



12th
Annual Report
2011-2012



Gulshan Polyols Limited
ISO 9001:2000 Company)

Gulshan Polyols Limited

BOARD OF DIRECTORS

Dr. Chandra Kumar Jain	:	Chairman Cum Managing Director
Mr. K. K. Pandey	:	Non - Executive Independent 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

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

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

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NOTICE

Notice is hereby given that the 12th Annual General Meeting of **GULSHAN POLYOLS LIMITED** will be held on Saturday, 22nd September, 2012 at 1.30 P.M. 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 2012 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 Preference Shares.
3. To declare a dividend on Equity Shares.
4. To appoint a director in place of Mr. K. K. Pandey 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. RE-APPOINTMENT OF DR. C. K. JAIN AS A MANAGING DIRECTOR OF THE COMPANY

To appoint Dr. C. K. Jain as a Managing 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 pursuant to sections 198, 269, 309 and 310 read with schedule XIII and other applicable provisions of the Companies Act, 1956, the approval of the shareholders, be and is hereby accorded to the re-appointment of Dr. C. K. Jain as Managing Director of the Company for a further period of 3 years w.e.f. 1st April 2012 on the Remuneration, Perquisites and other benefits and amenities as set out in the resolution with a liberty to the Board of Directors to make and /or accept any variation in the terms & conditions and also to consider annual increment in remuneration within the limits specified in above sections and Schedule XIII of the Companies Act, 1956 or any other applicable provisions of the Act and guidelines issued by the Central Government from time to time.”

Salary : Rs. 6,00,000/- (Rupees Six Lac only) per month with effect from 1st April, 2012 for a period of three years (subject to deduction of tax at source).

Perquisites: (i) Company's contribution towards Provident Fund, Gratuity and Encashment of accumulated Leaves as per rules of the company. The Gratuity shall not exceed an amount equal to half month's salary for each completed year of service. However, all these shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.

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

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7. RE-APPOINTMENT OF MR. A. K. VATS AS A WHOLE TIME DIRECTOR OF THE COMPANY

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

RESOLVED THAT pursuant to sections 198, 269, 309 and 310 read with schedule XIII and other applicable provisions of the Companies Act, 1956, approval of the shareholders be and is hereby accorded to the re-appointment of Mr. A. K. Vats as Whole Time Director of the Company for a period of 3 years w.e.f 1st April, 2012 on the Remuneration, perquisites and other benefits and amenities as set out below with a liberty to the Board of Directors to make and/or accept any variation in the terms & conditions 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. 68,000/- (Rupees Sixty Eight Thousand Only) per month w.e.f. 1st April, 2012

2. **Perquisites and Allowances:**

- a. House Rent Allowance : Rs.27,200/- (Twenty Seven Thousand Two Hundred Only)
- b. Medical Allowance : Rs. 3,400/- (Three Thousand Four Hundred Only)
- c. Ex-Gratia : Rs. 5,664/- (Five Thousand Six Hundred and Sixty Four Only)

3. **Other perquisites**

In addition to the perquisites and allowances as aforesaid, Mr. A. K. Vats 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.

By the order of the Board of Directors

sd/-

Nisha Gupta

Company Secretary

Date : 25th May, 2012

Place: Delhi

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 & 7 set out above are annexed hereto.
- 3 The register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, August 22, 2012 to Friday, August 24, 2012 (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 22nd September, 2012 to those

Members/Beneficial owners whose names appear on the Company's Register of Members/Register of Beneficiaries as at the end of business hours on 21st August, 2012.

- 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:
 1. Name of the sole/ First joint holder and Folio Number
 2. Particulars of Bank Account viz.,
 3. Name of the Bank
 4. Name of the Branch with 9 digit MICR code
 5. Complete address of the Bank with pin code Number
 6. Bank account Number allotted by the Bank
 7. Type of Account

Latest by 22nd August, 2012, 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 011-49999200 and Fax no. 011-49999202) and email address nishagupta@gulshanindia.com.
- 8 Members who have not yet en-cashed their dividend for the financial year 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 2009-10 and 2010-11 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 2004-05 shall become transferable to the fund, followed by the transfers of the amounts of unpaid / unclaimed dividends 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 2004-05 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

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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. K. K. Pandey**
Age : 68 years
Qualifications : M.Com, LL.B., C.A.I.I.B.
Experience : Over 42 years experience in Banking Sector.
Other Directorships : None

Name : **Dr. C. K. Jain**
Age : 64 years
Qualifications : B.Sc., Ph. D. (Chemistry)
Experience : Vast experience in managing business affairs.
Other Directorships : Genus Prime Infra Limited (Formerly Gulshan Chemfill Limited), Gulshan Holdings Pvt. Ltd., Gulshan Lamee Pack Pvt. Ltd., Gulshan Speciality Minerals Pvt. Ltd. He is a Chairman of Board of Directors of the company He is also a member of Audit Committee. He also holds membership of two committees of Board of other companies.

Name : **Mr. A.K. Vats**
Age : 50 years
Qualifications : B.Com, Diploma in Marketing and Management
Experience : Over 30 years experience in matters related to marketing and production.
Other Directorships : None

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

ITEM NO 6

The tenure of Dr. C. K. Jain, Managing Director, has completed on 31st March, 2012. The Board of Directors of your Company in the Board Meeting held on 3rd February, 2012 has reviewed his performance and unanimously decided to re-appoint him as Managing Director of the Company for a further period of 3 years w.e.f. 1st April 2012 on the terms and conditions and remuneration package as set out in the resolution above.

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

Your directors recommend the resolution for your approval.

ITEM NO 7

The tenure of Mr. A. K. Vats, Whole Time Director, has completed on 31st March, 2012. The Board of Directors of your Company in the Board Meeting held on 3rd February, 2012 has reviewed his performance and unanimously decided to re-appoint him as Whole Time Director of the Company for a further period of 3 years w.e.f. 1st April, 2012 on the terms and conditions and remuneration package as set out in the resolution above.

None of the Directors except Mr. A. K. Vats being himself is interested or concerned in the proposed resolution.

DIRECTORS' REPORT

Dear Members,

The Board of Directors feel great pleasure in presenting the 12th Annual Report along with Audited Accounts of your Company for the year ended 31st March 2012.

FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

Particulars	Current Year 31.03.2012	Previous Year 31.03.2011
Gross Turnover & Other Income	29146.07	27611.75
Expenditure	23576.75	22200.12
Profit before Depreciation, Finance Charges & Tax	3816.48	3746.98
Depreciation	1327.96	1441.84
Finance Charges	327.45	427.32
Profit Before Tax	2161.07	1877.82
Provision for Taxation Current Tax Deferred Tax	427.51 (57.74)	369.25 (121.35)
Net Profit after Tax	1791.31	1629.92
Dividend & Dividend Tax Preference shares Equity shares	95.30 122.74	0 122.74
Gross Cash Accruals	3119.27	3071.76
Equity Share Capital	422.42	422.42
Earning per Share Basic & diluted (Rs.)	20.07	19.29

REVIEW OF OPERATIONS

The Sales and Other Income for the financial year under review were Rs 29146.07 lacs (Previous year Rs. 27611.75 lacs). The Depreciation for the year was Rs 1327.96 lacs (Previous year Rs. 1441.84 lacs). The Cash Accruals were Rs. 3119.27 lacs (Previous year Rs. 3071.76 lacs). The Net Profit after tax was Rs. 1791.31 lacs (Previous year Rs. 1629.92 lacs).

