

**19TH
ANNUAL REPORT
2011-2012**



[Formerly Known as Nova Petrochemicals Limited]

Your confidence is our biggest Asset

19th ANNUAL REPORT

Board of Directors	: Shyam Gupta Sunil Kumar Gupta Piyush R. Vyas Anil Singhal Sandeep Goyal	<i>Chairman</i> <i>Managing Director</i> <i>Director (Resigned w.e.f. 20-06-2012)</i> <i>Director</i> <i>Director</i>
Vice President (Technical)	: Mukesh Khandelwal	
Company Secretary	: Harish N. Motwani	
Bankers	: State Bank of India Bank of Baroda UCO Bank Central Bank of India	
Registered Office & Plant	: Survey No. 396/403, Moraiya Village, Sarkhej-Bavla Highway, Tal. Sanand, Dist. Ahmedabad - 382 210. Gujarat. India Email : nova@novapetro.com	
Share Transfer Agent	: MCS Limited. 101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad – 380 009.	

www.novapetro.com

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NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of **M/S GSL NOVA PETROCHEMICALS LIMITED (Formerly Known as NOVA PETROCHEMICALS LIMITED)** will be held on Friday, the **28th day of September, 2012** at **3.30 p.m.** at Survey No. 396/403, Moraiya Village, Sarkhej-Bavla Highway, Tal. Sanand, Dist. Ahmedabad – 382 210 to transact the following business:

ORDINARY BUSINESS: -

1. To receive, consider and adopt the Balance Sheet as at 31st March 2012, the Profit and Loss Account for the year ended on 31st March 2012 and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri Shyam Gupta, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Sandeep Goyal, who retires by rotation and being eligible offers himself for reappointment
4. To appoint Auditors and fix their remuneration.

Regd. Office:

Survey No. 396/403, Moraiya Village,
Sarkhej-Bavla Highway, Tal. Sanand,
Dist. Ahmedabad – 382 210
Dated : 31/08/2012

By order of the Board of Directors,

Company Secretary

Notes:-

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF SELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. **THE PROXY FORM DULY STAMPED AND EXECUTED SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE TIME FIXED FOR THE COMMENCEMENT OF THE MEETING.**
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 22nd September, 2012 to 28th September, 2012 (both days inclusive).
4. Members desiring any information pertaining to Accounts are requested to write to the Company at least seven days before the date of the meeting in order that the information can be made available at the meeting.
5. Members are requested to bring their copy of the Annual Report at the meeting and produce the Attendance Slip at the Entrance where the Annual General Meeting will be held.
6. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
7. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative, members holding shares in demat form are requested to provide their e-mail ID to the depository through their concerned depository participant and members holding shares in physical form are requested to provide e-mail ID to the Company's RTA, M/s. MCS Limited, 101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road Ahmedabad –380 009 and also notify the e-mail address as and when there is any change.
8. Listing fees for the year 2012-2013 has been paid to National Stock Exchange of India Ltd., and Bombay Stock Exchange Ltd., and Annual Custodian Fees has been paid to depositories namely Central Depository Services (India) Limited and National Securities Depository Limited.
The equity shares of the company had been delisted from Ahmedabad Stock Exchange Limited voluntarily under Clause 6 (a) of SEBI (Delisting of Equity Shares) Regulations, 2009 with effect from 30th March, 2012. Hence, the company is not required to pay listing fees for the year 2012-13 to Ahmedabad Stock Exchange Limited.
9. Members holding shares in physical mode are requested to immediately notify the Company or its Share Transfer Agent about any change of address and their bank particulars. Members holding shares in dematerialized form are requested to immediately notify their respective Depository Participants about any change of address and their bank particulars.
10. **Pursuant to Clause 49 of the Listing Agreement, the details of the Directors retiring by rotation and eligible for reappointment are furnished below:**
 - (A) Shri Shyam Gupta, Director of the Company, is a Commerce Graduate having a rich experience in textile industry of more than 33 years. He has been associated with the Company since incorporation of the Company. He is the Chairman of Gupta Group of Companies, Surat

one of the co-promoters of the Company. The Company is benefited under his able and mature leadership. Shri Sunil Kumar Gupta, Managing Director of the Company is related to him.

Mr. Shyam Gupta, Director of the Company is holding directorship in other following Companies.

- a) Ellora Syntex Pvt. Ltd.
- b) Subhlaxmi Dyeing & Printing Mills Pvt. Ltd.
- c) Nova Petrofils Limited
- d) Association of Synthetics Fibers Industries
- e) Bleuchip Builders Pvt. Ltd.
- f) Gupta Education Foundation Institution
- g) Aviva Power & Project Pvt. Ltd.

Shri Shyam Gupta retires by rotation and being eligible offers himself for re-appointment.

- (B) Shri Sandeep Goyal was appointed as an Additional Director on the Board of the Company w.e.f. 25th August, 2007 and thereafter regularized as Regular Director liable to retire by rotation in an Annual General Meeting held on 29th September, 2007. He had continued as a director on the Board since then as a Director liable to retire by rotation.

He is Commerce Graduate having vast experience in Textile Processing and Marketing.

Mr. Sandeep Goyal is a Director on the Board of the following Companies:

- a) Nova Petrofils Ltd
- b) Gupta Power Project Pvt. Ltd
- c) Comptel Infosys Pvt. Ltd.
- d) Subhlaxmi Dyg. & Ptg. Mills Pvt. Ltd
- e) Numech Synthetics Pvt.Ltd
- f) Micro Filaments Pvt. Ltd
- g) Nandan Dyg. Prints. Pvt. Ltd
- h) Tima Filament Pvt.Ltd
- i) Shikha Investment Pvt. Ltd.

None of the Directors of the Company is concerned or related to him.

12. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend which remained unpaid and unclaimed for a period of 7 years has been transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Shareholders are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which were transferred to the Fund which are unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

Regd. Office:

Survey No. 396/403, Moraiya Village,
Sarkhej-Bavla Highway, Tal. Sanand,
Dist. Ahmedabad – 382 210
Dated : 31/08/2012

By order of the Board of Directors,

Company Secretary

DIRECTORS' REPORT

To,
The Members,
GSL NOVA PETROCHEMICALS LTD.
(Formerly Known as NOVA PETROCHEMICALS LTD.)

Your Directors have pleasure in presenting the 19th Annual Report and Audited Statement of Accounts for the year ended 31st March 2012.

The Operational and Financial highlights are as under: -

Particulars	2011-2012	2010-2011
	(₹ in Lacs)	
Net Sales & Other Income	15844.15	22072.08
Profit before Interest, Depreciation & Tax(PBDIT)	(298.29)	793.45
Less : Interest & Financial Charges	1021.34	775.27
Profit before Depreciation	(1319.63)	18.18
Less : Depreciation	536.98	604.92
Profit/(Loss) before Exceptional Item	(1856.61)	(586.74)
Profit/(Loss) on Exceptional Item	Nil	Nil
Profit / (Loss) before Tax	(1856.61)	(586.74)
Less : Provision for Tax	Nil	Nil
Add : Provision for Deferred Tax	Nil	Nil
Profit After Taxation/(Loss)	(1856.61)	(586.74)
Add : Balance Brought from Previous Year	(3684.55)	(3097.81)
Profit Available for Appropriations	(5541.16)	(3684.55)
Less : Appropriations		
(a) Dividend	Nil	Nil
(b) General Reserve	Nil	Nil
Balance Carried to Balance Sheet	(5541.16)	(3684.55)

PERFORMANCE:

During the year under review, your company has achieved Net Sales and Other Income of ₹ 158.44 crores as compared to previous year's Net Sales and Other Income of ₹ 220.72 crores. The Loss before Interest, Depreciation and Tax was ₹ 2.98 crores for the FY 2011-12 as compared to Profit before Interest, Depreciation and Tax (PBDIT) of ₹ 7.93 crores for the previous FY 2010-11. The Cash Loss (Loss before Depreciation) was ₹ 13.19 crores for the FY 2011-12 as compared to Cash Profit of ₹ 0.18 crores for the previous FY 2010-11. The net loss during the year under review was ₹ 18.57 crores as compared to net loss of ₹ 5.87 crores for the previous year of the company. The operations of the company are influenced from change in prices of raw materials, fuel prices, lower demand of yarn as well as lower rate of sales realization due to excess supply over demand resulting in to overall lower sales and capacity utilisation etc.

PRESENT COURSE OF BUSINESS AND OUTLOOK:

The Management's discussion and analysis report, as required under corporate governance, forming a part of this report, is a reflection of the current state of business. It also deals with the opportunities and threats faced by your company and the company outlook.

The Prospect of synthetic yarn industries is linked with the movement of crude oil prices in international market as the raw material of synthetic yarn are derivatives of crude oil. One of the events that have dominated the world map right from the beginning of 2011 is the political uproar in the Middle East and North African region. The fallout of the event was a sudden and steep rise in the price of crude oil.

However the prospect of chips plant based on old aged batch processing technology are bleak in view of high conversion cost and competition arisen from creation of huge capacity from new plants based on continuous process technology. To overcome the said situation, the management of your company decided to purchase chips directly from the market. In view of the same, poly chips plant remained idle during the year under review. Though the management had further explored the possibility of modernization of the chips plant and also of manufacturing other than textile grade of chips in this plant but the same was not materialised as the banks have reservations for further financing in view of delay in split of bank facilities between two companies and continuous losses.

