



11th
Annual Report
2010-2011



Gulshan Polyols Limited
(AN ISO 9001:2000 Company)

Gulshan Polyols Limited

BOARD OF DIRECTORS

Mr. K. K. Pandey	:	Chairman and Non – Executive Independent Director
Dr. Chandra Kumar Jain	:	Managing Director
Mrs. Mridula Jain	:	Non-Executive Director
Mr. A. K. Maheshwari	:	Non – Executive Independent Director
Mr. Ajay Jain	:	Non – Executive Independent Director
Mr. A. K. Vats	:	Whole Time Director
Mr. S.K. Tewari	:	Whole Time Director
Ms. Arushi Jain	:	Whole Time Director
Ms. Aditi Pasari	:	Whole Time Director

CHIEF FINANCIAL OFFICER

Mr. Rajesh Agarwal

COMPANY SECRETARY

Ms. Nisha Gupta

AUDITORS

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

BANKERS

Bank of Baroda
IDBI Bank Ltd.

REGISTERED OFFICE

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

CORPORATE OFFICE & INVESTOR CELL

G–81, Preet Vihar, Delhi – 110 092

PLANT LOCATION

1. Plot No. 762, Jhagadia Industrial Estate,
Bharuch – 393110 (Gujarat)
2. 9th K.M., Jansath Road,
Muzaffarnagar, Uttar Pradesh – 251001
3. Village Rampur Majri, Dhaula Kuan,
Distt. Sirimour (H.P.)-173001

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NOTICE

Notice is hereby given that the 11th Annual General Meeting of **GULSHAN POLYOLS LIMITED** will be held on Saturday, 24th September, 2011 at 12:00 noon. at its Registered Office at 9th 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 31st March 2011 and the Profit & Loss Account 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 Equity Shares.
3. To appoint a director in place of Mr. A. K. Maheshwari who retires by rotation and being eligible offers himself for re-appointment.
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. APPOINTMENT OF MR. SURESH KUMAR TEWARI

To appoint Mr. Suresh Kumar Tewari as a Director liable to retire by rotation and also as a Whole Time Director and in this regard to consider, and if thought fit, pass, with or without modification, the following resolution, as an **Ordinary Resolution**:

“**RESOLVED THAT** Mr. Suresh Kumar Tewari, who was co-opted as an Additional Director of the Company with effect from 1st April, 2011 under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received notice from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Suresh Kumar Tewari for the office of Director be and is hereby appointed as a Director of the Company.

FURTHER 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 for appointment of Mr. Suresh Kumar Tewari, as Whole Time Director to be designated as Director (Works) of the Company, for a period of 3 years retrospectively w.e.f. 1st April, 2011, on the remuneration, perquisites and other benefits and amenities as set out in the resolution with a liberty to the Board of Directors or Committee thereof, to make and/or accept any variation in the terms & conditions and/or increase the 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.

1. Salary:

Rs. 48,500/- (Rupees Forty Eight Thousand Five Hundred Only) per month w.e.f. 1st April, 2011

2. Perquisites and Allowances :

- | | | |
|-------------------------|---|--|
| a) House Rent Allowance | : | Rs. 19400/- (Nineteen Thousand Four Hundred Only) |
| b) Medical Allowance | : | Rs. 2430/- (Two Thousand Four Hundred and Thirty Only) |
| c) Ex-Gratia | : | Rs. 4040/- (Four Thousand and Forty Only) |

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3. Other perquisites

In addition to the perquisites and allowances as aforesaid, Mr. Suresh Kumar Tewari shall also be entitled to the following benefits which will not be included in computation of the ceiling of remuneration specified in paras 1 and 2 above.

- a) Gratuity: Gratuity payable as per the rules of the Company.
- b) Leave: Leaves as per the rules of the Company.
- c) Company Car for use on Company business and telephone at residence and Mobile phone will be provided. Personal long distance calls and use of car for private purpose (if any) shall be billed by the company.

Perquisites shall be evaluated as per the Income Tax Act.

7. INCREASE IN BORROWING POWERS OF THE COMPANY UNDER SECTION 293(1)(D)

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

“**RESOLVED THAT** Board of Directors of the company be and are hereby authorized pursuant to the provisions of section 293(1)(d) of the Companies Act, 1956 to borrow money, from time to time, at its discretion either from the company's bank or any from other bank, Financial Institution or any other lending institutions or persons on such terms and conditions as may be considered suitable by the Board of Directors of the company upto a limit not exceeding in the aggregate Rs. 500 crores (Rupees Five Hundred crores) notwithstanding that the money to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purposes.”

8. ALTERATION IN THE OBJECT CLAUSE OF THE COMPANY

To consider and pass with or without modification, if any, the following resolutions as **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 17 of the Companies Act, 1956, the Memorandum of Association of the company be altered as follows:

To substitute the following sub clauses in place of the existing sub clauses from 1 to 11:

1. To carry on the business as manufacturer, dealer, importer, exporter, and generally to deal in Starch made from all type of grains and topioca, Starch Derivatives like Sorbitol, DMH, Mannitol, Maltodextrin, Dextrose, Lysine, Fructose, Liquid Glucose and all allied products and by products thereof.
2. To carry on the business as manufacturer, mining, dealer, exporter, importer in all type of inorganic chemicals and minerals such as activated and precipitated Calcium Carbonate of all grades and specifications, Chalk, Industrial Chalk, Calcite, soap stones, all varieties of stones including lime, marbles, granite and all allied products and by products thereof.
3. To carry on the business as manufacturer, bottler, dealer, exporter, importer in all type of alcohol made from molasses & grains including IMFL, ENA, ATA, Country Liquor, Wine, and all allied products and by products thereof.
4. To carry on the business as manufacturer, dealer, exporter, importer in all type of Paper, Paper products, Sugar, Sugar beets, sugar cane, Gur, cab, Khandsari, jaggery, molasses, yeast, syrups Fertilizers, manures, medicines of all kinds including Calcium Carbide, Sodium Hydrosulphate, acids, alkalies, salts, Dyes, caustic soda, soda ash, glass etc., pharmaceuticals, petroleum and other oils and their by products, derivatives, compounds, mixtures, formulations and all kinds of commodities having chemical properties, industrial greases and lubricants, Glycerine, Distilled water, water soluble, water for injection, and / or otherwise deal in such commodities.

5. To design, invent, assemble, manufacture, generate, buy, sell, lease, import, export, conduct, research, impart training, develop, maintain, repair, hire, let on hire, to let out the land & building, alter design, distribute, provide services including consultancy and / or otherwise deal in Wind power, Hydro power, Thermal power, Solar power, power equipments, power transmission, power transformer, power infrastructure, electric cables or otherwise deal in power sector.
6. To carry on the business as manufacturers, producers, growers, exporters, buyers, sellers, agents, merchant and dealers in all kinds of Agro products including Caster seed processing, processed / canned mushrooms, fruits, vegetables, flowers, herbs and forest products, their stems, roots, leaves and seeds etc. and their various products and by products like Squashes, concentrates, juices, ready to serve beverages, crushes, jams, slices pickles, chutnies, ketchups, peel oils, pomace, peel, cattle feed, seeds synthetic sweetened aerated waters, canned and dehydrated vegetables, purees, soups, pastes, chips and wafers.
7. To carry on the business in all their respective forms and branches and to grow, produce manufacture, process, prepare, refine, extract, manipulate, hydrolyze, deodorise, grind, bleach, hydrogenate, buy, sell or otherwise deal in all kind of agricultural, horticultural, milk and milk products, maltery and brewery, dairy and dairy products, poultry and farm product and products including food grains, edible oils, meat, fish, eggs, food and food products and preparations of any nature and description whatsoever.
8. To carry on the business in India or abroad of Information Technology (IT), Information Technology Enabled Services (ITES), providing, taking or otherwise dealing, training, educating, imparting knowledge, consultancy in computer software, hardware including the business of data entry, programming, processing, developing, Importing/ Exporting/ initiating of software data, records, information, developing the module whether technical or otherwise, to carry on the business of the services of call centers, back office processing, Embedded Software business, Smart Card, ASP, Outsourcing including Business Process Outsourcing (BPO) and Knowledge Process outsourcing (KPO), Communication & Networking, Media & Entertainment (including TV channel) TV serial development, distribution or otherwise dealing in entertainment and media business, Web Development Services, purchase or sell of websites, website developments & designing including development of dot com business, chat shows, Medical Transcription, On-site services etc or any other related or allied business, services etc directly or indirectly.”
9. To purchase, acquire, build, construct, alter, enlarge, remove pull down, replace, maintain, improve, develop, work control, manage and let out on hire any land, buildings, houses, offices, apartments, colonies, factories, go-downs, mills, sheds, ships, machinery, engines, water-works, gasworks, bridges, wharves, reservoirs, roads, tramways, railways, branches or sidings, hotels, clubs, restaurants, shopping complexes, shopping malls, multiplexes, places of worship, places of amusements, pleasure grounds, park, gardens, reading rooms, stores, shops, dairies, and other works and conveniences and infrastructures or otherwise deal in real estate sector.
10. To design, invent, assemble, manufacture, buy, sell, lease, import, export, conduct research, impart training, develop, maintain, repair, hire, let on hire, to let out the land & building, alter design, distribute, provide services including consultancy or otherwise deal in telecom hardware, telecom software, telecommunications equipments, telephone equipments and their components including valves, transistors, micro-motors, resistors, condensers, coils magnetic, heads, with their parts, accessories and fittings.
11. To carry on the business as engineers, consultant, developers, manufacturers, importer, exporter, buy, sale, agent, distributor or otherwise deal in all kinds of electronic goods, electronic equipment and equipments operated electronically.