An amount of Rs. 400 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 8% on the Preference Share Capital of the Company and 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, 2012. 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.

NEW BUSINESSES

In March 2012, the Company has set up a new plant for Grounded Calcium Carbonate at Abu Road, Rajasthan. Further, the facilities for producing the IMFL are being set up at Boregaon, Distt. Chhindwara Madhya Pradesh and operations of bottling is expected to commence in August 2012.

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DIRECTORS

During the year, Mrs. Mridula Jain resigned from the Board of the company with effect from 25th May, 2012. The Board of Director's placed on the record, its sincere appreciation and gratitude for the valuable services and counsel and contribution extended by her during her tenure as Director of the company.

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

PUBLIC DEPOSITS

The Company invited Fixed Deposits from the Shareholders & Public during the year. The Fixed Deposits mobilized and outstanding aggregated to Rs. 378.77 Lacs as on 31st March 2012 (Previous year Rs. 375.63 Lacs). There was no Fixed Deposit remained unclaimed as on 31st March, 2012. There were no delay/default in the payment of any of the Deposit.

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

CONTRIBUTION TO EXCHEQUER

Your Company has paid substantial amounts in excess of Rs. 2679.92 Lacs to the Exchequer during the year in the form of Excise Duty, Sales Tax and Direct Tax.

INSURANCE

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

DEMAT OF SHARES

Necessary arrangements are made for Dematerialization of Shares, with NSDL and CDSL. Out of the total, 94.71% 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 31st, 2012 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 FOR FY 2012-13

1. Name - Mr. Rahul Jain
2. Address - 119, Parshv Vihar, IP Extn.
Parparganj, Delhi-110092
3. Membership No. - 32521

4. Central Govt.'s order directing cost audit – 52/26/CAB/2010 Dated-24/01/2012
5. Cost audit relates – Organic & Inorganic Chemicals

AUDITORS AND AUDITOR'S REPORT

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Sd/-
Dr. C.K. Jain
 Chairman Cum Managing Director

Date : 25th May, 2012
 Place : Delhi

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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 31.03.2012	Previous Year 31.03.2011
A. Power & Fuel Consumption :		
1 Electricity :		
(a) Purchased:		
Units	11010072	9766347
Total Amount (Rs)	67628087	51484464
Average Rate (Rs)/Unit	6.14	5.27
(b) Own Generation :		
(i) Through Diesel Generator :		
Units	281105	284457
Cost (Rs.)	3188096	3411039
Cost (Rs.)/unit	11.34	11.99
(ii) Through Steam Turbine/Generator :		
Units	22823420	24831437
Cost (Rs.)	69977265	70227146
Cost (Rs.) /Unit	3.07	2.83
2 Coal /Coke (Used in Boiler, Microniser & Gas Producer)		
Qty. (MT)	46647.637	47543.900
Total Cost (Rs.)	218720035	185539164
Average Rate (Rs.)	4688.77	3902.48
3. Gas (Used in Lime Killin)		
Qty. (M3.)	1289585	1498087
Total Cost (Rs.)	29616016	24101428
Average Rate (Rs.)	22.97	16.09
4 Agriculture Waste (Used in Boiler)		
Qty. (MT)	30744	39898
Total Cost (Rs.)	123201998	111829471
Average Rate (Rs.)	4007.32	2802.88

5 Solvent (C-9 Plus) (Used in Microniser)		
Qty. (Ltrs)	217688	977607
Total Cost (Rs.)	7490319	28087858
Average Rate (Rs.)	34.41	28.73
6 HSD (Used in Microniser)		
Qty. (Ltrs)	0	112830.00
Total Cost (Rs.)	0	3922395.00
Average Rate (Rs.)	0	34.76
B. Consumption Per Unit (MT) of Production		
Products		
Production (MT)		
CALCIUM CARBONATE	83395.520	96198.300
SORBITOL & SWEETNER	50699.738	51085.780
Electricity (Units/Ton)		
CALCIUM CARBONATE	240	221
SORBITOL & SWEETNER	277	266
Coal/Coke (MT/Ton)		
CALCIUM CARBONATE	0.28	0.44
(On Directly attributable Production)		
SORBITOL & SWEETNER	0.80	0.68
Agriculture Waste (MT/Ton)		
CALCIUM CARBONATE	0.98	1.26
(On Directly attributable Production)		
Solvent (C-9 Plus)(Ltr./Ton)		
CALCIUM CARBONATE	72 Ltrs	72 Ltrs
(On Directly attributable Production)		
Gas (M³/Ton)		
CALCIUM CARBONATE	87	113
(On Directly attributable Production)		

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. 31,31,76,196 /- (Previous Year Rs. 30,41,52,048 /-). The foreign currency utilized during the year on payment of interest on loan taken was Rs. 13,216,630/- (Previous year Rs. 1,086,264/-) and on payment of Commission on Export of Goods was Rs. 4,592,968/- (Previous Year Rs. 3,536,047/-). Expenditure on foreign Traveling is Rs.31,41,837/- (Previous Year Rs. 25,00,215/-).

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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 pro-active 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 ongoing basis.

(B) Board of Directors

The present strength of the Board is 8. Of them, three Directors are non-executive comprising 37.50% of the Board strength. The Chairman is the executive director and three others are Independent Directors and non-executive.

Director

During the year, 4 Board Meetings were held on 11.05.2011, 23.07.2011, 12.11.2011 and 03.02.2012.

The composition of directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting and also at present, number of other directorship & Chairmanship/membership in Board or committees thereof other companies are as follows:

Name of Director	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
Dr. C.K. Jain	CMD	4	Yes	1	-	2
Mr. K. K. Pandey	NE & ID	3	No	-	-	-
Mr. Ajay Jain	NE & ID	4	No	-	-	-
Mr. A. K. Maheshwari	NE & ID	4	No	1	-	2
Mr. S. K. Tewari	WTD	4	No	-	-	-
Mr. A. K. Vats	WTD	3	Yes	-	-	-
Ms. Arushi Jain	WTD	3	No	-	-	-
Ms. Aditi Pasari	WTD	3	No	-	-	-

CMD – Chairman Cum Managing Director, NE – Non-executive Director, WTD – Whole Time Director, ID – Independent Director

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

(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 2011-12, the Committee met four (4) times- on 11.05.2011, 23.07.2011, 12.11.2011 and 03.02.2012.

(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 Ms. Aditi Pasari, executive director, being the other member of the committee. During the financial year 2011-12, the Committee met two (2) times- on 11.5.2011 and 03.02.2012.

(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 2011-2012

(i) Managing/Whole Time Directors

(Rs. In lacs)

Name	Salaries	Commission	Perks	Retirement Benefits	Total
Dr. C.K. Jain, CMD	42.00	-	0.40	0.00	42.40
Mr. S. K. Tewaril, WTD	8.92	-	0.00	0.00	8.92
Mr. A. K. Vats, WTD	11.79	-	0.00	0.00	11.79
Ms. Arushi Jain, WTD	7.20	-	0.00	0.00	7.20
Ms. Aditi Pasari, WTD	0.60	-	0.00	0.00	0.60
Total	70.51	-	0.40	0.00	70.91

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.

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- (ii) Non-Executive Directors: No remuneration was paid to Non-executive Directors during the year except sitting fees for the Board meetings.