DEMERGER

To give further effect to the Scheme of Arrangement in the nature of Demerger, your Company executed fresh documents with banks for splitting the existing limits between Demerged and Resultant companies in accordance with the approved Scheme of Demerger.

Further, inter se transfer of shares of the company between two promoter groups were also partly completed to implement the said scheme of demerger.

RESTRUCTURING OF BANK DUES UNDER CDR MECHANISM:

As the members are aware, the Company has taken considerable finance from banking institutions, secured by the assets of the Company. In view of losses incurred by the company, the CDR and Banks while approving restructuring and also demerger have stipulated that the unsecured loan from Promoters group/associates be converted in to capital so that TNW remain positive all the time. In turn your company had applied to Stock Exchanges for in-principle approval for preferential issue of Equity shares. However in view of SEBI order dated 12.01.2010 restraining the company to access capital market for two years, same could not be complied with so far. The banks will have right to recompense in respect of waivers/sacrifice made by them for restructured debts under CDR mechanism.

DIVIDEND:

Due to loss incurred by the Company during the year 2011-12 coupled with accumulated losses, your directors regret their inability to recommend any dividend on the Equity Share Capital.

DIRECTORS:

The Board of Directors of the Company was reconstituted due to sad demise of an independent director Shri R.C. Jain on 3rd April, 2011.

The Board of Directors appointed Shri Piyush R. Vyas as an additional Director during the year under review. Pursuant to the provisions of Section 260 of the Companies Act, 1956, the term of office of Shri Piyush R. Vyas as an Additional Director of the Company expired at the conclusion of 18th Annual General Meeting.

The Board of directors considered it in the best interest of the Company to continue to avail the benefit of the long and varied experience of Shri Piyush R. Vyas Accordingly, the Board had proposed to the members of the Company to appoint him as regular director on the Board liable to retire by rotation in 18th Annual General Meeting held on 30th September, 2011. Shri Piyush R. Vyas was appointed as a director liable to retire by rotation by members of the company in 18th Annual General Meeting held on 30th September, 2011. However, due to his ill health, he resigned as a director on the board w.e.f. 20th June, 2012. The board placed on record the valuable services rendered by him to the company during his tenure as director.

Shri Shyam Gupta and Shri Sandeep Goyal, Directors of the Company, retire by rotation at the ensuing 19th Annual General Meeting and being eligible for re-appointment, have offered themselves for the re-appointment. Brief resume of the two Directors and names of companies in which they hold the Directorship as stipulated under Clause 49 of the Listing Agreement are given in the notes attached to the Notice calling 19th Annual General Meeting of the Company.

REAPPOINTMENT OF MANAGING DIRECTOR:

The present term of office of Managing Director Shri Sunilkumar Gupta expired on 27th May, 2012. The appointment/reappointment of Managing Director and approval of terms of remuneration in accordance with the provisions of Companies Act, 1956 read with Schedule XIII thereto requires approval of shareholders in General Meeting. Hence, the board proposed a resolution for reappointment of Managing Director on expiry of his present term on 27th May, 2012 in 18th Annual General Meeting of Share holders of the company held on 30th September, 2011 so that approval is obtained prior to expiry of his present terms of office of Managing Director. The resolution approving the terms of re-appointment and remuneration was passed in 18th Annual General Meeting held on 30th September, 2011. *However, in view of operational Losses, the Managing Director has voluntarily desired not to receive any remuneration from the date of his reappointment of fresh tenure of Five Years from 28th May, 2012.*

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to provisions of Section 217 (2AA) of the Companies Act, 1956 Directors' Responsibility Statement is given as under,

- (i) That in the preparation of the annual accounts for the financial year ended 31st March 2012; the applicable accounting standards have been followed along with proper explanation relating to material departures.

- (ii) That such accounting policies have been selected and applied consistently and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year ended 31st March, 2012.
- (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 for the financial year ended 31st March, 2012 on a going concern basis.

INSURANCE:

The Company has adequately covered all assets against all risks.

AUDITORS:

Auditors of the company M/s. J. T. Shah & Co. Chartered Accountants of Ahmedabad, will retire from the office of the Auditors at the conclusion of ensuing 19th Annual General Meeting and being eligible, offer themselves for re-appointment from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting. The Company had pursuant to section 224 (1B) of the Companies Act, 1956, received a certificate that their appointment, if made, will be within the limits as laid down in the section 224 (1B).

COMPLIANCE REPORT BY COST ACCOUNTANT:

Pursuant to Section 209 (1)(d) and Rule 2 of The Companies (Cost Accounting Records) Rules, 2011 the company shall file compliance report duly authenticated and signed by Kiran J. Mehta, Partner of Kiran J. Mehta & Co. Cost Accountants having office at Ahmedabad for financial year 2011-12 in prescribed Form-A along with the annexure to the Central Government within prescribed time period from the close of the company's financial year to which the compliance report relates.

APPOINTMENT OF THE COST AUDITOR:

As required under Cost Audit Branch Order dated 24th January, 2012 issued under reference no. F. No. 52/26/CAB-2010 by Ministry of Corporate Affairs, Government of India, the industries engaged in the production, processing or manufacturing of Jute, Cotton, Silk, Woolen or Blended Fibers/ Textiles as covered under Chapters 50 to 63 of The Central Excise Tariff Act, 1985 wherein the aggregate value of the turn over made by the company from sale or supply of all its products/ activities during the immediately preceding financial year exceed 100 crore of rupees or wherein the company's equity or debt securities are listed or are in process of Listing on any stock exchange, whether in India or outside India, shall get its Cost Accounting Records, in respect of each of its financial year commencing on or after the 1st day of April, 2012, audited by a cost auditor who shall be either a cost accountant or a firm of cost accountant, holding valid certificate of practice under the provision of Cost and Works Accountants Act, 1959. Accordingly, the company in its board meeting held on 11th May, 2012 had appointed Shri Kiran J. Mehta, Partner of M/S Kiran J. Mehta & Co. Cost Accountants having its office at 257, 2nd Floor, Ellisbridge Shopping Centre, Opp. M. J. Library, Ahmedabad-380 006 to conduct the cost audit for financial year commencing from 1st April, 2012 and ending on 31st March, 2013.

Explanation to the qualification in Auditors' Report.

The Directors submit their explanation to the qualifications made by the Auditors in their report for the year 2011-12. The relevant Para nos. of the report and reply are as under:

- 9 (a) The delay in the payment of Wealth tax of ₹.5 lacs was due to demerger since it was based on combined wealth of company prior to demerger. Now after the demerger the company shall file revised wealth tax return and pay wealth tax accordingly. Further there is delay in depositing unpaid/unclaimed dividend into Investor Education and Protection fund of ₹ 2.85 lacs due to freezing of unpaid dividend bank account by government authorities. There is delay in payment of tax deducted at source of ₹ 0.14 lac and value add Tax of ₹ 3.61 lacs and the Company is arranging to make the payment of the same shortly.
- 11. There had been delay in repayment/non payment of loan installment and interest to the various banks due to liquidity crunch on account of cash losses incurred by the company .
- 17. Short term fund were used for long term uses due to repayment of loan installments and interest to the banks and cash loss incurred by the company.

Besides, the notes to the Accounts are also self explanatory and give suitable explanation to qualifications in Auditors' Report.

AUDIT COMMITTEE:

Due to change in company's Board of Directors during the year under review, the Audit Committee was reconstituted in accordance with the provisions of the Companies Act, 1956 and listing agreement entered into by the Company with the Stock Exchanges.

SHAREHOLDERS TRANSFER AND GRIEVANCES COMMITTEE:

Due to change in company's Board of Directors during the year under review, the Shareholders Transfer and Grievances Committee was reconstituted in accordance with Listing Agreement with Stock Exchanges.

REMUNERATION COMMITTEE:

Due to change in company's Board of Directors during the year under review, the Remuneration Committee was reconstituted in accordance with Listing Agreement with Stock Exchanges.

FIXED DEPOSITS:

The Company has not accepted any deposit falling within the purview of the provisions of Section 58-A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975.

CORPORATE GOVERNANCE:

Your Company has complied with the Corporate Governance guidelines as per Clause 49 of the Listing Agreement with the Stock Exchanges.

A report on Corporate Governance and a Certificate from the Auditors of the company regarding compliance with Corporate Governance guidelines as stipulated and Management Discussion & Analysis reports have been attached by way of separate section as part of this Annual Report.

DELISTING OF EQUITY SHARES:

Presently the equity shares of the company are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). During the year under review, the equity shares of the company were delisted voluntarily under Clause 6 (a) of SEBI (Delisting of Equity Shares) Regulations, 2009 from Ahmedabad Stock Exchange Limited (ASE) with effect from 30th March, 2012. Based on the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009, it is open for the company to voluntarily delist its equity shares from one or more stock exchange (s) if it continues to remain listed on any stock exchange having nationwide trading terminals. Accordingly, the equity shares of the company were delisted as aforesaid from ASE without giving any exit opportunity to the share holders as the equity Shares of the company continued to be listed on BSE and NSE which is having nation wide trading terminals. The proposed delisting of the company's equity shares from ASE will not be prejudicial to or affect the interests of the investors.

PARTICULARS OF EMPLOYEES:

There are no employees employed by the Company through out the financial year or for a part of the financial year who were drawing remuneration as per the limit provided in section 217 (2A) of the Companies Act, 1956 and therefore there are no details required to be given in the report.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors' Report) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earning and outgo is given in the Annexure forming part of this report.

