at all Meeting of the Committee as the Secretary of the Committee.

Mr. Bhuvneshwar Mishra, Company Secretary is the Compliance Officer of the Company alongwith Mr. Pramod Mehendale, Intime Spectrum Registry Limited (Share Transfer Registrar 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. The Board reconstituted this committee on October 30, 2007 and Mr. Neelabh Dalmia, Director of the Company was inducted as a member of the Committee. 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 Committee as on March 31, 2008 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 – Sr. Executive Director (Operations) | Member |

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 |
|------------------------|-------------------|----------|--|
| 2006-07 (15 months) | July 30, 2007 | 10.15 AM | The Institution of Engineers (India), Gujarat State Centre, Bhaikaka Bhavan, Law College Road, Ahmedabad-380 006 |
| 2005 (9 months) | June 19, 2006 | 10.30 AM | The Institution of Engineers (India), Gujarat State Centre, Bhaikaka Bhavan, Law College Road, Ahmedabad-380 006 |
| 2004-2005 | September 2, 2005 | 10.30 AM | The Institution of Engineers (India), Gujarat State Centre, Bhaikaka Bhavan, Law College Road, Ahmedabad-380 006 |

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 2006-07 (15 months) :

No special resolution was passed at the 24th Annual General Meeting held on July 30, 2007.

Year 2005 (9 months):

- Payment of Commission to Non Executive Directors
- Approval of Employees Stock Options Scheme (ESOS)
- Increase of Foreign Institutional Investors (FIIs) investment limit upto 49%

Year 2004-05 :

- Alteration of Articles of Association
- Issue of securities in foreign markets / international offer
- Issue of warrants convertible into equity shares on preferential basis
- Payment of Sitting Fees and Commission to Non Executive Directors

Extraordinary General Meeting

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

Year 2007-08 :

The following special resolutions were passed in the Extraordinary General Meeting held on March 19, 2008:

- Approval of Employees Stock Options Scheme (ESOS)
- Approval of Employees Stock Options to employees of subsidiary companies.

Year 2006-07 (15 months):

The following special resolution was passed in the Extraordinary General Meeting held on August 4, 2006:

- Issue of warrants convertible into equity shares on preferential basis to the Promoter's company

Year 2005 (9 months):

No special resolution was passed during the financial year ended on December 31, 2005.

- (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) All Special Resolutions moved at the above AGMs and EGMs were unanimously passed by a show of hands by the shareholders present at the meeting and no resolutions were put to vote by postal ballot.

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.

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

6. Means of communications:

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

Pursuant to the requirement of Clause 51 of Listing Agreement, Company has also posted its quarterly and half yearly results through Electronic Data Information Filing and Retrieval (EDIFAR) on the website www.sebi.edifar.nic.in

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.

| 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, 2008 |
| 1 | English Newspapers in which quarterly results were published | Business Standard | July 31, 2007 | October 31, 2007 | January 29, 2008 | June 30, 2008 | June 30, 2008 |
| | | The Economic Times | August 1, 2007 | November, 1 2007 | January 30, 2008 | - | - |
| 2 | Vernacular Newspapers in which quarterly results were published | Jai Hind (Gujarati) | July 31, 2007 | October 31, 2007 | January 29, 2008 | June 30, 2008 | June 30, 2008 |
| 3 | Website Address of the Company on which financial results are posted | www.ghcl.co.in | | | | | |
| 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, 2008 |
| | Name of Stock Exchange (s) | Website Address (es) | Date of Filing of Results | | | | |
| | National Stock Exchange of India Limited (NSE) | www.nseindia.com | July 29, 2007 | October 30, 2007 | January 28, 2008 | June 28, 2008 | June 28, 2008 |
| | The Bombay Stock Exchange Ltd. (BSE) | www.bseindia.com | July 29, 2007 | October 30, 2007 | January 28, 2008 | June 28, 2008 | June 28, 2008 |

During the financial year ended March 31, 2008, the Company has made the following press release and the same has been communicated to the Stock Exchanges.

