



GWALIOR CHEMICAL INDUSTRIES LIMITED

24th Annual Report 2007-2008



24th Annual Report 2007-2008

Board of Directors

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

Company Secretary

Mr. Sanjeev Pathak

Chief Financial Officer

Mr. Gaurav Shyamsukha

Auditors

Sarda & Pareek
Chartered Accountants

Registered Office

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

Corporate Office

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

Works

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

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

Bankers & Financial Institutions

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

Registrar and Share Transfer Agent

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

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GWALIOR CHEMICAL INDUSTRIES LIMITED

NOTICE

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

Ordinary Business:

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

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

By Orders of the Board

Place: Mumbai
Date : 27th May, 2008.

Sanjeev Pathak
Company Secretary

Notes :

1. The relevant details as required by clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment / re-appointment as Directors under item Nos. 3 & 4 above, are annexed.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 18th July, 2008 to 28th July, 2008 (both days inclusive).
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
The Proxy duly completed and signed must be deposited at the Corporate Office of the Company not less than 48 hours before the Meeting.
4. The members / proxies are requested to bring duly filled in Attendance Slips for attending the Meeting and Members/proxies are also requested to bring a copy of the Annual Report along with them to the Meeting.
5. The dividend, if declared, as recommended by the Board of Directors is approved at the Annual General Meeting, payment of such dividend will be made on or after 29th July, 2008 as under:
 - To all beneficial owners in respect of shares held in electronic form as per the data as may be made available by the National Securities Depository Limited and the Central Depository Services (India) Limited as of the close of business hours on 17th July, 2008.
 - To all Members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer request lodged with the Company on or before the close of business hours on 17th July, 2008.
6. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository account will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any changes of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
7. Members holding shares in physical form are requested to immediately notify change of address, if any, to the Company's Registrars and Share Transfer Agents, M/s. Intime Spectrum Registry Ltd., C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai – 400078. Members holding shares in electronic form must send the advice about changes in address to their respective Depository Participant only and not to the Company or Company's Registrar and Share Transfer Agents.
8. All documents referred to in the accompanying notice are open for inspection at the Corporate Office of the Company on all working days, except Saturdays between 11.00 A.M. to 1.00 P.M.
9. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the Meeting so that the information required may be made available at the Meeting.
10. As per the provisions of the Companies Act, 1956, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The Nomination Form-2B prescribed by the Government can be obtained from the Share Transfer Agent or may be down loaded from the website of the Department of Company Affairs.
11. Members are requested to note that as prescribed by Securities and Exchange Board of India (SEBI), trading in securities of the Company is in dematerialized form only. Hence, Members who are yet to dematerialize their shares are advised to do so. The Company has entered into agreements with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).



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

STATEMENT REGARDING THE DIRECTORS PROPOSED FOR RE-APPOINTMENT

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

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

Place: Mumbai
Date : 27thMay, 2008.

By Orders of the Board

Sanjeev Pathak
Company Secretary

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

Dear Shareholders,

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

1. Financial Results

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



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2. Financial Performance

(a) Results of Operations

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

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

(b) Export

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

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

3. Management Discussions and Analysis Report

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

4. Dividend

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

5. Directors

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

6. Initial Public Issue

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

IPO proceeds utilisation statement

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

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

7. Expansion Plans and the year under review:

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

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

New Scheme [under formulation]:-

Cogeneration Power Plant

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

The year under review:

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

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



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8. ISO Certification

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

9. RBNQA Certificate of Merit 2007

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

10. Director's Responsibility Statement

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

- i) in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures., if any.
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that.
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the attached Statement of Accounts for the year ended 31st March 2008 on a 'going concern' basis.

11. Appointment of the Statutory Auditors:

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

12. Subsidiary Company:

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

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

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Your Company has also incorporated a wholly owned Indian Subsidiary in the name of GCIL Finance Limited with the initial paid up capital of 250 lacs. Application for registration of the same as NBFC has been made with the Reserve Bank of India and license for the same is expected.

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies is given in Annexure – A to the report.

13. Insurance

The Company's assets continued to be adequately insured against the risk of Fire, Riot, Earthquake, loss of profits, etc. The major insurance policies renewed by the Company during the year and sum insured are as follows: -

Policy Particulars	Sum Insured (Rs in Lacs)
Standard Fire and Special Perils Policies (All manufacturing units of GCIL)	29900
Director's & Officer's Liability Policy	300
Consequential Loss of Profit Policy	15000
Public Liability (Act) Policy	500
Public Liability (Market Agreement) Policy for Transportation Cover	50
Machinery Breakdown Policies	149
Group Personal Accident Policy for Employees	2854

14. Fixed Deposits

The Company has not accepted or renewed any fixed deposit from the public during the year under review.

15. Personnel

Personal relations with all employees and workers remained cordial and harmonious throughout the year. Your directors wish to place on record their sincere appreciation for the devoted services of all the employees and workers of the company.

16. Particulars of employees

Particulars of employees who are in receipt of remuneration prescribed under section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employees), Rules 1975, as amended, are enclosed as Annexure – B to the Report.

17. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars as required under 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 set out in the Annexure attached to this Directors' Report.



18. Safety, Health & Environment (SHE)

The Company is committed to conducting its operation with due regard to the environment and providing safe and healthy work place for employees. The collective endeavor of the company's employees at all level is directed towards sustaining and continuously improving standards of SHE in a bid to attain and exceed international benchmarks. The world class practices like TPM, ISO systems and periodical audits are in place to ensure the compliances and to improve the standards.

19. Corporate Governance

The Company has taken requisite steps to comply with the recommendations concerning the Corporate Governance. A Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of this Report.

A Separate report on Corporate Governance forms part of this Annual Report.

20. Acknowledgement

Your Directors express their sincere thanks to the Financial Institutions, Bankers, Stock Exchanges, regulatory agencies, Central and State Government Authorities particularly in Madhya Pradesh, Customers, Suppliers and other business associates for their continued cooperation and patronage. The Company is thankful to the shareholders for reposing trust in the Company and their unflinching enthusiasm and patronage. We are fully appreciative of the contribution made by the employees at all levels for the continued growth and performance by the Company.

On behalf of the Board of Directors

K. N. Luhariwala
Executive Director

V. P. Biyani
Executive Director

Date: 27th May 2008

Place: Mumbai

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FORM 'A'

Disclosure of particulars with respect to Conservation of Energy: -

A POWER CONSUMPTION	2007-2008	2006-2007
1. Electricity		
a. Purchased		
Units	(Kwh)	13660291
Total Amount	(Rs.)	11234392
Rate/Unit	(Rs./Kwh)	59478299
b. Own Generation [DG Set]		
Units	(Kwh)	444736
Total Amount	(Rs.)	520660
Rate/unit	(Rs./Kwh)	4270382
c. Own Generation [Wind Mill]		
Units	(Kwh)	544764
Total Amount	(Rs.)	642269
Rate/Unit	(Rs./Kwh)	2074079
		3.80
		3.05
B UNIT CONSUMPTION PER TON OF PRODUCTION		
Products – Chloro Toluene Products & Others.		
(Gross Production) in M T (Excluding HCL)	100484	6882
Electricity (Kwh/Ton) Units	146	180
C FOREIGN EXCHANGE EARNINGS & OUTGO		
1. Total Foreign Exchange Earning -		
F.O.B. Value of Export (Rs in lacs)	8776.34	7612.33
2. Total Foreign Exchange used (Rs in lacs)	5184.68	1514.92

On behalf of the Board of Directors

K. N. Luhariwala
Executive Director

V. P. Biyani
Executive Director

Date: 27th May 2008

Place: Mumbai



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ANNEXURE - A

Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies.

Name of the Subsidiary Company		GCIL Finance Limited – India	Gwalior Chemicals bvba – Belgium	Gwalior Chemicals LLC – USA
The Financial Year of the Subsidiary Company ended on		Newly Incorporated	31.03.2008	Newly Incorporated
Number of Shares held and extent of holding thereof by the holding company, at the above date				
a)	The number of equity shares	25,00,000	100	*Nil as on date
b)	Face Value of each share	Rs. 10 (Ten)	€ 186	\$ 1 (One)
c)	Extent of holding in percentage terms	100 %	100 %	100%
The net aggregate profits or (losses) of the Subsidiary Company for the current financial year so far as it concerns the member of the holding company		N. A (Newly Incorporated)	1248 Euro	N. A (Newly Incorporated)
The net aggregate profits or (losses) of the Subsidiary Company for the previous financial year so far as it concerns the member of the holding company		N. A	3165 Euro	N. A (Newly Incorporated)

* Note: Gwalior Chemicals LLC have been incorporated in the USA on 5th May, 2008, however nothing has been contributed to the paid up capital of the Company as of date.

On behalf of the Board of Directors

K. N. Luhariwala
Executive Director

Date: 27th May 2008

Place: Mumbai

V. P. Biyani
Executive Director

ANNEXURE - B

Information as per Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors Report for the year ended March 31, 2008.

Name and Age of the employee	Designation	Qualifications	Date of Joining	Experience	Gross Remuneration	Nature of Employment	Nature of Responsibilities
Shri. Ashwin Kumar Kothari – 65 Years	Chairman and Executive Director	Graduates in Chemical Sciences from Massachusetts Institute of Technology, USA.	Since Inception	30 Years	39,30,605	Shareholders Resolution	Looks after Business Strategy and Manages New Projects
Shri. Harisingh Shyamsukha – 57 Years	Executive Director	Chemical Engineer from Jadhavpur University, west Bengal.	Since Inception	30 Years	39,30,605	Shareholders Resolution	Looks after the new product development and international marketing.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Developments:

The Indian chemical industry is one of the fastest growing sectors of Indian economy. It contributes 13% to the India's gross domestic product. The chemical industry in India is fragmented and dispersed with several companies having varied product portfolios. In India, chemicals are sold directly to large customers and through distribution channels. Distribution channels mostly consist of stockists and dealers spread all over India addressing small segments and retail market. The industry is a vital part of the agriculture and industrial development of India.

The Indian chemical Industry is highly heterogeneous and consists of various major sectors like Specialty and Fine Chemicals, Bulk Drugs, Agrochemicals, Inorganic Chemicals, Organic Chemicals, Petrochemicals

Gwalior Chemical Industries Ltd., is one of the leading producers of niche chemicals in India for agrochemicals, pharmaceuticals, flavours & fragrance and dye & paint industries. Our business mainly comprises of manufacturing and marketing of chlorinated compounds and their derivatives. Our range of chlorinated compounds primarily includes Chlorotoluene and Sulphur Chlorides ranges. In the Chlorotoluene range the primary products are Benzyl Chloride, Benzal Chloride and Benzaldehyde, Benzyl Alcohol. In Sulphur Chlorides range the main products are Thionyl Chloride, Sulphuryl Chloride and Sulphurdichloride. The company has developed the network to serve directly the customers to their maximum benefit for cost and delivery.

Organizational Culture:

The company aims to maximize production efficiency and customer delight by involving all people and functions to prevent losses by maintaining Zero Accident, Zero Breakdown, Zero Customer Complaint, Zero Defect, Zero Environment Pollution through a continual process of improvement.

Our Mission	To produce and market world class specialty and fine chemicals to create value for all stakeholders and society.
Our Values	Integrity, Innovation, Team Work, Empowerment, Result Oriented Culture, Customer-driven Excellence

Beyond the legal requirements, organization has adopted world class practices like 5 -'S', TPM, TQM, OHSAS 18001, ISO 9001 & ISO 14001 systems. The company has achieved a prestigious award for Business Excellence, namely Ramkrishna Bajaj National Quality Award Certificate of Merit -2007 instituted by Indian Merchants' Chamber, Mumbai

Opportunities & Threats :

The Company and its business are significantly dependent upon the availability and market prices for Toluene, which by nature is very volatile and can adversely affect our business and financial results. On the other hand availability, cost and quality of inputs like chlorine, steam and electricity have a significant impact on the working of the company. The products of the company are focused primarily on the agrochemicals, pharmaceuticals, dyes and flavours & fragrance industry and as a result, our operations are significantly influenced by the trends of the aforesaid industries.

Risk & Concerns :

The company is working in a very global competitive business environment and is dependent upon few key customers; any loss of such significant customers would adversely affect the working of the company. Moreover, most of the arrangements with the customers are without any commitment to future work. Termination of such arrangements could also have a substantial impact on the working of the company. Besides, the exports of the Company which is currently over 50% of its sales (and the % of risk further) has the inherent risk of fluctuations in the exchange rates.

Future Outlook:

The company's future plans are based on experience and ongoing market research for future growth in demand of our key products in the domestic and international markets.

Our objective is to concentrate on better margin yielding products and exploit growing market opportunities for these products, we have laid down the strategy to manufacture downstream products of benzyl chloride, benzaldehyde and thionyl chloride. For this purpose, we plan to manufacture a range of products primarily comprising benzyl salicylate, benzyl benzoate, cinnamic aldehydes and hexyl cinnamic aldehydes. A fully integrated facility will help us become cost effective and expand our market opportunities for our current products.

Internal Control Systems and their adequacy:

Gwalior Chemical Industries Ltd. has an internal control procedures formulated by the management so that we have structured system for :

- Business planning and achievement of goals,
- Evaluation of risks,
- Ensuring reliability of financial and operational reporting,
- Ensuring legal and regulatory compliance, and
- Adequate control against fraud and negligence.

Fully integrated and computerized financial accounting system, which is supported by the in built controls, ensures reliable and timely financial reporting. Internal Auditors periodically review the controls and compliance of laws and regulations, and the environment under which the internal controls exist. Financial accounting and audit systems also provide controls to eliminate frauds and loss due to negligence. Internal Audit Reports are reviewed by the Audit Committee of the Board.

Financial/Operational performance

Financial and Operational performance for the year 2007-08 as compared to the previous year furnished in detail in the Directors Report. The trends of the sales and gross profit are indicated below for three years showing a remarkable progressive performance.