By the order of the Board of Directors

Sd/-

Nisha Gupta

Company Secretary

Date : 11th May, 2011

Place: Ghaziabad

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NOTES:

1. **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.**
2. 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. 6 set out above is annexed hereto.
3. The register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, August 17, 2011 to Friday, August 19, 2011 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend.
4. Dividend on the Shares, if declared, will be paid at par after 24th September, 2011 to those Members/ Beneficial owners whose names appear on the Company's Register of Members/Register of Beneficiaries at the end of business hours on 16th August, 2011.
5. 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.
6. 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.
7. Reserve Bank of India (RBI) is providing ECS facility for payment of Dividend in Selected cities. Members holding shares in physical form are advised to submit the following particulars:
 - (a) Name of the sole/ First joint holder and Folio Number
 - (b) Particulars of Bank Account viz.,
 - (c) Name of the Bank
 - (d) Name of the Branch with 9 digit MICR code
 - (e) Complete address of the Bank with pin code Number
 - (f) Bank account Number allotted by the Bank
 - (g) Type of Account

Latest by 17th August, 2011, to M/s Alankit Assignments Ltd, 2E/21, Alankit House, Jhandewalan Extension, New Delhi 110 055 (Phone no 011-42541234, 23541234 and Fax No. 011-41540064, and email address: rta@alankit.com) or to Share Department & Investor Cell of the Company at G-81, Preet Vihar, Delhi-110 092 (Phone no 011-32991997, 32508619 and Fax No. 011-22157338) and email address nishagupta@gulshanindia.com.
8. Members who have not yet en-cashed their dividend for the financial year 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10 are requested to make their claims with the Company. All the monies towards unpaid/ unclaimed dividend are lying in a separate banking account of the Company. Members are hereby informed that upon expiry of seven years from the date of declaration of dividend, the amount of unpaid dividend, if any, will be transferred to the credit of the investor Education and Protection Fund established by the central government in terms of section 205C(2)(a) of the companies Act, 1956.

Further, unpaid dividend for the Financial Year 2003-04 shall become transferable to the fund, followed by the transfers of the amount of unpaid / unclaimed dividend for the subsequent years. No Claim shall lie thereafter against the fund or the Company in respect of such amounts transferred. Shareholders are therefore requested to verify their records and send claims, if any, for the relevant years from 2003-04 onwards, before the respective amounts become due for transfer to the fund.

9. 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.
10. Members holding physical shares in multiple folios and in identical name are requested to send their share certificates to Company's Registrar and Share and Transfer Agent, M/s Alankit Assignments Limited for consolidation.
11. 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. A.K. Maheshwari**
 Age : 47 years
 Qualifications : B.Com, FCA, ACS.
 Experience : Over 26 years experience in Finance, Banking, Project Finance, Funds Raising, Taxation, Company Secretarial matters etc.
 Other Directorships : Hella India Electronics Ltd.
 He is a member of Remuneration Committee, Audit Committee and Chairman of Shareholder' Grievance Committee.
 He also holds membership of three committee of Board of other Company.

Name : **Mr. Ajay Jain**
 Age : 51 years
 Qualifications : FCA, ACS
 Experience : Vast experience in Finance and Management.
 Other Directorships : None
 He is a member of Remuneration Committee and Chairman of Shareholder's Grievance Committee and Audit Committee.

Name : **Mr. Suresh Kumar Tewari**
 Age : 52 years
 Qualifications : M-Tech, PGDPM
 Experience : 30 year's experience in Projects and Managerial of Industrial Operations
 Other Directorships : None

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

ITEM NO 6

The Board of Directors of the Company at its meeting held on 11th May, 2011 appointed Mr. Suresh Kumar Tewari as an Additional Director of the Company with effect from 1st April, 2011 pursuant to the provisions of Section 260 of the Companies Act, 1956. He would hold office up to the date of ensuing Annual General Meeting. The Company has received a notice from a member proposing the candidature of Mr. Suresh Kumar Tewari for the office of the Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

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Further, the Board also appointed, subject to the approval of Members, Mr. Suresh Kumar Tewari as Whole Time Director to be designated as Director (Works) of the Company for a period of three years with effect from 1st April, 2011 on the terms and conditions and remuneration package as set out in the resolution above.

None of the directors except Mr. Suresh Kumar Tewari being himself is interested or concerned in the proposed resolution.

The Directors recommend the resolution contained in item No. 6 for approval be the members.

ITEM NO. 7

The Shareholders of the Company vide their meeting held on 8th October, 2007 authorized to Board of Directors to borrow money at their discretion either form the company's bank or any from other bank, Financial Institution or any other lending institutions or persons on such terms and conditions as may be considered suitable by the Board of Directors of the company upto a limit not exceeding in the aggregate Rs. 200 Crores (Rupees Two Hundred Crores) notwithstanding that the money to be borrowed together with the moneys already borrowed by the Company will exceed the aggregate of the paid-up capital of the company and its free reserves. In the meantime, keeping in view of overall growth of the company, the authorization require upward revision. Your directors, pursuant to provisions of Section 293(1)(d), recommends the overall limit of Rs. 500 Crores (Rupees Five Hundred Crores).

None of the Directors of the Company is in any manner concerned or interested in the Resolution. The Board of Directors believing the proposed offer in the best interests of the Company and recommend the Resolution for your approval.

ITEM NO. 8

Your Board has to consider from time to time, proposals for diversification into areas which would be profitable for the company as part of the diversification plans. For the purpose the object clause of the company which is presently very restricted in scope, requires to be so made out as to cover a wide range of activities to enable your company to consider embarking upon new projects and activities considered to be convenient, advantageous and feasible for the company's business. Your Directors recommend that the special resolution be passed. Further, pursuant to Section 192A of the Companies Act, 1956, Such Special Resolution required to be passed by means of a postal ballot.

The Board of Directors accordingly recommend the resolution set out at item no. 8 of the accompanying Notice for the approval of the Member. Your approval is sought by voting by Postal Ballot in terms of the provisions of Section 192A of the Companies Act, 1956 read with the provisions of the Companies (Passing of Resolutions by Postal Ballot) Rules 2011. None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

DIRECTORS' REPORT

Dear Members,

The Board of Directors feel great pleasure in presenting the 11th Annual Report along with Audited Accounts of your Company for the year ended 31st March 2011.

FINANCIAL HIGHLIGHTS

(Rs. In Lacs)

	Current Year 31.03.2011	Previous Year 31.03.2010
Turnover & Other Income	27611.75	22075.05
Expenditure	23860.49	18535.73
Profit before Depreciation Finance Charges & Tax	3751.26	3539.32
Depreciation	1441.84	1502.59
Finance Charges	427.32	546.49
Profit Before Tax and Exceptional Items	1882.10	1490.24
Exceptional Items	(4.28)	(1.99)
Profit Before Tax	1877.82	1488.26
Provision for Taxation Current Tax Deferred Tax Liability	369.25 (121.35)	252.99 (51.98)
Net Profit after Tax	1629.92	1287.25
Dividend & Dividend Tax	122.74	122.08
Gross Cash Accruals	3071.76	2789.84
Equity Share Capital	422.42	422.42
Earning per Share Basic & diluted (Rs.)	19.29	15.24

* Previous Year figures have been regrouped/rearranged considering the amalgamated company i.e. Salil Industries Limited.

REVIEW OF OPERATIONS

The Sales and Other Income for the financial year under review were Rs 27611.75 lacs (Previous year Rs. 22075.05 lacs). The Depreciation for the year was Rs 1441.84 lacs (Previous year Rs. 1502.59 lacs). The Cash Accruals were Rs. 3071.76 lacs (Previous year Rs. 2789.84 lacs). The Net Profit after tax was Rs. 1629.92 lacs (Previous year Rs. 1287.25 lacs).

An amount of Rs. 200 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 year and the date of this report. The Company has not given any shares to any of the employees under 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

The Board of Directors are pleased to recommend a Tax-free dividend of 25% (Rs. 1.25 per share on an Equity Share of Rs. 5/- each) on the Equity Share Capital of the Company for the year ended 31st March 2011. The Dividend, if approved by the members at the ensuing Annual General Meeting, will be paid within stipulated period prescribed under the Companies Act, 1956.

MERGER OF SALIL INDUSTRIES LIMITED WITH THE COMPANY

Pursuant to the scheme of Amalgamation approved by the Hon'ble High Court of Uttar Pradesh at Allahabad vide its order dated September 30, 2010; Salil Industries Limited was merged with the company w.e.f. the appointed date i.e. 1st April, 2009. The scheme was given effect to the financial statements as at March 31, 2010. The corresponding financial data for the year 2009-10 represent the consolidated figures of both the Companies.

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In terms of amalgamation scheme, w.e.f. the appointed date i.e. April 1, 2009, the assets and liabilities of M/s Salil Industries Limited, vest with the Company and difference between the carrying value of assets and liabilities under the Scheme has been adjusted to General Reserves as on 31st March 2010.

Further, your Company issued 100697 equity shares of Rs. 5/- each fully paid up to the shareholders of M/s Salil Industries Limited. The paid up equity share Capital has increased to Rs. 4,22,42,020/- comprising of 8448404 Shares of Rs. 5/- each fully paid up. The entitlement ratio for issue of equity shares of M/s Gulshan Polyols Limited to the shareholders of M/s Salil Industries Limited as approved by Hon'ble High Court of Allahabad was 30:1 i.e. One (Rupees 5/- fully paid up) equity share of M/s Gulshan Polyols Limited for Thirty (Rupees 10/- fully paid up) equity shares of M/s Salil Industries Limited.

VARIATION IN TERMS AND CONDITIONS OF ISSUED REDEEMABLE PREFERENCE SHARES

In March 2011, the Company has fixed the terms and conditions of already issued 10,25,000/- redeemable preference shares of Rs. 100/- each, by the circulation of postal ballot notice to the class of preference shareholders in which redemption period will start from 12th Year from the date of issue on the Coupon rate of 8% (Eight %) commencing from 1st April, 2011 and rest of the conditions will be same as set out in the notice of postal ballot.

DIRECTORS

During the year, Mr. S. K. Uppal resigned from the Board of the Company w.e.f. 18th August, 2010. The Board of Directors placed on record, its sincere appreciation and gratitude for the valuable services and counsel and contribution extended by him during his tenure as Director of the Company.

Further, Mr. Suresh Kumar Tewari appointed as an additional director of the Company in the Board Meeting held on 11th May, 2011. In the same Board meeting, he was appointed as Whole time Director of the Company w.e.f. 1st April, 2011

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the

Company, Mr. A. K. Maheshwari and Mr. Ajay Jain, Non Executive Directors of the Company, who held the office of directors till the date of the forthcoming Annual General Meeting, are liable to retire by rotation and being eligible have offered themselves 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 Rs. 375.63 lacs as on 31st March 2011 (Previous year Rs. 365.63 Lacs). There was no Fixed Deposit remained unclaimed as on 31st March, 2011. There were no delay/defaults 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 substantial amounts in excess of Rs. 2560.06 lacs to the Exchequer during the year in the form of Excise Duty, Custom Duty, Direct & Indirect taxes, levies, cess etc.