May 8, 2007 : GHCL Bags \$ 100 Million Order from Starwoods Hotels

March 24, 2008 : GHCL Restructures its Business

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:

| Sl. No. | Particulars | Details | | |
|---------|--|--|------------|--|
| 1 | Annual General Meeting | Friday, September 12, 2008 | 10:00 AM | The Institution of Engineers (India), Gujarat State Centre, Bhaikaka Bhavan, Law College Road, Ahmedabad - 380 006 |
| 2 | Financial Calendar | | | |
| | Financial Reporting for - Quarter - I (ending June 30, 2008) | 3rd / 4th week of July 2008 | | |
| | Financial Reporting for - Quarter - II (ending September 30, 2008) | 3rd / 4th week of October 2008 | | |
| | Financial Reporting for - Quarter - III (ending December 31, 2008) | 3rd / 4th week of January 2009 | | |
| | Financial Reporting for - Quarter - IV (ending March 31, 2009) | 3rd / 4th week of April 2009 | | |
| 3 | Date of Book Closure | Friday September 5, 2008 to Friday September 12, 2008 (both days inclusive) | | |
| 4 | Dividend Payment | Final Dividend @ 24% (i.e. Rs. 2.40 per share) will be paid on or after Tuesday September 16, 2008, 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 |
| | | The Stock Exchange, Mumbai, 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. Sahajan and College, Ahmedabad - 380 015 | 20850 | INE 539 A01019 |
| 6 | Listing Exchange of Foreign Currency Convertible Bonds | Singapore Stock Exchange | - | XS0229495782 |
| 7 | Listing fees: | Listing fee for all the aforesaid Stock Exchanges have been paid for the financial year ended March 31, 2008 | | |
| 8 | Details of Registrar and Share Transfer Agent | Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078. | | |
| | | Phone: 022 25963838, Fax: 022 25946969 (Email : isrl@intimespectrum.com) | | |
| 9 | Outstanding GDRs/ADRs/Warrants or any convertible instruments: | | | |
| | 1. The Company had issued an aggregate of US\$ 80.5 million Foreign Currency Convertible Bonds (FCCBs) at a coupon rate of 1%. The subscribers have an option to convert bonds into shares at a price based on price mechanism determined in the offering documents. Presently bond can be converted at a price of Rs. 159.5748 per share. Such conversion option is exercisable between September 2006 to March 2011. During the financial year, two Bondholders have exercised their option of conversion. The Company has allotted 143625 equity shares of Rs. 10/- each at a premium of Rs. 149.5748 on December 5, 2007 against conversion of USD 0.50 million FCCBs and allotted 287250 equity shares of Rs. 10/- each at a premium of Rs. 149.5748 on December 10, 2007 against conversion of USD 1.00 million FCCBs. After conversion, the outstanding FCCBs is USD 79.00 million and the paid up share capital of the Company is Rs. 1,000,192,860/- divided into 100019286 equity shares of Rs. 10/- each. | | | |
| | 2. The Company has issued 45,00,000 warrants convertible into equity shares on preferential basis to the promoter company, against which 10% of the issue price has been received. The warrant holders are entitled to one equity shares of Rs. 10/- each at a price of Rs. 147.94 each, in accordance with SEBI (DIP) guidelines, at any time within eighteen months from the date of allotment of warrants i.e. October 23, 2006. Subsequent to the year end the promoter company has not exercised the option of conversion on or before the specified date due to the injunction order obtained by a shareholder from the court. | | | |
| 10 | 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 Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078. Phone: 022 25963838, Fax: 022 25946969 (Email : isrl@intimespectrum.com) | | | |
| | For General Correspondence: GHCL Limited, "GHCL House" Opp. Punjabi Hall, Near Navrangpura, Ahmedabad - 380 009. Phone : 079 -26427818/26442677, 079-30918905, Fax: 079-26423623 | | | |
| 11 | Dematerialization of Shares and Liquidity: 92.88% of the outstanding shares are in dematerialized form as on March 31, 2008. 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 | | | |
| 12 | 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 | | | |



MONTHWISE STOCK MARKET DATA (BSE & NSE) RELATING TO EQUITY SHARES OF THE COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2008

| Months of the financial year | BSE, MUMBAI | | | NSE, MUMBAI | | |
|------------------------------|-------------|--------|-----------------|-------------|--------|-----------------|
| | Share Price | | Traded Quantity | Share Price | | Traded Quantity |
| | High | Low | | High | Low | |
| 2007-08 | | | | | | |
| April 07 | 185.35 | 133.80 | 3663956 | 185.00 | 134.10 | 7962948 |
| May 07 | 148.40 | 122.50 | 6121186 | 149.50 | 122.75 | 8824200 |
| June 07 | 134.60 | 123.85 | 2175269 | 134.65 | 124.30 | 3512408 |
| July 07 | 133.50 | 120.05 | 2774983 | 133.35 | 119.60 | 3730277 |
| August 07 | 125.00 | 111.00 | 1475116 | 123.00 | 111.00 | 2535730 |
| September 07 | 165.00 | 113.50 | 3801593 | 170.00 | 114.10 | 8745244 |
| October 07 | 160.00 | 135.00 | 2720321 | 168.00 | 136.00 | 5610543 |
| November 07 | 177.90 | 140.00 | 2336839 | 179.00 | 135.20 | 6245357 |
| December 07 | 208.40 | 163.10 | 4803051 | 209.90 | 163.00 | 8194677 |
| January 08 | 189.00 | 97.40 | 5072306 | 189.90 | 97.35 | 8369721 |
| February 08 | 148.00 | 110.60 | 2852400 | 147.00 | 111.45 | 6741155 |
| March 08 | 121.50 | 67.50 | 11135890 | 123.00 | 67.20 | 17380688 |