(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 2011-12. During the period, a total of 116 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. V 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
2010-2011	24.09.2011	1.00 PM	9th K.M. Jansath Road, Muzaffarnagar, Uttar Pradesh - 251001
2009-2010	25-09-2010	01.00 PM	9th K.M. Jansath Road, Muzaffarnagar, Uttar Pradesh - 251001
2008-2009	22-09-2009	12.00 PM	9th 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:

2010-11 - Special Resolution was passed for the alterations of Main objects in the Memorandum of Association of the Company.

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 – 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.

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

(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.
- (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.
- (e) Annual Report, Quarterly results, Shareholding Patterns etc of the company are posted on the EDIFAR website at www.sebiedifar.nic.in and also on the Company's website on www.gulshanindia.com

Gulshan Polyols Limited

(M) General Shareholders Information

- (a) The 12th Annual General Meeting is proposed to be held on Saturday, 22nd September 2012 at 1.30 p.m. 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 22nd, 2012 to Friday, August 24th, 2012 (both days inclusive).
- (d) **Dividend payment date:** 25th september, 2012 to 5th October, 2012.
- (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 2011-12:** 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, 2011	83.40	71.55
May, 2011	78.80	67.00
June, 2011	94.80	66.50
July, 2011	83.45	66.60
August, 2011	81.50	60.05
September, 2011	68.75	58.75
October, 2011	69.95	58.35
November, 2011	65.50	55.80
December, 2011	62.50	50.50
January, 2012	63.40	51.75
February, 2012	74.65	60.50
March, 2012	78.90	66.20

- (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) **Distribution of shareholding as on 31st March, 2012:**

No. of shares Rs. 5/- each)	No. of Shareholders	% of Shareholders	Shareholding (no)	% of Shareholding
Up to 1000	12575	98.24	1188110	14.06
1001-2000	120	0.94	177840	2.11
2001-4000	43	0.34	123994	1.47
4001-6000	20	0.15	98077	1.16
6001-8000	6	0.05	41313	0.49
8001-10000	8	0.06	73627	0.87
10001-20000	10	0.08	130499	1.54
20001 and above	18	0.14	6614944	78.30
Total	12800	100.00	8448404	100.00

- (i) **Categories of Shareholders as on 31st March, 2012 :**

Category	No. of Shares held	% of shareholding
Financial Institution/Bank	200	0.00
Bodies Corporate (Promoters)	4083474	48.33
Promoters – Individual	1733237	20.52
General Public – Individuals/Trust	2095919	24.81
– Bodies Corporate	490910	5.81
– NRI	44514	0.53
– Others – Trust	150	0.00
Total	8448404	100.00

- (m) **Dematerialization of Shares:** As on 31st March, 2012, 94.71% of the Company's total shares representing 8001366 shares were held in dematerialized form and the balance 447038 equity shares representing 5.29% shares were in Physical form.

- (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
- iv) Plot No. 10, 11 & Part of 9, Boregaon Industrial Growth Centre, Tehsil – Sausar, Dist. Chhindwara, Madhya Pradesh
- v) On-site facilities of Precipitated Calcium Carbonate at Sahibabad (Uttar Pradesh)
- vi) E-21 & 22, RIICO Growth Centre, Phase - II, Abu Road, Disst. Sirohi, (Rajasthan).

Gulshan Polyols Limited

- (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 011-49999200 and Fax no. 011-49999202. 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) **Secretarial Audit Report:** The secretarial audit report of the company prepared in terms of SEBI circular no D&CC/FITTC/CIR-16/2002 dated December 31, 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 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 not proposed any resolution 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 31st March, 2012.

Date : 25th May, 2012
Place: Delhi

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 2011-12 and that to the best of our knowledge and belief:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into 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 we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system

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

RAJESH AGARWAL
Chief Financial Officer

Date : 25th May, 2012
Place : Delhi

Auditors Certificate on Corporate Governance

To,
The Members,
Gulshan Polyols Ltd.

We have reviewed the implementation of Corporate Governance procedures by the Company during the year ended 31st March, 2012 with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination is neither an audit nor an expression of opinion on the financial statements of the Company. On the basis of the above and according to the information and explanations given to us, in our opinion, the company has complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

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

For SHAHID & ASSOCIATES
Chartered Accountants

(MOHD. SHAHID)
Proprietor

Membership No : 70408

Date : 25th May, 2012
Place : Delhi

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

FY 2011-12 has been a challenging year with unprecedented economic uncertainty in Europe, geopolitical upheaval in the Middle East and a slowing down of economic growth across Asia. These events had a profound effect on demand and margin outlook for industrial products in the world. In many ways, we are still feeling the after-shocks of the financial meltdown of 2008 and 2009 with leading economics continuing to suffer from low growth and the resultant adverse impact on demand for most products and services. We have been successful in insulating and de-risking our portfolio of businesses by following a prudent operating discipline.

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 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. 29146.07 lacs (Previous year Rs. 27611.75 lacs). The Net Profits after tax were Rs. 1791.31 lacs (Previous year Rs. 1629.92 lacs). The Depreciation for the year was Rs. 1327.96 lacs (Previous year Rs. 1441.84 lacs). The cash accruals were Rs. 3119.27 lacs (Previous year Rs. 3071.76 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 more than 30 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 Calcium Carbonate. During the year, the company produced a total of 50700 MT of Sorbitol and sweetener (previous year production of 51086 MT). The sales were at 50660 MT against previous year sales of 51796 MT.

The Company also produced a total of 83396 MT of Calcium Carbonate against the production of 96198 MT during 2010-11. The sales were 86604 MT against sales of 93805 MT during 2010-11.

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 Monsoon 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

Gulshan Polyols Limited

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.

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.
- 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. 29146.07 lacs (Previous year Rs. 27611.75 lacs). The Net Profits after tax were Rs. 1791.31 lacs (Previous year Rs. 1629.92 lacs). The Depreciation for the year was Rs. 1327.96 lacs (Previous year Rs. 1441.84 lacs). The Cash accruals were higher at Rs. 3119.27 lacs (Previous year Rs. 3071.76 lacs) The earnings include an amount of 111.86 lacs (Previous year Rs. 68.98 lacs) as other Income, which comprised of dividend income of Rs. 0.68 lacs and Interest of Rs. 83.32 lacs. The Company spent an amount of Rs. 314.44 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% on equity shares and 8% on preference share capital of the company. An amount of Rs. 400 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.
Muzaffarnagar (U.P)

Ladies and Gentlemen,

We have audited the attached Balance Sheet of **GULSHAN POLYOLS LIMITED** as at 31st March 2012, the Statement of Profit & Loss 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, the statement of Profit & Loss 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, the statement of Profit & Loss 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, 2012, 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, 2012 and;
 - (b) In the case of the statement of Profit & Loss, 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
(Registration No. 00214DC)

Date : 25th May, 2012
Place: Delhi

(MOHD. SHAHID)
Proprietor
Membership No. : 70408

Gulshan Polyols Limited

ANNEXURE TO AUDITORS' REPORT

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

- I. In respect of Fixed Assets :
 - a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Fixed Assets.
 - b) As explained to us, these Assets have been physically verified by the Management at reasonable intervals, having regard to the size of the company and nature of its assets, no material discrepancies were noticed on such verification.
 - c) In our opinion, company has not disposed off substantial part of its fixed assets during the year and the going concern status of the company is not affected.
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, 2012 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 31, 2012 on account of disputes are given below:

