



**GULSHAN**

**13<sup>th</sup> Annual Report 2012-2013**

**GULSHAN POLYOLS LIMITED**  
(ISO 9001:2000 Company)

## Gulshan Polyols Limited

### BOARD OF DIRECTORS

Dr. Chandra Kumar Jain	: Managing Director
Mr. K. K. Pandey	: Independent Director
Mr. A. K. Maheshwari	: Independent Director
Mr. Ajay Jain	: Independent Director
Mr. A. K. Vats	: Whole Time Director
Ms. Arushi Jain	: Whole Time Director
Ms. Aditi Pasari	: Whole Time Director
Mr. S. K. Tewari	: Whole Time Director

### COMPANY SECRETARY

Ms. Nisha Gupta

### CHIEF FINANCIAL OFFICER

Mr. Rajesh Agarwal

### REGISTERED OFFICE

9th K. M., Jansath Road,  
Muzaffarnagar, Uttar Pradesh-251 001

### CORPORATE OFFICE & INVESTOR CELL

G-81, Preet Vihar, Delhi - 110 092  
Tel. : 011-49999200, Fax : 011-49999202

### PLANT LOCATION

- Plot No. 762,  
Jhagadia Industrial Estate,  
Bharuch-393110 (Gujarat)
- 9th K. M., Jansath Road,  
Muzaffarnagar,  
Uttar Pradesh-251001
- Plot no. 769/2, G.I.D.C.  
Industrial Estate,  
Distt. Bharuch - 393110 (Gujarat)
- Village Rampur Majri,  
Dhaura Kuan, Distt.  
Sirimour (H.P.)-173001
- Plot No.-10, 11 & Part of 9,  
Boregaon Industrial Growth  
Centre, Tehsil - Sausar,  
Dist. Chhindwara, Madhya Pradesh
- E-21& 22, RIICO Growth Centre  
Phase-II, Abu Road, Disst.  
Sirohi, (Rajasthan)
- On-site Plant of PCC, Patiala (Punjab)

### VISIT US AT

[www.gulshanindia.com](http://www.gulshanindia.com)

### AUDITORS

M/s Shahid & Associates  
Chartered Accountants  
Muzaffarnagar (UP).

### BANKERS

Bank of Baroda

### REGISTRAR & SHARE TRANSFER AGENT

M/s Alankit Assignments Limited  
2E/21, Alankit House, Jhandewalan  
Extension, New Delhi 110055,  
Phone No: 011-42541234/ 42541955  
Fax No: 011-4254196  
E-mail: [rta@alankit.com](mailto:rta@alankit.com)

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## NOTICE

Notice is hereby given that the 13<sup>th</sup> Annual General Meeting of **GULSHAN POLYOLS LIMITED** will be held on Wednesday, 17<sup>th</sup> July, 2013 at 12.30 P.M. at its Registered Office at 9<sup>th</sup> K.M., Jansath Road, Muzaffarnagar, Uttar Pradesh - 251001 to transact the following business:

### ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2013 and the Statement of Profit & Loss of the Company for the year ended on that date together with the Reports of Board of Directors and the Auditors thereon.
2. To declare a dividend on Preference Shares.
3. To declare a dividend on Equity Shares.
4. To appoint a director in place of Mr. Ajay Jain who retires by rotation and being eligible offers himself for re-appointment.
5. To re-appoint the retiring Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS

#### 6. Payment of Commission to Non Executive Directors of the Company

To consider and if thought fit, to pass with or without modification the following resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the Non-Executive Directors of the Company (i.e. Directors other than the Managing Director and Whole-time Directors) be paid, by way of an annual payment, in addition to the sitting fees for attending the meetings of the Board of Directors or Committees thereof, a commission as the Board of Directors may from time to time determine, not exceeding 1% (one percent) of net profits of the Company, to be calculated in accordance with the provisions of Sections 198, 349 and 350 and other provisions, if any, of the Companies Act, 1956, for a period of 5 (five) years with effect from 1<sup>st</sup> April, 2013."

#### 7. Revision in terms of remuneration of Dr. C. K. Jain, Managing Director of the Company

To consider, and if thought fit, pass, with or without modification, the following resolution, as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to sections 198, 269, 309, 310 and 311 read with schedule XIII and other applicable provisions of the Companies Act, 1956, and pursuant to the Articles of Association of the Company, consent of the shareholders be and is hereby accorded to the revision in remuneration payable to Dr. C. K. Jain, Managing Director of the company with effect from 1<sup>st</sup> April, 2013 on the following terms:

- Salary:** (a) In the range of ₹ 6 lacs to ₹ 8 lacs per month. (With such annual/ special increments within the aforesaid range as may be decided by the Board, on recommendation of Remuneration Committee, from time to time)
- Commission:** (b) In addition to the salary, perquisites and allowances payable, commission shall be paid, as may be decided by the Board of Directors on the recommendation of Remuneration Committee for each financial year calculated with reference to the net profits of the Company, subject to the overall ceiling stipulated in Section 198 and 309 read with Schedule XIII of the Companies Act, 1956.
- (c) Company's contribution towards Provident Fund, Gratuity and Encashment of accumulated Leaves as per rules of the company. The Gratuity shall not exceed an amount equal to half month's salary for each completed year of service. However,

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all these shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.

- (d) Company shall provide him suitable owned/ leased accommodation. Company's Car for use on Company's business and telephone at residence and Mobile phone will be provide but shall not be considered as perquisites. Personal long distances calls and use of car (if any) for private purpose, shall be billed by the company.

**RESOLVED FURTHER THAT** necessary forms be filed to Registrar of Companies within stipulated period and Dr. C.K. Jain, Managing Director, Ms. Aditi Pasari, Director and Ms. Nisha Gupta, Company Secretary be and are hereby severally authorized to take all necessary steps in the matter."

### 8. Re-appointment of Ms. Arushi Jain as Whole Time Director of the Company

To consider, and if thought fit, pass, with or without modification, the following resolution, as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to sections 198, 269, 309 and 310 read with schedule XIII and other applicable provisions of the Companies Act, 1956, the approval of the shareholders, be and is hereby accorded to the re-appointment of Ms. Arushi Jain as Whole Time Director of the Company for a further period of 3 years with effect from 1<sup>st</sup> January, 2013 on the Remuneration, Perquisites and other benefits and amenities as set out in the resolution with a liberty to the Board of Directors to make and /or accept any variation in the terms & conditions and also to consider annual increment in remuneration within the limits specified in above sections and Schedule XIII of the Companies Act, 1956 or any other applicable provisions of the Act and guidelines issued by the Central Government from time to time."

- Salary:**
- (i) ₹ 80,000/- (Rupees Eighty Thousand Only) per month with effect from 1<sup>st</sup> January, 2013 for a period of three years (subject to deduction of tax at source).
  - (ii) Company's contribution towards Provident Fund, Gratuity and Encashment of accumulated Leaves as per rules of the company. The Gratuity shall not exceed an amount equal to half month's salary for each completed year of service. However, all these shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.
  - (iii) Company's Car for use on Company's business and telephone at residence and Mobile phone will be provide but shall not be considered as perquisites. Personal long distances calls and use of car (if any) for private purpose, shall be billed by the company.

### 9. Re-appointment of Ms. Aditi Pasari as Whole Time Director of the Company

To consider, and if thought fit, pass, with or without modification, the following resolution, as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to sections 198, 269, 309 and 310 read with schedule XIII and other applicable provisions of the Companies Act, 1956, the approval of the shareholders, be and is hereby accorded to the re-appointment of Ms. Aditi Pasari as Whole Time Director of the Company for a further period of 3 years with effect from 1<sup>st</sup> January, 2013 on the Remuneration, Perquisites and other benefits and amenities as set out in the resolution with a liberty to the Board of Directors to make and /or accept any variation in the terms & conditions and also to consider annual increment in remuneration within the limits specified in above sections and Schedule XIII of the Companies Act, 1956 or any other applicable provisions of the Act and guidelines issued by the Central Government from time to time."

- Salary:**
- (i) ₹ 80,000/- (Rupees Eighty Thousand Only) per month with effect from 1<sup>st</sup> January, 2013 for a period of three years (subject to deduction of tax at source).
  - (ii) Company's contribution towards Provident Fund, Gratuity and Encashment of accumulated Leaves as per rules of the company. The Gratuity shall not exceed an amount equal to half month's salary for each completed year of service. However, all these shall not be

included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.

- (iii) Company's Car for use on Company's business and telephone at residence and Mobile phone will be provide but shall not be considered as perquisites. Personal long distances calls and use of car (if any) for private purpose, shall be billed by the company.

#### **10. Revision in terms of remuneration of Ms. Arushi Jain, Whole Time Director of the Company**

To consider, and if thought fit, pass, with or without modification, the following resolution, as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to sections 198, 269, 309 and 310 read with schedule XIII and other applicable provisions of the Companies Act, 1956, and pursuant to the Articles of Association of the Company, consent of the Shareholders, be and is hereby accorded to the revision in remuneration payable to Ms. Arushi Jain, Whole Time Director of the company with effect from 1<sup>st</sup> April, 2013 on the following terms:

- Salary:** (a) In the range of ₹ 80,000 (Eighty Thousand) to ₹ 2,00,000 (Two Lacs) per month. (With such annual/ special increments within the aforesaid range as may be decided by the Board on recommendation of Remuneration Committee from time to time)
- Commission:** (b) In addition to the salary, perquisites and allowances payable, commission shall be paid, as may be decided by the Board of Directors on the recommendation of Remuneration Committee for each financial year calculated with reference to the net profits of the Company, subject to the overall ceiling stipulated in Section 198 and 309 read with Schedule XIII of the Companies Act, 1956.
- (c) Company's contribution towards Provident Fund, Gratuity and Encashment of accumulated Leaves as per rules of the company. The Gratuity shall not exceed an amount equal to half month's salary for each completed year of service. However, all these shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.
- (d) Company's Car for use on Company's business and telephone at residence and Mobile phone will be provided but shall not be considered as perquisites. Personal long distances calls and use of car (if any) for private purpose shall be billed by the Company.

**RESOLVED FURTHER THAT** necessary forms be filed to Registrar of Companies within stipulated period and Dr. C.K. Jain, Managing Director, Ms. Aditi Pasari, Director and Ms. Nisha Gupta, Company Secretary be and are hereby severally authorized to take all necessary steps in the matter."

#### **11. Revision in terms of remuneration of Ms. Aditi Pasari, Whole Time Director of the Company**

To consider, and if thought fit, pass, with or without modification, the following resolution, as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to sections 198, 269, 309 and 310 read with schedule XIII and other applicable provisions of the Companies Act, 1956, and pursuant to the Articles of Association of the Company, consent of the Shareholders be and is hereby accorded to the revision in remuneration payable to Ms. Aditi Pasari, Whole Time Director of the company with effect from 1<sup>st</sup> April, 2013 on the following terms:

- Salary:** (a) In the range of ₹ 80,000 (Eighty Thousand) to ₹ 2,00,000 (Two Lacs) per month. (With such annual/ special increments within the aforesaid range as may be decided by the Board on recommendation of Remuneration Committee from time to time)
- Commission:** (b) In addition to the salary, perquisites and allowances payable, commission shall be paid, as may be decided by the Board of Directors on the recommendation of Remuneration Committee for each financial year calculated with reference to the

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net profits of the Company, subject to the overall ceiling stipulated in Section 198 and 309 read with Schedule XIII of the Companies Act, 1956.

- (c) Company's contribution towards Provident Fund, Gratuity and Encashment of accumulated Leaves as per rules of the company. The Gratuity shall not exceed an amount equal to half month's salary for each completed year of service. However, all these shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.
- (d) Company's Car for use on Company's business and telephone at residence and Mobile phone will be provided but shall not be considered as perquisites. Personal long distances calls and use of car (if any) for private purpose shall be billed by the Company.

**RESOLVED FURTHER THAT** necessary forms be filed to Registrar of Companies within stipulated period and Dr. C.K. Jain, Managing Director, Ms. Aditi Pasari, Director and Ms. Nisha Gupta, Company Secretary be and are hereby severally authorized to take all necessary steps in the matter."