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, 93.96% 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 GOVERNMENT COMPANIES AND COMPANIES

During the Year under review, none of the Employees of the Company was in receipt of Remuneration for the Year which was more than the limit prescribed under Sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and hence no particulars are required to be disclosed in this Report.

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:

- i) That in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure,
- ii) 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 March 31, 2011 and of the profit of the company for the year ended on that date,
- iii) 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,

- iv) 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

1. Name – Lokesh Kumar
2. Address – Meerut, Uttar Pradesh-250004
3. Membership No. – 24632
4. Central Govt.'s order directing cost audit – 52/188/CAB/2000
5. Cost audit relates – Formulations of Sorbitol 70%

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

Dr. C. K. Jain
Managing Director

Mridula Jain
Director

Date : 11th May, 2011
Place : Ghazaibad

Gulshan Polyols Limited

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE-1

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.

	Current Year 31.03.2011	Previous Year 31.03.2010
A. Power & Fuel Consumption :		
1. Electricity :		
a) Purchased:		
Units	9766347	4876311
Total Amount (Rs)	51484464	24096493
Average Rate (Rs)/Unit	5.27	4.94
b) Own Generation:		
(i) Through Diesel Generator :		
Units	284457	347562
Cost (Rs.)	3411039	4098737
Cost (Rs.)/unit	11.99	11.79
(ii) Through Steam Turbine/Generator :		
Units	24831437	23437240
Cost (Rs.)	70227146	50204525
Cost (Rs.) /Unit	2.83	2.14
2. Coal /Coke (Used in Boiler, Microniser & Gas Producer)		
Qty. (MT)	47543.900	42069.699
Total Cost (Rs.)	185539164	141871833
Average Rate (Rs.)	3902.48	3372.30
3. Gas (Used in Lime Killin)		
Qty. (M ³ .)	1498087	1217722
Total Cost (Rs.)	24101428	16723080
Average Rate (Rs.)	16.09	13.73
4. Agriculture Waste (Used in Boiler)		
Qty. (MT)	39898	48760
Total Cost (Rs.)	111829471	91630332
Average Rate (Rs.)	2802.88	1879.21

5. Solvent (C-9 Plus) (Used in Microniser)		
Qty. (Ltrs)	977607	897687
Total Cost (Rs.)	28087858	22193609
Average Rate (Rs.)	28.73	24.72
6. HSD (Used in Microniser)		
Qty. (Ltrs)	112830	0.00
Total Cost (Rs.)	3922395	0.00
Average Rate (Rs.)	34.76	0.00
B. Consumption Per Unit (MT) of Production		
Products		
Production (MT)		
CALCIUM CARBONATE	96198.300	77633.000
SORBITOL & SWEETNER	51085.780	45845.000
Electricity (Units/Ton)		
CALCIUM CARBONATE	221	208
SORBITOL & SWEETNER	266	268
Coal/Coke (MT/Ton)		
CALCIUM CARBONATE (On Directly attributable Production)	0.44	0.68
SORBITOL & SWEETNER	0.68	0.71
Agriculture Waste (MT/Ton)		
CALCIUM CARBONATE (On Directly attributable Production)	1.26	1.35
Solvent (C-9 Plus) (Ltr./Ton)		
CALCIUM CARBONATE (On Directly attributable Production)	72 Ltrs.	72 Ltrs.
Gas (M³/Ton)		
CALCIUM CARBONATE (On Directly attributable Production)	113	125

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 Rs. 30,41,52,048/- (Previous Year Rs. 17,04,02,003/-). The foreign currency utilized during the year on repayment of foreign currency loan installments and interest etc. on loan taken was Rs. 3,51,94,639/- (Previous year Rs. 3,93,32,389/-). Expenditure on foreign Traveling is Rs.25,00,215/- (Previous Year Rs. 39,38,806/-).

Gulshan Polyols Limited

CORPORATE GOVERNANCE REPORT

(A) Company's Philosophy on the code of Governance

The Company has adopted the best practices of corporate governance for ensuring protection of the rights and interests of its stakeholders. The Company's broad policies of Corporate Governance viz. Transparency, Integrity, Equity, Openness, Fairness and Accountability are the guiding principles of the management of the company along with focus on investor protection. The company has taken proactive measures to periodically review and revise the corporate governance practices incorporating appropriate checks and balances at various levels of management. The company will endeavor to improve on these aspects on an ongoing basis.

(B) Board of Directors

The present strength of the Board is 9. Of them, four Directors are non-executive comprising 44.44% of the Board strength. The Chairman and two others are Independent Directors and non-executive. Company does not have any nominee Director. 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, 4 Board Meetings were held on 27.05.2010, 31.07.2010, 13.11.2010 and 12.02.2011.

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 of other companies are as follows:

Name of Director	Designation/ Category	No. of Board Meeting Attended	Whether Attended last AGM	No. of Directorship* in other companies	No. of Chairmanship/ Membership in Board Committee of other companies	
					Chairman	Member
Mr. K.K. Pandey	C	1	No	-	-	-
Dr. C. K. Jain	MD	4	Yes	1	-	2
Mrs. Mridula Jain	NE	3	Yes	-	-	-
Mr. Ajay Jain	NE & ID	3	No	-	-	-
Mr. A. K. Maheshwari	NE & ID	4	No	1	-	3
Mr. S. K. Uppal ¹	WTD	1	No	-	-	-
Mr. A. K. Vats	WTD	4	Yes	-	-	-
Ms. Arushi Jain	WTD	3	No	-	-	-
Ms. Aditi Pasari	WTD	4	No	-	-	-

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

*Directorship held in other companies includes only public limited Companies.

¹Mr. S. K. Uppal, Whole Time Director of the Company resigned from the Company w.e.f. 18th August, 2010 and Mr. S. K. Tiwari was inducted in the Board of Directors of the Company as Executive Director in their meeting held on 11th May, 2011.

(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 2010-11, the Committee met four (4) times- on 27.05.2010, 31.07.2010, 13.11.2010 and 12.02.2011.

(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.

The Committee also meets the operating management and reviews the operations, new initiatives and performance of the business unit. The minutes of the Audit Committee are circulated to the Board, discussed and taken note of.

(D) Remuneration committee

(a) Composition

The Remuneration Committee of the Board comprises of total 3 directors, which include 2 non-executive and Independent Directors i.e. Mr. Ajay Jain (Chairman), Mr. A. K. Maheshwari (Member) and Mrs. Mridula Jain, non-executive director, being the other member of the committee. During the financial year 2010-11, the Committee met one (1) times- on 27.05.2010.

(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 and to administer and superintend the same.

(c) Remuneration Policy

Remuneration of employees largely consists of base remuneration, perquisites and performance incentives. The Components of the total remuneration vary for different cadres and are governed by industry pattern, qualifications and experience of the employee, responsibilities handled by him, 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 reward merit.

(d) Details of remuneration for the year 2010-2011

(i) Managing/Whole Time Directors (Rs. In lacs)

Name	Salaries	Commission	Perks	Retirement Benefits	Total
Dr. C.K. Jain, MD	42.00	–	0.40	0.00	42.40
Mr. S. K. Uppal, WTD*	4.25	–	0.00	0.00	4.25
Mr. A. K. Vats, WTD	10.20	–	0.00	0.00	10.20
Ms. Arushi Jain, WTD	7.20	–	0.00	0.00	7.20
Ms. Aditi Pasari, WTD	7.20	–	0.00	0.00	7.20
Total	70.85	–	0.40	0.00	71.25

*(For the part of the year - Mr. S.K. Uppal has resigned from the directorship of the company w.e.f. 18.08.2010)

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- (a) 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.
- (b) Notice period for termination of appointment of Managing Director is six months and Whole Time Director is one month, on either side. No severance pay is payable on termination of appointment.
- (ii) Non-Executive Directors: No remuneration was paid to Non-executive Directors during the year.

(E) Shareholder's Grievance Committee

- (a) Terms of reference

To look into the shareholder complaints, if any, and to redress the same expeditiously, the committee approves requests for issue of duplicate share certificate, issue of certificates after split/consolidation and also for transfer / transmission of shares etc.

- (b) **Composition**

The present composition of the Committee comprises of total 3 directors, which include Mr. A. K. Maheshwari (Independent Director) being the Chairman of Committee. Mr. Ajay Jain (Independent director) and Ms. Aditi Pasari (Executive director) are the members of the Committee. Ms. Nisha Gupta, Company Secretary, of the company is permanent invitee and compliance officer. The committee met Four (4) times during the financial year 2010-11. During the period, a total of 170 complaints were received. The Committee attended to all the complaints and all were resolved/ replied to the satisfaction of the shareholders. There were no unresolved complaints, transfer pending.

- (F) The Board has delegated the powers of approving transfer of shares to a committee of senior executives. The committee meets once in a fortnight. However in compliance to SEBI's guidelines for appointment of Single Registrar for Physical and Electronic mode, the powers to approve transfer of shares have been delegated to the Registrar & Transfer Agent.

(G) Code for Prevention of Insider Trading Practices

In Compliance with the SEBI Regulations on Prevention of Insider Trading, the Company has instituted a comprehensive Code of Conduct for its Management and Staff. The Code lays down guidelines, which advise them on procedures to be followed and disclosures to be made, while dealing with the shares of the Company, and cautioning them of the consequences of violations.

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

In compliance with the Clause 49 of Listing Agreement of Bombay Stock Exchange, the company has instituted a comprehensive code of conduct for its Board/ Committee Members and Senior Management. A code of conduct is a written document that outlines company values, principles, and guidelines in a variety of areas and enables companies to publicly state to their suppliers, customers, consumers and other stakeholders the way in which they intend to do business. Commitment to ethical professional conduct is a MUST for every employee at Gulshan in all of its businesses/ units/ subsidiaries. This code, consisting of imperatives formulated as statements of personal responsibility, identifies the elements of such a commitment. It contains many, but not all, issues employees are likely to face.