	2005-06	2006-07	2007-08
Sales	18893 Lacs	22428 Lacs	32052 Lacs
Gross Profit	2389 Lacs	2749 Lacs	3734 Lacs



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Research and Development :

We believe that the qualities of our processes are integral part to our ability of manufacturing quality products at competitive prices and to retain and attract our customers. Improvement in our quality processes enables us to benefit from increased productivity, improved quality, reduced costs, on-time delivery and greater reliability.

Industrial Relations and Human Resources Management:

The Industrial relations remained normal at all locations and there were no significant labour issues outstanding or remaining unresolved during the year. The Board of Directors and the Management wish to place on record their application of the efforts put in by all employees to achieve record performance. The ultimate aim of the management is to create a dependable work force that will play a key role in transforming this Company into a global player in the industry.

The table below provides details of our employees:

Employees	Number of employees as on 31st March, 2008
Operating, Administrative and support staff	283
Temporary Staff	48
Permanent Workers	55
Temporary Workers	01
Total Employees	387

Cautionary Statement:

Some of the statements in this Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially from those expressed or implied. Important developments that could affect the Company's operations include changes in the industry structure, significant changes in political and economic environment in India, tax laws, import duties, litigation and labour relations.

Report on Corporate Governance

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Your Company adheres to good corporate practices and is constantly striving to better them and adopt the best practices. It is believed that adherence to business ethics and commitment to corporate social responsibility would help the Company achieve its goal of maximizing value for all its stakeholders. Your Company is fully committed to and continues to adopt procedures and practices in conformity with the code of Corporate Governance as required in the Listing Agreement. Your Company in order to realize its mission and achieve consistent growth on a sustained basis, maintains highest standards of corporate values and ethics in corporate administration, fully realizing the significance of corporate social responsibility and its obligations towards the stakeholders, customers, employees, society at large and the Government.

The Company has complied with all mandatory requirements under the revised Code of Corporate Governance as enunciated in clause 49 of the Listing Agreement.

II. BOARD OF DIRECTORS:

The Board of Directors of the Company consists of Ten Directors with fifty percent of them being independent directors. The Board is headed by the Chairman cum Executive Director, three other Executive Directors, one non-executive director, and five Independent Directors including one Nominee Director from IDBI. All Directors, Executives / Non-executive & Independent Directors are professionally competent and highly experienced and eminent in their respective field. None of the Independent Directors have any pecuniary relationship with the Company, its promoters and its management.

None of the Directors hold directorship in more than the permissible limits of companies under the applicable provisions. Similarly, none of the directors on the board sub-committees hold membership of more than ten committees of boards, nor is any director a chairman of more than five committees of boards.

The meetings of the Board of Directors are scheduled well in advance. Five Board Meetings were held during the financial year 2007-2008, as against minimum requirement of four meetings. The dates on which the Five Board Meetings were held are as follows:

23rd May, 2007	31st July, 2007	29th October, 2007
18th December, 2007	28th January, 2008	

The attendance record of the directors at Board Meetings during the year and at the last Annual General Meeting and the number of directorships and committee memberships held by them in other public companies as at 31st March, 2008 are given below:

**GWALIOR CHEMICAL INDUSTRIES LIMITED**

Name of the Director	Category of Directorship	No. of Board Meetings held during the year *(5)	Attendance at the last Annual General Meeting	No. of outside Directorship(s) in other Public Companies		No. of outside Committee positions in other Public Companies	
				Chairman	Member	Chairman	Member
		Attended					
Shri. Ashwin Kumar Kothari DIN : 00033730	Promoter, Chairman & Executive	5	Yes	Nil	14	1	2
Name of the Director	Category of Directorship	No. of Board Meetings held during the year *(5)	Attendance at the last Annual General Meeting	No. of outside Directorship(s) in other Public Companies		No. of outside Committee positions in other Public Companies	
		Attended		Chairman	Member	Chairman	Member
Shri. Harisingh Shyamsukha DIN : 00033325	Promoter, Executive	3	Yes	Nil	1	Nil	Nil
Shri. Vallabh Prasad Biyani DIN : 00043358	Executive	4	Yes	Nil	Nil	Nil	Nil
Shri. K. N. Luhariwala DIN : 00036889	Executive	4	Yes	Nil	Nil	Nil	Nil
Shri. Rakesh Khanna DIN : 00040152	Independent	5	Yes	Nil	6	5	1
Shri. B. P. Kejariwal DIN : 00233792	Independent	0	No	Nil	Nil	Nil	Nil
Shri. Milan Mehta DIN : 00003624	Independent	2	No	Nil	1	Nil	Nil
Shri. K. P. S. Dagur DIN : 00070079	Nominee (IDBI)	2	Yes	Nil	1	Nil	Nil
Shri. Rohit Kothari DIN : 00054811	Non-Executive	4	No	Nil	5	Nil	1
Shri. Pratap R. Merchant DIN : 00022223	Independent	5	Yes	Nil	3	3	2

* The figure mentioned in the bracket denotes the number of Board Meetings held during the year 01/04/2007 to 31/03/2008

The Board is apprised and informed of all the important information relating to the business of the Company including those listed in Annexure – 1A of Clause 49 of the Listing Agreement. The Chairman of the Board, CEO & CFO and the Company Secretary discuss the items to be included in the Agenda and the Agenda is sent in advance to the Directors along with the draft of the relevant documents and explanatory notes wherever required, to enable the Board to discharge its responsibilities effectively and take informed decisions.

III. AUDIT COMMITTEE

(a) Constitution and Composition:

The Audit Committee of the Company is constituted in line with the provisions of clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

The Audit Committee consists of 3 nos. of Directors of which majority is independent directors namely:

1. Shri Rakesh Khanna.
2. Shri V. P. Biyani.
3. Shri Pratap R. Merchant.

Shri Rakesh Khanna is a qualified Chartered Accountant and has sufficient accounting and financial knowledge on corporate related matters and taxation, acts as the Chairman of the Committee. Mr. Sanjeev Pathak, Company Secretary acts as the secretary to the Committee.

The Committee acts as link between the Management, the Statutory Auditors, Internal Auditors and the Board of Directors and overview the financial reporting process.

The role, terms of reference of the Audit Committee include the matters specified under Sub-Clause D and E of clause 49 II and disclosures under Clause 49 IV (A) of the Listing Agreement. Thus, the terms of reference of the Audit Committee are wide enough covering the matters specified below:

(b) Terms of Reference:

The role, terms of reference of the Audit Committee include the matters specified under Sub-Clause D and E of clause 49 II and disclosures under Clause 49 IV (A) of the Listing Agreement. Thus, the terms of reference of the Audit Committee are wide enough covering the matters specified below:

1. 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;
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.



GWALIOR CHEMICAL INDUSTRIES LIMITED

- f. Disclosure of any related party transactions.
- g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
7. Reviewing the adequacy of internal audit function, if any, 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;
8. Discussion with internal auditors any significant findings and follow up there on;
9. 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;
10. 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;
11. To look into the reasons for substantial defaults in the payment to the depositors, shareholders (in case of non payment of declared dividends) and creditors;
12. To review the functioning of the Whistle Blower mechanism of the Company;
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee also reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions, submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control and weaknesses; and
5. The appointment, removal and terms of remuneration of the Internal auditor shall be subject to review by the audit committee

(c) Meetings of Audit Committee and Attendance:

During the Year under review 4 (four) Meetings of Audit Committee were held on 23rd May, 2007, 31st July, 2007, 29th October, 2007 and 28th January, 2008 to consider and review the quarterly results and Annual Accounts to be placed before the Board for their approval.

No. of Meetings	Meetings attended	Meetings attended
Rakesh Khanna	4	4
V. P. Biyani	4	4
Pratap R. Merchant	4	4

IV. REMUNERATION COMMITTEE

(a) Remuneration Policy:

- The Remuneration of employees largely consists of basic remuneration and perquisites to be paid to them.
- The component of the total remuneration varies for different grades and is governed by Industry pattern, qualifications and experience of the employee, responsibilities handled and individual performance, etc.
- The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution and to retain talent in the organization and accord merit.

(b) Responsibility of Remuneration Committee:

The Remuneration Committee is responsible to determine the amount of salary, perquisite etc... to be paid to Wholetime Directors, Executive Directors, etc. The recommendations so made by them are considered for approval by the Board of Directors subject to the approval of the shareholders.

The Remuneration Committee grants and recommends any annual increment in salary within the salary scale sanctioned by shareholders on the basis of merit and taking into account the company's performance.

(c) Composition of Remuneration Committee:

The Remuneration Committee consists of 4 independent directors namely

- [1] Shri Rakesh Khanna – Chairman.
- [2] Shri B. P. Kejariwal – Member.
- [3] Shri Milan Mehta – Member.
- [4] Shri Pratap R. Merchant – Member.

(d) Details of Remuneration paid to the Executive Directors:

All the Executive Directors are being paid remuneration within the limits stipulated by Schedule XIII of the Companies Act, 1956 as under:

Executive Directors	Remuneration (including all elements of remuneration package i.e. salary, perquisites, allowances, provident fund contribution, etc.) paid during financial year 2007-2008
Shri A. K. Kothari	Rs. 39.31 Lacs
Shri Harisingh Shyamsukha	Rs. 39.31 Lacs
Shri K. N. Luhariwala	Rs. 17.76 Lacs
Shri V. P. Biyani	Rs. 19.06 Lacs



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(e) Details of Remuneration paid to the Independent Directors:

All the Independent Directors are paid remuneration by way of Sitting Fees, the details of which are as under:

Independent & Non-Executive Directors	Remuneration (Sitting Fess) paid during financial year 2007-2008	Number of shares held as of 31st March, 2008
Shri Rakesh Khanna	Rs. 56,000	Nil
IDBI Bank Limited (Shri K. P. S. Dagur)	Rs. 10,000	Nil
Shri. Milan Mehta	Rs. 15,000	Nil
Shri. Pratap R. Merchant	Rs. 56,000	1000
Shri B. P. Kejariwal	Nil	Nil
Shri. Rohit Kothari	Nil	1,45,200

Note: Besides payment of Sitting Fees to Independent Directors only, and dividend on ordinary shares held, if any, by the directors, no other payments have been made or transactions of a pecuniary nature entered into by the Company with the directors.

V. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

a) Composition of Investors' Grievance Committee

The Investors' Grievance Committee consists of four directors as its member's viz. Shri. B. P. Kejariwal, Shri Rakesh Khanna, Shri K.N. Luhariwala and Shri V.P. Biyani. Shri B. P. Kejariwal, Independent Director is the Chairman of the Committee. Mr. Sanjeev Pathak, the Company Secretary also discharges the function of the secretary of the Committee.

b) Brief description of terms of reference

The Committee is responsible to oversee and review all matters connected with transfer and transmission of shares, issue of duplicate share certificates, etc. The Committee is also responsible for redressal of investors' grievances, non-receipt of share certificates, non-receipt of declared dividends, annual reports, etc.

c) Number of complaints received and redressed

The details of complaints received, cleared/pending during the financial year 2007-2008 are given below:-

Particulars	No. of Complaints at the beginning of the year	Received during the year	Cleared / attended during the year	Pending at the end of the year.
Non Receipt of Certificate	Nil	2	2	Nil
Non Receipt of Dividend	Nil	2	2	Nil
Non Receipt of Annual Report	Nil	4	4	Nil
Others	Nil	7	7	Nil

15 complaints were received during the financial year and all of them have been redressed / answered to the satisfaction of the shareholders. No investor's grievance remained unattended / pending for more than 30 days and no request for share transfers and dematerialisation received during the year was pending for more than two weeks.

VI. SUBSIDIARY COMPANY

The Company does not have material non-listed Indian Subsidiary Company whose turnover or networth (i.e. Paid-up Capital and Free Reserves) exceeds 20% of the consolidated Turnover or Networth respectively of the Company and its subsidiary in the immediately preceding accounting year.

The Company has incorporated a wholly owned Indian Subsidiary with the initial paid up capital of Rs. 250 lacs, in the name of GCIL Finance Limited, application for registration of the same as NBFC has been made with the Reserve Bank of India and License of the same is expected.

The Company has also incorporated a wholly owned Subsidiary Company in the name of Gwalior Chemicals LLC in May, 2008 under the law of the United State of America, Initially for the trading activity of the product of Gwalior Chemical Industries Limited.

The Company had incorporated a wholly owned subsidiary company in the name of Gwalior Chemicals bvba in March, 2005 under the laws of Belgium.

The Company monitors the performance, inter alia, by the following means:

- The Audit Committee of the Company reviews the Financial Statements.
- The Minutes of the Board Meeting of the subsidiary company are noted at the Board Meeting of the Company.
- Details of significant transactions and arrangements entered into by the Foreign Unlisted subsidiary company are placed before the Board of the Company as and when applicable.

VII. CHIEF EXECUTIVE OFFICER (CEO) / CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

As required under Clause 49(V) of the Listing Agreement, the CEO and CFO Certification of the Financial Statements, the Cash Flow Statement and the Internal Control Systems for the financial reporting is enclosed to this Report.

VIII. GENERAL BODY MEETINGS

(a) Location and time of last 3 Annual General Meetings:

Financial Year	Date	Time	Venue
2004-2005	19.07.2005	03.00 p.m.	K.K. Chambers, 4th Floor, Sir Purushottamdas Thakurdas Marg, Fort, Mumbai – 400001.
2005-2006	22.05.2006	03.00 p.m.	K.K. Chambers, 4th Floor, Sir Purushottamdas Thakurdas Marg, Fort, Mumbai – 400001.
2006-2007	31.07.2007	03.30 p.m.	The Mysore Association, 393 Bhaudaji Road, Near Maheshwari Udyan, Matunga, Mumbai – 400 019.

(b) Special resolutions passed in the previous three AGMs:

The Company has not passed any special resolution in any of the last three AGMs nor any resolution was passed through postal ballot in any of the last three AGMs, Special Resolution for Alteration of Article of Association of the Company for the purpose of increasing the Authorized Capital from Rs. 27 Crores to Rs. 50 Crores has been done in the Extraordinary General Meeting held on 28th Day, January, 2008.