Name of the Statute	Nature of the Dues	Amount (Rs. in Lacs.)	Period to which theAmount relates	Forum where pending
Central Excise Act 1944	Excise Duty	8.94	2009-10	Commissioner (Appeal)
Central Excise Act 1944	Excise Duty	288.23	2006-07, 2007-08, 2008-09,2009-10& 2010-11	Commissioner
Income Tax Act 1961	Income Tax	52.03	2006-07	Commissioner of Income Tax (Appeal)

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
(Registration No. 00214DC)

(MOHD. SHAHID)
Proprietor
Membership No. : 70408

Date : 25th May, 2012
Place: Delhi

BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.		CURRENT YEAR 31.03.2012 (Amount in Rs.)		PREVIOUS YEAR 31.03.2011 (Amount in Rs.)
EQUITY AND LIABILITIES :					
SHAREHOLDERS' FUNDS					
Share Capital	2	14,47,42,020		14,47,42,020	
Reserves and Surplus	3	122,30,61,883	136,78,03,903	<u>107,01,89,006</u>	121,49,31,026
NON-CURRENT LIABILITIES					
Long-term Borrowings	4	20,56,94,495		16,08,88,689	
Deferred Tax Liabilities (Net)	5	6,31,25,212		6,88,99,558	
Other Long-term Liabilities	6	2,10,00,000	28,98,19,707	<u>2,10,00,000</u>	25,07,88,247
CURRENT LIABILITIES					
Short-term Borrowings	7	18,32,94,849		28,21,71,602	
Trade Payables	8	11,43,34,137		14,71,24,007	
Other Current Liabilities	9	95,54,150		1,41,50,406	
Short-term Provisions	10	10,64,52,506	41,36,35,642	<u>8,99,71,982</u>	53,34,17,997
			<u>207,12,59,252</u>		<u>199,91,37,270</u>
ASSETS :					
NON-CURRENT ASSETS					
Fixed Assets					
Tangible Assets					
Tangible Assets	11	105,67,47,746		95,41,81,427	
Capital Work-in-Progress	12	3,43,56,485		9,16,54,145	
Non-Current Investments	13	47,48,075		36,83,825	
Long-term Loans and Advances	14	1,87,27,522	111,45,79,828	<u>2,16,12,900</u>	107,11,32,297
CURRENT ASSETS					
Inventories	15	23,38,68,428		25,12,10,383	
Trade Receivables	16	38,52,35,674		48,51,31,548	
Cash and Bank Balances	17	25,23,22,762		9,89,50,707	
Short-term Loans and Advances	18	8,52,52,560	95,66,79,424	<u>9,27,12,335</u>	92,80,04,973
			<u>207,12,59,252</u>		<u>199,91,37,270</u>
Significant Accounting Policies & Notes to Financial Statements	1				

As per our report of even date attached

For SHAHID & ASSOCIATES

Chartered Accountants
(Registration NO.-002140C)

Dr. C. K JAIN
Chairman Cum Managing Director

ARUSHI JAIN
Whole Time Director

(MOHD. SHAHID)

Proprietor
Membership No. 070408

RAJESH AGRAWAL
Chief Financial Officer

NISHA GUPTA
Company Secretary

Date: 25th May, 2012
Place : Delhi

Gulshan Polyols Limited

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

	Note No.	CURRENT YEAR 31.03.2012 (Amount in Rs.)	PREVIOUS YEAR 31.03.2011 (Amount in Rs.)
REVENUES :			
Gross Revenue from Operations	19	290,34,20,589	275,42,76,769
Less: Excise Duty		17,52,83,993	16,64,65,111
Net Revenue from Operations		272,81,36,596	258,78,11,658
Other Income	20	1,11,86,262	68,98,370
Total		273,93,22,858	259,47,10,028
EXPENSES :			
Purchases of Stock-in-Trade	21	96,25,988	1,31,20,776
Cost of Materials Consumed	21	106,16,54,021	98,24,33,928
Changes in Inventories	22	2,45,96,396	(2,44,53,230)
Employee Benefits Expenses	23	9,22,18,389	8,44,71,254
Manufacturing Expenses	24	80,30,91,437	78,33,84,853
Finance Costs	25	3,27,44,805	4,27,31,713
Depreciation and Amortization	26	13,27,95,759	14,41,84,440
Other Expenses	27	36,64,88,519	38,10,54,497
Total		252,32,15,314	240,69,28,231
Profit before Exceptional and Extraordinary items and Tax		21,61,07,544	18,77,81,797
Exceptional Items		0	0
Profit before Extraordinary items and Tax		21,61,07,544	18,77,81,797
Extraordinary Items		0	0
Profit before Tax		21,61,07,544	18,77,81,797
Tax Expenses: Current Tax		4,27,50,955	3,69,24,770
Deferred Tax		(57,74,346)	(1,21,34,995)
Profit for the period from continuing Operations		17,91,30,935	16,29,92,022
Profit from Discontinuing Operations		0	0
Tax Expenses of Discontinuing Operations		0	0
Profit after Tax		17,91,30,935	16,29,92,022
Earnings per Equity Share of Face value of Rs. 5/- each :			
Basic & Diluted		20.07	19.29

Significant Accounting Policies & Notes to Financial Statements

1

As per our report of even date attached

For SHAHID & ASSOCIATES

Chartered Accountants
(Registration NO.-002140C)

Dr. C. K JAIN
Chairman Cum Managing Director

ARUSHI JAIN
Whole Time Director

(MOHD. SHAHID)

Proprietor
Membership No. 070408

RAJESH AGRAWAL
Chief Financial Officer

NISHA GUPTA
Company Secretary

Date: 25th May, 2012

Place : Delhi

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31.03.2012

(Rs in Lacs)

	CURRENT YEAR 31.03.2012	P REVIOUS YEAR 31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	2,161.08	1,877.82
Adjustment for :		
Finance Costs	327.45	427.32
Depreciation and Amortization Expenses	1,327.96	1,441.84
Non Cash Expenses(Written off)	-	66.64
Loss/ (Gain) on Sale of Investment/Assets (Net)	(4.18)	(2.44)
Investing Activities (Net)	(84.00)	(39.01)
Operating profit before working capital changes	3,728.30	3,772.17
Changes in working Capital:		
Inventories	173.42	(666.43)
Trade and other Receivables	1,132.32	(1,122.91)
Trade and other Payables	(362.62)	767.56
Cash generation from Operation	4,671.41	2,750.39
Payment of Direct Taxes	(399.15)	(469.50)
Net Cash generated/ (used) - Operating Activities	4,272.26	2,280.89
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(1,867.40)	(1,619.37)
Sale of Fixed Assets	46.40	13.73
Purchase of Investments	(14.15)	-
Sale of Investments	3.51	6.20
Interest Received	83.32	37.74
Dividend Received	0.68	1.27
Net Cash Generated/ (Used) - Investing Activities	(1,747.64)	(1,560.43)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long-term Borrowings	448.06	(793.21)
Proceeds/ Repayment of Short-term Borrowings (Net)	(988.77)	630.82
Finance Cost Paid	(327.45)	(427.32)
Dividend Paid (including Dividend Distribution Tax)	(122.74)	(122.08)
Net Cash Generated/ (Used) - Financing Activities	(990.89)	(711.79)
Net Increase/ (Decrease) in Cash and Cash Equivalents	1,533.73	8.67
Add : Opening Cash and Cash Equivalents	989.50	980.83
Closing Cash and Cash Equivalents	2,523.23	989.50

As per our report of even date attached

For SHAHID & ASSOCIATES

Chartered Accountants
(Registration NO.-002140C)