(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
2009-2010	25-09-2010	01.00 PM	9 th K.M. Jansath Road, Muzaffarnagar, Uttar Pradesh - 251001
2008-2009	22-09-2009	12.00 PM	9 th K.M. Jansath Road, Muzaffarnagar, Uttar Pradesh - 251001
2007-2008	24-09-2008	12.00 PM	9 th K.M. Jansath Road, Muzaffarnagar, Uttar Pradesh - 251001

Details of the Special Resolution passed in the previous three year's Annual General Meeting are followings:

2009-10 : Special Resolutions were passed for the amendments in Common seal Provision and terms and Conditions of Redeemable Preference shares in the Articles of Association of the Company.

25th September, 2010 and 21st March 2011 approving amendment to the terms and conditions of already issued 10,25,000 redeemable preference shares of Rs. 100/- in their class meeting 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.

A special resolution is proposed to be conducted through Postal Ballot at the ensuing Annual General Meeting for the alteration in object clause of Memorandum of Association of the Company.

(K) Disclosures

- (a) During the year, there were no transactions of material nature with the directors or the management or their subsidiaries or relatives that had potential conflict with the interest of the Company.
- (b) There were no instances 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

- (a) Quarterly, Half Yearly and Annual results are published in prominent daily newspaper viz. the Business Standard (English and Hindi), Financial Express (English and Hindi) and Jansatta (Hindi).
- (b) Annual results are sent to each shareholder.
- (c) Management's Discussion & Analysis forms part of the Annual Report.

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- (d) All Price Sensitive Information or clarifications on the decisions of the Board are communicated immediately to the Stock Exchange for dissemination to the shareholders.

(M) General Shareholders Information

- (a) The 11th Annual General Meeting is proposed to be held on Saturday, 24th September 2011 at 12.00 noon at 9th K.M. Jansath Road, Muzaffarnagar – 251 001 (Uttar Pradesh).

(b) Financial Calendar:

Annual Results of Previous Year	Mid of May
Mailing of Annual Reports	Till 3 rd week of August
First Quarter Results	Mid of August
Annual General Meeting	Last week of September
Payment of Dividend	1 st week of October
Second Quarter Results	Mid of November
Third Quarter Results	Mid of February

- (c) **Dates of book closures:** Wednesday, August 17, 2011 to Friday, August 19, 2011 (both days inclusive).
- (d) **Dividend payment date:** 1st to 5th October, 2011.
- (e) **Listing of Equity Shares on Stock Exchange at:** Bombay Stock Exchange.
- (f) Stock Code at Bombay Stock Exchange Limited – 532457.
- (g) **Demat ISIN Number in NSDL & CDSL for Equity Shares:** INE255D01016.
- (h) **Stock Market price data for the year 2010-11:** Equity share (Face Value Rs. 5/- each) of the Company are listed at Bombay Stock Exchange. The stock market data is given as under:

Stock Market Data (In Rs./per share)

MONTH	BOMBAY STOCK EXCHANGE	
	Month's High	Month's Low
April, 2010	135.05	106.05
May, 2010	114.00	92.10
June, 2010	101.00	85.55
July, 2010	104.00	89.10
August, 2010	117.20	90.30
September, 2010	119.00	92.00
October, 2010	116.80	102.35
November, 2010	118.00	88.90
December, 2010	96.50	82.50
January, 2011	92.35	71.60
February, 2011	85.50	68.20
March, 2011	80.00	70.80

- (i) **Registrar and Share Transfer Agent:** The Company appointed M/s Alankit Assignments Ltd, 2E/21, Alankit House, Jhandewalan Extension, New Delhi 110055 as common registrar for the work related to shares in both Physical form as well as shares in Electronic Mode. The Phone

no 011-42541234, 23541234 and Fax No 011-41540064. The email address is rta@alankit.com. However, the Company sends the shares received at Company's registered and corporate office to the Registrar for transfer/ Demat etc.

- (j) Share Transfer System: The Company's share is traded at the Stock Exchange in Compulsory Demat form. However, the shares in physical mode which are lodged for transfer/ Demat may be sent to M/s. Alankit Assignments Ltd, 2E/21, Alankit House, Jhandewalan Extension, New Delhi 110055 (Phone no 011-42541234, 23541234 and Fax No 011-41540064, and email address: rta@alankit.com). These are processed and share certificates are transferred /de-matted or returned within the time prescribed by the authorities.
- (k) **(k) Distribution of shareholding as on 31st March, 2011:**

No. of Shares (Rs. 5/- each)	No. of Shareholders	% of Shareholders	Shareholding (no)	% of Shareholding
Up to 1000	13016	98.301	1229088	14.548
1001-2000	104	0.785	155615	1.842
2001-4000	43	0.325	121146	1.434
4001-6000	35	0.264	168801	1.998
6001-8000	6	0.045	41872	0.496
8001-10000	7	0.053	64264	0.761
10001-20000	6	0.045	78788	0.933
20001 and above	24	0.181	6588830	77.989
Total	13241	100.00	8448404	100.00

- (l) **(l) Categories of Shareholders as on 31st March, 2011 :**

Category	No. of Shares held	% of shareholding
Financial Institution/Bank	200	0.002
Bodies Corporate (Promoters)	3670865	43.450
Promoters – Individual	1733237	20.516
General Public – Individuals/Trust	2190713	25.930
– Bodies Corporate	822423	9.700
– NRI	30816	0.365
– Other – Trust	150	0.002
Total	8448404	100.000

- (m) Dematerialization of Shares: As on 31st March, 2011, 93.96% of the Company's total shares representing 7938350 shares were held in dematerialized form and the balance 510054 equity shares representing 6.04% shares were in Physical form.

Gulshan Polyols Limited

- (n) Plant Locations: i) Plot no. 762, Jhagadia Industrial Estate, Distt. Bharuch – 393110 (Gujarat), ii) 9th K.M., Jansath Road, Muzaffarnagar, (Uttar Pradesh) – 251001, iii) Village Rampur Majri, Dhaula Kuan , Distt Sirmour (Himachal Pradesh) -173001 and iv) On-site facilities of Precipitated Calcium Carbonate at Sahibabad (Uttar Pradesh).
- (o) Address for correspondence: The Company's Registered office is at 9th K.M. Jansath Road, Muzaffarnagar - 251001 (Uttar Pradesh). The Corporate office & Investor cell of the Company is located at G-81, Preet Vihar, Delhi 110092. Phone no. 011-32991997, 32508619 and Fax no. 011-22157338. Email of share department and investor cell of the Company nishagupta@gulshanindia.com. Shareholders holding shares in Physical form should send shares to Common Registrar M/s Alankit Assignments Ltd. However, the shareholders holding shares in Electronic mode should address all their correspondence to their respective Depository Participants (DPs).
- (p) Reconciliation of share Capital audit: The Reconciliation of share Capital audit report of the company prepared in terms of SEBI circular no D&CC/FITTC/CIR-16/2002 dated December 31st, 2002, reconciling the total shares held in both the depositories viz. NSDL & CDSL and in physical form with the total issued/ paid up capital of the Company is placed before the Board of Directors and duly submitted to the Stock Exchange for every quarter.
- (q) Compliance of Non-Mandatory Requirement: The company has adopted the following non-mandatory requirements on Corporate Governance recommended under clause 49 of the Listing Agreement:
 - (i) A Chairman's office with required facilities has been provided and maintained at Company's expenses for use by its non-executive Chairman.
 - (ii) A Remuneration Committee under the name of Remuneration Committee comprising 3 Non-Executive Directors for reviews and decides the Company's policy on specific remuneration packages for Executive Directors.
 - (iii) The Company publishes quarterly, half yearly and annual results in widely published newspapers in English, and Hindi languages and individual communication of yearly results is sent to the shareholders.
 - (iv) The Company has proposed a resolution for alteration in object clause of MOA of the Company requiring approval of the shareholders by postal ballot.

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 March 31, 2011.

Date: 11th May, 2011
Place: Ghaziabad

A.K. Vats
Whole Time Director &
Chief Executive Officer

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 2010-11 and that to the knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of their knowledge and belief, no transactions entered into the company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal 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 they are aware and the steps they 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 : 11th May, 2011
Place : Ghaziabad

Auditor's Certificate on Corporate Governance

The Members,
Gulshan Polyols Ltd.

We have reviewed the implementation of Corporate Governance procedures by the Company during the year ended 31st March, 2011 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

Date : 11th May, 2011
Place : Ghaziabad

(MOHD. SHAHID)
Proprietor
Membership No : 70408

Gulshan Polyols Limited

MANAGEMENT'S DISCUSSION & ANALYSIS (Forming part of Director's Report)

Gulshan Polyols Limited ("GPL" or "the Company" here onwards) is an industry leader operating in two business segments of inorganic chemicals. GPL is a market leader in 70% Sorbitol globally and domestic market leadership besides being a major producer of Calcium Carbonate. GPL has built these businesses on the platform of strong understanding of chemistry and intimate knowledge of customer needs. This focus on Chemistry and customer has helped GPL, develop unique competitive advantages for each of its businesses. A strong reinforcement of this belief has been recognition by industry through several awards the Company received during the year.

1. Business Environment

Subsequent to the financial crisis in 2008, the Government of India, through its stimulus packages has managed decent growth of Indian Economy. The Indian Stock Market responded well, with the Sensex crossing 16000+ mark. The Utilities reported a positive investment climate in 2010-11, driven by the public sector and government owned utilities. Private sector, in general remained cautious about new investments in 2011.

2. Industry Structure and developments

The Company is engaged in the business of producing Sorbitol 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 (CaCO₃) 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 single 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 Company achieved the capacity utilization of 92.88% and 69.7% of the installed capacities of Sorbitol and sweetener and Calcium Carbonate plant respectively. 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. The Sales and Other Income for the financial year under review were Rs. 27611.75 lacs (Previous year Rs. 22075.05 lacs). The Net Profits after tax were Rs. 1629.92 lacs (Previous year Rs. 1287.25 lacs). The Depreciation for the year was Rs. 1441.84 lacs (Previous year Rs. 1502.59 lacs). The cash accruals were Rs. 3071.76 lacs (previous year Rs. 2789.84 lacs).

Your Company is proud to bring in India the international trend currently prevalent in the global paper industry and has set up an India's first Onsite Percipated Calcium Carbonate (PCC) plant in the paper industry. To meet the increased demand of Activated Calcium Carbonate (ACC) the Company has also set up an Activated Calcium Carbonate (ACC) Plant at Ponta Sahib (Himachal Pradesh) heralding a new era in Calcium Carbonate industry and opening new vistas for growth.