IX. DISCLOSURES AND DETAILS OF NON-COMPLIANCES:

1. Related Party Transactions: Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, directors or the management, their subsidiaries or relatives, that may have potential conflict with the interests of Company at large:

Among the related-party transactions are contracts or arrangements, made by the Company from time to time with Companies in which the Directors are interested. All these contracts or arrangements are entered in the Register of Contracts under Section 301 of the Companies Act, 1956.

The Company has not entered into any transaction of material nature with the directors, their relatives or management, which were in conflict with the interest of the Company. The transactions with its promoters, associate companies, etc. of routine nature have been reported elsewhere in the annual report as per the Accounting Standard (AS 18) issued by the Institute of Chartered Accountants of India.

2. Compliance by the Company: Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years:

The Company made Initial Public Offer of 98,76,543 equity shares and the same were allotted on 26th September, 2006 and the shares got listed on BSE and NSE on 4th October, 2006. Since then the Company had been complying with the requirements of the Stock Exchanges, SEBI and other authorities on all matters relating to capital markets. The Stock Exchange, SEBI or other statutory authorities relating to the above have imposed no penalties or strictures on the Company.

3. Code of Conduct: The Company is committed to conducting its business in conformity with ethical standards and applicable laws and regulations. This commitment stands evidenced by Model Code of Conduct adopted by the Board of Directors at their meeting held on 25th January, 2007, which is applicable to each member of the Board of Directors and senior management of the Company. The Company has received confirmations from all the Directors and Senior Management of the Company regarding compliance with the said Code for the year ended 31st March, 2008.

A Certificate from Shri K. N. Luhariwala & Shri V. P. Biyani Chairman, Executive Directors to this effect forms part of this Report. The said Code is also posted on the website of the Company www.gwaliorchemicals.com.

4. Whistle Blower Policy: The Company has already put in place a mechanism for employees to report to the Management, concerns about unethical behavior, actual or suspected fraud or violation of the Companies Code of Conduct or Ethics Policy. The said Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the higher levels of supervisors, managers including the Audit Committee.

5. Board Disclosures :

- a. Risk Management : Currently, the Company's risk management approach comprises of the following –

- Governance of Risk
- Identification of Risk
- Assessment and control of Risk

The risks have been prioritized through a company wide exercise. Members of Senior Management have undertaken the ownership and are working on mitigating the same through co-ordination among the various departments, insurance coverage, directors and officers' liability policy and personal accident coverage for lives of all employees.

Your Company has put in place the risk management framework, which helps to identify various risks cutting across the business lines. These risks are identified and are discussed by the representation from various functions.

Presentation to the Board of Directors and the Audit Committee is made on risk management. The Board and the Audit Committee provide oversight and review the risk management policy periodically.

- b. Internal Control System : Your Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of internal policies. The Company has a well defined delegation of power with authority limits for approving revenue as well as capital expenditure. Processes for formulating and reviewing annual and long term business plans have been laid down to ensure adequacy of the control system, adherence to the management instructions and legal compliances. The Company uses ERP (Enterprise Resource Planning) system to record data for accounting and connects to different locations for efficient exchange of information. This process ensures that all transaction controls are continually reviewed and risks of inaccurate financial reporting, if any, are dealt with immediately.

The Company's internal control system covers the following aspects –

- Financial propriety of business transactions
- Safeguarding the assets of the Company
- Compliance with prevalent statutes, listing agreement, management authorizations, policies and procedures.

The Audit Committee of the Board periodically reviews audit plans, observations and recommendations of the Internal and External Auditors, with reference to the significant risk areas and adequacy of internal controls and keeps the Board of Directors informed of its major observations from time to time.

X. MEANS OF COMMUNICATION TO SHAREHOLDERS

[a] Adoption and Publication of quarterly and half yearly results

The quarterly results are generally published in 'Business Standard' and 'Sakal' OR in Economic Times and Maharashtra Times. The results are also displayed on the website of the Company www.gwaliorchemicals.com shortly after its submission to the Stock Exchanges.

[b] Web site of the Company

The Company has created a web site addressed as www.gwaliorchemicals.com.

[c] Management Discussion and Analysis Report

The Management Discussion and Analysis Report are annexed to the Annual Report.



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[d] Meeting & Presentation to Institutional Investors / Analysts

Meeting and Presentation are given to the Institutional Investors / Analysts by Shri Gaurav Shyamsukha – CFO of the Company as and when required, or requested by the Institutional Investors / Analysts.

[e] Edifar Filing

As per Clause 51 of the Listing Agreement, Company had already made an application for registration for filing required data on the EDIFAR website, the confirmation is yet to be received, as soon as the same gets confirmed data will be electronically filed on the website www.sebiedifar.nic.in within the timeframe prescribed in this regard.

XI. GENERAL SHAREHOLDERS INFORMATION

1. Annual General Meeting:

Date	:	28th July, 2008
Day	:	Monday
Time	:	4.00 pm
Venue	:	M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai – 400 001.

2. Financial Calendar:

[a] 24th Annual General Meeting to be held on 28th July, 2008 at M. C. Ghia Hall, 2nd Floor, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai – 400 001.

[b] Quarterly Results: -

Quarter	Tentative Dates of Board Meeting for [F.Y. 2008-2009]
1st Quarter Results	Last week of July, 2008.
IInd Quarter Results	Last week of October, 2008.
IIIrd Quarter Results	Last week of January, 2009.
IVth Quarter Results	Last week of April, 2009.

3. Book Closure Date:

The Share Transfer books and Register of Members will remain closed from 18th July, 2008 to 28th July, 2008 (both days inclusive).

4. Dividend Payment Date:

The Dividend for the year ended 31st March, 2008 will be paid to the members whose names will appear on the Register of Members of the Company on 18th July, 2008 after giving effect to all valid transfer of shares in physical form lodged with the Company on or before 17th July, 2008 at the end of business hours and in respect of shares held in demat form, the members whose names appear on the statement of beneficial ownership furnished by NSDL and CDSL at the end of business hours on 17 July, 2008.

Dividend will be paid within 30 days from the date of approval by the members at the Annual General Meeting i.e. 28th July, 2008.

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5. Listing on Stock Exchanges:

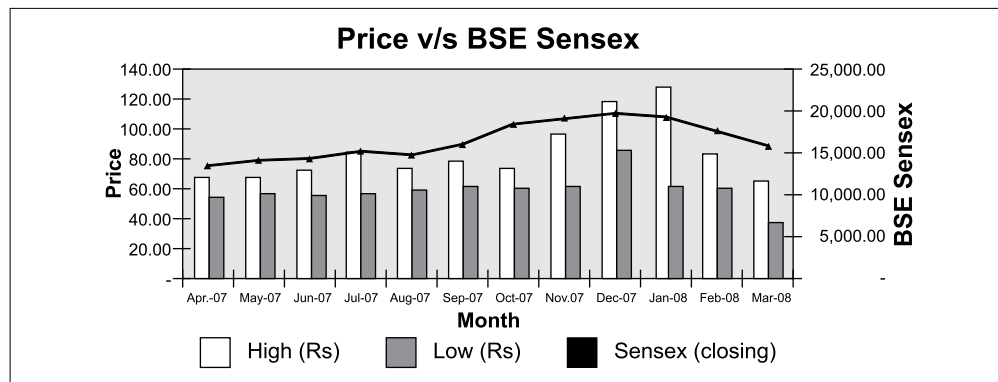
The company is listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. The annual fees have been paid and there is no outstanding payment towards the Exchanges, as on date.

- i. Stock Code : **532764** on Bombay Stock Exchange Limited
: **GWALCHEM** on National Stock Exchange of India Limited.
- ii. ISIN No. for NSDL and CDSL : **INE916G01016**

6. Market Price Data:

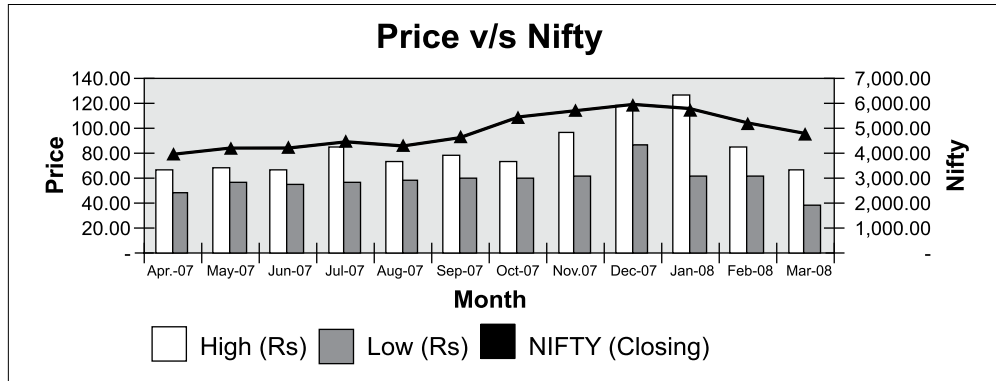
The High Low prices of the Company's share (of face value of Rs. 10/- each) from April, 2007 to March, 2008 are as below:

Month	Bombay Stock Exchange Ltd.		The National Stock Exchange of India Limited	
	High (in Rs.)	Low (in Rs.)	High (in Rs.)	Low (in Rs.)
April, 2007	67.50	54.70	67.30	48.85
May, 2007	67.95	57.30	67.95	57.00
June, 2007	73.00	56.05	65.85	55.25
July, 2007	85.05	57.30	85.20	56.00
August, 2007	73.10	58.75	73.50	58.00
September, 2007	78.50	61.00	78.40	60.25
October, 2007	73.50	60.00	74.00	60.10
November, 2007	96.95	61.55	96.80	61.60
December, 2007	118.70	86.20	118.95	86.05
January, 2008	127.50	61.65	127.00	60.85
February, 2008	83.00	60.15	84.50	61.05
March, 2008	64.95	37.05	65.90	38.00





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7. Shareholding Pattern of the Company as on 31st March, 2008:

Category	No. of Equity Shares	%
Promoter and Promoter Group:		
Promoters and promoters group	8698370	35.25
Promoter Group (Bodies Corporate)	6101630	24.73
Public:		
Mutual Funds	2382754	09.66
Central / State Government	500	00.00
Foreign Institutional Investors	42282	00.17
Bodies Corporate	1886545	07.65
Public - Resident Individuals	4930038	19.98
Directors	9181	00.03
Clearing Members	63012	00.26
NRI	90379	00.36
Market Makers	67300	00.27
HUF	404552	01.64
Grand Total	24676543	100

8. Class-wise Distribution of Equity Shares as on 31st March, 2008:

Shares of Nominal Value (In Rs.)		Number of Shareholders	Percentage Shareholders	Share Amount (In Rs.)	Percentage to Equity
1	2,500	8697	76.42	8725750	3.54
2,501	5,000	1351	11.87	5567350	2.26
5,001	10,000	644	5.66	5447560	2.21
10,001	20,000	297	2.61	4680270	1.90
20,001	30,000	110	0.97	2842140	1.15
30,001	40,000	52	0.46	1869830	0.76
40,001	50,000	58	0.50	2785940	1.12
50,001	1,00,000	62	0.54	4470860	1.81
1,00,001	Above	110	0.97	210375730	85.25
TOTALS		11381	246765430	100.00	100.00

9. Registrar and Share Transfer Agents :

INTIME SPECTRUM REGISTRY LIMITED
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
Mumbai- 400078.
Contact Nos. : (022) 2594 6970 - 75 Fax : (022) 2596 2691.
E-mail : rnt.helpdesk@intimespectrum.com

10. Share Transfer System :

Transfer in physical form are registered by the Registrar and Share Transfer Agents, M/s. Intime Spectrum Registry Limited within 21 days of receipt of documents complete in all respects.

Invalid share transfers are returned within 15 days of receipt. The Share Transfer Committee meets on fortnightly basis (depending upon share transfers received)

11. Outstanding GDRs/ADRs/Warrants or any convertible instruments, etc.

As of date, the Company has not issued these types of Securities.

12. Corporate Identification Number (CIN)

The Company's CIN, allotted by the Ministry of Corporate Affairs, GOI, is U24249MH1984PLC032170. The Company is registered at Mumbai in the State of Maharashtra, India.

13. Dematerialization of Shares and liquidity:

The shares of the Company are compulsorily traded in dematerialized form. 9876537 Equity Shares representing 40.02% of the total Equity Capital of the Company are held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on 31st March, 2008.



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14. Chemical Plant Locations

: Birlagram, Nagda
M.P.: 456331.
Ph : 07366-245104, 245447
Fax: 07366-246283.
E-mail: gcilngd@vsnl.com
7201, 7211-12, GIDC Industrial Estate,
Ankleshwar, Distt: Bharuch (Gujarat)
Ph: 02646 - 227175, 223280
Fax: 02646 -224908
E-mail: gcilank@satyam.net.in

Wind Power Plant Location

: Location No. K433 & K435
Village: Chakale
Dist: Nandurbar
Maharashtra.

Location No. G43
Village: Ghatnandre
Dist: Sangli
Maharashtra.

Location No. 9, 33 & 34
Village: Jamgodrani
Dist: Dewas
Madhya Pradesh.

15. Address for Investors Correspondence : Registrar & Share Transfer Agent

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West)
Mumbai- 400078
Ph: 022 – 2594 6970 - 75
Fax: 022 – 2596 2691
E-mail: rnt.helpdesk@intimespectrum.com

Company

Mr. Sanjeev Pathak
Company Secretary
Gwalior Chemical Industries Ltd.
K. K. Chambers, 4th Floor
Sir Purushotamdas Thakurdas Road
Fort, Mumbai – 400001.
Phone : (022) 66388600.
Fax : (022) 66388610.
Email : sanjeev@gwaliorchemicals.com
investor.relations@gwaliorchemicals.com

**Certificate by the Chief Executive Officer and
Chief Financial Officer pursuant to Clause 49 of the Listing Agreement.**

To
The Members
Gwalior Chemical Industries Limited

We, V.P. Biyani, the Chief Executive Officer (CEO) and Gaurav Shyamsukha, the Chief Financial Officer (CFO) of Gwalior Chemical Industries Limited, hereby certify that-

- (1) We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2008 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.
- (2) 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.
- (3) 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 we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (4) 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 Gwalior Chemical Industries Limited

Place: Mumbai

Date: 27th May, 2008

V.P. Biyani

Chief Executive Officer

Gaurav Shyamsukha

Chief Financial Officer



GWALIOR CHEMICAL INDUSTRIES LIMITED

**Declaration under Clause 49 of the Listing
Agreement regarding compliance with Code of Conduct.**

To
The Members
Gwalior Chemical Industries Limited

In accordance with Clause 49 ID of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the Financial Year ended on 31st March, 2008.