Dr. C. K JAIN
Chairman Cum Managing Director

ARUSHI JAIN
Whole Time Director

(MOHD. SHAHID)

Proprietor
Membership No. 070408

RAJESH AGRAWAL
Chief Financial Officer

NISHA GUPTA
Company Secretary

Date: 25th May, 2012

Place : Delhi

Gulshan Polyols Limited

1. SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

1.1 Basis of Preparation

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

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

1.2 Fixed Assets

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

1.3 Depreciation

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

1.4 Inventory Valuation

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

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

1.6 Revenue Recognition

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

1.7 Foreign Currency Transactions

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

1.8 Retirement Benefits

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

1.9 Excise Duty

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

1.10 Turnover

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

1.11 Borrowing Costs

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

1.12 Provision for Current & Deferred Tax

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

1.13 Investments

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

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

Gulshan Polyols Limited

CURRENT YEAR 31.03.2012 (Amount in Rs.)	PREVIOUS YEAR 31.03.2011 (Amount in Rs.)
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2. SHARE CAPITAL:

A. Authorized, Issued, Subscribed and Paid-up Share Capital

Authorized:

4,50,00,000 Equity Share of Rs. 5/- each	22,50,00,000	22,50,00,000
2,50,000 0% Redeemable Preference Shares of Rs. 10/- each	25,00,000	25,00,000
14,50,000 8% Redeemable Preference Shares of Rs. 100/- each	14,50,00,000	14,50,00,000
	<u>37,25,00,000</u>	<u>37,25,00,000</u>

Issued, Subscribed and Paid-up:

84,48,404 Equity Shares of Rs. 5/- each fully paid-up	4,22,42,020	4,22,42,020
10,25,000 8% Preference Shares of Rs. 100/- each fully paid-up	10,25,00,000	10,25,00,000
	<u>14,47,42,020</u>	<u>14,47,42,020</u>

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

	2011-12		2010-11	
	Numbers	Amount	Numbers	Amount
Equity Shares outstanding at the beginning of the year	84,48,404	4,22,42,020	83,47,707	4,17,38,535
Add: Equity Shares Issued during the year - (b)	0	0	1,00,697	5,03,485
Less: Equity Shares bought back/ redeemed during the year	0	0	0	0
Equity Shares outstanding at the end of the year	84,48,404	4,22,42,020	84,48,404	4,22,42,020

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

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

S.No.	Name of shareholder	31.03.2012		31.03.2011	
		Numbers of Shares held	Percentage of Holding	Numbers of Shares held	Percentage of Holding
1	Gulshan Holding Pvt Ltd.	40,83,474	48.33%	36,70,865	43.45%
2	Dr. C.K. Jain	9,57,022	11.33%	9,57,022	11.33%

	CURRENT YEAR 31.03.2012 (Amount in Rs.)	PREVIOUS YEAR 31.03.2011 (Amount in Rs.)
3. RESERVE AND SURPLUS		
Capital Reserve	1,21,80,000	1,21,80,000
Revaluation Reserve	0	44,54,036
Securities Premium Account	21,12,06,688	21,12,06,688
General Reserve	<u>28,86,24,334</u>	<u>24,86,24,334</u>
	51,20,11,022	47,64,65,058
Surplus i.e. balance in Statement of Profit and Loss - (b)	71,10,50,861	59,37,23,948
	<u>122,30,61,883</u>	<u>107,01,89,006</u>

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

	As at		As at		As at		
	31.03.2010	Additions	Deductions	31.03.2011	Additions	Deductions	31.03.2012
Capital Reserve	1,21,80,000	0	0	1,21,80,000	0	0	1,21,80,000
Revaluation Reserve	51,31,260	0	6,77,224	44,54,036	0	44,54,036	0
Securities Premium Account	21,12,06,688	0	0	21,12,06,688	0	0	21,12,06,688
General Reserve	24,68,19,115	2,00,00,000	1,81,94,781	24,86,24,334	4,00,00,000	0	28,86,24,334
	<u>47,53,37,063</u>	<u>2,00,00,000</u>	<u>1,88,72,005</u>	<u>47,64,65,058</u>	<u>4,00,00,000</u>	<u>44,54,036</u>	<u>51,20,11,022</u>

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

Opening Balance	59,37,23,948	46,30,05,609
Add: Profit for the period	17,91,30,935	16,29,92,022
	<u>77,28,54,883</u>	<u>62,59,97,631</u>
Less: Transfer to General Reserve	4,00,00,000	2,00,00,000
Less: Dividend on Equity Shares (including Dividend Distribution Tax)	1,22,73,736	1,22,73,683
Less: Dividend on Preference Shares (including Dividend Distribution Tax)	95,30,286	0
Closing Balance	<u>71,10,50,861</u>	<u>59,37,23,948</u>

4. LONG-TERM BORROWINGS

Secured

Term Loans:

From Banks	15,26,10,000	11,32,75,047
Long term maturities of Finance Lease obligations / hire purchase finance	1,52,07,495	1,00,50,642
	<u>16,78,17,495</u>	<u>12,33,25,689</u>

Unsecured

Public Deposits	3,78,77,000	3,75,63,000
	<u>20,56,94,495</u>	<u>16,08,88,689</u>

Gulshan Polyols Limited

	CURRENT YEAR 31.03.2012 (Amount In Rs.)	PREVIOUS YEAR 31.03.2011 (Amount in Rs.)
(a). Nature of security for secured borrowings are given below:		
Term Loans from Banks	15,26,10,000	11,32,75,047
The Immovable and Movable Assets of the Unit Loacated at the Jhagadia Industrial Estate, Dist Bharuch (Gujrat) are charged to Bank of Baroda by way of first Charge for Foreign Currency Term Loan of Rs.15,26,10,000.		
Long term maturities of Finance Lease obligations	1,52,07,495	1,00,50,642
Above loans are secured against vehicles purchased through them under hire purchase agreements.		
(b). The aggregate amount of loans under each head guaranteed by Directors or others are given below:		
Term Loans from Banks	15,26,10,000	11,32,75,047
Above term loans are secured by personal guarantees of the Promoter Directors and Corporate Guarantee by Gulshan Holding Pvt. Ltd.		
5. DEFERRED TAX LIABILITIES (NET)		
Depreciation and Amortization Expenses	6,31,25,212	6,88,99,558
	<u>6,31,25,212</u>	<u>6,88,99,558</u>
6. OTHER LONG-TERM LIABILITIES		
Dealers Securities	2,10,00,000	2,10,00,000
	<u>2,10,00,000</u>	<u>2,10,00,000</u>
7. SHORT-TERM BORROWINGS		
Secured : Working Capital Loan		
From Banks	18,32,94,849	28,21,71,602
	<u>18,32,94,849</u>	<u>28,21,71,602</u>
(a). Loan from Bank include Foreign Currency Working Capital Loan of Rs.10,00,00,000 (Previous year Rs.10,00,00,000).		
(b). The Working Capital Loan is secured by the Hypothecation of Present and Future stock of Raw Materials, Stores, Stock in Process , Chemicals and Consumables , Fuels, Packing , Finished Goods etc. and Book Debts of the Company.		
The Loan is further secured by way of a Second Charge on Fixed Assets of the Company, personal guarantee of Promoter Director of the Company. The aforesaid loan is also secured by the Corporate guarantee of M/s Gulshan Holding Pvt. Ltd..		
8. TRADE PAYABLE		
Payable To Other Entities	11,43,34,137	14,71,24,007
	<u>11,43,34,137</u>	<u>14,71,24,007</u>
9. OTHER CURRENT LIABILITIES		
Interest accrued but not due on borrowings	2,76,623	5,20,785
Unclaimed Dividends	44,56,892	52,16,057
Customers' Credit Balances and Advances against orders	32,42,691	4,44,328
Capital Liabilities	12,41,687	79,36,141
Other Liabilities	3,36,257	33,095
	<u>95,54,150</u>	<u>1,41,50,406</u>