**By the order of the Board of Directors**

Date : 25<sup>th</sup> May, 2013  
Place: Delhi

Sd/-  
**Nisha Gupta**  
Company Secretary

### NOTES:

- (a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- (b) The relevant details as required by Clause 49 of the Listing Agreement entered into with Stock Exchange of persons seeking appointment/ re-appointment, as directors under item no. 4, 7, 8 & 9 set out above are annexed hereto.
- (c) The register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 6<sup>th</sup> June, 2013 to Friday, 7<sup>th</sup> June, 2013 (both days inclusive).
- (d) Dividend on the Shares, if declared, will be paid at par after 17<sup>th</sup> July, 2013 to those Members/Beneficial owners whose names appear on the Company's Register of Members/Register of Beneficiaries as at the end of business hours on 5<sup>th</sup> June, 2013.
- (e) The Company has designated an exclusive e-mail id called **nishagupta@gulshanindia.com** for redressal of shareholders' / Investors' complaints. In case you have any queries / complaints or grievances, then please write to us at the above e-mail address.
- (f) Members who have not yet en-cashed their dividend for the financial years 2005-06, 2006-07, 2007-08, 2008-09 2009-10, 2010-11 and 2011-12 are requested to lodge their claims to the Company accordingly, without any delay. All the monies towards unpaid/ unclaimed dividend are lying in a separate bank account of the Company for the respective years. Members are hereby informed that upon expiry of seven years from the date of transfer to the unpaid dividend account shall be transferred by the Company to the investor Education and Protection Fund (IEPF) established by the Central Government in terms of section 205C(2) of the companies Act, 1956.  
Further, unpaid/unclaimed dividend for the financial year 2005-06 shall become transferable to the IEPF. No Claim shall lie against the Company or the said Fund for such transfer and upon such transfer.
- (g) Members are advised to submit their Electronic Clearing System (ECS) mandates, to enable the Company to make remittance by means of ECS. Those holding shares in physical form may obtain and send the

ECS Mandate Form to RTA of the Company. Those holding shares in Electronic Form may obtain and send the ECS mandate form directly to their DP.

- (h) Members holding shares in electronic form may please note that the bank account details and 9 digit MICR code of their Bankers, as noted in the records of their depository, shall be used for the purpose of remittance of dividend through Electronic Clearing Service (ECS), or for printing on dividend warrants wherever applicable. Members are therefore requested to update their bank account details particulars, change of address and other details with their respective Depository Participants for the shares held in demat mode and to the registrar and share Transfer Agent for shares held in physical form.
- (i) In terms of Section 109A of Companies Act, 1956, the members (only Individual) can avail of the nomination facility by filling & filing form 2-B with the company. Blank forms will be supplied on request.
- (j) Members who holds shares in physical form in multiple folios, in identical names or joint holding in the order of names are requested to send share certificates to Company's Share Transfer Agent for consolidation into a single folio.
- (k) Members/Proxies are requested to bring copy of the Annual Report with them, as copies of the Report will not be distributed at the Meeting.

**INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:**

As required under the listing agreement, the particulars of Directors who are proposed to be appointed/ re-appointed are given below:

Name : **Mr. Ajay Jain**  
 Age : 52 years  
 Qualifications : FCA, ACS  
 Experience : 26 years  
 Other Directorships : None  
 He is Chairman of Audit Committee and Remuneration Committee of the Company.  
 He is also member of Shareholders' Grievance Committee.

Name : **Dr. C. K. Jain**  
 Age : 64 years  
 Qualifications : B.Sc., Ph.D. (Chemistry)  
 Experience : 41 years  
 Other Directorships : Gulshan Lamee Pack Pvt. Ltd., Gulshan Sugars and Chemicals Limited, Gulshan Holdings Pvt. Ltd. and Gulshan Specialty Minerals Pvt. Ltd.  
 He is a member of Audit Committee.

Name : **Ms. Arushi Jain**  
 Age : 35 years  
 Qualifications : BBA, Master in Marketing from Baruch, CUNY, USA  
 Other Directorships : Gulshan Sugars and Chemicals Ltd.

Name : **Ms. Aditi Pasari**  
 Age : 34 years  
 Qualifications : MBA from Cardiff University, (UK)  
 Other Directorships : Gulshan Lamee Pack Pvt. Ltd., East Delhi Importers & Exporters Pvt. Ltd., Gulshan Sugars and Chemicals Limited and Reliance Expovision Private Limited.  
 She is a member of Shareholder's Grievance Committee

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### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

#### **ITEM No 6**

The Board of Directors are of the opinion that, in order to remunerate the Non-Executive and Independent Directors of the Company (other than the Managing Director and/or Whole-time Directors), for the responsibilities entrusted upon them under the law particularly with the requirements of the Corporate Governance Policies, the current trends and commensurate with the time devoted and the contribution made by them, the Board at their Meeting held on 25<sup>th</sup> May, 2013 has approved, subject to such Statutory approvals as may be necessary, payment by way of Commission, to be paid to the Non- Executive and Independent Directors of the Company.

Board of Directors of the Company has approved payment of Commission to Non- Executive and Independent Directors of the Company, within the maximum limit of 1% of net profits of the Company, to be determined by the Board of Directors for each Non-Executive and Independent Director for each financial year, over a period of five years with effect from 1<sup>st</sup> April, 2013, in addition to the sitting fees paid for each of the Board and the Committees meetings attended by them.

Section 309 of the Companies Act, 1956 requires approval of members of the Company by passing a Special Resolution in General Meeting for payment of remuneration by way of Commission to Non-Executive Directors of the Company.

All the Non-Executive Directors of the Company may be deemed to be concerned or interested in the said resolution to the extent of the commission payable to them.

#### **ITEM NO 7**

The Board of Directors at their meeting held on 25<sup>th</sup> May, 2012, re-appointed Dr. C. K. Jain, Managing Director of the Company for three years and fixed payment of remuneration of ₹ 72 Lacs per annum plus Perquisites and Allowances, with effect from 1<sup>st</sup> April, 2012, thereafter approved by the shareholders in their meeting held on 22<sup>nd</sup> September, 2012.

Subsequently, at a meeting of Board of Directors held on 25<sup>th</sup> May, 2013, it was decided to revise the remuneration of Dr. C. K. Jain as set out in the above resolution with effect from 1<sup>st</sup> April, 2013.

Accordingly, your Directors recommend the resolution for the approval of shareholders for revision of remuneration of Dr. C. K. Jain, Managing Director with effect from 1<sup>st</sup> April, 2013.

None of the directors except Dr. C. K. Jain being himself and Ms. Aditi Pasari and Ms. Arushi Jain being his daughters are interested or concerned in the proposed resolution.

#### **ITEM NO 8, 9, 10 & 11**

Ms. Arushi Jain and Ms. Aditi Pasari were re-appointed as Whole Time Directors of the Company for a further period of 3 years with effect from 1<sup>st</sup> January, 2013 at remuneration of ₹ 80,000/- per month to each plus Perquisites and Allowances. The said remunerations were in accordance with schedule XIII of the Companies Act, 1956 and were approved by Remuneration Committee and Board of Directors of the Company in their meeting held on 9<sup>th</sup> February 2013. You may like to approve the same by approving the item No. 8 & 9 of the Notice. None of the directors except Ms. Arushi Jain and Ms. Aditi Pasari being themselves and Dr. C. K. Jain being their father are interested or concerned in the proposed resolution.

However, later on Board of Directors, realized, in their meeting held on 25<sup>th</sup> May, 2013 that in view of kind and volume of role and responsibilities of both the above said directors of the Company, it was decided to revise their salary structure, as prevailed in the market, for similar role and responsibilities and in similar kind. None of the directors except Ms. Arushi Jain and Ms. Aditi Pasari being themselves and Dr. C. K. Jain being their father are interested or concerned in the proposed resolution.

Your directors recommend the resolution No. 10 & 11 for your approval.



## DIRECTORS' REPORT

Dear shareholders,

Your Directors are pleased to present the 13<sup>th</sup> Annual Report on the business operations and financials of the Company for the Financial Year ended 31<sup>st</sup> March 2013

### FINANCIAL HIGHLIGHTS

(₹ Lacs)

Particulars	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
Gross Turnover	<b>30487.13</b>	29034.21
Less : Excise Duty	<b>2255.94</b>	1752.84
Net Turnover & Other Income	<b>28437.40</b>	27393.23
Expenditure	<b>23727.86</b>	23576.75
Profit before Depreciation, Finance Charges & Tax (PBDIT)	<b>4709.54</b>	3816.48
Depreciation	<b>1420.72</b>	1327.96
Finance Charges	<b>426.46</b>	327.45
Profit Before Tax (PBT)	<b>2862.37</b>	2161.07
Provision for Taxation		
- Current Tax	<b>569.19</b>	427.51
- Deferred Tax	<b>(119.76)</b>	(57.74)
Net Profit after Tax (PAT)	<b>2412.94</b>	1791.31
Dividend & Dividend Tax		
- Equity shares	<b>245.47</b>	122.74
- Preference shares	<b>95.30</b>	95.30
Gross Cash Accruals	<b>3833.66</b>	3119.27
Equity Share Capital	<b>422.42</b>	422.42
Earning per Share - Basic & diluted (₹)	<b>27.43</b>	20.07

### BUSINESS OPERATIONS

You will be pleased to know that your Company has recorded a turnover of ₹ 30487.13 lacs as compare to previous year of ₹ 29034.21 lacs. The Net Profit after tax (PAT) for the FY 2012-13 at ₹ 2412.94 lacs, increased by 34.70% as compare to previous year PAT of ₹ 1791.31 lacs. The Cash Accruals was ₹ 3833.66 lacs (Previous year ₹ 3119.27 lacs).

An amount of ₹ 300 lacs has been transferred to General Reserve Account. There have been no material changes and commitments affecting the financial position of the Company occurred between the end of the financial years and the date of this report. The Company does not any Employees Stock Option Scheme.

The company has no subsidiary or holding Company. During the year the business and affairs of the Company have been carried out in its normal course and no significant events have taken place, which are harmful to the business of the Company. There was no Buy-back Scheme of shares taken up by the Company during the year.

### DIVIDEND

In view of Gulshan's tradition of sharing its profitability with its shareholders, and keeping in view the growth achieved by the company, your Directors are pleased to recommend a higher rate of dividend of 50% (₹ 2.50 per equity share on face value of ₹ 5/- each) on the Equity Share Capital of the Company, as against 25% dividend paid in the previous year. On the Preference share capital of the Company, dividend at the rate of 8% has been recommended for the year ended 31<sup>st</sup> March, 2013, subject to approval of shareholders in ensuing Annual General Meeting.

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### **NEW BUSINESSES**

During the year, the Company has set up the facilities for Onsite Precipitated Calcium Carbonate (Onsite PCC) Plant at Patiala (Punjab) for a Company in Paper Industry namely M/s DSG Papers Private Limited.

### **DIRECTORS**

During the year, Ms. Arushi Jain and Ms. Aditi Pasari were re-appointed as Whole Time Directors of the Company with effect from 1<sup>st</sup> January, 2013 in the Board meeting held on 9<sup>th</sup> February, 2013.

The Remuneration Committee and the Board of Directors at their respective Meetings held on 25<sup>th</sup> May, 2013 have recommended and approved, subject to approval of the members at the General Meeting;

- a) Revision in terms of remuneration of Dr. C. K. Jain, Managing Director w.e.f. 1<sup>st</sup> April, 2013.
- b) Revision in terms of remuneration of Ms. Aditi Pasari, Whole Time Director w.e.f. 1<sup>st</sup> April, 2013
- c) Revision in terms of remuneration of Ms. Arushi Jain, Whole Time Director w.e.f. 1<sup>st</sup> April, 2013
- d) Payment of Commission to Non Executive Directors of the Company

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Ajay Jain, Non Executive Director of the Company, who held the office of directors till the date of the forthcoming Annual General Meeting, is liable to retire by rotation and being eligible has offered himself for re-appointment.

### **PUBLIC DEPOSITS**

The Company invited Fixed Deposits from the Shareholders & Public during the year. The Fixed Deposits mobilized and outstanding aggregated to ₹ 345.47 lacs as on 31<sup>st</sup> March 2013 (Previous year ₹ 378.77 Lacs). There was no Fixed Deposit remained unclaimed as on 31<sup>st</sup> March, 2013. There was no delay/default in the payment of any of the Deposit.

The Company has complied with the provisions of section 58-A of the Companies Act, 1956 and rules made hereunder.

### **CONTRIBUTION TO EXCHEQUER**

Your Company has paid a substantial amount of ₹ 3348.15 lacs to the Exchequer during the year in the form of Excise Duty, VAT/CST and Direct Tax.

### **INSURANCE**

The Assets of the Company including Buildings, Plant & Machinery, and Stocks & Stores etc. have been adequately insured.

### **DEMAT OF SHARES**

Necessary arrangements are made for Dematerialization of Shares, with NSDL and CDSL. Out of the total, 94.82% of the equity shares of the company are already in Demat form. Since the shares of the company are traded on stock exchange in compulsory Demat form, the shareholders holding shares in physical form may avail this facility in their own interest.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information pursuant to section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and as amended and to the extent applicable to the Company are given as per prescribed Forms in Annexure-1 forming part of this report.

### **CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement, the Management Discussion & Analysis, the Corporate Governance Report, together with the Auditors' Certificate on Compliance with the Conditions of Corporate Governance as laid down, forms part of the Annual Report.