ACKNOWLEDGEMENT:

Your Directors wish to express their sincere thanks for the support and co-operation extended by the Bankers of the Company viz. State Bank of India, Bank of Baroda, UCO Bank, Central Bank of India and CDR authorities, all State and Central Government Departments, Shareholders, valued Customers and Suppliers etc. of the Company. Your Directors also wish to express their sincere thanks for the contribution rendered by the employees of the Company at all levels.

For & on behalf of the Board of Directors,

Shyamsunder Gupta
Chairman

Date : 31/08/2012

ANNEXURE

Information under Section 217(1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended 31st March, 2012.

(A) Conservation of Energy

1. Modified Water Distribution system in plant as per specific end use requirement. This has resulted in saving in water as well Power consumption for its treatment & handling. Annual saving expected with the same will be approx ₹ 05 Lacs.
2. Modified Thermic Fluid Heating System to cater both high & low temperature requirements with one thermic fluid heater in case of partial Operation of Plant.
3. Modified Steam as well Chilled Water Distribution system in plant as per specific end use of air conditioning specifically for take up Section. Annual saving expected with the same will be approx. ₹ 05 Lacs.

FORM A
FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY
I. Power and Fuel Consumption: -

	Current Year 2011-12	Previous Year 2010-11
1. Electricity purchased		
(a) Units (KWH)	901515	2237610
Total Amount (₹)	7937610	16168614
Average Rate per Unit (₹)	6.66	7.22
(b) Own generation		
i. Through Generator Unit (KWH)	11720	1030685
Units per Liter of Fuel/Oil	3.80	3.80
Cost/Unit (₹)	10.50	8.26
ii. Through Steam Turbine/Generator		
Units (KWH)	18014457	18927459
Units Per Kg. of Coal	-	-
Cost / Unit (₹)	5.53	5.16
2. *Coal		
Quantity (Kg.)	Nil	6877695
Total Cost (₹)	Nil	21036109
Average Rate (₹/kg.)	Nil	3.06
3. Furnace Oil (K. Liters)		
Quantity	1056	194787
Total Amount (₹ In lacs)	0.27	48.92
Average Rate (₹./KL)	25.95	25.11
4. *Fire Wood		
Quantity	1994490	323062
Total Cost (₹)	4990930	759197
Average Rate (₹/Kg)	2.50	2.35
5. Others / Internal Generation	Nil	Nil

II. Consumption per unit of production: -

Products (with details) Unit

Electricity (KWH/Ton of Product)

(a) P.O.Y.	989.62	774.73
(b) Fully Drawn Yarn	1852.08	886.27
(c) P.T.Y	Nil	535.85

* For Steam Generation.

(B) Technology Absorption
FORM B

Form for disclosure of particulars with respect to technology absorption

I. Research and Development (R & D)

1. Specific areas in which R & D carried out by the company: -
 - a. FDY capacity is now fully operational. Development of process technology and engineering were done in house.
 - b. Study of process bottlenecks of poly plant to improve productivity.
 - c. Dope Dyed FDY commercialized.
 - d. 30 D/14 DT products was optimized to meet market requirement.
2. Benefits derived as a result of the above R & D.
 - a. In house development of process technology for FDY has resulted in saving on know- how fee.
 - b. The FDY produced has been well accepted in the market.
3. Future Plan of Action:
 - a. Dopedyed POY Commercialized.
4. Expenditure on R & D: Nil

II. Technology Absorption, Adaptation and Innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.
 - a. Continuous interaction is maintained with equipment and machinery suppliers and new ideas and developments are adopted in the operations.
 - b. Pellet Packing started in POY to reduce packing cost.
2. Benefits derived as a result of the above efforts.
 - a. New ideas gathered from equipment and know-how suppliers have been used to improve productivity and quality on a continuous basis. Also development of new products both in Semi Dull as well as bright POY, FDY, DT & D.Text.
 - b. Introduction of Additional Deniers in POY and FDY.
 - c. Optimization of Process Parameters to improve the Product quality.
 - d. Continuous Analysis of Feedback from Customers to improve products and service.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year): Nil

C. Foreign Exchange Earning and Outgo

Total Foreign Exchange used and earned;	(₹ In Lacs)	
	<u>2011-12</u>	<u>2010-11</u>
Outgo in Foreign Exchange	102.08	190.44
Earning in Foreign Exchange	Nil	Nil

Regd. Office:

Survey No. 396/403, Moraiya Village,
 Sarkhej-Bavla Highway, Tal. Sanand,
 Dist. Ahmedabad – 382 210
 Dated : 31/08/2012

For & on behalf of the Board of Directors,

Shyamsunder Gupta
 Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

- **Overall Review**

The last year's Management Discussion and Analysis Report, apprehended about potential threats of steep increase in raw materials and furnace oil prices and new capacity addition of polyester yarn in the industry which may lead to price instability and pressure on profit margins; that turned out to be a reality. The combined impact of these led to gradual erosion in profit margins in successive quarters of 2011-12 and this resulted into a deep loss. High Crude oil prices and under utilization of capacity on account of excess supply of Polyester Yarn (POY and FDY) and also closure of Chips plant are the major risk factors that the Company is facing in recent time. The steep rise in crude oil price resulting into volatility and high prices of major raw materials used for manufacturing of Polyester chips viz. PTA, MEG, being crude oil derivatives. Rupee depreciation, particularly against U.S. Dollar, further impacted their prices. This has resulted in rise of price of chips which is the major raw material for the company's products viz. POY and FDY.

Substantial capacity addition of POY and FDI in recent past resulted in intense competition and this coupled with rising raw materials & energy costs have adversely impacted profit margins. Growth in demand of POY/FDY is much lower than the new capacity addition in the industry. Moreover the excess supply situation in Polyester POY and FDY is causing severe pressure on profit margin and under utilisation of capacity viz men & machine. Due to these factors pressure on profit margins may continue.

During the year under review, the Company's overall performance was adversely affected on account of liquidity crunch being faced by the company due to losses and unprecedented levels of volatility in case of raw materials and finished products prices. This had further pushed the cost of production and thus reducing the profit margin available to the company as it was not possible to pass on additional cost to end users.

The Company has further faced the competition from new entrants who are well equipped with latest technology. In order to overcome the situation, major investment in plant and technological upgradation is utmost required. The Management is making sincere efforts for availing financial assistance from all possible sources to upgrade the company's plant to make it more productive, competitive, profitable and also to with-stand with the marketing environment more effectively and efficiently.

- **Industry Structure and Development**

India is the second largest producer of man-made fibres (MMF) in the world (World Fibre Report 2008) with presence of large plants having state-of-the art technology. MMF textiles constitute almost two-third of the domestic textile market. However, India's share in global exports of value-added textiles of man-made fibres is miniscule at around 2.25% (India's MMF exports were US\$ 3.3 billion as against global exports of US\$ 146.7 billion). Further, while textiles made of man-made fibres constitute around 63% of the world trade, it is mere 16.4% (FY09) in case of India as Indian textiles exports are predominantly cotton based.

The domestic fibre consumption ratio in India between man-made fibres and cotton is lower as compared to global consumption. The global fibre consumption trend in future shall further likely to tilt in favour of man-made fibres as there is a limitation to growth of cotton on account of limited availability of land for cotton cultivation. As per the recent Fitch Raing report, the outlook for Indian Textile Industry for 2012-13 is expected to be stable for synthetics textiles and negative to stable for cotton textile, depending on the segment of the value chain. Synthetic textile will benefit from substitution of higher priced cotton products and a greater demand for blended textile. Moreover, the land available for cotton is gradually declining on account of rise in cultivation of food crops. Given the future demand is expected to be largely in favour of man-made fibre based textiles, special attention is required to boost the consumption and production of man-made fibres in India.

According to Ministry of textile, the man-made fiber production has recorded an increase by about 5% and filament yarn production recorded a decrease of about 10% during June 2011. As per Tecnopack estimates, the Indian Textile industry, over the long term, has a potential to grow to \$220 billion by 2020 from the current size of around \$80 billion, at a CAGR of about of around 10-11% and such ambitious targets will be lead by a significant incremental demand for polyester.

Textile Industry occupies a unique place in the economy of the country by virtue of its contribution to the Industrial Output, Employment Generation and Foreign exchange earnings.

With uncertainty in the Euro Zone, the Indian economy is estimated to grow at 6.9 per cent during fiscal 2011-12 after two consecutive years of 8 per cent-plus growth. In 2010-11, the economy expanded 8.4 per cent. But the good news is that the national per capita income is set to exceed the Rs 60,000 level during this fiscal.

- **Opportunities, Threats and Outlook**

India is a growing economy with rising income of urban and rural population, fast changes in fashion design, growing exports of textile & garments will provide good demand for Polyester POY.

Volatile and high raw materials prices due to middle-east crisis and high crude oil prices may affect profit margins. The high furnace oil and gas prices are resulting in high energy cost and consequently pressure on profit margins. Over capacity in Polyester POY industry may lead to price instability and pressure on profit margins.

The other major issues concerning man made fiber and man made fiber textile relate to excise duty discrimination of man made fibers and textiles against cotton and cotton textiles in the form of higher excise duties. Consequently, Indian man made fibers textile industries has not been able to create a mark in the global textiles market post dismantling of textile quotas even though cotton textile industry has witness the substantial growth.