3. 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 14 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.

4. Product wise performance

The Company produces Sorbitol and Sweetner and Calcium Carbonate. During the year, the company produced a total of 51086 MT of Sorbitol with over 11% growth against the previous year production of 45845 MT. The sales were also higher at 51796 MT against previous year sales of 45437 MT.

The Company also produced a total of 96198 MT of Calcium Carbonate registering a growth of 25% against the production of 76633 MT during 2009-10. The sales were 93805 MT against sales of 80215 MT during 2009-10.

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.

5. 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.

6. 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 agri commodity, which is exposed to factors of Mansoon in the Country and increasing alternate and new usage of corn globally. The Company is preparing and gearing itself by producing the goods at optimum cost and achieving higher yield. The cost reduction holds the key for its survival and to win over any eventual circumstances. 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

7. Internal Control Systems and their adequacy

The Company has satisfactory internal control procedures commensurate with its size and nature of business. These internal control procedures ensure the following:

- i) Efficient use and protection of resources.
- ii) Compliance with policies, procedures and statutes.
- iii) Accuracy and promptness of financial reports.

The internal control system provides for well-documented policies, guidelines, authorizations and approval procedures. The Internal Audit is carried out extensively throughout the year. The prime objective of such audits is to test the adequacy and effectiveness of all the internal controls laid down by the management and to suggest improvements. Pre-audit/post audit checks and reviews are carried out to ensure follow up on the observations made. The Audit Committee of the Board on a regular basis reviews the internal audit reports, progress in implementation of recommendations contained in the audit reports and the adequacy of internal controls.

8. Financial and Operational Performance

The Sales and Other Income for the financial year under review were Rs. 27611.75 lacs (Previous year Rs. 22075.05 lacs) The Net Profits after tax were Rs. 1629.92 lacs (Previous year Rs. 1287.25 lacs). The Depreciation for the year was Rs. 1441.84 lacs (Previous year Rs. 1502.59 lacs). The Cash accruals were higher at Rs. 3071.76 lacs (previous year Rs. 2789.84 lacs).

The earnings include an amount of 117.59 lacs (Previous year Rs. 65.84 lacs) as other Income, which comprised of agricultural income Rs. 26.74 lacs, dividend income of Rs. 1.27 lacs and Interest of Rs. 37.73 lacs. The Company spent an amount of Rs. 680.56 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 @ 25%. An amount of Rs. 200 lacs was transferred to General reserves.

9. Human Resource Development and Industrial Relations

The Company has identified Human Resource Development as a major strategic initiative since it believes that people's contribution will be the main engine for growth. Current efforts include building the skills, attracting and retaining talent and nurturing and developing leadership potential. Job evaluation exercise, revamping the Reward system and installing a process for measuring key HR parameters, which have a crucial impact on business, are some of the other important HR initiatives, which have been launched.

10. Cautionary Statement

Statements in the management discussion and analysis describing the company's objective, expectations or predictions may be forward looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the company's operations include change in government regulations, tax laws, economic and political developments within and outside the country and such other factors.

AUDITORS' REPORT

To the Members of,
Gulshan Polyols Ltd.

Ladies and Gentlemen,

We have audited the attached Balance Sheet of **GULSHAN POLYOLS LIMITED** as at 31st March 2011, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies Auditor's Report (Amendment) Order 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to in paragraph 3 above, we report that:-

- (i) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
- (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books of the Company.
- (iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts of the Company.
- (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- (v) In our opinion and to the best of our information and according to the explanations given to us, none of the Directors is, as at 31st March, 2011, prima-facie disqualified from being appointed as a Director in terms of Clause (g) of Sub-section (1) of the Section 274 of the Companies Act, 1956.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the significant Accounting Policies and the other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011 and;
 - (b) In the case of the Profit & Loss Account, of the Profit for the year ended on that date.
 - (c) In the case of Cash Flow Statement, of the cash flow of the company for the year ended on that date.

For SHAHID & ASSOCIATES
Chartered Accountants

Date : 11st May, 2011
Place : Ghaziabad

(MOHD. SHAHID)
Proprietor
Membership No. 70408

ANNEXURE TO AUDITORS' REPORT

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

1. 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.
2. 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.
3. 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
4. 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.
5. 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.
6. 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.
7. In our opinion, the Company has an adequate Internal Audit System commensurate with its size and nature of its business.
8. 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.

9. (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, 2011 for a period of more that 6 months from the date of becoming payable.
- (b) Details of dues of Income Tax, Sales Tax , Service Tax , Customs Duty , Excise duty, Cess which have not deposited as on March 31st, 2011 on account of disputes are given below:

Name of the Statute	Nature of the Dues	Amount (Rs. in Lacs.)	Period to which the amount relates	Forum where pending
Central Excise Act 1944	Service Tax	7.79	2008-09	Commissioner (Appeal)
Central Excise Act 1944	Service Tax	30.69	2006-07, 2007-08 & 2008-09	Additional Commissioner (Appeal)
Central Sales Tax Act and Sales Tax of Various State	Sales Tax	6.06	2005-06	Deputy Commissioner
Central Sales Tax Act and Sales Tax of Various State	Sales Tax	1.90	2006-07	Joint Commissioner (Appeal)
Central Sales Tax Act and Sales Tax of Various State	Sales Tax	0.79	2007-08	Appellate Tribunal (2nd Appellate)
Income Tax Act 1961	Income Tax	32.05	2003-04	Commissioner of Income Tax (Appeal)
Income Tax Act 1961	Income Tax	11.11	2006-07	Income Tax Appellate Tribunal

10. 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.
11. According to the records and information given to us, the company has not defaulted in repayment of dues to a financial Institution or bank.
12. 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.
13. 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.
14. 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.

Gulshan Polyols Limited

15. The Company has not given any corporate guarantee for any loans taken by others from Bank/ Financial institutions.
16. 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.
17. 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.
18. 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.
19. No debentures have been issued by the company during the year.
20. The company has not raised any money by public issue during the year.
21. 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

Date : 11st May, 2011
Place : Ghaziabad

(MOHD. SHAHID)
Proprietor
Membership No. 70408

BALANCE SHEET AS AT 31st MARCH, 2011

	SCHEDULE NO.		CURRENT YEAR 31.03.2011 (Amount in Rs.)		PREVIOUS YEAR 31.03.2010 (Amount in Rs.)
SOURCES OF FUNDS:					
SHAREHOLDERS' FUNDS:					
Share Capital	1	144742020		144742020	
Reserves & Surplus	2	<u>1088383787</u>	1233125807	<u>938342672</u>	1083084692
BORROWED FUNDS:					
Secured Loans	3	405497293		422736557	
Unsecured Loans	4	58563000	464060293	57563000	480299557
DEFERRED TAX LIABILITY			68899558		81034553
			<u>1766085658</u>		<u>1644418802</u>
APPLICATION OF FUNDS:					
FIXED ASSETS:					
Gross Block	5	1901908679		1789255346	
Less: Depreciation		<u>947727252</u>		<u>808853530</u>	
Net Block		954181427		980401816	
Add: Capital Work in Progress		<u>91654145</u>	1045835572	<u>50580823</u>	1030982639
INVESTMENTS	6		3683825		4183825
CURRENT ASSETS, LOANS & ADVANCES:					
Inventories	7	251210383		184567780	
Receivables	8	485131548		398727752	
Cash & Bank Balances	9	98950707		98083389	
Loans & Advances	10	<u>114325237</u>		<u>66787534</u>	
		949617875		748166455	
Less: Current Liabilities & Provisions	11	<u>251246395</u>		<u>162799371</u>	
Net Current Assets			698371480		585367084
MISCELLANEOUS EXPENDITURE:					
(To the extent not written off or adjusted)					
Deferred Revenue expenditure			<u>18194781</u>		23885254
			<u>1766085658</u>		<u>1644418802</u>
NOTES ON ACCOUNTS	22				

The Schedules referred to herein above form an integral part of the Balance Sheet.
In terms of our separate report of even date.

For SHAHID & ASSOCIATES
Chartered Accountants

Dr. C. K JAIN
Managing Director

MRIDULA JAIN
Director

(MOHD. SHAHID)
Proprietor
Membership No. 70408

RAJESH AGARWAL
Chief Financial Officer

NISHA GUPTA
Company Secretary

Date : 11th May, 2011
Place : Ghaziabad

Gulshan Polyols Limited

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2011

	SCHEDULE NO.	CURRENT YEAR 31.03.2011 (Amount in Rs.)	PREVIOUS YEAR 31.03.2010 (Amount in Rs.)
INCOME:			
Manufacturing Turnover	12	2749416409	2200920736
Other Income	13	11758730	6579629
Increase in Stock	21	24453230	(16369102)
Total		2785628369	2191131263
EXPENDITURE:			
Raw Materials Consumed	14	982433928	761213634
Goods Traded	15	13120776	8686827
Manufacturing Expenses	16	781352492	575549656
Excise duty	-	168497472	117808306
Personnel	17	84471254	70535766
Finance Charges	18	42731713	54648723
Administrative Expenses	19	42074970	46268278
Selling & Distribution Exp	20	338551158	257136325
Depreciation	5	144184440	150258891
Total		2597418203	2042106406
Profit before Tax		188210166	149024857
Provision for Taxation - Current Tax		36924770	25299345
- Deferred Tax (net)		(12134995)	(5197811)
Profit after Tax		163420391	128923323
Less/Add: Prior Period Expenses		(428369)	(198655)
Add: Balance brought forward		463005609	485870089
Add: Balance brought forward from Amalgamated Company		0	10618852
Amount Available for Appropriations		625997631	625213609
APPROPRIATIONS:			
Transfer to General Reserve		20000000	150000000
Proposed Dividend		10560505	10434634
Dividend Tax		1713178	1773366
Surplus carried over to Balance Sheet		593723948	463005609

NOTES ON ACCOUNTS

22

The Schedules referred to herein above form an integral part of the Profit & Loss Account. In terms of our separate report of even date.