**PARTICULARS OF EMPLOYEES**

As required by provisions of Section 217(2A) of Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, the name and other particulars of the employee are as under:

Name of the employee	Designation	Age	Experience	Remuneration received	Date of Commencement of employment	Name of Last Employment
Dr. C. K. Jain	Managing Director	64 years	41 years	₹ 83,19,600/- p.a.	20.10.2000	Gulshan Sugars & Chemicals Ltd.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Director's responsibility statement, it is hereby confirmed:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure,
- That the selected accounting policies were applied consistently and the directors made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31<sup>st</sup> March, 2013 and of the profit of the company for the year ended on that date,
- That proper and sufficient care has been taken 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,
- That the annual accounts have been prepared on a going concern basis.

**SAFETY AND ENVIRONMENT**

All the manufacturing plants of your company are running in an eco-friendly manner and have a focus on workplace health and safety.

**INDUSTRIAL RELATIONS**

The industrial relations have been cordial at all the plants of the Company.

**COST AUDITOR OF THE COMPANY FOR THE FY 2013-14**

<b>Name</b>	Mr. Rahul Jain
<b>Address</b>	119, Parshv Vihar, IP Extn., Patparganj Delhi- 110092
<b>Membership No.</b>	32521
<b>Order No.</b>	Central Govt.'s order directing cost audit - 52/26/CAB/2010 dated 24/01/2012
<b>Cost Audit relates</b>	Organic & Inorganic Chemicals

**AUDITORS AND AUDITOR'S REPORT**

M/s. Shahid & Associates, Chartered Accountants, Auditors of the Company retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. They have confirmed that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956. Accordingly, the said Auditors may be re-appointed as Auditors of the Company at the forthcoming Annual General Meeting.

**ACKNOWLEDGEMENTS**

Your Directors express their appreciation of sincere co-operation and assistance of State & Central Govt. authorities, bankers, customers and suppliers as well as all of the Company's employees & shareholders.

**For and on behalf of the Board of Directors**

**Date : 25<sup>th</sup> May, 2013**

**Place : Delhi**

**Dr. C.K. Jain**  
Managing Director

**Arushi Jain**  
Whole Time Director

**FORM-A (See Rule-2)**

Disclosure of particulars with respect to conservation of energy and Consumption per Unit of Production

**Conservation of energy**

- (i) **Energy Conservation measures taken:** The Company has realigned the existing power consuming sections to remove bottleneck and to ensure the uninterrupted and quality power supply at the minimum cost.
- (ii) Additional investment and proposal, if any, being implemented for reduction of energy consumption: None
- (iii) Impact of measures (i) & (ii) above for reduction of energy consumption and consequent impact on cost of production of goods: This would result in higher yield and reduction in power cost.
- (iv) Total energy consumption and energy consumption per unit of production as per Form 'A': The details are as under:

<b>A.</b>	<b>Power Consumption and Fuel Consumption:</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
	<b>1. Electricity :</b>		
	<b>(a) Purchased:</b>		
	Units	<b>17230353</b>	11010072
	Total Amount (Rs)	<b>108942158</b>	67628087
	Average Rate (Rs)/Unit	<b>6.32</b>	6.14
	<b>(b) Own Generation:</b>		
	(i) Through Diesel Generator		
	Units	<b>722730</b>	281105
	Cost (₹)	<b>6939321</b>	3188096
	Cost (₹)/unit	<b>9.60</b>	11.34
	(ii) Through Steam Turbine/Generator :		
	Units	<b>17911993</b>	22823420
	Cost (₹)	<b>70969227</b>	69977265
	Cost (₹) /Unit	<b>3.96</b>	3.07
	<b>2. Coal /Coke</b>		
	(Used in Boiler, Microniser & Gas Producer)		
	Qty. (MT)	<b>41233.350</b>	46647.637
	Total Cost (₹)	<b>195900365</b>	218720035
	Average Rate (₹)	<b>4751.02</b>	4688.77
	<b>3. Gas</b>		
	(Used in Lime Killin)		
	Qty. (M3.)	<b>989390</b>	1289585
	Total Cost (₹)	<b>31835119</b>	29616016
	Average Rate (₹)	<b>32.18</b>	22.97
	<b>4. Agriculture Waste</b>		
	(Used in Boiler)		
	Qty. (MT)	<b>25493</b>	30744
	Total Cost (₹)	<b>72373316</b>	123201998
	Average Rate (₹)	<b>2838.95</b>	4007.32

	<b>5. Solvent (C-9 Plus)</b> (Used in Microniser ) Qty. (Ltrs) Total Cost (₹) Average Rate (₹)	<b>0</b> <b>0</b> <b>0</b>	217688 7490319 34.41
	<b>6. HSD</b> (Used in Microniser) Qty. (Ltrs.) Total Cost (₹) Average Rate (₹)	<b>11958</b> <b>544107</b> <b>45.50</b>	0 0 0
<b>B.</b>	<b>Consumption Per Unit (MT) of Production</b>	<b>31.03.2013</b>	31.03.2012
	Products <b>Production (MT)</b> Calcium Carbonate Sorbitol & Sweetner <b>Electricity (Units/Ton)</b> Calcium Carbonate Sorbitol & Sweetner <b>Coal/Coke (MT/Ton)</b> Calcium Carbonate (On Directly attributable Production) Sorbitol & Sweetner <b>Agriculture Waste (MT/Ton)</b> Calcium Carbonate (On Directly attributable Production) <b>Solvent (C-9 Plus)(Ltr./Ton)</b> Calcium Carbonate (On Directly attributable Production) <b>Gas (M 3/Ton)</b> Calcium Carbonate (On Directly attributable Production) <b>H.S.D.(Ltr./Ton)</b> Calcium Carbonate (On Directly attributable Production)	<b>98102.545</b> <b>46182.240</b> <b>250</b> <b>232</b> <b>0.18</b> <b>0.80</b> <b>1.01</b> <b>72 Ltrs.</b> <b>63</b> <b>72 Ltrs.</b>	83395.520 50699.738 240 277 0.28 0.80 0.98 72 Ltrs. 87 0

**FORM-B**
**TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION**

No technology ties up were entered into. The Company keeps itself updated with latest technological innovations by way of constant communication, personal discussions and visits to foreign countries/ plants.

**FORM-C**

*Foreign Exchange Earnings & Outgo:* Despite severe competition from low cost countries such as China, Taiwan etc., the Company has made efforts on various fronts for promotion of exports.

Earnings by way of Export of Goods calculated on FOB basis ₹ 26,30,33,360/- (Previous Year ₹ 31,31,76,196 /-). The foreign currency utilized during the year on payment of interest on loan taken was ₹ 72,85,057/- (Previous year ₹ 1,32,16,630/-) and on payment of Commission on Export of Goods was ₹ 52,89,035/- (Previous Year ₹ 45,92,968/-). Expenditure on foreign Traveling is ₹22, 34,408/- (Previous Year ₹ 31,41,837/-).

## Gulshan Polyols Limited

### CORPORATE GOVERNANCE REPORT

#### (A) Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance is to observe the highest level of ethics in all its dealings, to ensure the efficient conduct of the affairs of the Company to achieve its goal of maximizing value for its stakeholders. As required under clause 49 of the Listing Agreement with the Stock Exchange, following disclosures are set out towards achievements of good Corporate Governance.

#### (B) Board of Directors

As on 31st March, 2013, The Board of Directors of the Company consist of 8 (eight) Directors, with a mix of 5 (five) Executive and 3 (three) Non-Executive and Independent Directors. The present composition of the Board meets the requirement of SEBI's guidelines as per the Clause 49 of the Listing Agreement and the Companies Act, 1956.

During the year, Board of Directors met 4 times i.e. on 25.05.2012, 11.08.2012, 10.11.2012 and 09.02.2013. The composition of directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting and also at present, number of other directorship & Chairmanship/membership in Board or committees thereof other companies are as follows:

Name of Director	Category	No. of Directorship / Chairmanship / Committees' membership in other Public Limited Companies			Board Meeting Attended	Attendance at Last AGM
		Directorship	Chairman	Member		
Dr. C. K. Jain	MD	1	-	-	4	Yes
Mr. K.K. Pandey	NE & ID	-	-	-	3	No
Mr. Ajay Jain	NE & ID	-	-	-	4	Yes
Mr. A. K. Maheshwari	NE & ID	6	-	6	3	No
Mr. S. K. Tewari	WTD	-	-	-	4	No
Mr. A. K. Vats	WTD	-	-	-	4	Yes
Ms. Arushi Jain	WTD	1	-	-	1	No
Ms. Aditi Pasari	WTD	1	-	-	3	Yes

MD-Managing Director, NE-Non-executive Director, WTD - Whole Time Director, ID - Independent Director

\* Mrs. Mridula Jain has resigned with effect from 25<sup>th</sup> May, 2012

#### (C) Audit Committee

##### (a) Composition

The Audit Committee of the Board comprises of total 3 directors, which include Mr. Ajay Jain (Independent Director) being the Chairman of the Committee. Mr. A. K. Maheshwari (Independent Director) and Dr. C. K. Jain, Managing Director, being the members of the Committee. The Auditors and Company Secretary are permanent invitees. Ms. Nisha Gupta, Company Secretary, is the Secretary to the Committee. During the financial year 2012-13, the Committee met four (4) times- on 25.05.2012, 11.08.2012, 10.11.2012 and 09.02.2013.

##### (b) Terms of reference

The terms of reference and powers of the Audit Committee shall be as mentioned in Clause 49 II (D) of the Listing Agreement entered into with the stock exchange and would include overseeing the Company's financial reporting process, reviewing with the management the financial statements and the adequacy of the internal audit function and to discuss significant internal audit findings, statutory compliance issues and issues related to risk management and compliances.

#### (D) Remuneration committee

##### (a) Composition

The Remuneration Committee of the Board comprises 3 non-executive and Independent Directors i.e. Mr. Ajay Jain (Chairman), Mr. A. K. Maheshwari and Mr. K. K. Pandey, being members of the Committee. During the financial year 2012-13, two meetings were held on 25.05.2012 and 09.02.2013.

**(b) Terms of reference**

To review, assess and recommend the appointment of executive and non-executive directors from time to time, to periodically review the remuneration package of the executive directors and recommend suitable revision to the Board, to recommend compensation to the non-executive directors in accordance with the Companies Act, to consider and recommend Employee Stock Option Schemes (if any) from time to time.

**(c) Remuneration Policy**

Remuneration of employees largely consists of base remuneration, perquisites and performance incentives. The Components of the total remuneration vary for different grades and is governed by industry pattern, qualifications and experience of the employee, responsibilities handled by him, and his individual performance etc. The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution, and retain talent in the organization and record merit.

**(d). Details of remuneration for the year 2012-2013**

(i) Executive Directors

(₹ In lacs)

Name	Salaries	Commission	Perks	Retirement Benefits	Total
Dr. C.K. Jain, MD	72.00	-	11.20	0.00	83.20
Mr. S. K. Tewari, WTD	9.77	-	0.00	0.00	9.77
Mr. A. K. Vats, WTD	12.99	-	0.00	0.00	12.99
Ms. Arushi Jain, WTD	9.60	-	0.00	0.00	9.60
Ms. Aditi Pasari, WTD	9.60	-	0.00	0.00	9.60
<b>Total</b>	<b>113.96</b>	<b>-</b>	<b>11.20</b>	<b>0.00</b>	<b>125.16</b>

The salaries of MD/ WTDs are as per salary structure including annual increments for a fix period as per approved terms. No Bonus, Stock options, pension are payable.

(ii) Non-Executive Directors: The remuneration paid to Non-executive Directors by way of Sitting Fees for the Board / Committee meetings.

**(E) Shareholder's Grievance Committee**

The Committee specifically looks into redressing of shareholders' complaints such as transfer of shares, non receipt of shares, non receipt of declared dividend, review the reports submitted by RTA, quarterly status of shareholders' complaints and the status of disposal and to ensure expeditious share transfer process. This Committee comprising Mr. A. K. Maheshwari (Chairman, Independent Director), Mr. Ajay Jain (Independent director) and Ms. Aditi Pasari (Executive director) being members of the Committee. Ms. Nisha Gupta, Company Secretary is the Compliance Officer. The committee met Four (4) times during the year as on 25.05.2012, 11.08.2012, 10.11.2012 and 09.02.2013. The Company received total 64 complaints as at 31st March, 2013. All the complaints were responded to as per applicable guidelines and regulations. There were no pending share transfers.

**(F) The Board has delegated the power of Share Transfer to the Company's Registrar & Share Transfer Agents, who process the transfers, in respect of physical and shares under Demat.**

**(G) Code for Prevention of Insider Trading Practices**

In pursuance of the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 read with amendments to the Regulations 2008, the Board has laid down "Code of Conduct for Prevention of Insider Trading" with the objective of preventing purchase and sale of shares by the Insider on the basis of unpublished price sensitive information.

**(H) Code of Conduct for Board/ Committee Members/ Senior Management**

The Board of Directors has adopted a Code of Conduct for its members and senior personnel of the Company in terms of Clause 49 of the Listing Agreement. A declaration to this effect, duly signed by the Chief Executive Officer was placed before the Board and is enclosed forming part of this report.