A top down approach has been followed to determine the future demand for man-made fibres in FY15 and FY20. Considering future GDP growth of 8%, the domestic demand for man-made fibres/ filament yarns is estimated at 3.9 billion kg in FY15 and about 6 billion kg in FY20. Adjusting to this the likely exports and imports of MMF, the overall MMF requirement is estimated at 4.2 billion kg for FY15 and 6.48 billion kg for FY20. This implies capacity additions of about 1.8 billion kg (FY15) and 4.6 billion kg (FY20), which would require an investment of over Rs 90 billion (approximately US\$ 2 billion) by FY15 and Rs 230 billion (approximately US\$ 5.1 billion) by FY20.

The policy of Indian Government in respect of textile Industry will have substantial effect on the growth of the Industry.

Industry Growth Rate in Indian GDP has been impressive in last few years except the year under review. The Growth Rate of the Industry in the Indian GDP has grown due to sustained manufacturing activity over the years. This has given a major boost to the Indian economy.

Growth in industrial production will be driven by a rise in consumption demand and investment demand.

“Consumption demand, in turn will be driven by a rise in corporate wages, fresh employment generation and relatively lower inflation,” the economic think-tank believe.

Further, creation of new capacities in polyester yarn and chips had resulted into more competition to be faced by your company. It may further out-pace demand growth in next few years, which may lead to price instability and pressure on profit margin. Moreover modern polymerization plants with higher capacities were commissioned and this had resulted in to uneconomic operations of our chips plant compelling the company to buy chips from outside suppliers rather than go for making it. However expected revival of the demand in global markets, leading to a strong demand for Indian textiles and an equally revival of demand for textile products on the domestic front are the two major factors that contributes to positive growth of the sector despite the rising costs of inputs.

However the profit margins may continue to remain under pressure for some time due to increase in various input costs and excess capacity and also cheap and concessional imports.

- **Internal control system and their adequacy**

The company has adequate system of internal control procedures commensurate with the size of the company and the nature of its business to keep check on the activities of the various departments. A better internal control over its activities will further strengthen internal control system and stimulate productivity in view of improvement in carrying out its operations more efficiently and effectively. The Company had also appointed a firm of Chartered Accountants as an internal auditor to further check the internal control system and to report on any deficiencies to the management.

- **Human Resources/Industrial Relations:**

Your company has been successfully maintaining the cordial and peaceful relationship with the employees at all level and cordial and peaceful relationship prevails with all employees. In reciprocation, it has received wholehearted support at all levels of operations from all employees.

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on Corporate Governance

The Company always believes in enhancement of Shareholders value by consistently providing maximum benefits to its shareholders. In pursuit of this policy the Company gives highest importance to practice of good corporate governance. The Company has well qualified and experienced Board Members. Besides the Company gives due weightage to Disclosure requirements and transparency and providing efficient service to its shareholders.

2. Board of Directors

The Board of Directors comprises of an optimum combination of Executive & Non-Executive Directors. Out of total Four Directors, the Board consists of one Executive Director as Managing Director, one Non-Executive Non Independent Director and Two Non-Executive Independent Directors.

During the financial year 2011-2012, the Board met Six times on the following dates 05-05-2011, 12-08-2011, 30-08-2011, 30-09-2011, 11-11-2011 and 06-02-2012.

Details of Directors, Attendance of Directors at the Board Meetings, as well as in an Annual General Meeting held on 30.09.2011 and number of memberships held by Directors in the Board/Committee of other Companies are as under:

Sr. No.	Name of Director	Designation Category	Attendance Particulars		Number of other Directorship and Committee Member/Chairmanship in other public companies		
			Board Meetings	AGM held on 30.09.2011	Other Directorship	Committee Membership	Committee Chairmanship
1	Shri Shyam Gupta	NED/NID	5	Yes	1	—	—
2	Shri Sunilkumar Gupta	MD	6	Yes	1	—	—
3	Shri R. C. Jain *	IND/NE	0	No	—	—	—
4	Shri Sandeep Shiv Goyal	IND/NE	4	No	1	—	—
5	Shri Anil Singhal	IND/NE	3	No	2	3	1
6	Shri Piyush R. Vyas**	IND/NE	6	Yes	1	1	1

CH - Chairman, MD -Managing Director, WTD - Wholetime Director, ED – Executive Director, I/NE - Independent/Non-Executive Director NED/ NID- Non-Executive Director/ Non Independent.

* Office of Shri R.C. Jain ceased due to death on 3rd April, 2011.

** Shri Piyush R. Vyas appointed in board meeting held on 05th May, 2011. He was confirmed as director liable to retire by rotation in an Annual General Meeting held on 30th September,2011. Due to ill health, he resigned as director w.e.f. 20th June,2012.

3 Details of Remuneration paid to the Directors during the Financial Year ended as on 31-03-2012

Sr. No.	Name of Director	Category	Salary (₹)	Total (₹)
1	Shri Sunilkumar Gupta	MD	1224000*	1224000

* However, in view of operational Losses, the Managing Director has voluntarily desired not to receive any remuneration from the date of his reappointment of fresh tenure of Five Years from 28th May,2012.

Managing Director is not paid any sitting fees. Other Directors are entitled to receive sitting fee of ₹ 5000/- for attending board and committee meetings.

4. Audit Committee

Due to change in company's directorate during the year under review, the Audit Committee was reconstituted in accordance with the provisions of the Companies Act,1956 and listing agreement entered into by the Company with the Stock Exchanges. The reconstituted Committee from 05.05.2011 is as follows:

Name of Director	Designation	Category
Shri Piyush R. Vyas*	Chairman	Independent & Non Executive
Shri Sunilkumar Gupta	Member	Non Independent & Executive
Shri Sandeep Goyal	Member	Independent & Non Executive
Shri Anil Kumar Singhal	Member	Independent & Non Executive

Office of Shri R.C. Jain ceased as director due to death on 3rd April, 2011. He was chairman of audit committee till the date of cessation of his office.

* Shri Piyush R. Vyas was appointed as director in board meeting held on 05th May, 2011 and also appointed as chairman of Audit Committee. He was confirmed as director liable to retire by rotation in an Annual General Meeting held on 30th September, 2011. Due to ill health, he resigned as director w.e.f. 20th June, 2012.

The constitution of Audit Committee meets with the requirements of Corporate Governance guidelines as well as the provisions of Section 292 A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. Terms of reference of appointment of Audit Committee are as under,

1. Quorum for the meeting of the Committee will be either Two Members or 1/3rd of the Members of the Audit Committee, whichever is greater, but there should be a minimum of two independent members present.
2. Two third members of the Audit Committee are independent Directors
3. The Audit Committee shall have meeting periodically as it may deem fit with, at least Four meetings in a year, and not more than four months shall elapse between two meetings
4. The Audit Committee shall invite such of the Executives of the Company particularly Head of Finance Department whenever required.
5. The Finance Director, head of internal audit and the auditors of the Company shall attend and participate at the meetings without right to vote.
6. The Audit Committee shall have the following powers:
 - It shall have authority to investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company and external professional advice, if necessary.
 - To investigate any activity within its terms of reference.
 - To seek information from any employee.
 - To obtain out side legal or other professional advise.
 - To secure attendance of outsiders with relevant expertise, if it considers necessary.
 - Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
 - Recommending the appointment and removal of external auditor, fixation of audit fees and also approval for payment for any other services.
 - Reviewing with management the annual financial statements before submission to the Board, focusing primarily on;
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualification in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Any related party transactions i.e. transaction of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
 - Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
 - Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 - Discussion with internal auditors any significant findings and follow up there on.
 - Reviewing the findings if any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - Discussion with external auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
 - Review in the Company's financial and risk management policies.
 - To look into the reasons for substantial defaults in the payment to the depositors, debentures, shareholders (in case of nonpayment of declared dividend) and creditors.

- It shall have discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half-yearly and annual financial statements before submissions to the Board.
- It shall ensure compliance of internal control systems.

Audit Committee met Five times on 05-05-2011, 12-08-2011, 30-08-2011, 11-11-2011 and 06-02 2012

Presence of the members of the Audit Committee in its meeting

Sr.no.	Name of the member of the Audit Committee	No. of the meeting attended
1	Shri Sunilkumar Gupta	5
2.	Shri R.C. Jain*	0
3	Shri Sandeep Goyal	4
4	Shri Anil Singhal	3
5.	Shri Piyush R. Vyas**	4

All the Meetings were also attended by the Auditors of the Company.

* Office of Shri R.C. Jain ceased as director due to death on 3rd April,2011. He was chairman of audit committee till the date of cessation of his office due to death.

** Shri Piyush R. Vyas was appointed as director in board meeting held on 05th May, 2011 and also appointed as chairman of Audit Committee. He was confirmed as director liable to retire by rotation in an Annual General Meeting held on 30th September,2011. Due to ill health, he resigned as director w.e.f. 20th June,2012

5. Remuneration Committee

The Remuneration Committee which was earlier comprised of three Non Executive Directors viz. Shri R.C.Jain, Chairman, Shri Shyam Gupta, Member and Shri Sandeep Goyal, Member was reconstituted w.e.f. 30th April,2010 comprising of all three Independent Directors in accordance with Schedule XIII to Companies Act,1956. Further, due to change in company's directorate due to death of Shri R.C. Jain on 3rd April, 2011, the Remuneration Committee was again reconstituted w.e.f. 5th May,2011 in accordance with Listing Agreement with Stock Exchanges and in accordance with schedule XIII to the Companies Act,1956 comprising of Shri Sandeep Goyal, Chairman, Shri Anil Singhal, Member and, Shri Piyush R. Vyas, Member. However Shri Piyush R. Vyas resigned as a director on the board due to ill health w.e.f. 20th June,2012.