	CURRENT YEAR 31.03.2012 (Amount in Rs.)	PREVIOUS YEAR 31.03.2011 (Amount in Rs.)
10. SHORT-TERM PROVISIONS		
Employee Benefits	53,87,227	37,59,713
Proposed Dividends (including Dividend Distribution Tax)	2,18,04,022	1,22,73,683
Provision for Current Tax	4,27,50,955	3,69,24,770
Expenses Payable	3,65,10,302	3,70,13,816
	<u>10,64,52,506</u>	<u>8,99,71,982</u>

11. TANGIBLE ASSETS

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

	Gross Block		Accumulated Depreciation		Net Carrying Amount	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Land	12,18,38,257	8,77,47,146	0	0	12,18,38,257	8,77,47,146
Buildings	14,94,85,988	1,428,25,680	7,54,74,073	6,77,58,257	7,40,11,915	7,50,67,423
Plant and Equipment	179,95,25,628	1,62,09,83,740	96,76,24,536	85,11,24,560	83,19,01,092	76,98,59,180
Furniture, Fixtures & Equipments	1,78,35,662	1,59,72,184	1,06,29,044	91,28,059	72,06,618	68,44,125
Vehicles and Aircraft	4,43,47,867	3,43,79,929	2,25,58,003	1,97,16,376	2,17,89,864	1,46,63,553
Total	213,30,33,402	190,19,08,679	107,62,85,656	94,77,27,252	105,67,47,746	95,41,81,427

(a). Reconciliation of the gross and net carrying amounts of assets at the beginning and year ending 31.03.2012 are as under:

Cost	31.03.2011	Additions	Disposals	31.03.2012
Land	8,77,47,146	3,40,91,111	0	12,18,38,257
Buildings	14,28,25,680	66,60,308	0	14,94,85,988
Plant and Equipment	162,09,83,740	18,89,31,584	1,03,89,696	179,95,25,628
Furniture and Fixtures & Equipments	1,59,72,184	18,63,478	0	1,78,35,662
Vehicles and Aircraft	343,79,929	1,24,91,077	25,23,139	4,43,47,867
	190,19,08,679	24,40,37,558	129,12,835	213,30,33,402
PREVIOUS YEAR	178,92,55,345	12,08,63,737	82,10,404	190,19,08,679

Accumulated Depreciation	As at 31.03.2011	Additions	Deduction	Depreciations on Revaluation	As at 31.03.2012
Land	0	0	0	0	0
Buildings	6,77,58,257	75,37,655	0	1,78,161	7,54,74,073
Plant and Equipment	85,11,24,560	11,87,33,638	26,43,344	4,09,682	96,76,24,536
Furniture and Fixtures & Equipments	91,28,059	15,00,985	0	0	1,06,29,044
Vehicles and Aircraft	1,97,16,376	50,23,481	21,81,854	0	2,25,58,003
	94,77,27,252	13,27,95,759	48,25,198	5,87,843	107,62,85,656
PREVIOUS YEAR	80,88,53,530	14,41,91,676	59,95,178	6,77,224	94,77,27,252

12 CAPITAL WORK-IN-PROGRESS

Construction Work-in-Progress	3,27,42,555	9,05,70,985
Expenditure during Construction pending allocation - (a)	16,13,930	10,83,160
	<u>3,43,56,485</u>	<u>9,16,54,145</u>

Gulshan Polyols Limited

	CURRENT YEAR 31.03.2012 (Amount in Rs.)	PREVIOUS YEAR 31.03.2011 (Amount in RS.)
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(a). Detail of expenditure during construction pending allocation are given below:

Expenditure during the year:

Cost of Materials Consumed	34,612	0
Cost of Chemicals Consumed	76,846	0
Employee Benefits Expenses	31,84,649	7,59,405
Finance Charges	2,54,06,416	697

Other Expenses:

Printing & Stationary	31,104	12,467
Rent	72,000	48,000
Rates and Taxes	2,99,364	35,509
Travelling Expenses	4,02,275	1,46,517
Insurance	24,982	0
Depreciation and Amortization Expenses	0	7,236
Legal & Professional Charges	85,260	9,000
Communication Charges	1,01,718	30,645
Charity & Donation	4,571	853
Electricity Charges	18,25,518	26,256
Subscription and MemberShip Fees	3,100	2,100
Miscellaneous Expenses	7,43,753	4,475

	3,22,96,168	10,83,160
Add: Balance brought forward from previous year	10,83,160	0
Less: Amount allocated to Fixed Assets	3,17,65,398	0
Balance pending allocation	<u>16,13,930</u>	<u>10,83,160</u>

13 NON-CURRENT INVESTMENTS

(i) In Gujrat Environmental Infrastructure Ltd. 10,500 Equity Shares of Rs. 10/- each fully paid up	1,05,000	1,05,000
(ii) In Bharuch Eco-Aqua Infrastructure Ltd. 2,75,000 Equity Shares of Rs. 10/-each fully paid up	27,50,000	27,50,000
(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	0 0	1,000 3,50,000
(iv) In Gulshan Mercantile Urban Co operative Bank Ltd. (A non scheduled Bank) (4778.25 Equity Shares of Rs. 100/- each fully paid up)	4,77,825	4,77,825
(v) In Eduspire Serives Private Limited 750 Equity Shares of Rs. 100/- each fully paid up	75,000	0
(vi) In Bharuch Eco-Aqua Infrastructure Ltd. 1,34,025 Equity Shares of Rs. 10/-each fully paid up	13,40,250	0
	<u>47,48,075</u>	<u>36,83,825</u>

	CURRENT YEAR 31.03.2012 (Amount in Rs.)	PREVIOUS YEAR 31.03.2011 (Amount in RS.)
14. LONG-TERM LOANS AND ADVANCES:		
Security Deposits (Secured, Considered Good)	1,83,78,245	1,87,73,946
Other loans and advances - (a) (Unsecured, Considered Good)	<u>3,49,277</u> <u>1,87,27,522</u>	<u>28,38,954</u> <u>2,16,12,900</u>
(a). There is no outstanding loans and advances to related parties .		
15. INVENTORIES:		
Raw Materials	11,23,46,304	9,55,01,457
Work-in-Progress	3,20,69,069	3,47,01,059
Finished Goods	5,19,90,547	7,39,54,952
Stores and Spares	2,18,58,118	2,06,09,654
Coal and Fuel & Chemicals	<u>1,56,04,390</u> <u>23,38,68,428</u>	<u>2,64,43,261</u> <u>25,12,10,383</u>
16. TRADE RECEIVABLES:		
Outstanding for a period exceeding six months (Unsecured, Considered Good)	92,95,571	75,62,814
Outstanding for a period less than six months (Unsecured, Considered Good)	<u>37,59,40,103</u> <u>38,52,35,674</u>	<u>47,75,68,734</u> <u>48,51,31,548</u>
17. CASH AND BANK BALANCES:		
Cash and Cash Equivalents		
Balance with Banks:		
Current Accounts	5,41,58,793	4,65,00,706
Unclaimed Dividend Accounts	44,76,892	52,36,057
Cash on hand	<u>8,09,309</u> <u>5,94,44,994</u>	<u>4,61,564</u> <u>5,21,98,327</u>
Other Balances		
Balance with Banks :		
Earmarked Balances	1,41,896	1,12,910
Deposits maturing within 12 months	<u>19,27,35,872</u> <u>19,28,77,768</u> <u>25,23,22,762</u>	<u>4,66,39,470</u> <u>4,67,52,380</u> <u>9,89,50,707</u>
18. SHORT-TERM LOANS AND ADVANCES		
Security Deposits (Secured, Considered Good)	11,52,850	0
Advance Current Tax (Secured, Considered Good)	4,26,10,663	4,00,55,028
Other loans and advances - (a) (Unsecured, Considered Good)	<u>4,14,89,047</u> <u>8,52,52,560</u>	<u>5,26,57,307</u> <u>9,27,12,335</u>
(a). Other loans and advances mainly include prepaid expenses, advances to suppliers and service providers, advance and loans to employees, CENVAT/ VAT/ Service Tax credit receivable, etc.		