## Gulshan Polyols Limited

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### (I) Whistle Blower and Protection Policy

In line with the best Corporate Governance Practices, the company has framed a policy through which employees and business associates may report unethical business practices at work

Place without fear of reprisal. Under the said policy all employees/ business associates have direct access to the Chairperson and all the members of the Audit Committee. The whistle blower policy aims to-

- i. Allow and encourage employees and business associates to bring to the management notice about suspected unethical behavior, malpractice, wrongful conduct, fraud and violation of the policies.
- ii. Ensure timely and consistent organizational response.
- iii. Provide protection against victimization.
- iv. Build and strengthen a culture of transparency and trust.

The Audit Committee periodically reviews the existence and functioning of the mechanism.

### (J) General Body Meetings

The details of the last three Annual General Meetings are as under:

Financial Year	Date	Time	Venue
2011-2012	22.09.2012	1.30 PM	9 <sup>th</sup> K.M. Jansath Road, Muzaffarnagar, Uttar Pradesh - 251001
2010-2011	24.09.2011	1.00 PM	9 <sup>th</sup> K.M. Jansath Road, Muzaffarnagar, Uttar Pradesh - 251001
2009-2010	25-09-2010	01.00 PM	9 <sup>th</sup> K.M. Jansath Road, Muzaffarnagar, Uttar Pradesh - 251001

Special Resolution passed at the last three year's Annual General Meetings (AGM):

11<sup>th</sup> AGM held on 24<sup>th</sup> September, 2011- Alterations of Main objects in the Memorandum of Association of the Company.

10<sup>th</sup> AGM held on 25<sup>th</sup> September, 2010 - (i) Amendments in Common Seal provision (ii) Terms & Conditions of Redeemable Preference shares in the Articles of Association of the Company through postal ballot. It was passed unanimously by 100% member's consent. Mr. R. K. Gupta was appointed as Scrutinizer for the purpose of issuing, receiving, scrutinizing and declaring the result of postal ballot resolution.

No special resolution is proposed to be conducted through Postal ballot at the ensuing Annual General Meeting.

### (K) Disclosures

- (a) There were no transactions of material nature between the Company and its Directors or management and their relatives or promoters that may have a potential conflict with the interests of the Company. Related Party transactions are disclosed in the Notes to Accounts.
- (b) There has been no instance of non-compliance on any matter related to the capital markets, SEBI or statutory Authority during the year. The fee to Stock Exchange has been paid in time.

### (L) Means of Communication

Quarterly /Annual financial results of the Company are published in the Financial Express (English) and Jansatta (Hindi). Annual results are sent to each shareholder by post and by email. Management's Discussion & Analysis forms part of the Annual Report. All Price Sensitive Information or clarifications on the decisions of the Board are communicated immediately to the Stock Exchange for dissemination to the shareholders. Annual Report, Quarterly results, Shareholding Patterns etc of the company are posted on the EDIFAR website at [www.sebidifar.nic.in](http://www.sebidifar.nic.in) and also on the Company's website on [www.gulshanindia.com](http://www.gulshanindia.com)

### (M) General Shareholders Information

- (a) The 13<sup>th</sup> Annual General Meeting is proposed to be held on Wednesday, 17<sup>th</sup> July, 2013 at 12.30 p.m. at 9<sup>th</sup> K.M. Jansath Road, Muzaffarnagar - 251 001 (Uttar Pradesh).



- (b) Financial Calendar: 1<sup>st</sup> April to 31<sup>st</sup> March  
 Financial Reporting for 2013-14 is as follows:
- First Quarter Mid of August 2013
  - Second Quarter Mid of November 2013
  - Third Quarter Mid of February 2013
  - Fourth Quarter Last week of May 2014
- (c) Dates of Book Closures: 6<sup>th</sup> June, 2013 to 7<sup>th</sup> June, 2013 (both days inclusive).  
 (d) Dividend payment date: 18<sup>th</sup> July, 2013 to 25<sup>th</sup> July, 2013.  
 (e) Listing of Equity Shares on Stock Exchange at : Bombay Stock Exchange.  
 (f) Demat ISIN Number for Equity Shares: INE255D01016  
 (g) Stock Code and Stock Market price data for the year 2012-13:

**Stock Market Data**

(In ₹/per share)

MONTH	BOMBAY STOCK EXCHANGE	
	532457	
	Month's High	Month's Low
April, 2012	77.00	68.00
May, 2012	71.00	52.10
June, 2012	66.95	57.50
July, 2012	84.95	61.00
August, 2012	68.35	58.60
September, 2012	72.00	57.00
October, 2012	85.00	68.50
November, 2012	87.00	71.50
December, 2012	88.00	74.35
January, 2013	89.00	71.50
February, 2013	74.90	53.05
March, 2013	66.70	56.10

- (h) Registrar and Share Transfer Agent: M/s Alankit Assignments Ltd, 2E/21, Alankit House, Jhandewalan Extension, New Delhi 110055, and Phone No: 011-42541234/ 42541955, Fax No: 011-4254196, E-mail: rta@alankit.com.
- (i) Share Transfer System: Shares sent for transfer in physical form are normally registered by our Registrar and Share Transfer Agent within 15 days of receipt of the Documents, if the same are found in order. Shares under objection are returned back within two weeks.
- (j) Distribution of shareholding as on 31<sup>st</sup> March, 2013:

No. of shares (₹ 5/- each)	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Up to 1000	12321	98.03	1180899	13.98
1001-2000	126	1.00	182899	2.17
2001-4000	52	0.41	158132	1.87
4001-6000	25	0.20	125185	1.48
6001-8000	7	0.06	48846	0.58
8001-10000	10	0.08	92516	1.09
10001-20000	11	0.09	153819	1.82
20001 and above	17	0.13	6506108	77.01
<b>Total</b>	<b>12569</b>	<b>100.00</b>	<b>8448404</b>	<b>100.00</b>

## Gulshan Polyols Limited

(k) Categories of Shareholders as on 31<sup>st</sup> March, 2013 :

Category	No. of Shares held	% of shareholding
Financial Institution/Bank	200	0.00
Bodies Corporate (Promoters)	4084790	48.35
Promoters - Individual	1733237	20.52
General Public - Individuals/Trust	2098849	24.84
– Bodies Corporate	475159	5.62
– NRI	56169	0.67
<b>Total</b>	<b>8448404</b>	<b>100.00</b>

(l) *Dematerialization of Shares:* As on 31<sup>st</sup> March, 2013, 94.82% of the Company's total shares representing 8010724 shares were held in dematerialized form and the balance 437680 equity shares representing 5.18% shares were in Physical form.

(m) Plant Locations:

- i) Plot no. 762, Jhagadia Industrial Estate, Distt. Bharuch - 393110 (Gujarat)
- ii) Plot no. 769/2, G.I.D.C. Industrial Estate, Distt. Bharuch - 393110 (Gujarat)
- iii) 9<sup>th</sup> K.M., Jansath Road, Muzaffarnagar, (Uttar Pradesh) - 251001
- iv) Village Rampur Majri, Dhaula Kuan, Distt Sirmour (Himachal Pradesh) -173001
- v) Plot no.10 &11, Industrial Area, Boregaon, Distt. Chhindwara, Madhya Pradesh
- vi) On-site facilities of Precipitated Calcium Carbonate at Patiala (Punjab)
- vii) E-21 & 22, RIICO Growth Centre, Phase - II, Abu Road, Disst. Sirohi, (Rajasthan).

(n) *Address for correspondence:* Registered office address is at 9<sup>th</sup> K.M. Jansath Road, Muzaffarnagar - 251001 (Uttar Pradesh) and phone: +131-3295880/ 3295888. Email: gsclmzn@gulshanindia.com. Corporate office address & Investor cell of the Company is located at G-81, Preet Vihar, Delhi 110092. Phone no 011-49999200 and Fax no. 011-49999202. Email of share department nishagupta@gulshanindia.com.

**(N) Compliance of Non-Mandatory Requirement:** The Company has constituted a Remuneration Committee of Directors comprising of Non-Executive and Independent Directors.

### DECLARATION BY THE CEO UNDER CLAUSE 49(I) (D) OF THE LISTING AGREEMENT

To

The Members of  
**Gulshan Polyols Limited**

I, A. K. Vats, Whole Time director & Chief Executive Officer of Gulshan Polyols Limited, to the best of my knowledge and belief, declare that all the members of the Board of Directors and Senior Management personnel have affirmed Compliance with the Code of conduct of the Company for the year ended 31<sup>st</sup> March, 2013.

Date : 25<sup>th</sup> May, 2013  
Place: Delhi

**A.K. Vats**  
Whole Time Director &  
Chief Executive officer

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**CEO AND CFO CERTIFICATION****To****The Board of Directors****GULSHAN POLYOLS LIMITED**

We, A.K.Vats, Whole Time Director & CEO and Rajesh Agarwal, CFO of the Company interalia, certify the following:

- a) We have reviewed financial statements and the Cash flow statement of the Company for the year 2012-13 and that to the best of our knowledge and belief:
  - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into the company during the year, which are fraudulent or illegal of the company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal control systems of the company and they 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.
- d) We have indicated to the auditors and Audit committee:
  - i) Significant changes in internal control 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 they 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

**A.K. Vats**  
Whole Time Director  
& Chief Executive officer

**Rajesh Agarwal**  
Chief Financial Officer

Date : 25<sup>th</sup> May, 2013

Place: Delhi

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**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE****To****The Members,****Gulshan Polyols Ltd.**

We have reviewed the implementation of Corporate Governance procedures by the Company during the year ended 31<sup>st</sup> March, 2013 with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of the above and according to the information and explanations given to us, in our opinion, the company has complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

We further state that our examination of 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 SHAHID & ASSOCIATES**  
Chartered Accountants

**(MOHD. SHAHID)**

Partner

Membership No : 70408

Date : 25<sup>th</sup> May, 2013

Place : Delhi

## MANAGEMENT'S DISCUSSION & ANALYSIS

### Forward- looking statements

The report contains forward-looking statements, identified by words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' and so on. All statements that address expectations or projections about the future, but not limited to the Company's strategy for growth, product development, market position, expenditures and financial results, are forward looking statements. Since these are based on certain assumptions and expectations of future events, the Company cannot guarantee that these are accurate or will be realized. The Company's actual results, performance or achievements could thus differ from those projected in any forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events.

### Business Environment

The global economy in FY 2012-13 improved slowly and did not recover to the extent anticipated in the beginning of the year. Major economies witnessed slower growth and the Euro zone was full of uncertainty. Among the Asian economies, China, going through a political transition, experienced considerably slower growth. Deceleration in industrial output and exports weakened India's economic growth significantly. The weak macro environment and slower growth caused the margin environment to remain volatile with downward bias and operating in such a testing environment proved challenging.

### Industry Structure and developments

The Company is engaged in the business of producing Sorbitol & Sweetener and Calcium Carbonate. Sorbitol is a water soluble polyhydric alcohol having sweet taste and high stability besides properties of humectancy and plasticizing. It finds application as input material in various industrial sectors such as Tooth Paste, Pharmaceuticals, Vitamin-C, Cosmetics, Paper and Paints etc. Calcium Carbonate (CaCO<sub>3</sub>) finds application as input material in various industrial sectors such as Tooth Paste, Pharmaceuticals, and PVC products, Rubber, Plastic, Polymer, Cable, Leather, Paper and Paints etc. The Calcium Carbonate Industry comprises organized and un-organized sectors. The un-organized sector consists of small and tiny units which are out of the purview of paying Excise Duty etc. Your Company is the one of the largest producer of Sorbitol and Calcium Carbonate in the Country in the organized sector, which meets the requirements of all the customers in the various industries, and the customer's list includes top corporations in Tooth Paste, Pharmaceuticals, Paper and Paints etc.

The consumer industry i.e. Tooth Paste, Pharma, Cosmetic, Paint etc have shown growth which may lead to further improved business and margins to the company. Turnover of the company has increased from ₹ 29034.21 lacs for the year ended 31<sup>st</sup> March, 2012 to ₹ 30487.13 lacs for the year ended 31<sup>st</sup> March, 2013.

### Opportunities and Threats

The per capita consumption of Sorbitol and Calcium Carbonate in the Country is very less as compared to World consumption. The future of the industry lies in the increase of overall demand by expanding the usage of the product and reversal of the slowdown in the economy. The quality products of the Company are well accepted in the market. The Company is improving its operating efficiencies in terms of better utilization of plant capacities.

The new usage of Sorbitol by replacing the existing alternate mix such as Glycerin has widely opened up the growth of the industry. Sorbitol is also used as a low calorie sweetener which has growing demand in the

coming years as the people are becoming more health conscious. Sorbitol is globally acceptable now and the company is exporting Sorbitol in 25 countries. The Company faces the threats that some users of Sorbitol are changing their formulation to observe some of the quantities of cheaper or alternate material. Technically, this phenomenon is their strategy to cut their costs but it would not continue for long time at the cost of and quality of the product.