Remuneration Committee met one time on 30-08-2011. All the members of the committee were present in the meeting.

The Remuneration Committee has been constituted to determine all elements of remuneration package of the Directors i.e. salary, benefits, bonuses, stock options, pension etc.

6. Shareholders Transfer and Grievances Committee

Share Holders Grievances Committee consisting of Shri Sunilkumar Gupta as Chairman of the Committee, Shri R.C.Jain and Shri Sandeep Goyal as its members was reconstituted due to cessation of office of Shri R.C. Jain as director due to death on 3rd April,2011. Accordingly the committee was reconstituted comprising of Shri Sunilkumar Gupta as Chairman of the Committee, Shri Anil Kumar Singhal and Shri Sandeep Goyal as its members.

The Committee oversees the performance of the Registrar & Transfer Agent of the Company and take care of grievances received from the Shareholders/Investors.

Shri Harish N. Motwani, Company Secretary of the Company has been appointed as the Compliance Officer. There is no pending Share Transfer for a period above one month.

7. General Meeting

Meeting	Date of meeting	Time of the meeting	Place of the meeting
15th Annual General Meeting	30th September, 2008	3.30 p.m	Survey No. 396, 403, Moraiya Village, Sarkhej-Bavla Highway, Tal. Sanand, Dist. Ahmedabad – 382 210
16th Annual General Meeting	4thSeptember, 2009	3.30 p.m.	Survey No. 396, 403, Moraiya Village, Sarkhej-Bavla Highway, Tal. Sanand, Dist.Ahmedabad – 382 210
*17th Annual General Meeting	29th December, 2010	3.30 p.m.	Survey No. 396, 403, Moraiya Village, Sarkhej-Bavla Highway, Tal. Sanand, Dist.Ahmedabad – 382 210
18th Annual General Meeting	30th September, 2011	3.30 p.m.	Survey No. 396, 403, Moraiya Village, Sarkhej-Bavla Highway, Tal. Sanand, Dist.Ahmedabad – 382 210

* The Company got extension of time period upto 30th December,2010 to hold 17th Annual General Meeting for financial year ended 31st March,2010 from Registrar of Companies, Gujarat in accordance with the provisions of Companies Act,1956.

No Special Resolutions were required to be put through postal ballot at the time of these meetings.

8. Disclosures

There is no materially significant related party transactions that have potential conflict with the interest of the company at large.

The Securities and Exchange Board of India (SEBI) passed an order under reference no. WTM/PS/34/IVD/ID-4/JAN/10 dated 12th January, 2010 restraining the company from buying, selling and dealing or accessing the securities market directly or indirectly in any manner what so ever for a period of two years from the date of the order. The Company filed appeal against the said order before Hon'ble SEBI Appellate Tribunal (SAT). However the same was rejected vide SAT order dated 7th June, 2010. The Company has however moved special leave petition to Hon'ble Supreme Court but the petition was not admitted in a hearing held on 28th January, 2011.

9. Means of Communication

Financial Results are being published normally in Leading News-Papers as well as copies of the same are also being sent to all the Stock Exchanges where the Shares of the Company are listed for the benefit of the Public at large. It is also being displayed on the Website of the Company www.novapetro.com with regular updation.

- The Company supplies copies of the Financial Results and Annual Report of the Company to various Analysts, registered Share Brokers, various Government Departments & Agencies, and other Investors and all those interested in getting the same as and when requested.
- Management Discussion & Analysis is a part of Annual Report attached herewith.

10. General Shareholder Information

(a) AGM: Date, time and venue –

to be held on **Friday, the 28th day of September, 2012** at 3.30 p.m. at the Registered Office of the Company at Survey No. 396, 403, Moraiya Village, Sarkhej-Bavla Highway, Tal. Sanand, Dist. Ahmedabad – 382 210.

(b) Financial Calendar – From April to March (Tentative):

Results for the Quarter ending:

June 30, 2012	Second week of August, 2012.
September 30, 2012	Second week of November, 2012.
December 31, 2012	Second week of February, 2013.
March 31, 2013	Second week of May, 2013.

(c) Listing on Stock Exchanges

Listing Fee for the year 2012-13 has been paid by the Company and Equity Shares of the Company are listed at:

The Bombay Stock Exchange Ltd.

The National Stock Exchange of India Ltd

The equity shares of the company had been delisted from Ahmedabad Stock Exchange Limited voluntarily under Clause 6 (a) of SEBI (Delisting of Equity Shares) Regulations, 2009 with effect from 30th March, 2012. Hence, the company is not required to pay listing fees for the year 2012-13 to Ahmedabad Stock Exchange Limited.

(d) Stock Code –

*The Ahmedabad Stock Exchange Ltd.	Code - 41029
The Bombay Stock Exchange Ltd.	Code - 530605
The National Stock Exchange of India Ltd	GSLNOVA
ISIN No. of the Company	INE787A01022

* *The equity shares of the company had been delisted from Ahmedabad Stock Exchange Limited voluntarily under Clause 6 (a) of SEBI (Delisting of Equity Shares) Regulations, 2009 with effect from 30th March, 2012.*

(e) Market Price: High, Low during each month in last financial year –

Highest & Lowest Share Price of GSL Nova Petrochemicals Ltd. as quoted on The Stock Exchange, Mumbai (BSE) and The National Stock Exchange of (India) Ltd. (NSE) during the period from April – 2011 to March – 2012

Month & Year	High (₹) BSE	Low (₹) BSE	High (₹) NSE	Low (₹) NSE
April-2011	4.55	3.78	4.30	3.60
May – 2011	4.94	3.50	4.90	3.15
June – 2011	3.95	3.20	3.85	3.00
July – 2011	3.79	3.19	3.65	3.15
August-2011	3.49	2.45	3.35	2.35
September-2011	3.00	2.44	2.95	2.40
October-2011	2.99	2.43	2.95	2.50
November-2011	2.80	2.16	2.80	2.15
December-2011	2.80	2.10	2.75	2.05
January-2012	2.97	2.11	2.95	2.05
February-2012	2.97	2.25	2.80	2.20
March-2012	3.10	2.17	3.10	2.20

(f) Registrar and Transfer Agent

M/s MCS Ltd.

101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad- 380009.

(g) Share Transfer System

Equity Shares of the Company received from the Investors for the purpose of Transfer in their name are being processed for transfer at interval of every fortnight in each calendar month and after completing the procedure of Share Transfer shares are being returned within a period ranging from two to three weeks, provided the documents lodged with the Registrars/Company are clear in all respects.

(h) Distribution of Shareholding

DISTRIBUTION OF SHAREHOLDINGS AS ON 31-03-2012

Number of Shares held (1)	Number of Share Holders		Total Number of Share	
	Number (2)	% to Total Nos (3)	Total Shares (4)	% to Total Shares (5)
1 To 1000	8658	87.95	2433581	9.01
1001 To 2000	554	5.63	903280	3.35
2001 To 4000	311	3.16	916325	3.39
4001 To 6000	112	1.14	559380	2.07
6001 To 8000	51	0.52	358569	1.33
8001 To 10000	36	0.36	331586	1.23
10001 To 20000	58	0.59	839329	3.11
20001 and Above	64	0.65	20657950	76.51
Total	9844	100.00	27000000	100.00

SHAREHOLDING PATTERN AS ON 31-03-2012

Category	No. of Shares	% of Total Shares
Promoters Holding		
Indian promoters	2366480	8.77
Bodies Corporate	12566800	46.54
Non- Promoters Holding		
Institutional		
Financial institutions/Banks	600	0.00
Mutual Funds	0	0
FIIs	0	0
Non-Institutional		
Bodies Corporate	5233446	19.38
Individual	5899217	21.85
NRI	817129	3.03
HUF	116328	0.43
TOTAL	27000000	100.00

(i) Dematerialisation of Shares

2,61,40,471 Equity Shares of the Company are dematerialised as on 31st March,2012.

(m) Outstanding GDRs/ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity

Company has not issued any GDR/ADR/Warrant.

(n) Plant Location

Plant located at: -

Survey No. 396/403, Moraiya Village, Sarkhej-Bavla Highway, Tal. Sanand, Dist. Ahmedabad – 382 210 Gujarat, India.

(o) Address for correspondence

Survey No. 396/403, Moraiya Village, Sarkhej-Bavla Highway, Tal. Sanand, Dist. Ahmedabad – 382 210 Gujarat, India.

CONFIRMATION BY MANAGING DIRECTOR ABOUT COMPLIANCE OF CODE OF CONDUCT

I hereby confirm that

The Company has obtained from all the members of the Board and employees at Senior Management level, affirmation that they have complied with the code of conduct for Board of Directors and Senior management level employees.

31st August, 2012

Sd/
Sunilkumar Gupta
 Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
 The Members of
 GSL Nova Petrochemicals Limited
 (Formerly known as Nova Petrochemicals Limited)

We have examined the compliance of conditions of Corporate Governance by GSL Nova Petrochemicals Limited (Formerly Nova Petrochemicals Limited) for the year ended on March 31, 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders Grievance Committee.