For SHAHID & ASSOCIATES
Chartered Accountants

Dr. C. K JAIN
Managing Director

MRIDULA JAIN
Director

(MOHD. SHAHID)
Proprietor
Membership No. 70408

RAJESH AGARWAL
Chief Financial Officer

NISHA GUPTA
Company Secretary

Date : 11th May, 2011
Place : Ghaziabad

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31-3-2011

(Rs. in lacs)

	CURRENT YEAR 31.03.2011	PREVIOUS YEAR 31.03.2010
A. CASH FLOW FROM OPERATING ACTIVITIES:	1805.96	1461.92
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		
ADJUSTMENTS FOR:		
DEPRECIATION	1441.84	1502.58
NON CASH EXPENSES WRITTEN OFF (NET)	56.90	56.90
INTEREST RECEIVED	(37.74)	0
INTEREST PAID	236.22	240.50
DIVIDEND	(1.27)	(0.11)
(PROFIT)/LOSS ON SALE OF INVESTMENTS/ASSETS	(2.44)	15.40
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1693.53	1815.27
ADJUSTMENTS FOR:		
TRADE AND OTHER RECEIVABLES	(1122.91)	(743.19)
INVENTORIES	(666.43)	68.98
TRADE PAYABLES	767.56	177.52
BANK LIMITS	630.82	(214.93)
CASH GENERATED FORM OPERATIONS AFTER ADJUSTMENTS FOR WORKING CAPITAL CHANGES	3108.53	2565.57
INTEREST PAID	(236.22)	(240.50)
DIRECT TAXES	(469.50)	(186.16)
PREVIOUS YEAR ADJUSTMENT	(4.28)	(1.99)
CASH FLOW AFTER ADJUSTED FOR WORKING CAPITAL CHARGES BUT BEFORE EXTRA ORDINARY ITEMS	2398.52	2136.92
EXTRA ORDINARY ITEMS (NET)	85.87	29.72
NET CASH FROM OPERATING ACTIVITIES	2484.39	2166.64
B. CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	(1619.37)	(1124.87)
SALE OF FIXED ASSETS	13.73	12.81
SALE OF INVESTMENTS	6.20	84.60
DIVIDEND RECEIVED	1.27	0.11
INTEREST RECEIVED	37.74	0.00
NET CASH USED IN INVESTING ACTIVITIES	(1560.43)	(1027.35)
C. CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM LONG TERM BORROWINGS (NET)	(793.21)	(621.19)
DIVIDENDS PAID	(122.08)	(83.48)
NET CASH SURPLUS/USED IN FINANCING ACTIVITIES	(915.29)	(704.67)
NET DECREASE IN CASH AND CASH EQUIVALENTS	8.67	434.62
CASH AND CASH EQUIVALENTS AS AT 1-4-2010 (OPENING BALANCE)	980.83	546.21
CASH AND CASH EQUIVALENTS AS AT 31-3-2011 (CLOSING BALANCE)	989.50	980.83

As per our Report of Even date annexed

For SHAHID & ASSOCIATES

Chartered Accountants

(MOHD. SHAHID)

Proprietor

Membership No. 70408

Date : 11th May, 2011

Place : Ghaziabad

Dr. C. K JAIN

Managing Director

RAJESH AGARWAL

Chief Financial Officer

MRIDULA JAIN

Director

NISHA GUPTA

Company Secretary

Gulshan Polyols Limited

	CURRENT YEAR 31.03.2011 (Amount in Rs.)	PREVIOUS YEAR 31.03.2010 (Amount in Rs.)
SCHEDULE - 1		
SHARE CAPITAL		
Authorised:		
4,50,00,000 Equity Shares of Rs. 5/- each	225000000	225000000
2,50,00,000 0% Redeemable Preference Shares of Rs. 10/- each	2500000	2500000
14,50,00,000 0% - 10% Redeemable Preference Shares of Rs. 100/- each	145000000	145000000
	372500000	372500000
Issued, Subscribed & Paid Up:		
84,48,404 Equity Shares of Rs. 5/- each full paid up	42242020	42242020
1025,000 8% Redeemable Preference Shares of Rs. 100/- each fully paid up	102500000	102500000
	144742020	144742020
Note:		
1. Out of the issued equity shares, 100697 shares of Rs.5/-each have been allotted as fully paid up in the Board Meeting held on 13-11-2010, for a consideration other than cash to the shareholders of Transferor Company i.e. Sail Industries Limited in terms of the Scheme of arrangement/Merger approved by the Hon'ble High Court with appointed date being 1 st April, 2009.		
2. Terms of Authorised Preference Share Capital has been changed in last annual general meeting i.e. 25-09-2010 in which coupon rate varying from 0% to 10% and redemption period varying from 3rd year to Maximum 15th Year from the date of the issue.		
3. Terms of redemption of 10,25,000 issued Preference Share @ 100/- each has been fixed, the period of redemption will be 12 th year from the date of its issue on 8% Dividend rate effective from 1 st April, 2011.		
SCHEDULE - 2		
RESERVES AND SURPLUS		
General Reserve		
Opening Balance	246819115	194143372
Add: Transfer from Amalgamated Company	0	182325
Add: Surplus due to Amalgamation	0	29706515
(Less): Adjustment Due to Change of Depreciation Method	0	(127213097)
Addition during the year	20000000	150000000
Capital Reserve	12180000	12180000
Revaluation Reserve	4454036	5131260
Share Premium	211206688	211206688
Profit & Loss Account	593723948	463005609
	1088383787	938342672
SCHEDULE- 3		
SECURED LOANS:		
A. Term Loans:		
From Public Financial Institutions/Bank	113275047	192526167
B. Hire Purchase Finance		
From Bank/ Financial Companies	10050642	11120609
C. Working Capital Loan:		
	282171604	219089781
	405497293	422736557
SCHEDULE - 4		
UNSECURED LOANS:		
Fixed Deposits from Public	37563000	36563000
Dealers Security	21000000	21000000
	58563000	57563000

SCHEDULE - 5 FIXED ASSETS

(Amount in Rs)

Name of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as on 1-4-2010	Additions/ during the year	Deductions during the year	Total Upto 31-03-2011	Adjustment of Depreciation Due to Change of Method Up to 31-03-2009	For the year	Dep. on Revolutio portion of Assets	Total Upto 31-03-2011	W.D.V. as on 31-03-2011	W.D.V. as on 31-03-2010
COMPLETED ASSETS:										
Land & Site Development	87747146	0	0	87747146	0	0	0	0	87747146	87747146
Building	137990077	4835603	0	142825680	59681893	0	7871115	205250	67758258	75067422
Plant & Machinery	1521331835	104539463	4887558	1620983740	723236206	0	3146701	130563081	471973	851124560
Office Furniture & Equipments	12793186	3178998	0	15972184	8000929	0	1127129	0	9128058	6844126
Vehicles	29393102	8309673	3322846	34379929	17934502	0	2848477	4630351	0	19716376
CURRENT YEAR 'A'	1789255346	120863737	8210404	1901908679	808853530	0	5995178	144191676	677224	947727252
PREVIOUS YEAR 'A'	1652362200	141003256	4110110	1789255346	533430244	127213097	2828895	150258890	780194	808853530
CAPITAL WORK IN PROGRESS:										
Site Development	0	0	0	0	0	0	0	0	0	0
Building & Civil Work	1422560	16317788	4835603	12904745	0	0	0	0	0	12904745
Plant & Machinery	48517479	133688224	104539463	77666240	0	0	0	0	0	77666240
Development Expenditure (Pending Allocation)	640784	6702717	6260341	1083160	0	0	0	0	0	1083160
CURRENT YEAR 'B'	50580823	156708729	115635407	91654145	0	0	0	0	0	91654145
PREVIOUS YEAR 'B'	79096807	111818446	140334430	50580823	0	0	0	0	0	50580823
CURRENT YEAR (A + B)	1899836169	277572466	123845811	1993562824	808853530	0	5995178	144191676	677224	947727252
PREVIOUS YEAR (A + B)	1731459007	252821702	1444444540	1839836169	533430244	127213097	2828895	150258890	780194	808853530

Gulshan Polyols Limited

	Current Year 31.03.2011 (Amount in Rs.)	Previous Year 31.03.2010 (Amount in Rs.)
SCHEDULE - 6		
INVESTMENTS: (At Cost) - Non Trade- Unquoted Long Term		
(i) In Gujrat Environmental Infrastructure Ltd. 10,500 Equity Shares of Rs. 10/- each fully paid up	105000	105000
(ii) In Bharuch Eco-Aqua Infrastructure Ltd. 2,75,000 Equity Shares of Rs. 10/- each fully paid up	2750000	2750000
(iii) In Dhaulana Sugar Industries Ltd. – 100 Equity Shares of Rs. 10/- each fully paid up – 350000 Equity Shares of Rs. 10/- each called & paid up @ Rs. 1/- per share	1000 350000	1000 350000
(iv) In Gulshan Mercantile Urban Co operative Bank Ltd. (A non scheduled Bank) (4778.25 Equity Shares of Rs. 100/- each fully paid up)	477825	477825
(v) In Mutual fund of Unit Trust of India NIL (P.Y.'-50000 units of @Rs.10)	0	500000
	3683825	4183825
SCHEDULE - 7		
INVENTORIES		
(As valued & Certified by the Management)		
Raw Materials	95501457	57816878
Stock in Process	34701059	25657994
Finished Goods	73954952	58544787
Stores, Spares & Packing	20609654	15682439
Fuels, Chemicals & Consumables	26443261	26865682
	251210383	184567780
SCHEDULE - 8		
SUNDRY DEBTORS		
(Unsecured but considered good)		
Debts outstanding for a period exceeding Six Months	7562814	11593703
Other Debts	477568734	387134049
	485131548	398727752
SCHEDULE - 9		
CASH & BANK BALANCES		
Cash in hand	461564	310782
<u>Balance with Scheduled Banks</u>		
– In Current Accounts	46185658	48976688
– In Unclaimed Dividend Accounts	5236057	5431945
– In Fixed Deposit Account	112910	96972
<u>Balance with Non-Scheduled Bank</u>		
– In Current Account	315048	494712
– In Fixed Deposit Account	46639470	42772290
	98950707	98083389