The Calcium Carbonate has a very wide application in the many industries such as Paper, Plastics, Paints, Construction and in other uses in dental products, glass etc. The quality products of the Company are well accepted in the market. The cost reduction plans of the company have provided an edge to the company to compete with unorganized sector. The company continues to face competition from unorganized players in calcium carbonate.

#### **Product wise performance**

The Company produces Sorbitol, Liquid Glucose and Calcium Carbonate. During the year, the Company produced a total of 98103 MT Calcium Carbonate, registering a growth of 17% against the previous year production of 83396 MT. The sales were also increased from 86553 MT for the year ended 31st March, 2012 to 101463 MT for the year ended 31<sup>st</sup> March, 2013.

The Company also produced a total of 46182 MT of Sorbitol and liquid glucose against the previous year production of 50700 MT. The sales were at 42410 MT against previous year sales of 50660 MT.

The Company has taken necessary steps to reduce operational costs such as reduction in power costs, higher yield etc, which would make the product more competitive. The customer has shown tremendous confidence in the product quality and service, which your company would continue to consider its top priority.

#### **Outlook**

The Company is optimistic about its growth prospects in the future. During the year, the Company explored exports markets for the products and achieved significant business. It has ambitious plans to capture more new markets to expand the business. Economic environment provides an opportunity to improve the business climate. Indian economy with its strong macro economic fundamentals, positive investment climate, encouraging corporate performance and continued institutional support by foreign institutional investor, is poised for a higher growth.

The outlook for Sorbitol and Calcium Carbonate industry is encouraging and dependent upon the growth of the consumer industry. Improvement in overall economic scenario and replacement of other costly products by Sorbitol and Calcium Carbonate holds the key for steep growth of Sorbitol and Calcium Carbonate industry. The growth in industrial output and increase in investment in core and infrastructure sector should improve the sentiments of Economy. The growth in other sectors would also follow which in turn would increase the prospects of the company. Together with the GDP growth, the Company expects a reasonably good demand growth from various quarters, which in turn would lift the company's future.

#### **Risks and Concern**

The Company faces risk of lower realization in the event of cheap imports. Other risk faced by the Company is that Sorbitol is based on the agro commodity, which is exposed to factors of Monsoon in the Country and increasing alternate and new usage of corn globally. In Indian context, besides the factors mentioned above, agricultural income economic scenario, wholesale and consumer price level, impact of trade agreements with other countries and trade blocks etc. are some of the factors to be watched carefully.

## **Gulshan Polyols Limited**

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### **Internal Control Systems and their adequacy**

The Company has designed an effective Internal Control System to balance the financial, operational, compliance and other risks and explore its business opportunities at the fullest to achieve its desired objectives.

### **Financial and Operational Performance**

The Sales (net) and Other Income for the financial year under review were ₹ 28437.40 lacs (Previous year ₹ 27393.23 lacs). The Net Profits after tax were ₹ 2412.94 lacs (Previous year ₹ 1791.31 lacs). The Depreciation for the year was ₹ 1420.72 lacs (Previous year ₹ 1327.96 lacs). The Cash accruals were higher at ₹ 3833.66 lacs (Previous year ₹ 3119.27 lacs).

The earnings include an amount of ₹ 206.21 lacs (Previous year ₹ 111.86 lacs) as other Income, which comprised of dividend income of ₹ 0.73 lacs and Interest of ₹ 167.69 lacs. The Company spent an amount of ₹ 464.15 lacs on Repairs and Maintenance of Plant & Machinery, which were necessitated to maintain and upgrade the life of the equipments. The resource mobilization of the Company during the year has been from cash accruals, existing cash and cash equivalent, increase/ unutilized working capital limits from bank, and realization and sale of Investment etc. The Company has repaid institutional dues in time and without delay. The Company declared a dividend @ 50% on equity shares and 8% on Preference share capital of the Company. An amount of ₹ 300 lacs was transferred to General reserves.

### **Human Resource Development and Industrial Relations**

People are the most valued assets of the Company. They work individually and collectively contributing to the achievement of the objectives of the business. The relation between the employees and the Company remained cordial throughout the year. Your Company's corporate culture and the vision and values help unite the workforce and provide standards for how your Company conducts the business.

### **Cautionary Statement**

Statements in the management discussion and analysis describing the company's objective, projections, estimates and expectations may be forward looking statement within the meaning of applicable laws and regulations. Actual results might differ from those either expressed or implied.

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## AUDITORS' REPORT

To the Members of **Gulshan Polyols Ltd.**

### Report on the Financial Statements

We have audited the accompanying financial statements of Gulshan Polyols Limited ("the Company") which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An Audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements. Whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements 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:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge audit and belief were necessary for the purpose of our audit ;

## **Gulshan Polyols Limited**

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- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Act;
- e. On the basis of the written representations received from the directors as on March 31, 2013, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of section 274(1)(g) of the Act.

For **SHAHID & ASSOCIATES**  
Chartered Accountants  
(Registration No. 002140C)

**Date : 25th May, 2013**  
**Place : Delhi**

**(MOHD. SHAHID)**  
Partner  
Membership No : 70408

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### **ANNEXURE TO AUDITORS' REPORT**

(Referred in Paragraph 3 of our Report of even date)

- I. In respect of Fixed Assets :
  - a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Fixed Assets.
  - b) As explained to us, these Assets have been physically verified by the Management at reasonable intervals, having regard to the size of the company and nature of its assets, no material discrepancies were noticed on such verification.
  - c) In our opinion, company has not disposed off substantial part of its fixed assets during the year and the going concern status of the company is not affected.
- II. In respect of Inventories :
  - a) As explained to us, physical verification of inventory has been conducted by the Management at reasonable intervals.
  - b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventory followed by the Management is reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) The Company is maintaining proper records of inventory and no material discrepancies were notified on physical verification of inventories as compared to book records.
- III. In respect of Loans, secured or unsecured granted or taken by the company to/from companies, firms and other parties covered in the register maintained u/s 301 of Companies Act 1956 :
  - a) To the records of the Company and information given to us, the Company has not granted any loan to any party during the year.
  - b), (c) & (d) Since the Company has not granted any loan to any party, these points are not applicable to the Company.



- e) According to the records of the Company and information given to us, the Company has not taken loans during the year from companies, firms or other parties covered in the register maintain u/s-301 of the Companies Act 1956
- IV. In our opinion, and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the Purchase of Inventory and fixed Assets, for the Sale of Goods and services. During the course of audit, we have not observed any major weaknesses in the Internal controls system.
- V. In respect of Transactions covered under section 301 of the Companies Act, 1956:
- a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that needed to be entered in the register maintained under section 301 of the Companies Act, 1956, have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act 1956, in respect of each party have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- VI. The Company has accepted Fixed Deposits from the public within the meaning of Section 58-A of the Companies Act, 1956 and the rules framed there under and have complied with all the rules thereof.
- VII. In our opinion, the Company has an adequate Internal Audit System commensurate with its size and nature of its business.
- VIII. The Central Government has prescribed the maintenance of Cost Records under section 209(1)(d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company .We have broadly reviewed the accounts & records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.
- IX. (a) According to the records of the company and explanations given to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Custom Duty, Excise Duty, cess, Wealth tax, Service Tax and any other statutory dues with the appropriate authorities, According to the information and explanations given to us, no undisputed amount payable in respect of the aforesaid dues were outstanding as at 31st March, 2013 for a period of more that 6 months from the date of becoming payable.
- (b) Details of Disputed Statutory dues which have not been deposited as on March 31, 2013 on account of disputed matters pending before appropriate authorities are given below:

<b>Name of the Statute</b>	<b>Nature of the Dues</b>	<b>Amount (₹ in Lacs.)</b>	<b>Period to which the amount relates</b>	<b>Forum where pending</b>
Central Excise Act 1944	Excise Duty	44.92	2011-12	Additional Commissioner
Central Excise Act 1944	Excise Duty	288.23	2006-07, 2007-08, 2008-09, 2009-10 & 2010-11	CESTAT

## **Gulshan Polyols Limited**

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- X. The Company has no accumulated losses and it has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- XI. According to the records and information given to us, the company has not defaulted in repayment of dues to a financial Institution or bank.
- XII. In our opinion and according to the information and explanation given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other security.
- XIII. In our opinion and According to the information and explanations given to us, the company is not a chit fund or Nidhi or mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies Auditors Report (Amendment), Order 2003 is not applicable to the company.
- XIV. In our opinion and According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments.
- XV. The Company has not given any corporate guarantee for any loans taken by others from Bank/ Financial institutions.
- XVI. According to the records of the company and according to the information and explanations given to us, term loans taken by the company were used for the purpose for which the loans were obtained.
- XVII. According to the records of the company and according to the information and explanations given to us and on overall examination of the balance sheet, we opine that the funds raised on short term basis have not been used for long term investment during the year covered under audit.
- XVIII. During the year, the company has not made any preferential allotment of shares to the parties and the companies covered in the register maintained under section 301 of the Companies Act 1956.
- XIX. No debentures have been issued by the company during the year.
- XX. The company has not raised any money by public issue during the year.
- XXI. As explained to us and information given to us, no fraud on or by the company has been noticed by or reported during the year.

For **SHAHID & ASSOCIATES**  
Chartered Accountants  
(Registration No. 002140C)

**Date : 25th May, 2013**

**Place : Delhi**

**(MOHD. SHAHID)**  
Partner  
Membership No : 70408

**BALANCE SHEET AS AT 31ST MARCH, 2013**
**(Amount in ₹)**

	Note No.	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	2	144,742,020	144,742,020
Reserves and Surplus	3	1,431,333,276	1,223,061,883
		<u>1,576,075,296</u>	<u>1,367,803,903</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term Borrowings	4	105,602,346	135,689,020
Deferred Tax Liabilities (Net)	5	51,149,164	63,125,212
Other Long Term Liabilities	6	21,000,000	21,000,000
		<u>177,751,510</u>	<u>219,814,232</u>
<b>CURRENT LIABILITIES</b>			
Short-term Borrowings	7	213,252,687	221,171,849
Trade Payables	8	129,674,402	114,334,137
Other Current Liabilities	9	48,077,349	41,682,624
Short-term Provisions	10	147,709,786	106,452,506
		<u>538,714,224</u>	<u>483,641,116</u>
		<u>2,292,541,030</u>	<u>2,071,259,251</u>
<b><u>ASSETS</u></b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets			
Tangible Assets	11	980,091,990	1,056,747,745
Capital Work-in-Progress	12	63,888,030	34,356,485
Non-Current Investments	13	4,748,075	4,748,075
Long-term Loans and Advances	14	41,093,442	42,492,993
		<u>1,089,821,537</u>	<u>1,138,345,298</u>
<b>CURRENT ASSETS</b>			
Inventories	15	255,742,883	233,868,428
Trade Receivables	16	550,828,488	385,235,674
Cash and Bank Balances	17	283,596,190	252,322,762
Short-term Loans and Advances	18	112,551,932	61,487,089
		<u>1,202,719,493</u>	<u>932,913,953</u>
		<u>2,292,541,030</u>	<u>2,071,259,251</u>
<b>Significant Accounting Policies &amp; Notes to Financial Statements</b>	1		

As per our report of even date attached

**For SHAHID & ASSOCIATES**

Chartered Accountants  
(Registration NO.-002140C)

**(MOHD. SHAHID)**

Partner  
Membership No. 070408

Date : 25<sup>th</sup> May, 2013  
Place : Delhi

**DR. C. K JAIN**  
Managing Director

**RAJESH AGRAWAL**  
Chief Financial Officer

**ARUSHI JAIN**  
Whole Time Director

**NISHA GUPTA**  
Company Secretary

## Gulshan Polyols Limited

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2013

(Amount in ₹)

	Note No.	Year Ended 31 <sup>st</sup> March, 2013	Year Ended 31 <sup>st</sup> March, 2012
<b>REVENUES</b>			
Gross Revenue from Operations	19	<b>3,048,713,586</b>	2,903,420,589
Less: Excise Duty		<b>225,594,081</b>	175,283,993
Net Revenue from Operations		<b>2,823,119,505</b>	2,728,136,596
<b>Other Income</b>	20	<b>20,620,935</b>	11,186,262
<b>Total Revenues</b>		<b>2,843,740,440</b>	2,739,322,858
<b>EXPENSES</b>			
Purchases of Stock-in-Trade	21	<b>1,435,616</b>	9,625,988
Cost of Materials Consumed	21	<b>1,099,557,596</b>	1,061,654,021
Changes in Inventories	22	<b>(22,076,120)</b>	24,596,396
Employee Benefits Expenses	23	<b>100,255,953</b>	92,218,389
Manufacturing Expenses	24	<b>784,450,417</b>	803,091,437
Finance Costs	25	<b>42,645,668</b>	32,744,805
Depreciation and Amortization	26	<b>142,071,894</b>	132,795,759
Other Expenses	27	<b>409,162,447</b>	366,488,519
<b>Total Expenses</b>		<b>2,557,503,471</b>	2,523,215,314
<b>Profit before Exceptional and Extraordinary items and Tax</b>		<b>286,236,969</b>	216,107,544
Exceptional Items		-	-
<b>Profit before Extraordinary items and Tax</b>		<b>286,236,969</b>	216,107,544
Extraordinary Items		-	-
<b>Profit before Tax</b>		<b>286,236,969</b>	216,107,544
Tax Expenses: Current Tax		<b>56,918,867</b>	42,750,955
Deferred Tax		<b>(11,976,048)</b>	(5,774,346)
<b>Profit for the period from continuing Operations</b>		<b>241,294,150</b>	179,130,935
Profit from Discontinuing Operations		-	-
Tax Expenses of Discontinuing Operations		-	-
<b>Profit for the period</b>		<b>241,294,150</b>	179,130,935
<b>Earnings per Equity Share of Face value of ₹ 5/- each :</b>			
Basic & Diluted		<b>27.43</b>	20.07