For Gwalior Chemical Industries Limited

K. N. Luhariwala
Executive Director

Place: Mumbai
Date: 27th May, 2008

V. P. Biyani
Executive Director

AUDITORS REPORT ON CORPORATE GOVERNANCE TO THE MEMBERS OF GWALIOR CHEMICAL INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by GWALIOR CHEMICAL INDUSTRIES LIMITED, for the year ended 31st March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company, for ensuring compliance with the conditions of 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, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Chartered Accountants of India, we have to state that based on the report given by the Registrar and Share Transfer Agent of the Company to the Shareholders / Investors Grievances Committee, as at 31st March, 2008, there were no investor grievance matters against the Company remaining unattended / pending for more than 30 days.

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

For SARDA & PAREEK
Chartered Accountants,

Sitaram Pareek
Partner
M. No.: 16617

Place: Mumbai

Date: 27th May 2008



GWALIOR CHEMICAL INDUSTRIES LIMITED

AUDITORS REPORT TO THE MEMBERS OF GWALIOR CHEMICAL INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of Gwalior Chemical Industries Limited ("The Company") as at 31st March 2008, and Profit & Loss Account and also the Cash Flow statement for the year ended on that date annexed thereto, (hereinafter collectively referred as "financial statements"). 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 have 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 the management, as well as evaluating the overall presentation of the financial statements. 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 in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (The 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of audit, we set out 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 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of such books;
 - c) The Financial Statements dealt with by this report, are in agreement with the books of account;
 - d) In our opinion, and to the bests of our information and according to the explanation given to us the financial statement dealt with this Report, comply with the applicable accounting standards referred to in Section 211 (3C) of the Act;
 - e) On the basis of written representations received from the directors and taken on records by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) to Section 274 of the Act;
 - f) In our opinion, and to the best of our information and according to the explanations given to us, the said Financial Statement read together with the notes thereon, give the information required by the Act, 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2008 ;
 - ii. in the case of Profit & Loss Account, of the profit of the Company for the year ended on that date; and
 - iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For SARDA & PAREEK
Chartered Accountants,

Sitaram Pareek
Partner

M. No.: 16617

Place: Mumbai
Date: 27th May 2008

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our report of even date)

Annexure referred to in Para 3 of our Report of even date on the financial statements for the year ended 31st March 2008 of Gwalior Chemical Industries Limited.

Based on the audit procedures performed for the purpose of reporting a true and fair view of the financial statements of the Company and taking into consideration the information and explanations given to us and the books and other records examined by us in the normal course of our audit. We report that,

We have prepared this annexure on the basis of the books of account examined; and information and explanations obtained by us during the course of our audit. Further, in our opinion and to the best of our knowledge we report that –

- I. (a) The Company has maintained unit wise proper record showing full particulars including quantitative details and situation of its fixed assets. However in respect of furniture and fixtures, office equipment and data processing equipment record in terms of values are only kept.
- (b) Some of the fixed assets were physically verified during the year by the management in accordance with a program of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The assets disposed off during the year are not substantial and therefore do not affect the going concern assumption.
- II. (a) The inventories have been physically verified by management during the year at reasonable intervals, except materials lying with third parties, where confirmations are obtained.
- (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) The Company has maintained proper records of inventory. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt in books of account.
- III. (a) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Act; and hence clause (b) ,(c) and (d) are not applicable.
- (b) The company has taken unsecured loan from one party amounting to Rs. 14.71 Lacs, covered in the register maintained under section 301 of the Act. The amount outstanding as on 31st March 2008 was Rs.15.69 Lacs.
- (c) The rate of interest and other terms and conditions of loan taken by the Company, are prima facie not prejudicial to the interest of the company; and
- (d) The payment of the principal amount and interest are also regular.
- IV. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, with regard to for the purchase of inventories and fixed assets and with regards to the sale of goods and services. In our opinion and according to the information and explanation given to us, there is no continuing failure to correct major weakness in the internal controls.



GWALIOR CHEMICAL INDUSTRIES LIMITED

- V. (a) In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act 1956, to the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements that needed to be entered into the register have been so entered.
- (b) The transactions in pursuance of such contracts or arrangements have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time;
- VI. The Directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under have been complied with in respect of deposits accepted from the public. We have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
- VII. In our opinion, the company has an internal audit system commensurate with the size of the Company and nature of its business.
- VIII. According to the explanations given to us and to the best of our knowledge the Company has not been prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956 to maintain cost records.
- IX. (a) According to the information and explanations given to us on the basis of examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues with appropriate authorities. According to the information and explanation given to us, the Company did not have any undisputed amounts payable in this respect at 31st March 2008 for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, dues of Sales Tax, Entry Tax have not been deposited by the Company with the appropriate authorities on account of disputes as follows.

Name of the Statute	Nature of Dues	Amount (Rs. In lacs)	Year to which the amount relates	Forum where dispute is pending
State and Central Sales Tax Acts	Tax, Interest and Penalty for non submission of forms and other disallowances	16.23	1996-99	High Court
		45.32	2002-03	Deputy Commissioner (Appeals) Commercial Tax – Ujjain
State Entry Tax Act	Tax, Interest and Penalty for non submission of forms and other disallowances	2.97	1995-96 2000-01	Appellant Tribunal – Bhopal

- X. The Company does not have any accumulated losses and has not incurred cash losses during the current year and in the immediately preceding financial year.

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- XI. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.
- XII. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. The Company is not a Chit/Nidhi/Mutual benefit fund/Society and Clause XIII of the Order is not applicable.
- XIV. The Company is not dealing or trading in shares, securities, debentures and other investments.
- XV. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- XVI. In our opinion and according to the information and explanations given to us and on an overall examination, the term loans have been applied for the purpose for which they were raised.
- XVII. On the basis of our examination of the Cash Flow statement and other records, the funds raised on short-term basis have not been used for long-term investment.
- XVIII. During the period under review the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained in pursuance of section 301 of the Companies Act, 1956.
- XIX. The Company has not issued any secured debentures during the period under review.
- XX. The Company has not raised any money by public issue during the year. Accordingly the provisions of the Clause IV (xx) of the order are not applicable.
- XXI. No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For SARDA & PAREEK
Chartered Accountants,

Sitaram Pareek
Partner
M. No.: 16617

Place: Mumbai

Date: 27th May 2008

**GWALIOR CHEMICAL INDUSTRIES LIMITED****BALANCE SHEET AS AT 31ST MARCH, 2008**

	Schedule No.	Year ended 31.03.08 (Rs. in Lacs)	Year ended 31.03.07 (Rs. in Lacs)
SOURCES OF FUNDS			
Share Holders Funds			
A) Share Capital	1	2467.65	2467.65
B) Reserves & Surplus	2	14944.80	12872.51
C) Defered Tax Liabilities (Net)	3	2594.10	2130.09
Loan Funds			
A) Secured Loans	4	13056.38	7893.22
B) Unsecured Loans	5	72.03	131.71
		<u>33134.97</u>	<u>25495.19</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
A) Gross Block	6	19764.59	15536.04
Less: Depreciation		3798.58	3012.60
Net Block		<u>15966.01</u>	<u>12523.44</u>
Capital Work In Progress		2340.99	1195.74
		18307.00	13719.18
INVESTMENTS	7	3763.94	3513.94
CURRENT ASSETS, LOANS & ADVANCES			
A) Inventories	8	3161.98	1866.71
B) Sundry Debtors	9	8529.51	5815.10
C) Cash & Bank Balances	10	274.28	452.54
D) Loans & Advances	11	2115.26	1621.50
		<u>14081.03</u>	<u>9755.84</u>
LESS: CURRENT LIAB. AND PROVISIONS			
A) Liabilities	12	2527.85	1199.07
B) Provisions	13	502.03	294.72
		<u>3029.88</u>	<u>1493.79</u>
Net Current Assets		<u>11051.15</u>	<u>8262.06</u>
Misc. Expenditure (To the extent not written off or adjusted)	14	12.88	0.00
Total		<u>33134.97</u>	<u>25495.19</u>

Significant Accounting Policies & Notes to the Financial Statement
The Schedule referred to above from an Intergal Part of the Financial Statement.

AS PER OUR REPORT ANNEXED OF EVEN DATE

For **SARDA & PAREEK**
Chartered Accountants

Sitaram Pareek
Partner
M. No.: 16617
Place : Mumbai
Dated : 27th May, 2008

For **Gwalior Chemical Industries Ltd.**

K. N. Luhariwala
V. P. Biyani
Sanjeev Pathak } Directors
Company Secretary

Place : Mumbai
Dated : 27th May, 2008

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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	Schedule No.		Year ended 31.03.08 (Rs. In lacs)		Year ended 31.03.07 (Rs. In lacs)
INCOME					
Gross sales & other receipts	15	32051.92	29487.13	22427.81	20536.41
Less :- excise duty		(2564.80)		(1891.40)	
Other income	16		84.02		162.54
			<u>29571.14</u>		<u>20698.95</u>
EXPENDITURE					
Raw material consumed	17		15803.62		9983.47
(Increase)/decrease in stocks	18		(278.79)		(98.92)
Cost of goods traded			3.56		563.44
Manufacturing expenses	19		4149.47		3419.60
Payments & provisions For employees	20		722.21		521.46
Admn. & Other expenses	21		593.50		410.18
Selling & distribution exp.	22		3032.78		1880.16
Interest	23		918.71		562.79
Depreciation	6		861.92		705.49
Preliminary exp. W/off			3.22		0.00
Loss of retirement/disposal of assets			25.55		0.00
Impairment of assets			0.94		2.18
			<u>25836.70</u>		<u>17949.84</u>
PROFIT BEFORE TAX(PBT)					
			3734.44		2749.11
Provision for current tax			757.51		468.97
Provision for deferred tax			464.02		397.26
F.B.T.			15.00		9.39
NET PROFIT AFTER TAX BEFORE PRIOR PERIOD ITEMS			<u>2497.92</u>		<u>1873.49</u>
Prior period items			(66.20)		0.00
NET PROFIT AFTER PRIOR PERIOD ITEMS			<u>2431.72</u>		<u>1873.49</u>
Balance brought forward from previous year			1536.90		1379.94
			<u>3968.62</u>		<u>3253.43</u>
Appropriations					
Proposed dividends			296.12		185.07
Tax on dividend			50.33		31.45
General reserve			1500.00		1500.00
Balance carried to balance sheet			2122.18		1536.90
Total			<u>3968.62</u>		<u>3253.43</u>
Basic and Diluted Earning Per Share of Face Value of Rs. 10/- each			9.85		7.59

As per our report annexed

For **SARDA & PAREEK**
Chartered Accountants

Sitaram Pareek
Partner
M. No.: 16617
Place : Mumbai
Dated : 27th May, 2008

For **Gwalior Chemical Industries Ltd.**

K. N. Luhariwala
V. P. Biyani
Sanjeev Pathak } Directors
Company Secretary

Place : Mumbai
Dated : 27th May, 2008

**GWALIOR CHEMICAL INDUSTRIES LIMITED****SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.08**

	Year Ended 31.03.08 (Rs. In Lacs)	Year Ended 31.03.07 (Rs. In Lacs)
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
50000000 (27000000) Equity Shares Of Rs. 10/- Each	<u>5000.00</u>	<u>2700.00</u>
Issued, Subscribed & Paid Up.		
24676543 (24676543) Equity Shares of Rs 10/- Each Fully Paid Up.	<u>2467.65</u>	<u>2467.65</u>
	<u>2467.65</u>	<u>2467.65</u>
SCHEDULE 2		
RESERVES & SURPLUS		
1 Capital Reserve	202.24	202.24
2. Share Premium	6487.94	7012.35
Less: Share Issue Expenses	<u>(12.99)</u>	<u>(524.41)</u>
	6677.19	6690.18
3. General Reserve	4645.43	3145.43
Add: Appropriation During The Year	<u>1500.00</u>	<u>1500.00</u>
	6145.43	4645.43
4. Profit & Loss Account	<u>2122.18</u>	<u>1536.90</u>
	<u>14944.80</u>	<u>12872.51</u>
SCHEDULE 3		
DEFERRED TAX BALANCES		
Deferred Tax Liability	2617.25	2133.15
Deferred Tax Assets	<u>(23.15)</u>	<u>(3.07)</u>
	<u>2594.10</u>	<u>2130.09</u>
SCHEDULE 4		
SECURED LOANS		
1 Cash Credit / Working Capital (Note - 1 & 2)		
From Banks		
Rupee Loans / Cash Credit	<u>6251.99</u>	<u>2379.85</u>
	<u>6251.99</u>	<u>2379.85</u>
2 Term Loans (Note - 3)		
From Banks		
A Rupee Loans	166.90	55.55
B Foreign Currency Loans	289.87	833.12
C Corporat Loan from SBI	151.31	252.18
D S.B.I. Term Loan Ratlam Commercial Br. (Wind Mild)	825.75	972.61
E SBI Windmill (Sangli) Loan	513.30	0.00
F State Bank of India	2012.66	0.00
G HDFC Bank Ltd	<u>1500.00</u>	<u>1500.00</u>
	5459.78	3613.46
From Financial Institutions (Note - 3&4)		
Rupee Loans	<u>1336.02</u>	<u>1883.63</u>
	1336.02	1883.63
3. Vehicle Loan (Note - 5)	<u>8.60</u>	<u>16.28</u>
	<u>13056.38</u>	<u>7893.22</u>

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Notes :