	Current Year 31.03.2011 (Amount in Rs.)	Previous Year 31.03.2010 (Amount in Rs.)
SCHEDULE - 10		
LOANS & ADVANCES		
(Unsecured but considered good)		
(Advances recoverable in cash or in kind or for value to be received)		
Inter Corporate Deposit	0	2716817
Advance for Fixed Assets	40976683	16697141
Advance for Supplies & Services	4845256	4062360
Balance with Excise Authorities & Cenvats Recoverable	4619509	4663409
Security with Government Departments	14189882	14161690
Other Advances & Prepaid Expenses	9638877	6082012
Advance Payment of Taxes (Net)	40055030	18404105
	<u>114325237</u>	<u>66787534</u>
SCHEDULE - 11		
CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
Sundry Creditors for Supplies & Services	147070068	88549015
Sundry Creditors for Expenses	40773529	28386056
Sundry Creditors for Fixed Assets	7936141	1230080
Interest accrued but not due	520785	537289
Unclaimed Dividend	5216057	5411945
Others	531362	1177641
B. Provisions		
Proposed Dividend	10560505	10434634
Provision for Tax on Income	36924770	25299345
Provision for Tax on Dividend	1713178	1773366
	<u>49198453</u>	<u>37507345</u>
	<u>251246395</u>	<u>162799371</u>
SCHEDULE - 12		
MANUFACTURING TURNOVER		
Sales	2290051179	1851972123
Consignment/Trading Sales	22597272	14265161
Excise Duty	166465111	117111108
Sales Tax Realised	50482699	42608147
Freight & Handling Charges Recovered	219820148	174964197
	<u>2749416409</u>	<u>2200920736</u>
SCHEDULE - 13		
OTHER INCOME		
Agriculture Income (Net of Expenses)	2674596	2620225
Dividend Received	127178	10500
Interest Received	3773516	3948904
Income from DEPB License	543142	0
Profit on Sale of Fixed Assets/Investment(Net)	244135	0
Other Receipts	4396163	0
	<u>11758730</u>	<u>6579629</u>

Gulshan Polyols Limited

	Current Year 31.03.2011 Amount in (Rs.)	Previous Year 31.03.2010 (Amount in Rs.)
SCHEDULE - 14		
RAW MATERIAL CONSUMED		
Opening Stock	57816878	51413403
Add: Purchases	1020118507	767617109
	<u>1077935385</u>	<u>819030512</u>
Less: Closing Stock	95501457	57816878
	<u>982433928</u>	<u>761213634</u>
SCHEDULE - 15		
GOODS TRADED		
Raw Materials GCC	12321520	8357066
Chemicals-Steric Acid	799256	329761
	<u>13120776</u>	<u>8686827</u>
SCHEDULE - 16		
MANUFACTURING EXPENSES		
Process Chemicals & Consumables	192740088	148970164
Stores, Spare Parts & Packing	115067727	81313836
Fuels & Power Generation	404453424	300614253
Repair & Maintenance:		
– Building	1034871	1314206
– Plant & Machinery	68056382	43337197
	<u>781352492</u>	<u>575549656</u>
SCHEDULE - 17		
PERSONNEL		
Salary, Wages & Bonus	71346669	60723504
Contribution to Provident Fund & Other Funds	5630925	2850226
Workman & Staff Welfare Expenses	7493660	6962036
	<u>84471254</u>	<u>70535766</u>
SCHEDULE - 18		
FINANCE CHARGES		
Interest and Charges on Bank Borrowing for Working Capital	19109236	29393978
Interest on Term and Other Loans	21214890	24050157
Foreign exchange fluctuations	2407587	1204588
	<u>42731713</u>	<u>54648723</u>

	Current Year 31.03.2011 (Amount in Rs.)	Previous Year 31.03.2010 (Amount in Rs.)
SCHEDULE - 19		
ADMINISTRATIVE EXPENSES		
Rent	3946070	3691500
Printing & Stationery	2442258	2936105
Rates & Taxes	4460976	2341512
Advertisement & Publicity	403972	594488
Subscriptions	124999	76862
Travelling Expenses:		
– Directors	5377294	5830832
– Others	<u>8431467</u>	<u>6357930</u>
Legal & Professional Charges	2662048	3446989
Communication Charges	3918880	4146677
Charities & Donation	144794	161704
Auditors Remuneration:		
– Audit Fee	345000	345000
– Tax Audit Fee	75000	75000
– Fee for Certification	100000	100000
– Expenses	<u>45300</u>	<u>40854</u>
Repair & Maintenance	1460788	1396109
Insurance	1948706	6882721
Misc. Expenses	496940	613348
Preliminary/Deferred Revenue Expenses written off	5690478	5690477
Loss on Sale of Investment /Assets (Net)	0	1540170
	<u>42074970</u>	<u>46268278</u>
SCHEDULE - 20		
SELLING & DISTRIBUTION EXPENSES		
Commission & Discounts	16869592	13654529
Freight & Handling Charges	265949125	196124041
Trade Tax Paid	50574559	42865856
Others	5157882	4491899
	<u>338551158</u>	<u>257136325</u>
SCHEDULE - 21		
INCREASE IN STOCK		
Opening Stock:		
Finished Goods	58544787	74107350
Goods in Process	25657994	26464533
	<u>TOTAL (A)</u>	<u>100571883</u>
Closing Stock:		
Finished Goods	73954952	58544787
Goods in Process	34701059	25657994
	<u>TOTAL (B)</u>	<u>84202781</u>
NET INCREASE/(DECREASE)	<u>24453230</u>	<u>(16369102)</u>

Gulshan Polyols Limited

SCHEDULE – 22 ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A. Significant Accounting Policies

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.

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 1st, 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.

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.

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.

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.

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.

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.

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.

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.

10. Miscellaneous Expenditure

- (a) Expenditure being in the nature of preliminary expenses are amortized over the period as prescribed u/s 35-D of the Income Tax Act, 1961.
- (b) Expenditure incurred on various heads against which the benefit is to flow into future period is treated as deferred revenue expenditure and are charged to revenue account over the expended duration of benefit.

11. Turnover

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

12. 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.

13. 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.

14. 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.

15. The interest accrued and due on secured and unsecured loans fall due on 31st March, 2011 and have been paid/ provided on that date. Therefore, the amount outstanding is Nil and has not been disclosed under respective heads.

B. Notes Forming part of the Accounts

1. (a) Previous year figures along with the figures of amalgamated company i.e. Salil Industries Ltd. have been reworked, rearranged, regrouped and reclassified, wherever considered necessary
(b) Figures have been rounded off to the nearest Rupees.
2. In the opinion of the Board of Directors, Current Assets, Loans & Advances have a value of realization in the ordinary course of business at least equal to the amount at which they have been stated in the Balance Sheet. The provisions for all known liabilities are adequate and not in excess of amount considered reasonable necessary.
3. The immovable and movable assets of the unit located at Jhagadia Industrial Estate, District Bharuch (Gujarat) are charged to Bank of Baroda (BOB) and Industrial Development bank of India Ltd. (IDBI) by way of First pari-passu Charge for Rupee and Foreign Currency Term Loans of Rs. 3,41,08,375/- (Previous Year Rs. 6,82,16,750/-) and Rs. 5,25,00,000/- (Previous Year Rs. 6,65,00,000/-) respectively. Similarly, the immovable and movable assets of the unit located at 9th K.M., Jansath Road, Muzaffarnagar

Gulshan Polyols Limited

(UP) are charged to Industrial Development Bank of India Ltd (IDBI) for its rupee term loan of Rs. 2,66,66,672/- (Previous Year Rs. 5,00,00,004/-) by way of first charge.

The above loans are further secured by the personal guarantee(s) of the Promoter Directors of the company. The corporate guarantee of M/s Gulshan Holdings Private Limited has also been provided to secure entire BOB's term loan and IDBI's loan.

Bank of Baroda (BOB) has floating charge on the remainder asset of the company. The floating charge is, however, subject to the prior charge of BOB against borrowing for working capital.

4. Company has taken Hire Purchase finance of Rs 1,00,50,642/-(Previous Year Rs. 1,11,20,609/-) from various Banks and Finance companies, which are secured against Vehicles purchased through them under Hire Purchase Agreement.
5. The Working Capital Loan Rs. 28,21,71,604/- from Bank of Baroda (Previous Year Rs. 21,90,89,781/-) is secured by Hypothecation of present & future stocks of Raw Materials, Stores, Stock-in-process, Chemicals & Consumables, Fuels, Packing Material, Finished Goods etc. and Book Debts of the company. The loan is further secured by way of a Second Charge on the Fixed Assets of the company, personal guarantee of the Promoter Director of the company. The aforesaid loan is also secured by the Corporate Guarantee of M/s. Gulshan Holdings Pvt. Ltd.
6. Dr. C.K. Jain, Managing Director is the Chairman of Gulshan Mercantile Urban Co-operative Bank Ltd. (a Non-Scheduled Bank) in which company has maintained current accounts (maximum balance outstanding during the period Rs 34,05,601/-.) (Previous year Rs. 52,59,966/-). The Company has also invested a sum of Rs. 4,77,825/- (Previous year Rs. 4,77,825/-) in the equity shares of GMUCB and borrowed funds for Hire purchase asset as per note above.
7. Managerial Remuneration for Managing Director and Whole Time Directors include.

(In Rupees)

	Current Year 31.03.2011 Amount in (Rs.)	Previous Year 31.03.2010 (Amount in Rs.)
Salaries & Allowances	70,85,000	63,60,000
Perquisite	39,600	-
TOTAL	71,24,600	63,60,000

Computation of Net Profit in accordance with section 309(5) of the Companies Act, 1956 is not given, as the Company has not paid any commission to any of its Directors.

8. The amount owed to small Scale Industries outstanding for more than 45 days as at 31st March, 2011 and the sum exceeding Rs. 1 Lacs in each case was Rs. 30,78,524/- (PY 24,57,546/-)
9. Miscellaneous Expenditure to the extent not written off or adjusted 1,81,94,781/- (Previous Rs. 2,38,85,254/-)
10. Contingent Liabilities in respect of:
 - (a) Corporate guarantee (in the form of counter guarantee) extended to Gujarat Industrial Development Corporation (GIDC) for Rs. 7,39,000./- (Previous year Rs. 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
 - (b) Bank guarantee for Rs. 3,30,000/- towards U.P.C.B (Previous Year 3,30,000/-),
11. 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 Rs. 1,21,34,995/- (Previous Year

Rs. 51,97,883/- Deferred Tax Asset) has been provided as Deferred Tax Assets as at 31st March 2011 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.