#### Significant Accounting Policies & Notes to Financial Statements

1

As per our report of even date attached

#### For SHAHID & ASSOCIATES

Chartered Accountants  
(Registration NO.-002140C)

**(MOHD. SHAHID)**

Partner  
Membership No. 070408

Date : 25<sup>th</sup> May, 2013  
Place : Delhi

**DR. C. K JAIN**  
Managing Director

**RAJESH AGRAWAL**  
Chief Financial Officer

**ARUSHI JAIN**  
Whole Time Director

**NISHA GUPTA**  
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lacs)

	Year Ended 31 <sup>st</sup> March, 2013	Year Ended 31 <sup>st</sup> March, 2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Tax	2,862.37	2,161.08
Adjustment for :		
Finance Costs	426.46	327.45
Depreciation and Amortization Expenses	1,420.72	1,327.96
Loss/ (Gain) on Sale of Investment/Assets (Net)	(19.47)	(4.18)
Investing Activities (Net)	(168.43)	(84.00)
Operating profit before working capital changes	4,521.65	3,728.31
Changes in working Capital:		
Inventories	(218.74)	173.42
Trade and other Receivables	(2,025.00)	1,132.32
Trade and other Payables	365.51	(362.62)
Cash generation from Operation	2,643.42	4,671.43
Payment of Direct Taxes	(544.51)	(399.15)
<b>Net Cash generated/ (used) - Operating Activities</b>	<b>2,098.91</b>	<b>4,272.28</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets	(1,051.43)	(1,867.40)
Sale of Fixed Assets	121.38	46.40
Purchase of Investments	-	(14.15)
Sale of Investments	-	3.51
Interest Received	167.69	83.32
Dividend Received	0.73	0.68
<b>Net Cash Generated/ (Used) - Investing Activities</b>	<b>(761.63)</b>	<b>(1,747.64)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long-term Borrowings (Net)	(300.87)	448.06
Proceeds/ Repayment of Short-term Borrowings (Net)	(79.19)	(988.77)
Finance Cost Paid	(426.46)	(327.45)
Dividend Paid (including Dividend Distribution Tax)	(218.04)	(122.74)
<b>Net Cash Generated/ (Used) - Financing Activities</b>	<b>(1,024.56)</b>	<b>(990.90)</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>312.72</b>	<b>1,533.74</b>
Add : Opening Cash and Cash Equivalents	2,523.24	989.50
Closing Cash and Cash Equivalents	2,835.96	2,523.24

As per our report of even date attached

**For SHAHID & ASSOCIATES**

Chartered Accountants  
(Registration NO.-002140C)

**(MOHD. SHAHID)**  
Partner  
Membership No. 070408

**DR. C. K JAIN**  
Managing Director

**ARUSHI JAIN**  
Whole Time Director

Date : 25<sup>th</sup> May, 2013  
Place : Delhi

**RAJESH AGRAWAL**  
Chief Financial Officer

**NISHA GUPTA**  
Company Secretary

## 1. SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

### 1.1 Basis of Preparation

The Financial Statements have been prepared in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant disclosure requirements of the Companies Act, 1956 under historical cost convention and on the basis of going concern.

Accounting policies not specifically referred to otherwise are consistent and are in consonance with generally accepted accounting principles followed by the company.

### 1.2 Fixed Assets

Fixed Assets are stated at acquisition cost (net of modvat/cenvat if any) including directly attributable cost of bringing them to their respective working conditions for the intended use less accumulated depreciation. Assets acquired on Hire Purchase are stated at their cash values. The cost of acquisition in respect of fixed assets pertaining to amalgamated company (Gulshan Sugars & Chemicals Ltd) as on appointed date i.e. April 1, 2007 is the value at which these were standing in the books of transferor (GSCL) Company. These include certain assets which were earlier revalued and the cost of such assets includes the resultant surplus.

### 1.3 Depreciation

Depreciation on fixed Assets have been Provided on Written Down Method basis in accordance with the provisions of schedule XIV of the Companies Act 1956.

### 1.4 Inventory Valuation

The company has valued its inventory on "cost or net realizable value whichever is lower" basis and is in compliance with the Accounting Standard-2 issued by ICAI . However, stock-in-process has been valued on estimated cost. Further, the valuation of inventory is inclusive of Excise Duty component wherever applicable as required u/s 145A of the Income Tax Act, 1961.

1.5 Consumption of Raw Materials, Stores, Fuels, Chemicals, Consumables & Packing are accounted for after reckoning the Closing Stock of respective items as ascertained by the Company's experts at the end of the year from the total of the Opening Stock and purchases.

### 1.6 Revenue Recognition

The Company follows mercantile system of accounting where all the Income and Expenditure items having material bearing on the financial statements are recognized on accrual basis.

### 1.7 Foreign Currency Transactions

- (i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- (ii) Any income or expense on account of exchange difference either on settlement or on transaction is recognized in the Profit & Loss Account except in the case of long term liabilities, where they related to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets and corresponding effect of long term liabilities.

### 1.8 Retirement Benefits

The retirement benefits such as Contribution to Provident Fund, Leave encashment etc. are accounted for on accrual basis and the payment and provision for Gratuity is made on the basis of actuarial valuation done by life Insurance Corporation of India.

### **1.9 Excise Duty**

Excise Duty is recognized at the point of Production and the value of finished goods lying in the factory as well as at depots are inclusive of Excise Duty. Other inventories are also inclusive of Excise Duty Component wherever applicable.

### **1.10 Turnover**

Turnover include sale of goods, excise duty, trade/sales tax and other recoverable expenses.

### **1.11 Borrowing Costs**

Borrowing cost that is attributable to the acquisition or construction of qualifying asset is capitalized as part of the cost of such asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

### **1.12 Provision for Current & Deferred Tax**

The provision for Current Tax is made after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961. The deferred tax liability as per Accounting Standard (AS-22) resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or subsequently enacted as on the Balance Sheet date. The deferred tax Asset/credit is recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

### **1.13 Investments**

The Investments being long-term investments are valued at cost, after providing for any diminution in value, if such diminution is of a permanent nature.

**1.14** The interest accrued and due on secured and unsecured loans fall due on 31st March, 2013 and have been paid/ provided on that date. Therefore, the amount outstanding is Nil and has not been disclosed under respective heads.

## Gulshan Polyols Limited

(Amount in ₹)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
<b>2. SHARE CAPITAL:</b>		
<b>A. Authorized, Issued, Subscribed and Paid-up Share Capital</b>		
Authorized:		
4,50,00,000 Equity Share of ₹ 5/- each	225,000,000	225,000,000
2,50,000, 0% Redeemable Preference Shares of ₹ 10/- each	2,500,000	2,500,000
14,50,000, 8% Redeemable Preference Shares of ₹ 100/- each	145,000,000	145,000,000
	<u>372,500,000</u>	<u>372,500,000</u>
Issued, Subscribed and Paid-up:		
84,48,404 Equity Shares of ₹ 5/- each fully paid-up	42,242,020	42,242,020
10,25,000, 8% Preference Shares of ₹ 100/- each fully paid-up	102,500,000	102,500,000
	<u>144,742,020</u>	<u>144,742,020</u>

**B. Reconciliation of Shares outstanding at the beginning and at the end of year are given below:**

	2012-13		2011-12	
	Numbers	Amount	Numbers	Amount
Equity Shares outstanding at the beginning of the year	84,48,404	42,242,020	84,48,404	42,242,020
Add: Equity Shares Issued during the year - (a)	0	-	-	-
Less: Equity Shares bought back/ redeemed during the year	0	-	-	-
Equity Shares outstanding at the end of the year	84,48,404	42,242,020	84,48,404	42,242,020

- During the year ended 31<sup>st</sup> March, 2009, the Company has allotted 21,35,407 Equity Shares of ₹ 5/- each fully paid-up to the share holders of erstwhile Gulshan Sugars and Chemicals Limited pursuant to the Scheme of Amalgamation without payment being received in cash.
- During the year ended 31<sup>st</sup> March, 2011, the Company has allotted 1,00,697 Equity Shares of ₹ 5/- each fully paid-up to the share holders of erstwhile Salil Industries Limited pursuant to the Scheme of Amalgamation without payment being received in cash.
- Terms of Authorised Preference Share Capital has been changed in last annual general meeting i.e. 25-09-2010 in which Dividend rate varying from 0% to 10% and redemption period varying from 3<sup>rd</sup> year to maximum 15<sup>th</sup> year from the date of the issue.
- Terms of redemption of 10,25,000 issued Preference Share @ 100/- each has been fixed, the period of redemption will be 12<sup>th</sup> year from the date of its issue on 8% Dividend rate effective from 1<sup>st</sup> April, 2011.

**C. Detail of shareholder holding more than 5 percent shares of the Company as on reporting date are given below:**

S. No.	Name of Shareholders	As at 31.03.2013		As at 31.03.2012	
		Numbers of Share held	Percentage of Holding	Numbers of Share held	Percentage of Holding
1	Gulshan Holding Pvt Ltd.	4,084,790	48.35%	4,083,474	48.33%
2	Dr. C.K. Jain	957,022	11.33%	957,022	11.33%



(Amount in ₹)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
<b>3. RESERVES AND SURPLUS</b>		
Capital Reserve	13,235,000	12,180,000
Securities Premium Account	211,206,688	211,206,688
General Reserve	318,624,334	288,624,334
	<u>543,066,022</u>	<u>512,011,022</u>
Surplus i.e. balance in Statement of Profit and Loss - (b)	888,267,254	711,050,861
	<u><u>1,431,333,276</u></u>	<u><u>1,223,061,883</u></u>

(a). Additions and deductions since the last Balance Sheet under each head of Reserve are as under:

	As at 01.04.2012	Additions	Deductions	As at 31.03.2013
Capital Reserve	12,180,000	1,055,000	-	13,235,000
Securities Premium Account	211,206,688	-	-	211,206,688
General Reserve	288,624,334	30,000,000	-	318,624,334
	<u>512,011,022</u>	<u>31,055,000</u>	<u>-</u>	<u>543,066,022</u>

(b). Allocations and appropriations in Surplus i.e. balance in Statement of Profit and Loss are as under:

Opening Balance	711,050,861	593,723,948
Add: Profit for the period	<u>241,294,150</u>	<u>179,130,935</u>
	<u>952,345,011</u>	<u>772,854,883</u>
Less: Transfer to General Reserve	<u>30,000,000</u>	40,000,000
Less: Dividend on Equity Shares (including Dividend Distribution Tax)	<u>24,547,471</u>	12,273,736
Less: Dividend on Preference Shares (including Dividend Distribution Tax)	<u>9,530,286</u>	9,530,286
Closing Balance	<u><u>888,267,254</u></u>	<u><u>711,050,861</u></u>

**4. LONG-TERM BORROWINGS**

**Secured**

**Term Loans:**

From Banks	94,275,404	120,481,525
Long term maturities of Finance Lease obligations/ hire purchase finance	<u>11,326,942</u>	<u>15,207,495</u>
	<u><u>105,602,346</u></u>	<u><u>135,689,020</u></u>

(a). Nature of security for secured borrowings are given below:

Term Loans from Banks	94,275,404	120,481,525
The Immovable and Movable Assets of the Unit Loacated at the Jhagadia Industrial Estate, Dist Bharuch (Gujrat) are charged to Bank of Baroda by way of first Charge for Foreign Currency Term Loan of ₹12,85,57,566.		
Long term maturities of Finance Lease obligations	11,326,942	15,207,495
Above loans are secured against vehicles purchased through them under hire purchase agreements.		