- 1 Cash Credit, & export credits from SBI are secured by hypothecation of Stocks and Book Debts pertaining to Company's unit at Nagda and Ankelshwar and further secured by second charge on the fixed assets.
- 2 Cash Credit, & export credits from Standard Chartered Bank are secured by hypothecation of Stocks and Book Debts pertaining to Company's unit at Nagda and Ankelshwar.
- 3 Term Loan from IDBI, S.B.I.(excluding term loan for wind mills) , BOB and HDFC-II, are secured by first charge ranking pari-passu on all immovable properties both present and future and first charge by way of hypothecation of all moveable properties including moveable machineries, spares, tools and accessories present and future subject to prior charges created and/or to created and further secured by personal guarantee of the some of the Directors. [Repayable within one year Rs. 992 Lacs, (Previous Year Rs 1051.28 Lacs)]
- 4 Term loan from SBI for wind mills is secured by first charge on all immovable properties both present and future and first charge by way of hypothecation of all moveable properties including moveable machineries, spares, tools and accessories present and future subject to prior charges created and/or to created for company's wind power project at village Chakale Dist. Nandurbar, Maharashtra [Repayable within one year Rs. 221 Lacs (Previous Year Rs. 152.61 Lacs)]
- 5 Term Loan-I from HDFC is secured by Equitable mortgage of deposit of title deed of land together with other structure, fixture & fittings constructed/to be constructed in future for staff residential colony [Repayable within one year Rs.16 Lacs, (Previous Year Rs.22.48 Lacs)]
- 6 Vehicle loans from ICICI Bank and ICICI Capital are secured by hypothecation of motorcars purchased. [Repayable within one year Rs.5.00 Lacs, (Previous Year Rs.7.73 Lacs)]

	Year Ended 31.03.08 (Rs. In Lacs)	Year Ended 31.03.07 (Rs. In Lacs)
SCHEDULE 5		
UNSECURED LOANS		
A. FROM CORPORATE BODIES	15.69	14.71
B. DEFERRED SALES TAX LIABILITY (UNDER INCENTIVE SCHEME OF STATE GOVT) (Payable within one year Rs 56.34 Lacs (Previous year 56.34 Lacs))	56.34	117.00
	72.03	131.71



STATEMENT OF FIXED ASSETS & DEPRECIATION AS PER COMPANY'S ACT AS ON 31.03.2008

SCHEDULE 6

(Rs. in Lacs)

Sr. Particulars No.	Gross Block			Depreciation				Net Block		
	As on 1.04.07	Addition	Deduction	Total as on 31.3.2008	Upto 31.03.07	For the Year	Written back on 31.03.2008	Total as on 31.03.2008	As on 31.03.2008	As on 31.03.07
1 FREE HOLD LAND	267.38	142.35	0.00	409.73	2.85	0.47	0.00	3.32	406.41	264.53
2 ROAD & BUILDING	1098.08	52.32	0.00	1150.40	157.85	30.95	0.00	188.80	961.60	940.23
3 PLANT & MACHINERY	13614.45	3993.12	162.98	17444.59	2640.10	773.15	59.70	3353.56	14091.03	10974.35
4 FURNITURE & FIXTURE	169.66	23.14	13.19	179.60	63.31	10.95	8.46	65.80	113.80	106.35
5 COMPUTER	56.91	20.06	0.00	76.97	17.57	10.61	0.00	28.18	48.79	39.34
6 VEHICLES	274.55	192.58	18.84	448.29	79.18	32.51	7.78	103.92	344.37	195.37
7 INTANGIBLE ASSETS	55.00	0.00	0.00	55.00	51.73	3.27	0.00	55.00	0.00	3.27
	15536.04	4423.57	195.02	19764.59	3012.60	861.92	75.94	3798.58	15966.01	12523.44
PREVIOUS YEAR	3458.82	2233.50	156.28	15536.04	2376.09	705.49	68.98	3012.60	12523.44	11082.73

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	Year Ended 31.03.08 (Rs. In Lacs)	Year Ended 31.03.07 (Rs. In Lacs)
SCHEDULE 7		
INVESTMENTS (AT COST)		
(A) Long Term Investment		
Unquoted (Fully Paid Up) -		
20 Equity Shares Of Rs. 50 Each The Thane Janta Sahkari Bank Ltd.	0.01	0.01
32192 Equity Shares Of Rs. 10/- Each Bharuch Equa Infrastructure Ltd.	3.22	3.22
Investment In 100% Subsidiaries		
1. Gwalior Chemicals Bvba Belgium	10.72	10.72
100 Equity Shares Of 186 Euro Each Fully Paid Up		
2. GCIL Finance Limited	250.00	0.00
2500000 Shares Of Rs 10 Each Fully Paid Up		
(B) Current Investment -		
In Units Of Mutual Fund (Unquoted) -		
Birla Fixed Term Plan-Series T (3,50,00,000 Units Of Rs. 10/-)	3500.00	3500.00
Nav: As On 31.03.2008 is at Rs 3885.98 Lacs		
(Previous Year Rs. 3500 Lacs).	3763.94	3513.94
SCHEDULE 8		
INVENTORIES :-		
(As taken, valued & certified by the management)		
Raw Materials	1796.01	795.52
Packing Materials	23.89	23.68
Stores & Spares	350.03	376.18
Process Stocks (Including Works Contract)	486.84	352.03
Finished Goods Including Trading Stock	432.50	288.52
Advance Licence in hand	72.70	30.78
Total	3161.98	1866.71

**GWALIOR CHEMICAL INDUSTRIES LIMITED**

	Year Ended 31.03.08 (Rs. In Lacs)	Year Ended 31.03.07 (Rs. In Lacs)
SCHEDULE 9		
SUNDRY DEBTORS (UNSECURED)		
A) Due Over Six Months		
Considered Good	159.19	88.55
Considered Doubtful	51.35	3.92
B) other debts - considered good	<u>8370.32</u>	<u>5722.62</u>
	8580.86	5815.10
Less : Provision for Doubtful Debts	<u>(51.35)</u>	0.00
	<u>8529.51</u>	<u>5815.10</u>
SCHEDULE 10		
CASH & BANK BALANCES		
Cash In Hand	3.22	3.01
With Scheduled Banks		
In Current Account	61.95	226.28
In Fixed Deposit	209.11	223.25
(Deposit Includes Rs 208.46 Lacs Previous Year Rs.202.50 Lac)		
(Under Bank's Lien For Guarantees & Margin Money)	<u>274.28</u>	<u>452.54</u>
SCHEDULE 11		
LOANS & ADVANCES		
Advance Recoverable in Cash or kind or for value to be received (Unsecured)		
Considered Good	1794.24	1407.26
Considered Doubtful	0.00	46.58
Deposits With Govt.Bodies	261.31	68.43
Deposits With Others	59.70	99.23
	<u>2115.26</u>	<u>1621.50</u>
SCHEDULE 12		
CURRENT LIABILITIES		
Sundry Creditors		
- For Capital Goods	269.65	453.62
- For Supplies	1727.75	283.85
- For Others	530.45	461.60
	<u>2527.85</u>	<u>1199.07</u>

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	Year Ended 31.03.08 (Rs. In Lacs)	Year Ended 31.03.07 (Rs. In Lacs)
SCHEDULE 13		
PROVISIONS		
- For Proposed Dividend	296.12	185.07
- For Tax On Dividend	50.33	31.45
- For Wealth Tax	1.00	0.50
- For Leave Encashment	80.53	66.97
- Provision For Income Tax (Net)	5.36	9.92
- Provision For FBT	2.50	0.81
- Provision For Gratuity	66.20	0.00
	502.03	294.72
SCHEDULE 14		
MISC EXPENDITURES		
(To The Extent Not Written Off)		
Preliminary Expenses	16.10	0.00
Less Written Off During The Year	3.22	0.00
	12.88	0.00
SCHEDULE 15		
SALES & OTHER RECEIPTS		
Local	19250.54	14057.48
Export	11870.94	7882.20
Export Incentives	722.72	310.75
Income From Power Generation	207.72	177.38
	32051.92	22427.81
SCHEDULE 16		
OTHER INCOME		
Interest Income (TDS of Rs 6.24 Lacs)	36.54	30.91
Misc Income	36.36	35.89
Exchange Gain/Loss	(1.28)	23.26
Dividend Income	12.39	72.48
	84.02	162.54



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	Year Ended 31.03.08 (Rs. In Lacs)	Year Ended 31.03.07 (Rs. In Lacs)
SCHEDULE 17		
RAW MATERIALS CONSUMED		
Opening Stock	795.52	519.81
Add: Purchases	16804.11	10259.18
	<u>17599.63</u>	<u>10778.99</u>
Less: Closing Stock	1796.01	795.52
	<u>15803.62</u>	<u>9983.47</u>
SCHEDULE 18		
INCREASE (DECREASE) IN STOCKS		
Closing Stock		
- Finished Goods	432.50	288.52
- Process Stock	486.84	352.03
	<u>919.34</u>	<u>640.55</u>
Less: Opening Stock		
Finished Goods	288.52	247.99
Processed Goods	352.03	293.65
	<u>640.55</u>	<u>541.64</u>
Increase (Decrease) In Stocks	278.79	98.92
Goods Traded Consumed		
Opening Stock	0.00	56.99
Add: Purchase	3.56	506.45
	<u>3.56</u>	<u>563.44</u>
Less: Closing Stock	0.00	0.00
Cost Of Goods Consumed	<u>3.56</u>	<u>563.44</u>
SCHEDULE 19		
MANUFACTURING EXPENSES		
1 Wages	210.42	165.30
2. Utilities	2038.34	1705.02
3 Stores, Spares & Maintenance	600.75	590.34
4 Packing Materials Consumed	1135.36	705.07
5 Insurance	79.99	108.10
6 E.T.P. Expenses	63.25	78.61
7 Processing Charges/Job Charges	4.76	41.22
8 Other Expenses	16.61	25.94
	<u>4149.47</u>	<u>3419.60</u>

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	Year Ended 31.03.08 (Rs. In Lacs)	Year Ended 31.03.07 (Rs. In Lacs)
SCHEDULE 20		
PAYMENTS & PROVISIONS FOR EMPLOYEES		
Salaries & Wages	481.52	340.08
Contribution To Provident Fund & Other Funds	100.73	84.69
Other Payment To Employees	139.97	96.69
	722.21	521.46
SCHEDULE 21		
ADMN. & OTHER EXPENSES		
Administration Expenses	429.33	316.54
Directors Remuneration	114.18	68.88
Payment To Statutory Auditors		
- Statutory Audit Fee	2.50	1.40
- Tax Audit Fees	0.50	0.35
- Consultation & Certification (In Other Capacity)	0.25	0.25
- Audit Exp.	0.61	1.11
Directors Sitting Fees	1.37	1.15
Legal And Consultation Charges	44.76	20.50
	593.50	410.18
SCHEDULE 22		
SELLING & DISTRIBUTION EXPENSES		
Travelling Expenses		
- For Directors	56.49	31.08
- For Others	109.29	77.77
Freight	951.05	537.08
Discount & Rebate	166.25	147.48
Commission	169.33	115.70
Export Expenses	1336.39	880.78
Provision For Doubtful Debts	51.35	0.00
Other Selling Expenses	192.62	90.27
	3032.78	1880.16
SCHEDULE 23		
INTEREST & FINANCIAL CHARGES		
- Interest To Banks & Financial Institutions	913.81	547.30
- Other Financial Charges	4.90	15.49
	918.71	562.79



SCHEDULE 24

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

1. ACCOUNTING CONVENTION

- a) The Financial Statements are prepared under the historical cost convention on the basis of going concern and in accordance with the Generally Accepted Accounting Principles in India (GAAP) and provisions of the Companies Act, 1956.
- b) The preparation of financial statements are in conformity with generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and the differences between actual results and estimates are recognized in the periods in which the results are known/ materialize.

2. REVENUE RECOGNITION

- a) Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.
- b) Sales are recognized when goods are invoiced on dispatch to customers. Sales include Excise duty but exclude Sales Tax.
- c) Export incentive/benefits are accounted on accrual basis. Customs duty benefits in the form of Advance License entitlements on the export of goods are recognized and added to the cost of import.

3. MISCELLANEOUS EXPENDITURE

- 1 Share issue expenses are charged off from share premium received.
- 2. Expenses related to increase in authorized Share Capital is amortized over a period of five years.

4. INVENTORIES VALUATION (AS – 2)

- a) Raw material, packing material, store & consumables are valued at the lower of cost and net realizable value except waste/scrap, which is valued at net realisable value. The cost is computed on FIFO basis.
- b) Finished Goods and process stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

5. CASH FLOW STATEMENT (AS – 3)

Cash Flow Statement is prepared under “Indirect Method”.

6. CHANGE IN ACCOUNTING POLICIES (AS – 5)

The company has amortized share issue expenses over a period of five years from Financial year 2006-07 . As permitted by Section 78(2) of Companies Act the share issue expenses of Rs 524.40 Lacs (F.Y. 06-07) & Rs.12.99 Lacs (F.Y. 07-08) have been charged off to Share premium account. Due to this, the profit for the year has been overstated by Rs 108.13 Lacs (Previous Year 104.88 Lacs)

7. DEPRECIATION (AS – 6)

- a) Depreciation has been charged on Straight Line Method corresponding to the rates prescribed under Schedule XIV to the Companies Act, 1956.
- b) Depreciation on additions/deletions is being provided on pro-rata basis from the date of such additions/deletions.
- c) Intangible assets are amortized over a period of seven years.

8. FIXED ASSETS (AS – 10)

- a) Fixed Assets are stated at their original cost of acquisition / installation and included preoperational expenses including borrowing cost. Fixed assets are shown net of accumulated depreciation.
- b) Capital Work-in-progress is stated at the amount spent up to the date of the Balance Sheet, however pending completion of the project, assets shown in Assets schedule and no depreciation is provided on the same.
- c) Leasehold land is shown at cost, including lease premium paid.