12. 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
- (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
Mrs. Mridula Jain, Director
Mrs. Aditi Pasari, Director
Mrs. Arushi Jain, Director
Mr. A. K. Vats, Whole Time Director
Mr. S.K. Tewari, WTD
- (iii) Corporate entities over which key management personnel are able to exercise significant influence: Genus Prime Infra Ltd., Gulshan Lamee Pack Pvt. Ltd, Gulshan Holdings Pvt. Ltd, and Gulshan Speciality Minerals Private Limited.
- (iv) Transactions with related parties of the period 01.04.2010 to 31.03.2011:

Particulars	Corporate Associates	Key Managerial Personnel	O/S as on 31-03-2010
Remuneration to Key Personnel	-	71,24,600 (63,60,000)	-
Loans Given- Gulshan Speciality Minerals Pvt. Ltd.	- (20,87,017)	-	- (27,16,817)
Rent Paid – Dr. C.K Jain Mrs. Mridula Jain	-	23,40,000** (23,40,000) 1,02,000 (NIL)	-

*Figure in brackets indicate previous year.

** Net of Service Tax as applicable.

13. Earning Per Share computed in accordance with Accounting Standard – 20:

	Particulars	Current Year 2010-11	Previous Year 2009-10
1	Net Profit After Tax available for Equity Shareholders (Rs In Lacs)	1629.92	1287.24
2	Weighted Average of number of Equity Share outstanding during the year	84,48,404	84,48,404
3	Basic Earning Per Share of Rs. 5/- each	19.29	15.24
4	Diluted Earning Per Share of Rs. 5/-	19.29	15.24

Gulshan Polyols Limited

14. 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.
15. The Company manufactures inorganic chemicals such as Sorbitol, Liquid Glucose and Calcium Carbonate etc. Segment reporting is not applicable.
16. The Additional information as required under 3 & 4 of the Part II of Schedule VI of the Companies Act, 1956 is as under:

A. CAPACITY, PRODUCTION & STOCKS:

Product	Licenced Capacity	Installed Capacity	Actual Production	OPENING STOCK		CLOSING STOCK	
	(in M.T.)	(in M.T.)	(in M.T.)	Quantity (in M.T.)	Value (in Rs.)	Quantity (in M.T.)	Value (in Rs.)
1. Sorbitol & Sweetner							
Current Year	N.A.	55000	51085.780	1364.097	27450886	653.461	14351733
Previous Year	N.A.	55000	45845.600	955.507	17888950	1364.097	27450886
2. By Products							
Current Year	N.A.	N.A.	N.A.	–	613549	–	411821
Previous Year	N.A.	N.A.	N.A.	–	998052	–	613549
3. Calcium Carbonate							
Current Year	N.A.	138000	96198.300	4142.769	30480352	6535.875	59191398
Previous Year	N.A.	138000	76633.000	7725.250	9670022	4142.769	30480352

B. MANUFACTURING TURNOVER:

	CURRENT YEAR		PREVIOUS YEAR	
	Quantity M.T.	Value in Rs.	Quantity M.T.	Value in Rs.
1. Sorbitol and Sweetner	51796.416	1506139466	45437.01	1215550777
2. Calcium Carbonate	93805.194	1070690113	80215.481	826629078
3. Trading Sale	12954.520	23701560	995.000	14265161
4. By Products	–	148885270	–	144475720
		2749416409		2200920736

C. RAW MATERIAL CONSUMED:

	CURRENT YEAR		PREVIOUS YEAR	
	Quantity M.T.	Value in Rs.	Quantity M.T.	Value in Rs.
Corn / Starch	68736.280	754335463	61914.034	609075917
Lime and Lime Stone	95421.665	228098465	78365.103	152137717
Trading Goods	2953.520	13120776	3672.000	8686827
		99554704		769900461

D. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, STORES, SPARES & COMPONENTS CONSUMED:

	Value in Rs.	Percentage	Value in Rs.	Percentage
(i) RAW MATERIAL:				
Imported	NIL	NIL	NIL	NIL
Indigenous	995554704	100%	769900461	100%
(ii) STORES, SPARES PARTS:				
Imported	1129869	6.17%	NIL	NIL
Indigenous	17195987	93.83%	11576669	100%

E. C.I.F. VALUE OF IMPORTS:

Raw Materials, Stores & Components	25,44,614	318738
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F. EXPENDITURE IN FOREIGN CURRENCY:

(i) On Import of Capital Goods	NIL	NIL
(ii) On Foreign Travelling of Directors	25,00,215	39,38,806
(iii) On Payment of Interest on Foreign Currency Loan	10,86,264	52,24,014
(iv) On repayment of Foreign Currency Loan Instalment	3,41,08,375	3,41,08,375

G. EARNING IN FOREIGN EXCHANGE:

(i) Export of Goods calculated on F.O.B. basis	30,41,52,048	17,04,02,003
(ii) Inflow of Foreign Currency Term loan	10,00,00,000	NIL

In terms of our separate report of even date

For SHAHID & ASSOCIATES

Chartered Accountants

Dr. C. K JAIN

Managing Director

MRIDULA JAIN

Director

(MOHD. SHAHID)

Proprietor

Membership No. 70408

RAJESH AGARWAL

Chief Financial Officer

NISHA GUPTA

Company Secretary

Date : 11th May, 2011

Place : Ghaziabad

Gulshan Polyols Limited

ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART IV OF THE SCHEDULE VI TO THE COMPANIES ACT,1956. BALANCE SHEET ABSTARCT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details

Registration No.	:	L24231 UP2000 PLC 034918
Balance Sheet date	:	31-03-2011

2. Capital Raised during the year (Amount in Rs./Lacs)

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

3. Position on Mobilization and Deployment of funds (Amount in Rs./Lacs)

Total Liabilities	17660.85	Total Assets	17660.85
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Sources of Funds

Paid up Capital	1447.42
Secured Loans	4054.97
Reserves & Surplus	10883.84
Unsecured Loans	585.63
Deferred Tax Liability	688.99

Application of Funds

Net Fixed Assets	10458.36
Net Current Assets	6983.71
Accumulated Losses	NIL
Investments	36.84
Misc. Expenditure	181.94

4. Performance of Company (Amount in Rs. /Lacs)

Turnover & Other Income	27611.75	Total Expenditure	25974.18
Profit before Tax	1882.10	Profit After Tax	1629.92
Earning per share (Rs.)	19.29	Dividend Rate %	25%

5. Generic Name of Principal Product of the company

Item Code No. (ITC Code)	:	2905.44, 2505.90
Product Description	:	Sorbitol and Sweetner Calcium Carbonate

GULSHAN POLYOLS LIMITED

Registered Office: 9th K.M. Jansath Road, Muzaffarnagar – 2510 001 (UP)

Corporate Office: G-81, Preet Vihar, Delhi - 110092

Date: 11.05.2011

POSTAL BALLOT FORM

Name(s) of Shareholder(s) (Including Joint-holders if any)	
Registered Address of the Sole /First named Shareholders	
Registered Folio No./DPID No./ Client ID No(*)	
Number of Shares held	

* (Applicable to investors holding equity shares in de-mat form)

I/We hereby exercise my/our vote in respect of the special resolution to be passed through postal ballot for the business stated in the notice of the company by sending my / our assent or dissent to the said resolution by placing tick (✓) mark at the appropriate box below.

Sl. No.	Description	I/We assent to the resolution	I/We dissent to the resolution
8			

Place:

(Signature of the Shareholder)

Date:

Gulshan Polyols Limited

INSTRUCTIONS:

- (a) A member desiring to exercise vote by postal ballot may complete this ballot Form and send it to the Scrutinizer in the attached self-addressed envelope. Postage will be borne and paid by the company. However, envelopes containing postal ballots, if sent by courier at the expenses of the Registered Shareholder will also be accepted.
- (b) This form should be completed and signed by the shareholder. In case of Joint Share holding, this form should be completed and signed by the first named shareholder and in his absence, by the next named shareholders.
- (c) Incomplete or Unsigned Postal Ballot Forms will be rejected. Scrutinizer decision on the validity of Postal Ballot forms shall be binding and final.
- (d) Duly completed Postal Ballot Form should be sent to the Scrutinizer appointed by the Company at the Corporate Office of the Company at G-81, Preet Vihar, Delhi – 110092 so as to reach the company not later than the close of working hours on or before, Thursday 22nd September 2011. All Postal Ballot Forms received after this date will be strictly treated as if reply from such shareholder has not been received.
- (e) In case of shares held by companies, trust, societies etc., the duly completed Postal Ballot Form should be accompanied by a certified true copy of Board Resolution / Authority together with specimen signature(s) of the duly authorized signatory.
- (f) The right of voting by postal ballot shall not be exercised by a proxy.
- (g) Voting Right shall be reckoned on the paid up value of the shares registered in the name of the shareholders on the date of dispatch of the Notice.
- (h) The result of Postal Ballot shall be declared and taken into consideration at the Registered office of the company at 9th K.M. Jansath Road, Muzaffarnagar – 251001 (U.P.) on Saturday, 24th September, 2011 at 12.00 noon.



GULSHAN POLYOLS LIMITED

Registered Office: 9th K.M. Jansath Road, Muzaffarnagar – 2510 001
(Uttar Pradesh)

FORM OF THE PROXY FOR THE 11th 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 11th Annual General
Meeting of the Equity Shareholders of the company to be held at the registered office of the Company at 9th
K.M. Jansath Road, Muzaffarnagar – 251 001 (Uttar Pradesh) on Saturday, 24th September 2011 at 12.00
noon or any adjournment or adjournments thereof.

Dated this _____ day of _____ 2011

Signature: _____ Folio No./Client ID _____

No. of shares held _____

Address:

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.

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**ATTENDANCE SLIP
GULSHAN POLYOLS LIMITED**

Registered Office: 9th K.M. Jansath Road, Muzaffarnagar – 251 001 (Uttar Pradesh)

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 11th Annual General Meeting of the company held on Saturday, 24th September 2011 at the registered office of the Company at 9th K.M. Jansath Road, Muzaffarnagar – 251 001 (Uttar Pradesh).

SIGNATURE OF THE SHAREHOLDER OR PROXY

Strike out whichever is not applicable.

**PRINTED MATTER
BOOK-POST**



If undelivered, please return to:

GULSHAN POLYOLS LIMITED

G-81, PREET VIHAR,

DELHI - 110 092