## Gulshan Polyols Limited

	(Amount in ₹)	
	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
<b>(b). The aggregate amount of loans under each head guaranteed by Directors or others are given below:</b>		
Term Loans from Banks	<b>94,275,404</b>	120,481,525
Above term loans are secured by personal guarantees of the Promoter Directors and Corporate Guarantee by Gulshan Holding Pvt. Ltd.		
<b>5. DEFERRED TAX LIABILITIES (NET)</b>		
Deferred Tax Liabilities on account of Depreciation and Amortization Expenses	<b>51,149,164</b>	63,125,212
	<b>51,149,164</b>	63,125,212
<b>6. OTHER LONG-TERM LIABILITIES</b>		
Dealers Securities	<b>21,000,000</b>	21,000,000
	<b>21,000,000</b>	21,000,000
<b>7. SHORT-TERM BORROWINGS</b>		
<b>Secured : Working Capital Loan</b>		
From Banks	<b>178,705,687</b>	183,294,849
	<b>178,705,687</b>	183,294,849
<b>Unsecured</b>		
Deposits	<b>34,547,000</b>	37,877,000
	<b>34,547,000</b>	37,877,000
	<b>213,252,687</b>	221,171,849
<b>(a). The Working Capital Loan is secured by the Hypothecation of Present and Future stock of Raw Materials, Stores, Stock in Process , Chemicals and Consumables , Fuels, Packing , Finished Goods etc. and Book Debts of the Company.</b>		
The Loan is further secured by way of a Second Charge on Fixed Assets of the Company, personal guarantee of Promoter Director of the Company. The aforesaid loan is also secured by the Corporate guarantee of M/s Gulshan Holding Pvt. Ltd.		
<b>8. TRADE PAYABLES</b>		
Payable to Other Entities	<b>129,674,402</b>	114,334,137
	<b>129,674,402</b>	114,334,137
<b>9. OTHER CURRENT LIABILITIES</b>		
Interest accrued but not due on borrowings	<b>136,600</b>	276,623
Current maturities of long-term debt	<b>34,282,162</b>	32,128,475
Unclaimed Dividends	<b>3,903,255</b>	4,456,892
Customers' Credit Balances and Advances against orders	<b>1,637,414</b>	3,242,691
Capital Liabilities	<b>8,102,918</b>	1,241,687
Other Liabilities	<b>15,000</b>	336,256
	<b>48,077,349</b>	41,682,624

(Amount in ₹)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
<b>10. SHORT-TERM PROVISIONS</b>		
Employee Benefits	6,361,446	5,387,227
Proposed Dividends (including Dividend Distribution Tax)	34,077,757	21,804,022
Provision for Current Tax	56,918,867	42,750,955
Expenses Payables	50,351,716	36,510,302
	<b>147,709,786</b>	<b>106,452,506</b>

#### 11. TANGIBLE ASSETS

Summary of cost and net carrying amount of each class of tangible assets are given below:

	Gross Block		Accumulated Depreciation		Net Carrying Amount	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Land	125,803,062	121,838,257	-	-	125,803,062	121,838,257
Buildings	171,936,203	149,485,988	83,062,349	75,474,073	88,873,854	74,011,915
Plant and Equipment	1,604,487,206	1,799,525,628	863,989,006	967,624,536	740,498,200	831,901,092
Furniture and Fixtures & Equipments	19,970,223	17,835,662	12,260,994	10,629,044	7,709,229	7,206,618
Vehicles and Aircraft	45,134,100	44,347,867	27,926,455	22,558,003	17,207,645	21,789,864
<b>CURRENT YEAR</b>	<b>1,967,330,794</b>	<b>2,133,033,402</b>	<b>987,238,804</b>	<b>1,076,285,656</b>	<b>980,091,990</b>	<b>1,056,747,746</b>
<b>PREVIOUS YEAR</b>	<b>2,133,033,402</b>	<b>1,901,908,679</b>	<b>1,076,285,656</b>	<b>947,727,252</b>	<b>1,056,747,746</b>	<b>954,181,427</b>

Reconciliation of the gross and net carrying amounts of assets at the beginning and year ending 31.03.2013 are as under:

Cost	As at 01.04.2012	Additions	Disposals	As at 31.03.2013
Land	121,838,257	3,964,805	-	125,803,062
Buildings	149,485,988	22,450,215	-	171,936,203
Plant and Equipment	1,799,525,628	45,649,418	240,687,840	1,604,487,206
Furniture and Fixtures & Equipments	17,835,662	2,134,561	-	19,970,223
Vehicles and Aircraft	44,347,867	1,408,046	621,813	45,134,100
<b>CURRENT YEAR</b>	<b>2,133,033,402</b>	<b>75,607,045</b>	<b>241,309,653</b>	<b>1,967,330,794</b>
<b>PREVIOUS YEAR</b>	<b>1,901,908,679</b>	<b>244,037,558</b>	<b>12,912,835</b>	<b>2,133,033,402</b>

Accumulated Depreciation	As at 01.04.2012	Additions	Deductions	Dep on Revaluation	As at 31.03.2013
Land	-	-	-	-	-
Buildings	75,474,073	7,588,276	-	-	83,062,349
Plant and Equipment	967,624,536	126,943,421	230,578,951	-	863,989,006
Furniture and Fixtures & Equipments	10,629,044	1,631,950	-	-	12,260,994
Vehicles and Aircraft	22,558,003	5,908,247	539,795	-	27,926,455
<b>CURRENT YEAR</b>	<b>1,076,285,656</b>	<b>142,071,894</b>	<b>231,118,746</b>	<b>-</b>	<b>987,238,804</b>
<b>PREVIOUS YEAR</b>	<b>947,727,252</b>	<b>132,795,759</b>	<b>4,825,198</b>	<b>587,843</b>	<b>1,076,285,656</b>

## Gulshan Polyols Limited

	(Amount in ₹)	
	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
<b>12. CAPITAL WORK-IN-PROGRESS</b>		
Construction Work-in-Progress	63,472,977	32,742,555
Expenditure during Construction pending allocation - (a)	415,053	1,613,930
	<u>63,888,030</u>	<u>34,356,485</u>
<b>(a). Detail of expenditure during construction pending allocation are given below:</b>		
<u>Expenditure during the year:</u>		
Water Expenses	114,642	-
Power & Electricity	920,384	143,069
Employee Benefits Expenses	1,818,137	627,277
Finance Charges	418,471	2,514
<u>Other Expenses:</u>		
Printing & Stationary	28,907	8,940
Rates and Taxes	98,150	207,255
Travelling Expenses	643,687	223,881
Legal & Professional Charges	224,241	85,260
Communication Charges	67,379	35,602
Repair and Maintenance	8,518	18,363
Subscription and Membership Fees	-	3,100
Miscellaneous Expenses	986,009	258,669
	<u>5,328,525</u>	<u>1,613,930</u>
Add: Balance brought forward from previous year	1,613,930	-
Less: Amount allocated to Fixed Assets	6,527,402	-
Balance pending allocation	<u>415,053</u>	<u>1,613,930</u>
<b>13. NON-CURRENT INVESTMENTS</b>		
Non Trade (at cost), unquoted long term		
Investments in Equity Instruments - (a)	4,748,075	4,748,075
	<u>4,748,075</u>	<u>4,748,075</u>
<b>(a). Details of Investment</b>		
(i) In Gujarat Environmental Infrastructure Ltd. 10,500 Equity Shares of ₹ 10/- each fully paid up	1,05,000	1,05,000
(ii) In Bharuch Eco-Aqua Infrastructure Ltd. 4,09,025 Equity Shares of ₹10/- each fully paid up	4,090,250	4,090,250
(iii) In Gulshan Mercantile Urban Co operative Bank Ltd., (A non scheduled Bank) 4778.25 Equity Shares of ₹ 100/- each fully paid up	477,825	477,825
(iv) In Eduspire Services Private Limited 750 Equity Shares of ₹ 100/- each fully paid up	75,000	75,000
	<u>4,748,075</u>	<u>4,748,075</u>

(Amount in ₹)		
	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
<b>14. LONG-TERM LOANS AND ADVANCES</b>		
Security Deposits (Secured, Considered Good)	18,480,821	19,531,095
Other loans and advances - (a) (Unsecured, Considered Good)	22,612,621	22,961,898
	<u>41,093,442</u>	<u>42,492,993</u>
(a). There is no outstanding loans and advances to related parties .		
<b>15. INVENTORIES:</b>		
Raw Materials	100,434,453	112,346,304
Work-in-Progress	36,741,538	32,069,069
Finished Goods	69,394,197	51,990,547
Stores and Spares	27,713,569	21,858,118
Coal and Fuel & Chemicals	21,459,126	15,604,390
	<u>255,742,883</u>	<u>233,868,428</u>
<b>16. TRADE RECEIVABLES</b>		
(Unsecured, Considered Good)		
Outstanding for a period exceeding six months	23,153,517	9,295,571
Others	527,674,971	375,940,103
	<u>550,828,488</u>	<u>385,235,674</u>
<b>17. CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents</b>		
<b>Balance with Banks:</b>		
Current Accounts	128,445,598	54,158,793
Unclaimed Dividend Accounts	3,903,255	4,476,892
Cash in hand	948,442	809,309
	<u>133,297,295</u>	<u>59,444,994</u>
<b>Other Balances</b>		
<b>Balance with Banks:</b>		
Earmarked Balances	1,744,763	141,896
Deposits maturing within 12 months	148,554,132	192,735,872
	<u>150,298,895</u>	<u>192,877,768</u>
	<u>283,596,190</u>	<u>252,322,762</u>
<b>18. SHORT-TERM LOANS AND ADVANCES</b>		
Advance Current Tax		
(Secured, Considered Good)	55,825,219	42,610,663
Other loans and advances - (a) (Unsecured, Considered Good)	56,726,713	18,876,426
	<u>112,551,932</u>	<u>61,487,089</u>

(a). Other loans and advances mainly include prepaid expenses, advances to suppliers and service providers, advance and loans to employees, CENVAT/ VAT/ Service Tax credit receivable, etc.

## Gulshan Polyols Limited

	(Amount in ₹)	
	Year Ended 31 <sup>st</sup> March, 2013	Year Ended 31 <sup>st</sup> March, 2012
<b>19. REVENUE FROM OPERATIONS:</b>		
Sale of Products	2,728,421,146	2,609,556,005
Sales Tax Realised	51,738,188	49,956,834
Freight & Handling Charges Recovered	258,746,641	234,631,301
Other Operating Revenues		
Export and Other Incentives	5,562,756	4,487,563
Miscellaneous Receipts and Claims	4,244,855	4,788,886
Gross Revenue from Operations	<u>3,048,713,586</u>	<u>2,903,420,589</u>
Less: Excise Duty	225,594,081	175,283,993
Net Revenue from Operations	<u>2,823,119,505</u>	<u>2,728,136,596</u>
<b>20. OTHER INCOME:</b>		
Interest Income	16,769,462	8,332,198
Dividend Income On Long-term Investments	73,089	67,839
Profit/ (Loss) on Fixed Assets sold/ discarded (Net)	1,946,985	418,497
Other Non-Operating Income*	1,831,399	2,367,728
	<u>20,620,935</u>	<u>11,186,262</u>
*Other Non-Operating Income - include Agriculture Income of ₹ 16,79,785 (Previous Year ₹23,67,728)		
<b>21. COST OF MATERIALS CONSUMED:</b>		
Raw Material	1,099,557,596	1,061,654,021
Raw Material Purchase (Trading)	1,435,616	9,625,988
	<u>1,100,993,212</u>	<u>1,071,280,009</u>
<b>22. CHANGES IN INVENTORIES:</b>		
<b>Opening Inventories</b>		
Work-in-Progress	32,069,069	34,701,059
Finished Goods	46,986,907	68,082,931
	<u>79,055,976</u>	<u>102,783,990</u>
<b>Less: Closing Inventories</b>		
Work-in-Progress	46,399,602	32,069,069
Finished Goods	52,645,507	46,986,907
	<u>99,045,109</u>	<u>79,055,976</u>
	<u>(19,989,133)</u>	<u>23,728,014</u>
Add: Increase/ Decrease of Excise Duty on Inventories	(2,086,987)	868,382
	<u>(22,076,120)</u>	<u>24,596,396</u>
<b>23. EMPLOYEE BENEFITS EXPENSES:</b>		
Salaries and Wages	86,841,753	77,488,881
Contribution to Provident and other Funds	5,079,940	7,167,103
Employee Welfare	8,334,260	7,562,405
	<u>100,255,953</u>	<u>92,218,389</u>