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

For, **J. T. SHAH & COMPANY**
 Chartered Accountants

Place : Ahmedabad
 Date : 31st August,2012

(J.T. Shah)
 Partner

AUDITORS' REPORT

To,
The Members of
GSL NOVA PETROCHEMICALS LIMITED
Ahmedabad

1. We have audited the attached Balance Sheet of **GSL NOVA PETROCHEMICALS LIMITED** as at **31st March 2012**, Statement of Profit and Loss and also Cash Flow Statement for the year ended on that date annexed thereto (together read as financial statements). These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We 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 material misstatement. An audit also 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Company Law Board in terms of section 227 (4 A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. 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 are to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representation received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2012, from being appointed as director of the company in terms of clause (g) of subsection (1) of 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 accounts, read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (ii) In the case of the Statement of Profit and Loss, the **Loss** of the Company for the year ended on that date; and
 - (iii) In the case of the Cash Flow Statement, of the Cash Flow of the Company for the year ended on that date.

For, **J. T. SHAH & COMPANY**
Chartered Accountants
(FRN No. 109616W)

(J.T. Shah)
Partner
[M. No. 3983]

Place : Ahmedabad
Date : 31st August, 2012

ANNEXURE TO THE AUDITORS REPORT

Referred to in paragraph 3 of our Report of even date to the Members of **GSL NOVA PETROCHEMICALS LIMITED** for the year ended **31st March, 2012**.

1. In respect of Fixed Assets:
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets on the basis of available information.
 - b. As per the information and explanations given to us, the management at reasonable intervals during the year in accordance with a programme of physical verification physically verified the fixed assets and no material discrepancies were noticed on such verification as compared to the available records.
 - c. In our opinion, the Company has not disposed off any major / substantial part of the fixed assets during the year and the going concern status of the company is not affected.
2. In respect of its Inventories:
 - a. The inventory other than the inventory of work in process has been physically verified during the year by the management. We have been informed that looking at the manufacturing process, it is not possible to physically verify the inventory of work in process. In our opinion, the frequency of verification is reasonable.
 - b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. On the basis of our examination of the records of inventory, we are of opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and books records were not material.
3. In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - a. During the year under audit, the company has not granted any loans, secured or unsecured, to the companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956 hence clause 4 (iii) (a), (iii) (b), (iii) (c) and (iii) (d) of the Companies (Auditor's Report) Order, 2003 are not applicable.
 - b. There are 7 parties covered in the register maintained under section 301 of the Companies Act, 1956 from whom the company has taken loans. The maximum amount involved during the year was ₹ 6,44,35,000/- and the year-end balance of loans taken from such parties was ₹ 5,74,35,000/-.
 - c. In our opinion and according to the information and explanations given to us, in case of loans taken during the year, the rates of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the company.
 - d. In respect of loans taken by the company, the company has taken interest free loans and in case of principal, the terms of repayment have not been stipulated hence the question of regularity of payment of interest and principal does not arise.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
5. In respect of contracts or arrangements covered under Section 301 of the Companies Act, 1956:
 - a. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the contracts or arrangements that need to be entered into the register maintained under section 301 have been so entered.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The company has not accepted any deposits from public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the company pursuant to the companies (Cost Accounting Records) Rule, 2011 prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prime facie the prescribed accounts and records have been maintained. However, we have, however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. In respect of Statutory Dues:
 - a. *According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including income tax, wealth tax, custom duty, Provident fund, excise duty, cess and other statutory dues applicable to it with the appropriate authorities all though there has been delay in depositing Service Tax, Gujarat Value Added Tax, Central Sales Tax, Professional Tax, Tax deducted at source and Tax Collected at Source. According to the information and explanations given to us, Wealth Tax of ₹ 5,00,000/-, Investor Education & Protection Fund of ₹ 2,85,041/-, Tax deducted at Source of ₹ 14,480/- and Value Added Tax of ₹ 3,61,254/- have not been deposited till balance sheet date, except that no undisputed amounts payable in respect of Income Tax, Service Tax, Customs Duty, and Excise Duty were outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable.*

- b. On the basis of our examination of the records, following disputed statutory dues have not been deposited with the appropriate authorities;

Name of the Statute	Nature of the Dues	Period	Amount (₹ In Lacs)	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax & Interest	1998-1999	7,65,331	Commissioner of Income Tax, Appeals
		2000-2001	4,83,400	
		2003-2004	11,54,565	
The Income Tax Act, 1961	Interest on Income Tax	2001-02	2,72,135	The Income Tax Appellate Tribunal
The Income Tax Act, 1961	Interest on Income Tax	2009-10	2,55,500	The assessee is in process of filling of an appeal with Income Tax Appellate Tribunal and time limit for filling an appeal has not expired.
		2010-11	48,600	
The Central Excise and Customs Act	Excise Duty and Penalty	2005-06	1,46,479	Assistant Commissioner of Central Excise & Customs
The Central Excise and Customs Act	Excise Duty and Penalty	2006-2007 & 2007-2008	19,59,742	Commissioner of Excise and Customs (Appeals)
The Central Excise and Customs Act	Excise Duty and Penalty	2001-2002	16,85,00,816	Custom Excise and Service Tax Appellate Tribunal
		2003-2004	32,30,731	
		2004-2005	30,82,321	
		2006-2007	12,59,207	
The Gujarat Value Added Tax Act, 2003	Interest & Penalty on Value Added Tax	2006-07	2,69,152	Joint Commissioner Appeals
Service Tax Act	Service Tax and Penalty	2006-07	5,03,045	Custom Excise and Service Tax Appellate Tribunal
Service Tax Act	Service Tax and Penalty	2007-08	18,53,152	Commissioner of Service Tax (Appeals)
The Textile Committee Amendment Act, 1973	Textile Cess	1995 to 2005	50,90,119	Textiles Committee, Government of India, Ministry of Textiles

10. *The accumulated losses of the company at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash loss during the year under audit, however the company has not incurred cash loss in the immediately preceding financial year.*
11. *In our Opinion and according to the information and explanations given to us, there was a delay upto 152 days in repayment of principal of ₹2,41,25,266/- and a delay upto 110 days in repayment of interest of ₹2,07,15,333/- to various banks. Further the company has defaulted in repayment of principal of ₹2,64,00,275/- and in repayment of interest of ₹2,38,43,913/- till date of this report.*
12. Based on our examination of documents and records and information and explanations 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 securities.
13. The provisions of any special statute applicable to Chit Fund, Nidhi or Mutual benefit Fund/Societies are not applicable to the Company. Therefore, clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
14. The Company is not dealing or trading in shares, securities, debentures or other investments and hence, the requirements of Para 4 (xiv) are not applicable to the Company.
15. As per the information provided to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. The company has not obtained any term loans from banks or financial institutions during the year under audit.
17. *According to the information and explanations given to us and on the basis of an overall examination of the balance sheet of the company, in our opinion funds amounting to ₹30,92,80,924/- raised for short term basis have been used for long term purpose.*
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. During the year, the company has not issued any debentures.
20. During the year, the Company has not raised any money by way of Public issues.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For, **J. T. SHAH & COMPANY**
Chartered Accountants
(FRN No. 109616W)

(J.T. Shah)
Partner

[M. No. 3983]

Place : Ahmedabad
Date : 31st August, 2012

BALANCE SHEET AS AT 31-03-2012

Particulars	Note No.	As at 31/03/2012 ₹	As at 31/03/2011 ₹
EQUITY AND LIABILITIES			
[1] Shareholders' Funds :			
[a] Share Capital	2	135,000,000	135,000,000
[b] Reserves & Surplus	3	(75,683,433)	109,977,128
		<u>59,316,567</u>	<u>244,977,128</u>
[2] Non-Current Liabilities :			
[a] Long Term Borrowings	4	298,126,284	355,831,745
[b] Deferred Tax Liabilities (Net)	5	Nil	Nil
[c] Long-Term Provisions	6	2,818,844	3,408,685
		<u>300,945,128</u>	<u>359,240,430</u>
[3] Current Liabilities			
[a] Short-term Borrowings	7	322,805,049	164,730,902
[b] Trade Payables	8	206,024,364	261,521,297
[c] Other Current Liabilities	9	236,316,772	195,563,031
[d] Short Term Provisions	6	1,025,588	1,694,977
		<u>766,171,773</u>	<u>623,510,207</u>
Total		<u><u>1,126,433,468</u></u>	<u><u>1,227,727,765</u></u>
ASSETS :			
[1] Non-Current Assets			
(a) Fixed Assets :			
(i) Tangible Assets	10	716,048,807	776,134,265
(ii) Intangible Assets		Nil	Nil
(iii) Capital Work in Progress		Nil	Nil
		<u>716,048,807</u>	<u>776,134,265</u>
(b) Non-Current Investments	11	333,930	333,930
(c) Long-Term Loans and Advances	12	36,214,204	48,120,291
(d) Other Non-Current Assets	13	3,810,575	Nil
		<u>756,407,516</u>	<u>824,588,486</u>
[2] Current Assets			
(a) Inventories	14	171,503,065	145,689,619
(b) Trade Receivables	15	172,146,823	214,942,734
(c) Cash & Bank Balances	16	8,066,347	15,241,291
(d) Short Term Loans and Advances	12	18,309,717	27,265,635
		<u>370,025,952</u>	<u>403,139,279</u>
Total		<u><u>1,126,433,468</u></u>	<u><u>1,227,727,765</u></u>
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 38		