Performance in comparison to broad based indices such as NSE



| Financial Year | Date of AGM | Due for Transfer to IEPF |
|-----------------|-------------|--------------------------|
| 2000-01 | 21-09-2001 | September 2008 |
| 2001-02 | 24-09-2002 | September 2009 |
| 2002-03 | 26-09-2003 | September 2010 |
| 2003-04 | 24-09-2004 | September 2011 |
| 2004-05 | 02-09-2005 | September 2012 |
| 2005 (9 months) | 19-06-2006 | June 2013 |

Shareholders Referencer

Unclaimed Dividend

Pursuant to Section 205 A of the Companies Act, 1956 unclaimed dividend for the financial years 1999-2000 have been transferred to the Investors Education and Protection Fund established by the Central Government (IEPF) pursuant to Section 205 C 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 year 1999-2000.

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 the 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.

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2008

| No. of Shares held of Rs. 10 each between | No. of shareholders | % of total share holding | No. of shares | % of total shares | |
|---|---------------------|--------------------------|----------------|-------------------|----------------|
| From | To | | | | |
| 1 | 2500 | 39998 | 77.13% | 4372809 | 4.37% |
| 2501 | 5000 | 7215 | 13.91% | 2914284 | 2.91% |
| 5001 | 10000 | 2682 | 5.17% | 2312948 | 2.31% |
| 10001 | 20000 | 1011 | 1.95% | 1606774 | 1.61% |
| 20001 | 30000 | 281 | 0.54% | 726107 | 0.73% |
| 30001 | 40000 | 121 | 0.23% | 444732 | 0.44% |
| 40001 | 50000 | 112 | 0.22% | 541906 | 0.54% |
| 50001 | 100000 | 134 | 0.26% | 1002293 | 1.00% |
| 100001 | Above | 306 | 0.59% | 86097433 | 86.08% |
| | | 51860 | 100.00% | 100019286 | 100.00% |



SHAREHOLDING PATTERN AS ON 31ST MARCH 2008

| Category | No of shares held | % of shareholding |
|---|-------------------|-------------------|
| A Promoters Holding | | |
| 1 Indian Promoters | 41383607 | 41.38% |
| Foreign Promoters | 5507900 | 5.51% |
| Others | | |
| Trust | 152000 | 0.15% |
| Directors & relatives | 30050 | 0.03% |
| Sub-Total | 47073557 | 47.06% |
| B Non-Promoters Holding | | |
| 3 Institutional Investors | | |
| Mutual Funds and UTI | 371913 | 0.37% |
| Banks, Financial Institutions & Insurance Companies | 6823307 | 6.82% |
| FII's | 1003370 | 1.00% |
| Foreign Mutual Fund | 261568 | 0.26% |
| Sub-Total | 8460158 | 8.46% |
| 4 Non-institutional Investors | | |
| Bodies Corporate | 22588686 | 22.58% |
| Indian public | 14536013 | 14.53% |
| NRIs & Foreign Companies | 1682059 | 1.68% |
| Others | 5678813 | 5.68% |
| Sub-Total | 44485571 | 44.48% |
| Grand Total | 100019286 | 100.00% |

Plant Locations:

| | |
|----------------------------------|---|
| Soda Ash Plant | Village: Sutrapada Near Veraval, Dist. Junagadh – 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, Distt. Valsad, Gujarat-396105, India |
| ITES Division | C – 39 Sector – 58, NOIDA |
| 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 have affirmed compliance with the Code of Conduct.

For GHCL LIMITED

Sd/-
R S Jalan
Managing Director

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, 2008 and that to the best of my 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
 - (iii) 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 10, 2008

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 year ended on 31st March, 2008, 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
(C. V. THAKKER)
Partner
Membership No: 6205

For and on behalf of
RAHUL GAUTAM DIVAN & ASSOCIATES
Chartered Accountants
(RAHUL DIVAN)
Partner
Membership No: 100733

Place : New Delhi
Date : June 28, 2008