Gulshan Polyols Limited

	CURRENT YEAR 31.03.2012 (AMOUNT IN RS.)	Previous Year 31.03.2011 (Amount in Rs.)
19. REVENUE FROM OPERATIONS:		
Sale of Products	260,95,56,005	247,91,13,562
Sales Tax Realised	4,99,56,834	5,04,82,699
Freight & Handling Charges Recovered	23,46,31,301	21,98,20,148
Other Operating Revenues		
Export and Other Incentives	44,87,563	5,43,142
Miscellaneous Receipts and Claims	47,88,886	43,17,218
Gross Revenue from Operations	<u>290,34,20,589</u>	<u>275,42,76,769</u>
Less: Excise Duty	17,52,83,993	16,64,65,111
Net Revenue from Operations	<u>272,81,36,596</u>	<u>258,78,11,658</u>
20. OTHER INCOME:		
Interest Income	83,32,198	37,73,516
Dividend Income	67,839	1,27,178
Profit/ (Loss) on Fixed Assets sold/ discarded (Net)	4,18,497	2,44,135
Other Non-Operating Income*	23,67,728	27,53,541
	<u>1,11,86,262</u>	<u>68,98,370</u>
*Other Non-Operating Income - include Agriculture Income of Rs.23,67,728 (P.Y.Rs.26,74,596)		
21 COST OF MATERIALS CONSUMED:		
Raw Material	106,16,54,021	98,24,33,928
Raw Material Purchase (Trading)	96,25,988	1,31,20,776
	<u>107,12,80,009</u>	<u>99,55,54,704</u>
22. CHANGES IN INVENTORIES:		
Opening Inventories		
Work-in-Progress	3,47,01,059	2,56,57,994
Finished Goods	6,80,82,931	5,39,06,253
	<u>10,27,83,990</u>	<u>7,95,64,247</u>
Less: Closing Inventories		
Work-in-Progress	3,20,69,069	3,47,01,059
Finished Goods	4,69,86,907	6,80,82,930
	<u>7,90,55,976</u>	<u>10,27,83,989</u>
	2,37,28,014	(2,32,19,742)
Add: Increase of Excise Duty on Inventories	8,68,382	(12,33,488)
	<u>2,45,96,396</u>	<u>(2,44,53,230)</u>
23. EMPLOYEE BENEFITS EXPENSES :		
Salaries and Wages	7,74,88,881	7,13,46,669
Contribution to Provident and other Funds	71,67,103	56,30,925
Employee Welfare	75,62,405	74,93,660
	<u>9,22,18,389</u>	<u>8,44,71,254</u>

	CURRENT YEAR 31.03.2012 (AMOUNT IN RS.)	Previous Year 31.03.2011 (Amount in Rs.)
24. MANUFACTURING EXPENSES:		
Process Chemicals & Consumables	19,47,23,737	9,92,78,660
Stores, Spare Parts & Packing	11,06,23,421	20,85,29,155
Power and Fuel	46,65,38,274	40,44,53,424
Excise Duty *	(12,36,261)	20,32,361
Repair & Maintenance:		
- Building	9,97,851	10,34,871
- Plant & Machinery	3,14,44,415	6,80,56,382
	<u>80,30,91,437</u>	<u>78,33,84,853</u>
* Excise duty shown under expenditure represents the aggregate of Excise duty borne by company and difference between excise duty on opening and closing stock of finished goods.		
25. FINANCE COSTS:		
Interest & Charges on Bank borrowing for working Capital	1,61,60,918	1,91,09,236
Interest on Term and Other Loans	96,46,494	2,12,14,890
Net (Gain) /Loss on foreign currency transactions and translation	69,37,393	24,07,587
	<u>3,27,44,805</u>	<u>4,27,31,713</u>
26. DEPRECIATION AND AMORTIZATION EXPENSES:		
Depreciation and Amortization Expenses	13,27,95,759	14,41,84,440
	<u>13,27,95,759</u>	<u>14,41,84,440</u>
27. OTHER EXPENSES:		
Administrative Expenses		
Rates and Taxes	29,92,233	44,60,976
Rent	38,72,134	39,46,070
Printing and Stationary	30,16,673	24,42,258
Advertisement and Publicity	3,80,032	4,03,972
Subscription and Membership Fees	96,405	1,24,999
Traveling Expenses	1,36,94,756	1,38,08,761
Legal and Professional Expenses	32,53,695	26,62,048
Communication Charges	39,96,507	39,18,880
Repair and Maintenance	32,84,331	14,60,788
Insurance	14,57,524	19,48,706
Auditors' Remuneration - (a)	6,45,170	5,65,300
Prior Period Items (Net)	85,933	4,28,369
Donation	12,39,756	1,44,794
Miscellaneous Expenses	11,55,470	61,87,418
A	<u>3,91,70,619</u>	<u>4,25,03,339</u>
Selling and Distribution Expenses		
Commission & Discount	1,52,30,485	1,68,69,592
Freight and Forwarding Expenses	25,71,80,992	26,59,49,125
Trade Tax Paid	4,95,02,185	5,05,74,559
Others	54,04,238	51,57,882
B	<u>32,73,17,900</u>	<u>33,85,51,158</u>
A + B	<u>36,64,88,519</u>	<u>38,10,54,497</u>
(a). Details of Auditors' Remuneration are as follows:		
Statutory Auditors:		
Audit Fees	3,95,000	3,45,000
Taxation matters	1,00,000	75,000
Company Law matters	1,00,000	1,00,000
Reimbursement of expenses	50,170	45,300
	<u>6,45,170</u>	<u>5,65,300</u>

Gulshan Polyols Limited

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

A. RAW MATERIALS CONSUMED:

Items	<u>2011-12</u>	<u>2010-11</u>
Corn/Starch	67,087,032	64,064,440
Lime & Lime Stone	45,259,272	31,437,017
	<u>112,346,304</u>	<u>95,501,457</u>

B. TRADED GOODS

Products	Purchases		Sales		Opening Stock		Closing Stock	
	<u>2011-12</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2010-11</u>
Lime & Lime Stone	9,658,190	12,280,514	13,678,817	22,350,110	4,715	45,721	248,603	4,715
Chemicals	211,686	799,256	598,817	1,361,680	-	-	-	-
	<u>9,869,876</u>	<u>13,079,770</u>	<u>14,277,634</u>	<u>23,711,790</u>	<u>4,715</u>	<u>45,721</u>	<u>248,603</u>	<u>4,715</u>