As per our report of even date attached herewith

For, **J. T. SHAH & COMPANY**

Chartered Accountants

(FRN No. 109616W)

(J. T. Shah)

Partner

Membership No. 3983

Place : Ahmedabad

Date : 31.08.2012

For, **GSL NOVA PETROCHEMICALS LIMITED**
(Formerly Known as NOVA PETROCHEMICALS LIMITED)

Shyam Sunder Gupta
Chairman

Sunil Kumar Gupta
Managing Director

Harish Motwani
Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31-03-2012

Particulars	Note No.	For the year ended 31/03/2012 ₹	For the year ended 31/03/2011 ₹
INCOME			
Revenue from Operations	17	1,553,169,318	2,201,642,791
Other Income	18	31,245,874	5,565,773
Total Revenue		1,584,415,192	2,207,208,564
EXPENDITURE			
Cost of materials consumed	19	1,268,061,239	1,683,647,984
Purchase of Stock in Trade	20	85,481,500	59,029,365
Change in Inventories of Finished Goods, Work in Progress and Stock in Trade	21	(6,219,619)	40,747,800
Employee Benefits Expense	22	33,018,911	34,418,374
Finance Costs	23	102,133,689	77,527,101
Depreciation and Amortisation expense	10	53,698,077	60,492,090
Other Expenses	24	233,901,956	310,019,406
Total Expenses		1,770,075,753	2,265,882,120
Profit before Tax		(185,660,561)	(58,673,556)
Less : Tax expense:			
- Current Tax		Nil	Nil
- Deferred Tax		Nil	Nil
Profit for the year		(185,660,561)	(58,673,556)
Basic & diluted earnings per share of face value of ₹5 each		(6.88)	(2.17)
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 38		

As per our report of even date attached herewith

For, **J. T. SHAH & COMPANY**

Chartered Accountants

(FRN No. 109616W)

(J. T. Shah)

Partner

Membership No. 3983

Place : Ahmedabad

Date : 31.08.2012

For, **GSL NOVA PETROCHEMICALS LIMITED**
(Formerly Known as NOVA PETROCHEMICALS LIMITED)

Shyam Sunder Gupta
Chairman

Sunil Kumar Gupta
Managing Director

Harish Motwani
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2012

	31-03-2012	31-03-2011
A Cash from Operating Activity		
Net Profit Before Tax from Continuing Operation	(185,660,561)	(58,673,556)
	<u>(185,660,561)</u>	<u>(58,673,556)</u>
Non Cash Adjustment to reconcile profit before tax to net cash flows		
Depreciation	53,698,077	60,492,090
Miscellaneous Balance Written Off	(23,885,893)	(62,914)
(Profit)/Loss on sale of fixed assets (net)	836,056	-
Interest Received	(4,599,881)	(3,181,600)
Provision for doubtful Advances	(55,507)	(21,895)
	<u>25,992,853</u>	<u>57,225,681</u>
Dividend Income	(21,291)	(12,047)
Interest and Finance Charges	102,133,689	77,527,101
	<u>102,112,398</u>	<u>77,515,054</u>
Adjustment for Movements in Working Capital:		
Increase/(decrease) in Trade Payable	(31,611,040)	(139,985,690)
Increase/(decrease) in Long-Term Provision	(589,841)	678,906
Increase/(decrease) in Short-Term Provision	(669,389)	228,781
Increase/(decrease) in Other Current liability	(5,656,777)	103,667,130
Decrease/(increase) in Trade Receivable	42,795,909	39,105,199
Decrease/(increase) in Inventories	(25,813,446)	24,054,210
Decrease/(increase) in Long Term Loans and Advances	12,517,512	58,460,422
Decrease/(increase) in Short Term Loans and Advances	9,236,999	(27,404,735)
	<u>209,927</u>	<u>58,804,222</u>
CASH GENERATED FROM OPERATIONS	(57,345,384)	134,871,401
Direct Taxes paid	(633,967)	(431,867)
	<u>(633,967)</u>	<u>(431,867)</u>
NET CASH FLOW FROM OPERATIONS	(57,979,351)	134,439,534
B Cash flow from investing activities		
Purchase of Fixed Assets	(3,372,220)	(25,513,758)
Sale of Fixed Assets	8,854,381	10,397
(Increase)/Decrease Margin Money Deposit made	1,331,088	49,032
Interest Received	4,653,289	3,196,140
Dividend Income	21,291	12,047
	<u>11,487,829</u>	<u>(22,246,142)</u>
NET CASH USED IN INVESTING ACTIVITY		
C Cash flow from financing activities		
Increase/(Decrease) of Long Term Borrowing	(30,574,952)	(43,276,211)
Increase/(Decrease) of Short Term Borrowing	158,074,147	(7,811,717)
Interest paid	(82,859,615)	(70,294,091)
Dividend paid on Equity Shares (Incl. Dividend Tax)	(181,340)	(430,139)
	<u>44,458,241</u>	<u>(121,812,158)</u>
NET CASH USED IN FINANCING ACTIVITY		
Net Increase/(Decrease) in cash and cash equivalents	(2,033,281)	(9,618,766)
Cash and cash equivalent Opening Balance	6,098,838	15,717,604
Cash and cash equivalent Closing Balance	4,065,557	6,098,838
Net Increase/(Decrease) in cash and cash equivalents	(2,033,281)	(9,618,766)

Notes:

=> The above Cash Flow Statement has been prepared under the Indirect Method set out in Accounting Standard 3.

=> The Current Account balance includes Rs.3,153/- (P.Y. Rs.186,218/-) towards unclaimed dividend which have been kept in separate earmarked accounts and no transactions except for the state purpose are done through such account.

As per our report of even date attached herewith

For, **J. T. SHAH & COMPANY**

Chartered Accountants

(FRN No. 109616W)

(J. T. Shah)

Partner

Membership No. 3983

Place : Ahmedabad

Date : 31.08.2012

For, **GSL NOVA PETROCHEMICALS LIMITED**
(Formerly Known as NOVA PETROCHEMICALS LIMITED)

Shyam Sunder Gupta
Chairman

Sunil Kumar Gupta
Managing Director

Harish Motwani
Company Secretary

1. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The accounts are prepared on historical cost convention on an accrual basis and materially complies with the mandatory accounting standards issued by the Institute of Chartered Accountants of India.

b. Fixed Assets

Fixed Assets are stated at cost, net of Cenvat, less accumulated depreciation. All costs, including financial costs till commencement of commercial production.

c. Depreciation

Depreciation on Fixed Assets other than Plant and Machinery has been provided on "Straight Line Method" at the rates provided in Schedule XIV to the Companies Act, 1956. Depreciation on Plant and Machinery has been provided on "Written down Value Method" at the rates provided in Schedule XIV to the Companies Act, 1956.

d. Inventories

Inventories at year-end are valued at the lower of cost and net realizable value. Raw Materials, Stores, Spares, Fuel, Packing Materials, Finished Goods and Work in Progress are valued on FIFO basis.

e. Foreign Currency Transactions

Transactions denominated in Foreign Currency are normally recorded at the exchange rate prevailing at the time of transaction. Monetary items denominated in foreign currencies at the year are translated at the rate prevailing on the date of Balance Sheet. Exchange differences are dealt with in the Profit & Loss account.

f. Sales

Sales are accounted for on dispatch of goods to the customers and are inclusive of Excise Duty and Sales Tax but net of sales returns and trade discounts.

g. Investments

Long Term Investments are stated at its cost. Provision is only made to recognize a decline other than temporary, in the value of investments.

h. Borrowing Cost

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. All other borrowing costs are charged to revenue.

i. Taxation

- i) Provision for current tax is made and retained in the accounts on the basis of estimated tax liability as per the applicable provisions of the Income Tax Act, 1961.
- ii) Deferred Tax resulting from timing differences between book and tax profit is accounted for under the liability method, at the current rates of tax, to the extent that the timing differences are expected to crystallize.

j. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes to accounts. Contingent Assets are neither recognized nor disclosed in the financial statement.

k. Impairment of Assets

The Management Periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. If an asset is impaired, the company recognizes the an impairment loss as the excess of the carrying amount of the asset over the recoverable amount.

l. Earning Per Share

Basic earning per share is calculated by dividing net profit after tax for the year attributable to equity share holders of the company by the weighted average number of equity shares issued during the year. Diluted earning per share is calculated by dividing net profit attributable to equity share holders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

m. Employee Benefits

- (i) The employee and Company make monthly fixed Contribution to Government of India Employee's Provident fund equal to a specified percentage of the covered employee's salary, Provision for the same is made in the year in which service are rendered by the employees.
- (ii) The Liability for Gratuity to employee, which is a defined benefit plan, is determined on the basis of actuarial Valuation based on Projected Unit Credit method. Actuarial gain/Loss in respect of the same is charged to the profit and loss account.
- (iii) Leave encashment benefit to eligible employee has been ascertained on actuarial basis and provided for. Actuarial gain/loss in respect of the same is charged to the profit and loss account.