9. TRANSACTION OF FOREIGN CURRENCY ITEMS (AS – 11)

- a) Transactions of foreign currencies are recorded at the exchange rates prevailing on the date on which transaction took place. Gains and Losses arising out of fluctuation in the exchange rates are accounted for on realization.
- b) Current assets and liabilities denominated in foreign currency as at the balance sheet date are converted at the exchange rate prevailing on balance sheet date. Exchange differences are recognized as income or expense in the profit and loss account.
- c) In respect of transactions covered by forward foreign exchange contract, the difference between the forward rate and exchange rate at the inception of the contract is recognized as income or expense over the life of contract except for contracts relating to liabilities incurred for purchase of fixed assets, the difference thereof is adjusted in the carrying amount of respective fixed assets. The use of forward contracts and swaps is governed by company's overall strategy. The company does not have forward contracts and swaps for speculative purposes.

10. INVESTMENTS (AS – 13)

Long-term investments including investment in the shares of foreign subsidiary are stated at cost. Provision for diminution in value of long-term investments if any is made, if such diminution is other than of temporary nature in the opinion of the management.

11. EMPLOYEE BENEFITS (AS – 15 Revised)

During the year the company has adopted Accounting Standard 15 (Revised 2005) "Employees Benefits"

Since the company already using the projected Unit Credit Method and other assumption as per market, hence no change has been adjusted to the opening balance of reserves and surplus.

- a) The liability for superannuation benefits, on the basis of amount contributed to LIC's Group Gratuity Policy and the difference between the amount payable on retirement and recovered from LIC, is charged to profit & loss account.



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- b) Employee's Contribution to Provident Fund, Family Pension Fund are debited to Profit & Loss account.
- c) Leave encashment benefits & gratuity available on retirement are provided on the basis of actuarial valuation.

12. BORROWING COST (AS – 16)

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of such assets till such time as the assets are ready for their intended use. Qualifying assets are assets that necessarily require a substantial period of time to get ready for their intended use. All the other borrowing cost is recognized as an expense in the period in which they are incurred.

13. LEASES (AS – 19)

- a) Leasehold land is being amortized over the period of lease.

14. TAXES ON INCOME (AS - 22)

Current tax is determined as the amount of tax payable in respect of taxable income for the period, using applicable tax rates and Laws.

Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets on timing differences, being the difference between taxable income and accounting income that originates in one period and capable of reversal in one or more subsequent periods.

15. DISCONTINUING OPERATIONS (AS – 24)

The Company has not discontinued any operations during the year.

16. IMPAIRMENT OF ASSETS (AS – 28)

Impairment of assets has been recognized and losses if any has been charged to profit & Loss account.

As of each balance sheet date, the carrying amount of assets is tested for impairment so as to determine –

- (a) the provision for impairment loss, if any, required, or
- (b) the reversal, if any, required or impairment has recognized in previous periods.

17. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (AS-29)

- a) The provisions are recognised and measured by using a substantial degree of estimation.
- b) Contingent liabilities and contingent assets are disclosed after a careful evaluation of the facts and legal aspects of the matter involved in issue.

B. NOTES FORMING PART OF THE ACCOUNTS:

1) The figures of the previous accounting period are re-grouped, re-classified wherever necessary and are not comparable with the figures of the current accounting year. The figures are rounded to nearest rupees in lacs.

2. (a) Contingent liabilities not provided for (AS - 29)	(Rs. in Lacs)	
	As on 31.03.2008	As on 31.03.2007
	Amount	Amount
a) Bank Guarantees & LC	1156.13	414.15
b) Sales Tax Liabilities		
i) Disputed (Deposited Rs.6.14 Lacs)	45.32	50.17
ii) On account of C Forms	42.21	83.61
iii) Appeal filed by Comm. Tax Deptt.in Supreme Court	122.00	122.00
c) Excise Duty Liabilities (Disputed)	0.00	42.58
d) Entry Tax (Disputed)(Deposited Rs. 0.83 Lacs)	2.97	2.97
e) Export Obligation on A/c of Import of Machinery	693.33	Nil
f) Unexecuted Contracts (Net of advance)	1064.07	506.67
g) Custom duty on import of Raw Material	57.31	Nil

3. The Company has given non-disposal undertaking in favour of the Industrial Development Bank of India (IDBI) for the equity shares held by the promoters of the Company.

4. In the opinion of the Board of Directors of the Company the sundry debtors, Loans and Advances, sundry creditors are subject to third party confirmation, have a value on realization / payment in the ordinary course of business, at least equal to the amounts at which they are stated and the provisions for all known liabilities are adequately made and are not in excess of the amount reasonably necessary.

5) Sundry debtors include due from wholly owned subsidiary company Rs. 173.41 Lacs (Previous year Rs 721.78 Lacs) and maximum debit balance during the period were Rs. 799.75 Lacs (previous year Rs. 966.51 Lacs)

6) The disclosures required under accounting standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) rules 2006, are given below:

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized are charged off for the year are as under:

	Rs. In Lacs
Employer's Contribution To Provident Fund	38.30
Employer's Contribution To Superannuation Fund	5.20
Employer's Contribution To Pension Scheme	19.77
Employer's Contribution To Employee State Insurance	14.38

Defined Benefit Plan

The employee's gratuity fund scheme managed by Life Insurance Corporation of India is a defined plan. The present value of obligation is determined based on actuarial valuation using the Projected



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Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

a. Reconciliation of opening and closing balances of defined benefit obligation	Gratuity (Funded)	Leave Encashment
Defined benefit obligation at beginning of the year	128.91	66.97
Current Service Cost	9.17	9.63
Interest Cost	-	5.36
Actuarial (gain) / loss	13.93	1.77
Benefits paid	10.16	3.23
Defined Benefit obligation at year end	141.85	80.50
b. Reconciliation of opening and closing balances of fair value of plan assets		
Fair value of plan assets at the beginning of the year	66.39	Nil
Expected return on plan assets	5.80	Nil
Actuarial (gain) / loss	-	Nil
Employer contribution	13.62	Nil
Benefits paid	10.16	Nil
Fair value of plan assets at year end	75.65	Nil
Actual return on plan assets	5.80	Nil
c. Reconciliation of fair value of assets and obligation		
Fair value of plan assets as at 31st March, 2008	75.65	Nil
Fair value of obligation as at 31st March, 2008	141.85	80.50
Unfunded net liability recognized in balance sheet	66.20	80.50
d. Expenses recognized during the year		
Current service cost	9.17	9.63
Interest cost	-	5.36
Expected return on plan assets	5.80	Nil
Actuarial (gain) / loss	13.93	1.77
Net Cost	17.30	16.76
e. Investment details	% invested as at 31st March 2008	As at 31st March 2008
L.I.C. Group Gratuity (Cash Assumption) Policy	100%	Nil
f. Actuarial assumptions		
Mortality Table (L.I.C.)		
	1994-96 (Ultimate)	
Discount rate (per annum)	8.00%	8.00%
Expected rate of return of plan assets (per annum)	9.15%	Nil
Rate of escalation in salary (per annum)	5.00%	5.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. This being the first year of implementation, previous year figures have not been given.

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7) **SALES**

- a) Sales figures are shown excluding Sales Tax and VAT of Rs. 723.81 Lacs
(Previous year Rs.316.01 Lacs),
- b) Inter Unit transfers of finished Goods have been ignored.

8) **CENVAT CREDIT**

Cenvat credit is used in reducing the purchase cost of related materials and fixed assets.

9) **Managerial Remuneration:** (Amt. in Rs. in Lacs)

	Current Year	Previous Year
- Directors Remuneration		
- Salary	55.83	46.42
- Commission	36.97	13.68
- Contribution to PF	4.65	4.24
- Contribution to Superannuation Fund	1.25	1.16
- Other Perquisites	16.72	6.84
- Director sitting fees	1.37	1.15
	<u>116.79</u>	<u>73.49</u>

10) **Computation of net profit as per section 309(5) of the Companies Act, 1956**

	(Amt. In Rs. in Lacs)
Net Profit Before Tax as per Profit & Loss Account	3734.44
Add:	
Whole-time Directors remuneration excluding commission	77.20
Executive Directors Commission	36.97
Directors Sitting Fees	1.37
Loss on sale of Fixed Assets	26.76
Net Profit as per section 198 of the Companies Act, 1956	3876.74
Maximum permissible managerial remuneration to Whole-time Directors u/s 198 of the Companies Act, 1956 @10% of the Profit computed above	387.67

- 11) Sales Tax Assessments have been completed up to the Accounting year ended as on 31.03.2004 except for the accounting year 1996-97,1997-98 and 1998-99, which are pending due to matter in High Court for Wind Mill exemption.



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12) Auditors Remuneration:

(Amt in Rs. in Lacs)

	Current Year	Previous Year
- Statutory Audit Fees	2.50	1.40
- Tax Audit Fees	0.50	0.35
- Consultation and certification	0.95	3.76
- Expenses reimbursed	0.61	1.11

13) Income Tax Assessments have been completed up to assessment year 2006–2007 pertaining to previous accounting year ended on 31.03.2006 and the Company doesn't foresee any additional Income Tax liability for pending Assessments.

14) Amount of Impairment losses of Rs. 0.94 Lacs (Previous year 2.17 Lacs) of Assets have been recognized in financial statements.

15) Excise Duty on inventories of Rs. 71.62 Lacs (Previous Year 116.42 Lacs) has not been provided in the accounts and included in the valuations.

16) Inter unit transfer of goods is independent of marketable products of separate units for captive consumption is included in respective heads of accounts to reflect the working of the respective units. Any unrealized profit on unsold stock is eliminated while making the valuation of the inventories. This accounting treatment has no impact on the profit of the Company.

17) **Small Scale Industries:**

- There were no dues outstanding of Small scale Industries as on March 31, 2008.
- There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days at the Balance Sheet date.
- The above information given in paragraphs 17(a) and 17(b) above regarding Small Scale Industrial Undertakings and Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

18. **Segmental Reporting as per AS – 17**

Primary Segment

The Company has identified Chlorotoluene derivatives (chemicals) as its sole primary business segment taking into account the nature of products and services, risks and returns, the organization structure and the internal reporting system.

Secondary Segment

The company's activities are restricted within India, the conditions prevailing within India being predominately uniform, no separate geographical segment disclosure is considered necessary.

The activities of the company comprises of one business segment "chemical".

Power generation segment was identified as reportable segment in preceding period. Now it doesn't satisfy the relevant 10% threshold and should not be continued to be a reportable segment in the subsequent accounting year. However during the year, to comply with the requirement of Accounting standard, it has been reported.

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Segment Reporting

(l) Segment-wise Revenue, Results and other informations

Particulars	(Rs. In lacs)					
	As at 31st March 2008			As at 31st March 2007		
	Chemical	Power	Total	Chemical	Power	Total
Revenue						
External Sales	31948.75	186.98	32135.73	22433.50	156.85	22590.35
Inter Segment Sales (Including Excise Duty)	0.00	20.74	20.74	0.00	20.53	20.53
	31948.75	207.72	32156.47	22433.50	177.38	22610.88
Less Inter Segment Sales	0.00	20.74	20.53	0.00	20.53	20.53
Total Revenue	31948.75	186.98	32135.94	22433.50	156.85	22590.35
Results						
Segment / Operating Results						
Unallocable Income (Net Of Expenses)	4494.93	92.02	4586.95	3071.50	240.40	3311.90
Interest Expenses	808.87	109.84	918.71	489.52	73.27	562.79
Non-Recurring Expenses						
Provision For Tax (Including Deferred Tax)	1236.52	0.00	1236.52	875.62	0.00	875.62
Profit After Tax & Prior Period Items	2449.54	-17.82	2431.72	1706.36	167.13	1873.49
Other Information						
Segment Assets	17514.85	2249.74	19764.59	13286.30	2249.74	15536.04
Unallocable Assets						
Total Assets	17514.85	2249.74	19764.59	13286.30	2249.74	15536.04
Segment Liabilities						
Unallocable Liabilities And Provisions	3029.86	0.02	3029.88	1398.75	95.04	1493.79
Total Liabilities	3029.86	0.02	3029.88	1398.75	95.04	1493.79
Depreciation	3419.69	378.89	3798.58	2752.12	260.48	3012.60
Unallocable Depreciation						
Total Depreciation	3419.69	378.89	3798.58	2752.12	260.48	3012.60
Capital Expenditure Including CWIP	2340.99	0.00	2340.99	1195.74	0.00	1195.74

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Particulars	(Rs. in Lacs)	
	As at 31.03.2008	As at 31.03.2007
REVENUE FROM		
External Sales		
(a) Domestic	19458.26	14234.84
(b) Export	12593.66	8192.94
Total Revenue	32051.92	22427.78
19. Earning per share	As at 31.03.2008	As at 31.03.2007
Net Profit / (Loss) After Tax available for Equity Share Holders	2431.72	1873.49
Number of Equity Shares of Rs.10/- each		
Outstanding during the year [Number of Shares]	246.77	246.77
Basic / Diluted Earning Per Share face value of Rs 10 (Rs.)	9.85	7.59
20. Deferred Tax Assets/ (Liabilities)		
In accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the ICAI the Company has accounted for Deferred Taxes during the year. Following are the components of Deferred Tax Assets/(Liabilities):		
	(Amt. In Rs. in Lacs)	
	As at 31.03.2008	As at 31.03.2007
Deferred Tax Liability	2617.25	2133.15
Less: Deferred Tax Asset	38.47	3.07
Net Deferred Tax Liability (Net)	2578.78	2130.08
21. Related Party Transactions		
As required by Accounting Standard AS-18 "Related Parties Disclosure" issued by The Institute of Chartered Accountants of India, the following are treated as Related Parties with whom transactions have taken place during the year ended 31st March 2008		
(a) Associate Companies		
Elrose Mercantile Pvt Ltd.		
Four Dimension Securities (I) Ltd.		
Four Dimension Commodities (I) Ltd.		
Aroni Chemical Industries Ltd		
(b) 100% Foreign Subsidiary Company		
Gwalior Chemical BVBA.		
(c) 100% Indian Subsidiary Company		
GCIL Finance Ltd.		
(d) Relative of Directors		
Atul Transport (India)		
Krasoma Carrying Corporation		
Krasoma Corporation		
Gaurav Shyamsukha		