C. MANUFACTURED GOODS

Products	Sales		Opening Stock		Closing Stock	
	<u>2011-12</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2010-11</u>
1. Sorbitol & Sweetner	1,491,537,643	1,405,042,417	14,351,733	27,450,886	17,201,337	14,351,733
2. Calcium Carbonate	1,040,702,378	1,005,322,051	59,191,398	30,480,352	34,419,796	59,191,398
3. Trading Sale	14,277,634	23,701,560	-	-	-	-
4. By Products	172,342,492	148,885,270	411,821	613,549	369,414	411,821
	<u>2,718,860,147</u>	<u>2,582,951,298</u>	<u>73,954,952</u>	<u>58,544,787</u>	<u>51,990,547</u>	<u>73,954,952</u>

29 KEY MANAGERIAL PERSONNEL :

Salaries and Allowances	7,051,920	7,085,000
Perquisit	39,600	39,600
	<u>7,091,520</u>	<u>7,124,600</u>

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

A. C.I.F. value of imports by the Company (Excluding imported items purchased locally) :

Raw Materials, Stores and Components	1,172,519	2,544,614
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B. Expenditure in foreign currency during the year:

Interest on Foreign Currency Loans	13,216,630	1,086,264
Commission on Export Sales	4,592,968	3,536,047
Foreign Travelling	3,141,837	2,500,215

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

	Amount		Percentage (%)	
	<u>31.03.2012</u>	<u>31.03.2011</u>	<u>31.03.2012</u>	<u>31.03.2011</u>
Raw Materials:				
Imported	-	-	-	-
Indigenous	1,071,280,009	995,554,704	100.00%	100.00%
	<u>1,071,280,009</u>	<u>995,554,704</u>		
Coal and Fuel:				
Imported	-	-	-	-
Indigenous	398,081,658	352,968,960	100.00%	100.00%
	<u>398,081,658</u>	<u>352,968,960</u>		
Stores and Spares:				
Imported	1,172,519	1,129,869	8.82%	6.17%
Indigenous	12,126,195	17,195,987	91.18%	93.83%
	<u>13,298,714</u>	<u>18,325,856</u>		

D. Earnings in Foreign Exchange:

Export of Goods on F.O.B. basis	313,176,196	304,152,048
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31. The previous figure has been reclassified/ rearranged / regrouped in compliance of Revised Schedule VI to correspond with current year figures

32. Contingent Liabilities in respect of:

- i) 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
- ii) Bank guarantee for Rs. 2,00,000/- in favour of Gujarat Pollution Control Board.

33. In compliance to the Accounting Standard-11, the long term borrowing of Foreign currency Term Loan of USD 3 Million availed during they year for acquisition of fixed assets has been increased by Rs 1,86,60,000/o-n account of foreign exchange rate difference as at 31.3.2012 and the same has been capitalized to the assets acquired.

34. In compliance to the Accounting Standard-22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India (ICAI), a net amount of Rs. 57,74,346/- (Previous Year Rs. 1,21,34,995/- Deferred Tax Asset) has been provided as Deferred Tax Assets as at 31st March 2012 and the same has been charged to the Profit & Loss account of the Company. This pertains to the difference in Depreciation on Assets as per books of accounts and WDV as claim for tax purposes. The Deferred Tax Assets has been calculated by applying tax rate that have been enacted and applicable as on the Balance Sheet date. No Liability has been computed in respect of difference considered to be of permanent nature.

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

- (a) Name of related party and nature of related party relationship where control exist
- (i) Holding Company : Nil
- (ii) Subsidiary Company : Nil
- (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, Chairman Cum Managing Director
 Mrs. Mridula Jain, Director *
 Mrs. Aditi Pasari, Director
 Mrs. Arushi Jain, Director
 Mr. S. K. Tewari, Whole Time Director
 Mr. A. K. Vats, Whole Time Director

* Mrs. Mridula Jain has resigned from company in w.e.f. 25.05.2012

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

(iv) Transactions with related parties of the period 01.04.2011 to 31.03.2012 :

Key Managerial Personnel	2011-12	2010-11
Remuneration to Key Personnel	70,51,920	70,85,000
Rent Paid - Dr. C.K Jain	30,00,000**	23,40,000
- Mrs. Mridula Jain	1,02,000	1,02,000

** Net of Service Tax as applicable.

Gulshan Polyols Limited

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

(Rs in Lacs)

Particulars		Current Year 2011-12	Previous Year 2010-11
1	Net Profit After Tax	1,791.31	1,629.92
2	Dividend on Preference Share Capital	95.30	-
3	Net Profit After Tax available for Equity Shareholders	1,696.01	1,629.92
4	Weighted Average of number of Equity Share outstanding during the year	84,48,404	84,48,404
5	Basic Earning Per Share of Rs. 5/- each	20.07	19.29
6	Diluted Earning Per Share of Rs. 5/- each	20.07	19.29

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

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

In terms of our separate report of even date

For SHAHID & ASSOCIATES

Chartered Accountants
(Registration NO.-002140C)

Dr. C. K JAIN
Chairman Cum Managing Director

ARUSHI JAIN
Whole Time Director

(MOHD. SHAHID)

Proprietor
Membership No. 070408

RAJESH AGRAWAL
Chief Financial Officer

NISHA GUPTA
Company Secretary

Date: 25th May, 2012
Place : Delhi



GULSHAN POLYOLS LIMITED

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

FORM OF THE PROXY FOR THE 12th 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 12th 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, 22nd September 2012 at 1.30 pm
or any adjournment or adjournments thereof.

Dated this _____ day of _____ 2012

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.



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 _____

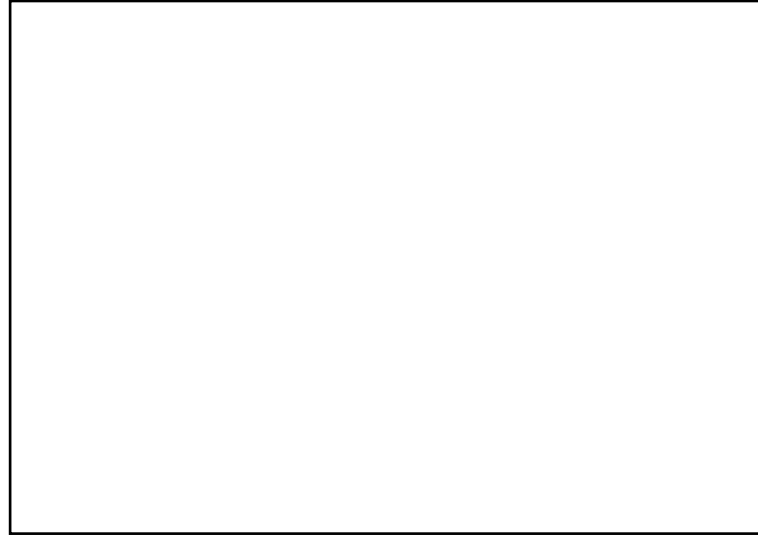
of the Shareholder:

I hereby record my presence at the 12th Annual General Meeting of the company held on Saturday, 22nd September, 2012 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
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If undelivered, please return to:

GULSHAN POLYOLS LIMITED

G-81, PREET VIHAR,

DELHI - 110 092