			(Amount in ₹)		
		Year Ended 31 <sup>st</sup> March, 2013	Year Ended 31 <sup>st</sup> March, 2012		
<b>24. MANUFACTURING EXPENSES</b>					
Process Chemicals & Consumables		206,178,602	194,723,737		
Stores, Spare Parts & Packing		113,577,633	110,623,421		
Power and Fuel		415,721,551	466,538,274		
Excise Duty #		2,087,147	(1,236,261)		
Repair & Maintenance:					
- Building		3,496,031	997,851		
- Plant & Machinery		43,389,453	31,444,415		
		<u>784,450,417</u>	<u>803,091,437</u>		
#	Excise duty shown under expenditure represents the aggregate of Excise duty borne by company and difference between excise duty on opening and closing stock of finished goods.				
<b>25. FINANCE COSTS</b>					
Interest & Charges on Bank borrowing for working Capital		12,721,071	16,160,918		
Interest on Term and Other Loans		13,418,636	9,646,494		
Net (Gain) /Loss on foreign currency transactions and translation		16,505,961	6,937,393		
		<u>42,645,668</u>	<u>32,744,805</u>		
<b>26. DEPRECIATION AND AMORTIZATION EXPENSES</b>					
Depreciation and Amortization Expenses:		142,071,894	132,795,759		
		<u>142,071,894</u>	<u>132,795,759</u>		
<b>27. OTHER EXPENSES</b>					
<b>Administrative Expenses</b>					
Rates and Taxes		3,305,863	2,992,233		
Rent		5,625,120	3,872,134		
Printing and Stationary		1,893,445	3,016,673		
Advertisement and Publicity		358,760	380,032		
Subscription and Membership Fees		209,546	96,405		
Travelling Expenses		14,377,768	13,694,756		
Legal and Professional Expenses		3,901,615	3,253,695		
Communication Charges		4,326,953	3,996,507		
Repair and Maintenance		2,682,753	3,284,331		
Insurance		1,817,295	1,457,524		
Auditors' Remuneration - (a)		649,300	645,170		
Prior Period Items (Net)		32,293	85,933		
Donation		728,240	1,239,756		
Miscellaneous Expenses		2,246,794	1,155,470		
	A	<u>42,155,745</u>	<u>39,170,619</u>		
<b>Selling and Distribution Expenses</b>					
Commission & Discount		19,748,345	15,230,485		
Freight and Forwarding Expenses		288,571,956	257,180,992		
Trade Tax Paid		52,302,087	49,502,185		
Others		6,384,314	5,404,238		
	B	<u>367,006,702</u>	<u>327,317,900</u>		
<b>TOTAL</b>	A + B	<u>409,162,447</u>	<u>366,488,519</u>		
<b>(a). Details of Auditors' Remuneration are as follows:</b>					
Statutory Auditors:					
Audit Fees		395,000	395,000		
Taxation matters		100,000	100,000		
Fee for Certification		100,000	100,000		
Reimbursement of expenses		54,300	50,170		
		<u>649,300</u>	<u>645,170</u>		

## Gulshan Polyols Limited

### 28. DETAIL OF SALES, RAW MATERIAL CONSUMPTION, INVENTORIES, ETC. UNDER BROAD HEADS ARE GIVEN BELOW:

	2012-13 (Amount in ₹)	2011-12 (Amount in ₹)
<b>A. Raw Materials Consumed:</b>		
Items : Corn/Starch	829,363,870	842,878,016
Lime & Lime Stone	270,193,726	218,776,005
	<u>1,099,557,596</u>	<u>1,061,654,021</u>

#### B. Traded Goods

Products	Purchases		Sales		Opening Stock		Closing Stock	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Lime & Lime Stone	1,187,013	9,658,190	1,218,015	13,678,817	248,603	4,715	-	248,603
Chemicals	-	211,686	-	598,817	-	-	-	-
	<u>1,187,013</u>	<u>9,869,876</u>	<u>1,218,015</u>	<u>14,277,634</u>	<u>248,603</u>	<u>4,715</u>	<u>-</u>	<u>248,603</u>

#### C. Manufactured Goods

Products	Sales		Opening Stock		Closing Stock	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
1. Sorbitol & Sweetner	1,552,034,528	1,491,537,643	17,201,337	14,351,733	38,092,515	17,201,337
2. Calcium Carbonate	1,132,028,755	1,040,702,378	34,419,796	59,191,398	28,983,058	34,419,796
3. Trading Sale	1,218,015	14,277,634	-	-	-	-
4. By Products	128,030,597	172,342,492	369,414	411,821	2,318,624	369,414
	<u>2,813,311,895</u>	<u>2,718,860,147</u>	<u>51,990,547</u>	<u>73,954,952</u>	<u>69,394,197</u>	<u>51,990,547</u>

### 29. Key Managerial Personnel:

	2012-13 (Amount in ₹)	2011-12 (Amount in ₹)
Salary & Allowance	11,396,121	7,051,920
	1,119,600	39,600
	<u>12,515,721</u>	<u>7,091,520</u>

### 30. Additional information pursuant to paragraphs 5 (viii) of Part II of Schedule VI to the Companies Act, 1956 are follows:

A. C.I.F. value of imports by the Company (Excluding imported items purchased locally):		
Raw Materials, Stores and Components	4,734,822	1,172,519
B. Expenditure in foreign currency during the year:		
Interest	7,285,057	13,216,630
Commission	5,289,035	4,592,968
Travelling	2,234,408	3,141,837



C. Value of Raw Materials, Coal and Fuel and Stores and Spares consumed during the year ended:

	(Amount in ₹)		Percentage (%)	
	2012-13	2011-12	2012-13	2011-12
<b>Raw Materials:</b>				
Imported	4,643,949	-	0.42%	0.00%
Indigenous	1,096,349,263	1,071,280,009	99.58%	100.00%
	<b>1,100,993,212</b>	<b>1,071,280,009</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Coal and Fuel:</b>				
Imported	-	-	0.00%	0.00%
Indigenous	302,162,489	398,081,658	100.00%	100.00%
	<b>302,162,489</b>	<b>398,081,658</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Stores and Spares:</b>				
Imported	120,707	1,172,519	0.92%	8.82%
Indigenous	13,058,898	12,126,195	99.08%	91.18%
	<b>13,179,605</b>	<b>13,298,714</b>	<b>100.00%</b>	<b>100.00%</b>

D. Earnings in Foreign Exchange:

	<b>2012-13</b> <b>(Amount in ₹)</b>	2011-12 <b>(Amount in ₹)</b>
Export of Goods on F.O.B. basis	<b>263,033,360</b>	313,176,196

31. The previous figure has been reclassified/ rearranged / regrouped in compliance of Revised Schedule VI to the corresponding figures of current year.

32. Contingent Liabilities in respect of:

- i) Corporate guarantee (in the form of counter guarantee) extended to Gujarat Industrial Development Corporation (GIDC) for ₹ 7,39,000/- (Previous year ₹ 7,39,000/-) on account of Bharuch Eco Infrastructure Limited, for proportionate share of financial assistance pertaining to the company extended to GIDC by Industrial Development Finance Corporation (IDFC) for laying the common pipe line for treated water from industrial units
- ii) Bank guarantees for ₹ 38,99,857/- in favour of Government Departments.

33. In compliance to the Accounting Standard-11, the long term borrowing of Foreign Currency Term Loan of USD 23,68,415 outstanding as at 31.03.2013 for acquisition of fixed assets has been increased by Rs 80,76,294/- on account of foreign exchange rate difference as at 31.3.2013.

34. In compliance to the Accounting Standard-22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India (ICAI), a net amount of ₹ 1,19,76,048/- (Previous Year ₹ 57,74,346/- Deferred Tax Asset) has been provided as Deferred Tax Assets as at 31<sup>st</sup> March 2013 and the same has been charged to the Profit & Loss account of the Company. This pertains to the difference in Depreciation on Assets as per books of accounts and WDV as claim for tax purposes. The Deferred Tax Assets has been calculated by applying tax rate that have been enacted and applicable as on the Balance Sheet date. No Liability has been computed in respect of difference considered to be of permanent nature.

35. Disclosure of Related Party transactions as per Accounting Standard 18 issued by ICAI :

- (a) Name of related party and nature of related party relationship where control exist
  - (i) Holding Company : Nil
  - (ii) Subsidiary Company : Nil

## Gulshan Polyols Limited

(b) Name of related party and nature of related party relationship other than those referred to in (a) above in transaction with the company :

- (i) Joint Ventures etc. : Nil
- (ii) Key Management Personnel : Dr. C.K. Jain, Managing Director  
Ms. Aditi Pasari, Whole Time Director  
Ms. Arushi Jain, Whole Time Director  
Mr. S. K. Tewari, Whole Time Director  
Mr. A. K. Vats, Whole Time Director

(i) Corporate entities over which key management personnel are able to exercise significant influence: Gulshan Lamee Pack Pvt. Ltd, Gulshan Holdings Pvt. Ltd, Gulshan Speciality Minerals Private Limited and Gulshan Sugars and Chemicals Limited.

(ii) Transactions with related parties of the period 01.04.2012 to 31.03.2013 :

Key Managerial Personnel	2012-13	2011-12
Remuneration to Key Personnel	1,25,15,721	70,51,920
Rent Paid - Dr. C.K Jain	30,00,000	30,00,000
- Mrs. Mridula Jain	23,40,000	1,02,000

36. Earning Per Share computed in accordance with Accounting Standard - 20:

S.N.	Particulars	Year Ended 31 <sup>st</sup> March, 2013	Year Ended 31 <sup>st</sup> March, 2012
1	Net Profit After Tax	2412.94	1791.31
2	Dividend on Preference Share Capital	95.30	95.30
3	Net Profit After Tax available for Equity Shareholders	2317.64	1696.01
4	Weighted Average of number of Equity Share outstanding during the year	84,48,404	84,48,404
5	Basic Earning Per Share of ₹ 5/- each	27.43	20.07
6	Diluted Earning Per Share of ₹ 5/- each	27.43	20.07

37. In terms of Accounting Standard (AS-28) on 'Impairment of Asset' issued by the Institute of Chartered Accountants of India (ICAI), the company during the year carried out an exercise of identifying the assets that may have been impaired in accordance with the said Accounting Standard. The company has identified that no asset of the company has been impaired during the year.

38. The Company manufactures inorganic chemicals such as Sorbitol, Liquid Glucose and Calcium Carbonate etc. Segment reporting is not applicable.

As per our report of even date attached

**For SHAHID & ASSOCIATES**

Chartered Accountants  
(Registration NO.-002140C)

**(MOHD. SHAHID)**  
Partner  
Membership No. 070408

**DR. C. K JAIN**  
Managing Director

**ARUSHI JAIN**  
Whole Time Director

Date : 25<sup>th</sup> May, 2013  
Place : Delhi

**RAJESH AGRAWAL**  
Chief Financial Officer

**NISHA GUPTA**  
Company Secretary



**GULSHAN**

**GULSHAN POLYOLS LIMITED**

Registered Office : 9<sup>th</sup> K.M. Jansath Road, Muzaffarnagar - 251 001 (Uttar Pradesh)

**FORM OF THE PROXY FOR THE 13<sup>th</sup> ANNUAL GENERAL MEETING**

I/We, the undersigned Equity Shareholder(s) of the above company hereby appoint Mr. \_\_\_\_\_ of \_\_\_\_\_ and failing him Mr. \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy, to vote for me/us at the 13<sup>th</sup> Annual General Meeting of the Equity Shareholders of the company to be held at the registered office of the Company at 9<sup>th</sup> K.M. Jansath Road, Muzaffarnagar-251 001 (Uttar Pradesh) on Wednesday, 17<sup>th</sup> July, 2013 at 12.30 PM or any adjournment of adjournments thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2013

Signature: \_\_\_\_\_ Folio No./Client ID \_\_\_\_\_  
Address : \_\_\_\_\_ No. of shares held \_\_\_\_\_

**Note:** The proxy must be returned and should reach the Registered Office of the Company not less than 48 hours before the time holding the aforesaid meeting. The proxy need not be a member of the company.

.....✂.....✂.....✂.....✂.....✂.....



**GULSHAN**

**GULSHAN POLYOLS LIMITED**

Registered Office : 9<sup>th</sup> K.M. Jansath Road, Muzaffarnagar - 251 001 (Uttar Pradesh)

**ATTENDANCE SLIP**

PLEASE FILL IN ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.  
Joint shareholders may obtain additional attendance slip on request.

Name and Address \_\_\_\_\_ Folio No./Client  
ID \_\_\_\_\_  
of the Shareholder:

I hereby record my presence at the 13<sup>th</sup> Annual General Meeting of the Company held on Wednesday, 17<sup>th</sup> July, 2013 at the registered office of the Company at 9<sup>th</sup> K.M. Jansath Road, Muzaffarnagar - 251 001 (Uttar Pradesh).

SIGNATURE OF THE SHAREHOLDER OF PROXY  
Strike out whichever in not applicable.

## BOOK-POST



**GULSHAN**

*If undelivered, please return to :-*

**GULSHAN POLYOLS LIMITED**

G-81, PREET VIHAR,

DELHI - 110 092



**Gulshan Polyols Limited**  
Corporate Office:  
G-81, Preet Vihar, Delhi-11009  
Ph.: +91 1149999200  
Fax: +91 1149999202  
E-mail: gscdelhi@gulshanindia  
Website: www.gulshanindia.cor

**FORM A**

**Covering letter for the annual audit report filed with the Stock Exchange**

1	Name of the company	Gulshan Polyols Limited
2	Annual financial statements for the year ended	31 <sup>st</sup> March, 2013
3	Type of Audit observation	Un-qualified
4	Frequency of observation	N.A.
5	To be signed by-  • CEO/Managing Director  • CFO  • Auditor of the company  • Audit Committee Chairman	