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- (e) Key Managerial Personnel
 Shri Ashwin Kumar Kothari
 Shri Harisingh Shyamsukha
 Shri K. N. Luhariwala
 Shri V. P. Biyani

The following transactions were carried out in the ordinary course of business:

Transacting Related Party	Relationship Between the Parties	Nature of Transaction	Volume of Transaction (Rs in Lacs)	Closing Balance As on 31.03.07 (Rs in Lacs.)
1. M/s. Atul Transport (India)	Relative of Director	Transportation Charges	512.12 (PY 312.18)	25.15 (Cr) (PY 28.01 Cr)
2. Krasoma Carrying Corporation	Relative of Director	Transportation Charges	NIL (PY 0.17)	NIL (PY NIL)
3. Krasoma Corporation	Relative of Director	Sales commission	3.16 (PY 1.96)	1.15 (PY 0.89Cr)
4. M/s. Aroni Chemical Ind. Ltd.	Associate Company	Repayment of Unsecured Loan Interest Service charges	NIL (PY NIL) NIL (PY 1.47) 1.03 (PY 0.37)	NIL (PY NIL) NIL 0.88 Cr (1.91 CR)
5. Shri Gaurav Shyamsukha	Relative of Director	Remuneration	12.33 (PY 10.68)	0.68 (PY 0.54)
6. Four Dimension Securities (I) Ltd.	Associate Company	Service Charges	8.76 (PY 7.57)	4.00 (CR) (PY 1.53 CR)
7. Elrose Mercantile Pvt. Ltd.	Associate Company	Service Charges	2.40 (PY 2.40)	NIL (PY 3.45 Dr)
8. Gwalior Chemicals Bvba	100% subsidiary	Sales	2370.72 (PY 2040.50)	173.41 (DR) (PY721.78DR)
9. Four Dimension Commodity (I) Ltd.	Associate Company	Service Charges	16.18 (PY NIL)	NIL (PY NIL)
10. GCIL Finance Ltd.	100% subsidiary	--	2.87 (PY NIL)	2.87 (DR) (PY NIL)



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B. KEY MANAGERIAL PERSONNEL

Transacting Related Party	Relationship Between the Parties	Nature of Transaction	Volume of Transaction (Rs in Lacs)	Closing Balance As on 31.03.08 (Rs in Lacs.)
Shri Ashwin Kumar Kothari	Whole time Director	Remuneration (including perquisites & commission)	39.19 (PY 22.44)	18.48 (PY 4.54)
Shri Harisingh Shyamsukha	Whole time Director	Remuneration (including perquisites & commission)	39.19 (PY 22.44)	18.48 (PY 4.54)
Shri K.N. Luhariwala	Whole time Director	Remuneration (including perquisites)	17.76 (PY 12.48)	Nil (PY Nil)
Shri V. P. Biyani	Whole time Director	Remuneration (including perquisites)	19.06 (PY 14.94)	Nil (PY Nil)

22. Additional information required under the Para 3 under Clause (i)(a), (ii)(a), (b), Para 4, Para 4 a Para 4D of Part II of Schedule VI of the Companies Act, 1956 is detailed as under:

A) DETAILS OF LICENCED AND INSTALLED CAPACITIES

(Licensed Capacity (based on three shifts))

INSTALLED CAPACITY

	31.03.2008	31.03.2007
	Qty. (in M.T.)	Qty. (in M.T.)
1. Chloro Toluene & Derivatives (Incl. for Captive use)	76600	55380
2. Sulphur Oxy Chloride	38400	31200
3. Sulphur Chloride	600	600
4. Others	106100	75032
5. Wind Electric Generation (in M.W.)	4.425	4.425

ACTUAL PRODUCTION

	31.03.2008	31.03.2007
	Qty. (in M.T.)	Qty. (in M.T.)
1. Chloro Toluene & Derivatives	65384	43392
Less: Captive	34680	24024
	30704	19368
2. Sulphur Oxy Chloride	29974	19316
Less: Captive	11	0
	29963	19316
3. Sulphur Chloride	435	416
Less: Captive	3	0
	432	416
4. Others	79823	56663
Less: Captive	0	0
	79823	56663

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OPENING STOCK	31.03.2008		31.03.2007	
	QTY. (in MT)	AMT (Rs.in Lacs)	QTY. (in MT)	AMT (Rs.in Lacs)
1 Chloro Toluene & Derivatives	371	236.66	458	198.60
2 Sulphur Oxy Chloride	116	19.90	200	29.25
3 Sulphur Chloride	0	0.00	0	0.00
4 Others	442	31.96	519	20.14
Total	929	288.52	1177	247.99
CLOSING STOCK	31.03.2008		31.03.2007	
	QTY. (in MT)	AMT (Rs.in Lacs)	QTY. (in MT)	AMT (Rs.in Lacs)
1 Chloro Toluene & Derivatives	611	306.96	371	236.66
2 Sulphur Oxy Chloride	180	32.33	116	19.90
3 Sulphur Chloride	42	6.30	0	0.00
4 Others	335	88.04	442	31.96
Total	1167	433.63	929	288.52
TURNOVER	31.03.2008		31.03.2007	
	QTY. (in MT)	AMT (Rs.in Lacs)	QTY. (in MT)	AMT (Rs.in Lacs)
1 Chloro Toluene & Derivatives	30380	23540.68	20602	14898.42
2 Sulphur Oxy Chloride	29890	5547.73	19388	4637.36
3 Sulphur Chloride	391	160.12	416	114.04
4 Others	81405	2810.6	55520	2777.96
Total	142066	32059.13	95926	22427.78
B) TRADING:				
CLOSING STOCK	31.03.2008		31.03.2007	
	QTY. (in MT)	AMT (Rs.in Lacs)	QTY. (in MT)	AMT (Rs.in Lacs)
1 Benzyl Cyanide	NIL	NIL	NIL	NIL
2 Benzoic Acid	NIL	NIL	NIL	NIL
C) RAW MATERIAL CONSUMED				
	31.03.2008		31.03.2007	
	QTY. (in MT)	AMT (Rs.in Lacs)	QTY. (in MT)	AMT (Rs.in Lacs)
1 Toluene	27800.31	11224.76	18024.29	7252.14
2 Chlorine	46885.12	129.78	31016.22	1090.31
3 Acetic Anhydride	756.325	404.92	432.045	230.05
4 Others		2644.16		1410.97
Total		15803.62		9983.47

The consumption figure are ascertained on the basis of Opening stock plus Purchase less Closing Stock and are therefore after adjustment of excess and shortage ascertained on physical count, unserviceable items etc.



GWALIOR CHEMICAL INDUSTRIES LIMITED

D) VALUE OF IMPORTS ON C.I.F. BASIS

	31.03.2008		31.03.2007	
	AMT (Rs.in Lacs)		AMT (Rs.in Lacs)	
Raw Material	4682.08		1018.24	
Packing Materials	NIL		NIL	

E) I) EXPENSES INCURRED IN FOREIGN CURRENCY

- On account of Traveling	65.12		34.20	
- On account of Export Expenses	63.96		45.33	
- On account of Sales Commission	68.96		37.84	
- On account of purchase of capital goods	358.56		379.31	

II) Earning in Foreign Currency

- F.O.B. Value	8776.34		7612.33	
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III) Value of Raw material consumed

	%		%	
1. Imported	29%	4547.39	12%	1204.99
2. Indigenous	71%	11249.73	88%	8778.48

The previous year's figures have been regrouped and reclassified, wherever necessary.

22 Information Pursuant to the Provisions of Part IV of Schedule of the Companies Act 1956.

Balance Sheet Abstract & Company's General Business Profile

I. Registration Details

State Code No.	11
Registration No.	32170 of 1984
Balance Sheet date	31.03.08

II. Capital Raised during the year

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

III. Position of Mobilization and Deployment of Funds (Rs. in Lacs)

Total Liabilities	33134.97
Total Assets	33134.97
SOURCE OF FUNDS	
Paid Up Capital	2467.65
Reserves & Surplus	14944.80
Secured Loans	13056.38
Unsecured Loans	72.03

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Deferred Tax Liabilities (net)	2594.10
APPLICATION OF FUNDS	
Net Fixed Assets	15966.01
Investments	3763.94
Net Current Assets	11051.15
Capital Work In Progress	2340.99
Misc. Expenditure	12.88
IV. Performance Of The Company	
Turnover including Other Income	32135.94
Total Expenditure including Depreciation	28401.50
Profit Before Tax	3734.44
Profit After Tax	2431.72
Earnings Per Share (Annualized)	9.85
Dividend Rate (% p.a.)	12%
V. GENERIC NAMES OF THE FOUR PRINCIPAL PRODUCTS OF THE COMPANY	
Item Code No. (ITC Code)	29122100
Product Description Code	Benzaldehyde (BCHO)
Item Code No. (ITC Code)	29159000
Product Description Code	Benzyl Chloride (BCL)
Item Code No. (ITC Code)	29062100
Product Description Code	Thionyl Chloride (TC)
Item Code No. (ITC Code)	29062100
Product Description Code	Benzyl Alcohol (BOH)

Place : Mumbai
Dated : 27th May, 2008

For **Gwalior Chemical Industries Ltd.**

K. N. Luhariwala

V. P. Biyani

} Directors

Sanjeev Pathak

Company Secretary



GWALIOR CHEMICAL INDUSTRIES LIMITED

Cash Flow Statement for the year ended on 31st March, 2008

(Rs. in Lacs)

	Year ended 31.03.08	Year ended 31.03.07
A Cash Flow From Operating Activities		
Net Profit Before Tax & Extra Ordinary Items	3734.44	2749.11
Depreciation	861.92	705.49
Interest Expenses	918.71	562.79
Interest Received	(36.54)	(30.91)
Loss On Sale Of Fixed Assets	25.55	7.37
Impairment Of Assets	0.94	2.18
Unreliazed Exchange Gain	66.08	0.70
	<u>1836.66</u>	<u>1247.61</u>
Operating Profit Before Working Capital	<u>5571.10</u>	<u>3996.02</u>
Changes		
Adjustment For :-		
DeCrease / (Increase) In Trade Receivables	(2714.41)	(2010.57)
Decrease / (Increase) In Inventories	(1295.27)	(369.39)
(Decrease) / Increase In Short-Term Loan	3872.14	(110.80)
Decrease / (Increase) In Loans And Advances	(559.84)	(1554.11)
(Decrease) / Increase In Provisions	207.31	104.39
(Decrease) / Increase In Trade Paybles	<u>1328.78</u>	<u>(892.45)</u>
Cash Generated From Operation	<u>6409.82</u>	<u>(836.92)</u>
Before Extra- Ordinary Items		
Gratuity Provision	(66.20)	0.00
Cash Generated From Operation	6409.82	(836.22)
Direct Tax Paid	<u>(772.51)</u>	<u>(478.36)</u>
Net Cash From Operating Activities	<u>5571.11</u>	<u>(1314.58)</u>
B Cash Flow From Investing Activities		
Purchase Of Fixed Assets	(5568.55)	(2736.33)
Purchase Of Investment	(250.00)	(3500.00)
INTEREST RECEIVED	36.54	30.91
SALE OF FIXED ASSETS	92.32	79.93
MISE. EXPENDITURES NOT W/F	(12.88)	0.00
	<u>(5702.57)</u>	<u>(6125.50)</u>
NET CASH FROM INVESTING ACTIVITIES	<u>(5702.57)</u>	<u>(6125.50)</u>

GWALIOR CHEMICAL bvba

GWALIOR CHEMICALS bvba

Annual Report (subsidiary Company)

Annual Report : 2007-2008

BOARD OF DIRECTORS:

K. N. LUHARIWALA
ANIL KUMAR RAJAN

REGISTERED OFFICE :

Gwalior Chemicals bvba
5 Avenue H. Hoover,
B 1332 genval
Belgium

AUDITORS:

Ruidant & Associets
Avenue Winston Churchill,
11Ba bte 3
B - 1180 Bruxelles
Belgium

REPORT OF DIRECTORS CONCERNING THE ANNUAL ACCOUNTS AT 31.03.2008

Dear shareholders, we have the honour to present you the report of directors concerning the annual accounts at 31.03.2008.

The legal references given below are the Belgian Law, the Belgian accounting Law and the Belgian Companies Code called in French "Code des Societes".

I. Business evolution

A. Result and situation

1. Balance Sheet

ASSETS:

During the second social exercise of the company we continue our business as Gwalior Chemical Industries Limited's subsidiary company.

The total of the balance sheet raises to 1.141.955, 84 €.

The stock is evaluated at 611.618,65 €.

Our clients' receivables raise to 369.141,02 €.

The amount of VAT to recover on importation goods raises to 18.919,53 €. This amount will be recovered during the second quarter 2008.

LIABILITIES:

As we have chosen the legal personality of a private company with limited responsibility, our subscribed capital raises to 18.600,00 €. Our capital is fully liberated. Concerning the result of the year, please see our explanations below.

We have received a bank loan of 750.000,00 € and our current account payable raises to 110.167,49 €.

Our suppliers' payables raise to 254.936,93 €.

The Belgian corporate tax of the year is estimated at 139,83€. The tax rate is 33,99% on a profit of the year of 1.388,81€. The notional deduction raises to 1.011,39 €.

2. Profit and loss account

Our turnover raises to 3.015.175,62 €. We mostly trade with European companies. In order to find new markets, we are working with a missionary Belgian Company.

Our goods for resale raise to 3.114.724.00 €. The stock variation raises to + 239.586,52 € according to our parent house.

The costs of our sub-contracting raises to 140.693,63 €.

The commissions paid to third parties for sales raise to 4.406,59 €.

We have a total of costs of services and other goods of 18.981,61 €.

We have financial costs of 5.053,60 €. This amount comes from payment differentials, interests (866,16 €) and bank expenses on international transfers (4.088,10 €).

The profit for the year before tax raises to 1.388,81 €.

GWALIOR CHEMICAL bvba

After the Belgian corporate tax of 139,83 € (at a rate of 33,99%) and small tax adjustment from previous year (0,89 €), the final profit for the year raises to 1.248,09 €.

3. Appropriation of the result

The final result of the year is a profit of 1.248,09 €.

We propose to the shareholders the following appropriation result:

- Profit (of previous year) carried forward : 3.165,06 €
- Profit for the year : 1,248,09 €
- Profit to be carried forward : 4,413,15 €

After this appropriation the capital and reserves will be 24.873,15 € and the total of the balance sheet will be 1.141.955,84 €.

B. Major risks and unknown events

We consider that there is no major risks and unknown events to be mentioned, seen the activity of the company.

C. Keys figures and financial ratios

We consider that we don't have to inform the shareholders concerning other key figures or financial ratios.

II Important events that happened after the 31.03.08 (art.96,2 o Code des Societes)

There is no important events that happened after the 31.03.08 and that will have an impact on the financial situation or the result of the company.

III Important events that happened during 2007-2008 (art.96,3 o Code des Societes)

There is no important events that happened during the social exercise 2007-2008.

IV. Research and development (art.96.4 o Code des Societes)

Our company didn't made research and development activities.

V. Branch Office Our company didn't establish any branch office.

VI. Information to be given according to the Belgian Company Code (art.96,7oCode des Societes)

1. According the Belgian Law and the company's statutes, we ask the shareholders to pass off our responsibilities for our mandate as directors.
2. Conflicts: There were no decisions or actions taken mentioned in the article 259, Belgian Companies Code.
3. Buying own shares: The company didn't bought its own shares.

VII. Financial assets (art.96,8o Code des Societes)

We confirm that the company didn't use financial assets that could be evaluated differently and that could have an important impact on the company's evaluation of its assets, liabilities, financial situation and results.

The 27th of May 2008

Anilkumar Rajan, Director.

AUDITOR'S REPORT OF GWALIOR CHEMICAL BVBA

Brussels, the 27th of May 2008

Our ref.: GWAL

The undersigned Jean-Marie RUIDANT certifies that his associates and him self have duly kept and controlled the accounts of GWALIOR CHEMICALS BVBA Belgium.

The herewith-submitted Balance Sheet and Profit and Loss Statement have been established in compliance with existing legal provisions on the basis of the documents provided by the incumbents in charge of the Company.

Total of the balance sheet on March 31, 2008 amounts to 1.141.955,84 EUR and a net profit of 1.248,09 EUR is booked in fiscal year 2007-2008. Given the prevailing legal rules and provisions, the accounts provide a faithful representation of the Company's patrimony and its financial situation and results.

Jean-Marie RUIDANT

*Chartered Accountant
Fiscal Advisor*

GWALIOR CHEMICAL bvba

BALANCE SHEET AS AT 31ST MARCH 2008

	Sch No.	As At 31 st March 2008 Amt. (Euro)	As At 31 st March 2007 Amt. (Euro)
SOURCES OF FUNDS			
SHARE HOLDERS FUNDS			
A) SHARE CAPITAL	1	18600	18600
B) RESERVES & SURPLUS	2	6273	5025
C) SECURED LOAN	3	860167	0
TOTAL :		885041	23625
APPLICATION OF FUNDS			
CURRENT ASSETS, LOANS & ADVANCES			
A) INVENTORIES	4	611619	372032
B) SUNDRY DEBTORS	5	369141	808182
C) CASH & BANK BALANCES	6	104760	125024
D) LOANS & ADVANCES	7	25780	20695
		1111300	1325933
LESS: CURRENT LIAB. AND PROVISIONS			
A) LIABILITIES	8	226119	1301678
B) PROVISIONS	9	140	630
		226259	1302308
NET CURRENT ASSETS		885041	23625
TOTAL :		885041	23625

GWALIOR CHEMICALS bvba

K.N.LUHARIWALA DIRECTOR

ANIL KUMAR RAJAN DIRECTOR

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PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED ON 31ST MARCH 2008

	Sch No.	As At 31 st March 2008 Amt. (Euro)	As At 31 st March 2007 Amt. (Euro)
INCOME			
SALES & OTHER RECEIPTS	10	3015353	3735720
		<u>3015353</u>	<u>3735720</u>
EXPENDITURES			
COST OF GOODS TRADED	11	2851981	3508969
ADMN. & OTHER EXPENSES	11	11254	19391
SELLING & DISTRIBUTION EXP.	12	150729	204763
		<u>3013964</u>	<u>3733123</u>
PROFIT BEFORE DEPRECIATION & TAX (PBDIT)		1389	2597
DEPRECIATION		0	0
PROFIT BEFORE TAX (PBT)		1389	2597
PROVISION FOR CURRENT TAX		141	742
NET PROFIT AFTER TAX		1248	1855
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		3165 <u>4413</u>	1310 <u>3165</u>
APPROPRIATIONS			
GENERAL RESERVE		0	0
BALANCE CARRIED TO BALANCE SHEET		4413	3165
TOTAL		<u>4413</u>	<u>3165</u>

Gwalior Chemicals bvba

K.N.LUHARIWALA DIRECTOR

ANIL KUMAR RAJAN DIRECTOR

GWALIOR CHEMICAL bvba

SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.08		
	As At 31 st March 2008 Amt. (Euro)	As At 31 st March 2007 Amt. (Euro)
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED		
100 EQUITY	<u>18600</u>	<u>18600</u>
SHARE OF EURO 186/- EACH ISSUED, SUBSCRIBED & PAID UP.		
100 EQUITY SHARE	<u>18600</u>	<u>18600</u>
OF EURO 186/- EACH FULLY PAID UP.	<u>18600</u>	<u>18600</u>
SCHEDULE 2		
RESERVES & SURPLUS		
GENERAL RESERVE	<u>1860</u>	<u>1860</u>
	<u>1860</u>	<u>1860</u>
PROFIT & LOSS ACCOUNT	<u>4413</u>	<u>3165</u>
	<u>6273</u>	<u>5025</u>
SCHEDULE 3		
SECURED LOAN		
ING BANK, ANTWERPEN	<u>110167</u>	<u>0</u>
ING BANK, ANTWERPEN	<u>750000</u>	<u>0</u>
	<u>860167</u>	<u>0</u>
SCHEDULE 4		
INVENTORIES :-		
FINISHED GOODS INCLUDING STOCK IN TRANST	<u>611619</u>	<u>372032</u>
TOTAL	<u>611619</u>	<u>372032</u>
SCHEDULE 5		
SUNDRY DEBTORS		
CONSIDERED GOOD	<u>369141</u>	<u>808182</u>
	<u>369141</u>	<u>808182</u>

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	As At 31 st March 2008 Amt. (Euro)	As At 31 st March 2007 Amt. (Euro)
SCHEDULE 6		
CASH & BANK BALANCES		
WITH SCHEDULED BANKS		
IN CURRENT ACCOUNT	<u>104760</u>	<u>125024</u>
	<u>104760</u>	<u>125024</u>
 SCHEDULE 7		
LOANS & ADVANCES		
ADVANCE RECOVERABLE IN CASH OR KIND OR FOR VALUE TO BE RECEIVED (Unsecured, considered good)		
DEPOSITS WITH GOVT.BODIES	<u>25780</u>	<u>20695</u>
	<u>25780</u>	<u>20695</u>
 SCHEDULE 8		
CURRENT LIABILITIES		
SUNDRY CREDITORS		
- FOR SUPPLIES	<u>224281</u>	1268504
OTHERS	<u>1838</u>	<u>33174</u>
	<u>226119</u>	<u>1301678</u>
 SCHEDULE 9		
PROVISIONS		
- PROVISION FOR INCOME TAX (Net)	<u>140</u>	<u>630</u>
	<u>140</u>	<u>630</u>

GWALIOR CHEMICAL bvba**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT
FOR THE PERIOD ENDED 31.03.08**

	As At 31 st March 2008 Amt. (Euro)	As At 31 st March 2007 Amt. (Euro)
SCHEDULE 10		
SALES & OTHER RECEIPTS		
SALES	3015176	3735700
OTHER RECEIPTS	178	20
	<u>3015353</u>	<u>3735720</u>
SCHEDULE 11		
GOODS TRADED CONSUMED		
OPENING STOCK	372032	410444
ADD: PURCHASE	3091568	3432145
	3463600	3842589
LESS: CLOSING STOCK	611619	372032
COST OF GOODS CONSUMED	<u>2851981</u>	<u>3470557</u>
SCHEDULE 12		
ADMN. & OTHER EXPENSES		
OFFICE MAINTAINANCE	6649	5807
ACCOUNTING CHARGES	4054	6253
LEGAL PUBLICATION	110	246
LEGAL AND PROFESSIONAL CHARGES	348	6902
PAYMENT DEFFERENCIAL	93	183
	<u>11254</u>	<u>19391</u>
SCHEDULE 13		
SELLING & DISTRIBUTION EXPENSES		
SUBCONTRACTING EXPENSES	141362	167986
SALE COMMISSION	4407	21099
TRADE FAIR & EXHIBITION	0	10197
EXCHANGE GAIN/LOSS	0	1015
BANK CHARGES	4088	4376
INTEREST	872	90
	<u>150729</u>	<u>204763</u>

GWALIOR CHEMICALS bvba

K.N.LUHARIWALA DIRECTOR

ANIL KUMAR RAJAN DIRECTOR

CHARTERED ACCOUNTANTS EXPLANATIONS ON GWALIOR CHEMICALS BVBA'S ANNUAL ACCOUNTS AT 31.03.2008

We have the honour to present to the shareholders the Chartered Accountant's explanations on Gwalior Chemicals BVBA's annual accounts at 31.03.2008.

We have established the annual accounts according to the Belgian Law, the Belgian accounting Law and the Belgian Companies Code, called in French "Code des Societes.

I. BALANCE SHEET

1. ASSETS:

The total of the balance sheet raised to 1.141.955, 84 €.

The evaluation of stocks is made according to Gwalior Chemicals BVBA's parent house.

We checked the clients' receivables by asking confirmation of Gwalior Chemicals BVBA's parent house.

Concerning the amount of VAT to recover of 18.919,53 € , it represents the VAT on importation goods paid by the company. This amount should be reimbursed by the VAT Authorities during the second quarter 2008.

Now the VAT reimbursement process is usual and occur every quarter.

2. LIABILITIES:

The subscribed capital raises to 18.600,00 € . This capital is related to the legal personality of the company, a private company with limited responsibility. The capital is fully liberated.

The final profit for the year raises to 1.248,09 € . The Board of Directors proposes to the General Assembly to carry forward this profit.

We checked the suppliers' payables by asking confirmation of Gwalior Chemicals BVBA's parent house.

The invoices to be received were provisioned according to Gwalior Chemicals BVBA's parent house accounting.

The Belgian corporate tax was calculated as the following:

Profit for the year before tax (1.387,92 €) + Not deductible expenses (expenses not deductible from a tax point of view) (0,89 €) – Notional interest (special Belgian measure to encourage companies to grow their capital and reserves (1.011,39 €) = 377,42 €

X Belgian corporate tax rate 33,99% + Penalties for not paying tax advance (9%) = Belgian corporate tax : 139,83 € .

II. PROFIT AND LOSS ACCOUNT

The turnover of 3.015.175,62 € was compared with the turnover on VAT returns and there is no difference.

We have checked the goods for resale by asking confirmation of Gwalior Chemicals BAVA's parent house accounting.

The evaluation of stocks is made according to Gwalior Chemicals BVBA's parent house.

GWALIOR CHEMICAL bvba

We estimate that there is no need for comments on services and other goods; it is the office general costs.

The financial costs are mostly due to the bank charges.

Regarding the Belgian corporate tax, as we have said before, it was calculated as the following:

Profit for the year before tax (1.387,92 €) + Not deductible expenses (expenses not deductible from a tax point of view) (0,89 €) – Notional interest (special Belgian measure to encourage companies to grow their capital and reserves (1.011,39 €) = 377,42 €

X Belgian corporate tax rate 33,99% + Penalties for not paying tax advance (9%) = Belgian corporate tax : 139,83 € .

III. Appropriation of the result

The final profit for the year raises to 1.248,09 €. The Board of Directors proposes to the General Assembly to carry forward this profit.

IV. Other Comments

We estimate that there is no other comments on the annual accounts that should be done for the understanding of the accounts.

Jean-MarieRUIDANT
Chartered Accountant
Fiscal Advisor

GWALIOR CHEMICAL INDUSTRIES LIMITED

Registered Office : 1&2, Western India House, 1st Floor, Sir P. M. Road, Fort, Mumbai – 400 001.

FORM OF PROXY

Folio No. _____

I/We _____ in the district of

_____ being a Member/Members of GWALIOR CHEMICAL INDUSTRIES

LIMITED 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 on my/our behalf at the annual general meeting of the Company to be held on Monday the 28th July, 2008 at 4.00 P.M. and at any adjournment thereof.

Signed this _____ day of _____, 2008.

For Office Use	
Proxy No.	
Date of receipt	
No. of Shares	

Revenue Stamp of Rs. 1/-

Note : The instrument appointing proxy should be deposited with the Company at least 40 hrs. before the commencement of the Meeting.

GWALIOR CHEMICAL INDUSTRIES LIMITED

Registered Office : 1&2, Western India House, 1st Floor, Sir P. M. Road, Fort, Mumbai – 400 001.

ATTENDANCE SLIP

Name of the attending Member _____

Folio No. _____ No. of Shares _____

Name of Proxy _____

(If proxy attends instead of member)

I hereby register my presence at the 24th Annual General Meeting of the Company at The M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. Dubash Marg, Fort, Mumbai – 400 001 at 4.00 P.M. on Monday, 28th July, 2008.

.....
Signature of Member/Proxy

NOTES:

1. Member/Proxyholder wishing to attend the meeting must bring the Attendance Slip to the meeting.
2. Member/Proxyholder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.



RBNQA Certificate of Merit 2007



If undelivered, please return to :

Gwalior Chemical Industries Limited

K. K. Chambers, 4th Floor, Sir Purushottamdas Thakurdas Road, Fort, Mumbai - 400 001.

Phone : 022 - 6638 8500, Fax : 022 - 6638 8620

E-Mail : gwalior@vsnl.com, Web: gwaliorchemicals.com