2 Share Capital

	As at 31/03/2012 ₹	As at 31/03/2011 ₹
[a] Authorised :		
4,50,00,000 (Previous Year 4,50,00,000) Equity Shares of ₹ 5/- (Previous Year ₹5) each	225,000,000	225,000,000
10,00,000 (Previous year 10,00,000) Preference Shares of ₹ 100/- (Previous Year ₹100) each	100,000,000	100,000,000
	325,000,000	325,000,000
[b] Issued, Subscribed & Paid-up Capital :		
2,70,00,000 (Previous Year 2,70,00,000) Equity shares of ₹5 (Previous Year ₹5) each fully paid up	135,000,000	135,000,000
Total	135,000,000	135,000,000

Refer Note Number 29 for details of basic and diluted shares

The company has issued only One class of shares referred to as Equity shares having face value of ₹5/-. Each Holder of One share is entitled to One vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

Under a scheme of the demerger, total paid up capital of the company was reduced to ₹13,50,00,000/- as against original paid up capital of ₹27,00,00,000/- by reducing the face value of share from ₹10 per share to ₹5/- per share.

The details of shareholders holding more than 5% shares as at 31/03/2012 and 31/03/2011 is set out below.

Name of Shareholder	As at 31/03/2012		As at 31/03/2011	
	No. of Shares	% held	No. of Shares	% held
Polycoat India Pvt. Ltd. (formerly known as Gupta Silk Mills Pvt. Ltd.)	6,697,400	24.81%	4,012,400	14.86%
Comptel Infosys Pvt. Ltd.	3,400,000	12.59%	3,400,000	12.59%
Chiripal Industries Ltd.	2,596,000	9.61%	3,302,000	12.23%
Nandan Exim Ltd.	-	-	1,764,000	6.53%

The Reconciliation of the number of shares outstanding and the amount of share capital as at 31/03/2012 & 31/03/2011 is set out below

Particulars	As at 31/03/2012		As at 31/03/2011	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
Shares at the beginning of Face Value of ₹ 5/-	27,000,000	135,000,000	27,000,000	135,000,000
Addition during the year	Nil	Nil	Nil	Nil
Deduction during the year	Nil	Nil	Nil	Nil
Shares at the end of Face Value of ₹ 5/-	27,000,000	135,000,000	27,000,000	135,000,000

3 Reserves & Surplus

	As at 31/03/2012 ₹	As at 31/03/2011 ₹
Security Premium Reserve		
Balance as per last financial Statement	118,970,013	118,970,013
Closing Balance	118,970,013	118,970,013
Revaluation Reserve		
Balance as per last financial Statement	336,961,804	336,961,804
Closing Balance	336,961,804	336,961,804
General Reserve		
Balance as per last financial Statement	22,500,000	22,500,000
Closing Balance	22,500,000	22,500,000
Surplus in the Statement of Profit and Loss		
Balance as per last financial Statement	(368,454,689)	(309,781,133)
Add : Loss for the year	(185,660,561)	(58,673,556)
Net Deficit in the statement of profit and loss	(554,115,250)	(368,454,689)
Total	(75,683,433)	109,977,128

4 Long Term Borrowings

	Non-Current		Current	
	As at 31/03/2012 ₹	As at 31/03/2011 ₹	As at 31/03/2012 ₹	As at 31/03/2011 ₹
Term Loan - From Bank@ [Indian rupee loan from Bank (Secured)]	297,984,999	354,787,291	85,991,343	58,482,233
Vehicle Loans@@	141,285	1,044,454	873,555	1,252,156
	298,126,284	355,831,745	86,864,898	59,734,389
The above amount Includes				
Secured Borrowings	298,126,284	355,831,745	86,864,898	59,734,389
Unsecured Borrowings	Nil	Nil	Nil	Nil
Amount disclosed under the head 'Other Current Liabilities' (Note No. 9)	Nil	Nil	(86,864,898)	(59,734,389)
Total	298,126,284	355,831,745	Nil	Nil

Security :

@ Term Loans under consortium finance are secured by first charge on Fixed Assets (through mortgage/hypothecation of all immovable & movable assets), both present & future; subject to prior charge in favour of bankers/other on specified assets for working capital loans/other loans and secured by second charge on book debt & stocks and further secured by personal guarantee of Promoter Directors & Corporate Guarantee of Promoter's Group Companies.

@@ Vehicle loans are secured by Hypothecation of Vehicles.

Interest:

In respect of Term Loans under consortium finance the company is liable to pay fixed interest @10.75% p.a. and in case of Funded Interest Term Loan (FITL) interest Shall be payable @9.75% p.a on monthly basis.

Repayment:

@ Term Loan Facilities are repayable in following schedule in monthly instalments :- (Amount in ₹)

Particulars	Upto 1 year	2 to 4 Years	5 to 7 years	More than 8 years
Term Loan	56,810,000	212,750,000	85,245,000	Nil

@@ Vehicle Loan Facilities are repayable in following schedule in monthly instalments :-

(Amount in ₹)

Particulars	Upto 1 year
Vehicle Loan	141,285

Default in payment of Interest & Installments:

The Company has not paid total amount of Installments of ₹29,181,343/- as on 31/03/2012 and total interest of ₹27,598,621/- to various banks as on 31st March, 2012.

5 Deferred Tax

The company is entitled for set off of carried forward losses and unabsorbed depreciation against the future income under the income tax act. However, as a matter of Precedence, the company is not recognising the deffered tax asset as provided in the Accounting Standard-22 issued by the Institute of Chartered Accountant of India.

6 Provisions

	Non-Current		Current	
	As at 31/03/2012 ₹	As at 31/03/2011 ₹	As at 31/03/2012 ₹	As at 31/03/2011 ₹
Provisions for employee benefits				
For Gratuity	3,208,446	3,769,428	Nil	Nil
Less : Planned Assets	(389,602)	(360,743)	Nil	Nil
	2,818,844	3,408,685	Nil	Nil
Provision for Leave Encashment	Nil	Nil	1,025,588	1,694,977
Total	2,818,844	3,408,685	1,025,588	1,694,977

7 Short-Term Borrowings

	Current	
	As at 31/03/2012 ₹	As at 31/03/2011 ₹
Working Capital Loan from Banks@	251,770,049	97,025,902
Loan from Related Parties	57,435,000	62,705,000
Loan From Corporate Bodies	13,600,000	5,000,000
	322,805,049	164,730,902
The above amount Includes		
Secured Borrowings	251,770,049	97,025,902
Unsecured Borrowings	71,035,000	67,705,000
Total	322,805,049	164,730,902

Security :

@ Working Capital Loans under consortium finance are secured by First Charge on Book Debts and Stocks, and second charge on fixed assets and further secured by personal guarantee of the Promoter Directors and Corporate Guarantee of Promoter's Group Companies.

8 Trade payables

	Current	
	As at 31/03/2012 ₹	As at 31/03/2011 ₹
Micro, Small and Medium Enterprises @	Nil	Nil
Others	206,024,364	261,521,297
<p>@ The Company has not received the required information from Suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/ payable as required under the said Act have not been made.</p>		
Total	206,024,364	261,521,297

9 Other Current Liabilities

	Current	
	As at 31/03/2012 ₹	As at 31/03/2011 ₹
Current Maturities of Long term Borrowings (Note No.4)	86,864,898	59,734,389
Creditors for Capital Goods	843,641	656,366
Creditors for Expenses	13,659,944	35,641,009
Advance received from customers	9,542,701	11,086,363
Dealer Deposits	49,862,375	60,326,656
Interest accrued and due on borrowings	27,598,621	8,324,547
Other payables	11,908,360	11,293,387
Other Statutory dues	2,797,515	8,026,047
Credit Balance in Bank Account	32,953,676	7,886
Unclaimed Dividend@	Nil	181,340
Investor Education & Protection Fund	285,041	285,041
Total	236,316,772	195,563,031

@ There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

10 Fixed Assets

Cost of Valuation	TANGIBLE ASSETS							INTANGIBLE ASSETS		Total
	Free Hold Land*	Buildings	Furniture & Fixtures	Electrical Installation	Computer	Plant & Machinery	Equipment	Vehicle	Computer Software	
01.04.2010	346,387,000	140,293,709	13,709,577	86,302,451	10,123,606	1,381,924,897	24,933,839	9,584,702	363,267	2,013,623,048
Addition	3,055,665	19,384	9,065	29,319	70,496	18,316,917	263,535	1,156,959	-	22,921,340
Disposal	-	-	-	-	-	-	11,800	-	-	11,800
Other Adjustment	-	-	-	-	-	-	-	-	-	-
At 31.03.2011	349,442,665	140,313,093	13,718,642	86,331,770	10,194,102	1,400,241,814	25,185,574	10,741,661	363,267	2,036,532,588
Addition	1,270,000	-	-	-	-	1,979,708	16,348	37,000	-	3,303,056
Disposal	-	-	-	-	-	16,472,252	-	-	-	16,472,252
Other Adjustment	-	-	-	-	-	-	-	-	-	-
At 31.03.2012	350,712,665	140,313,093	13,718,642	86,331,770	10,194,102	1,385,749,270	25,201,922	10,778,661	363,267	2,023,363,392
Depreciation										
01.04.2010	-	39,894,620	9,947,066	41,559,304	9,821,310	1,076,482,895	15,787,629	6,051,544	363,267	1,199,907,635
Change for the year	-	4,686,186	868,205	4,100,469	59,138	48,655,566	1,193,142	929,385	-	60,492,090
Disposal	-	-	-	-	-	-	1,402	-	-	1,402
Other Adjustment	-	-	-	-	-	-	-	-	-	-
At 31.03.2011	-	44,580,806	10,815,271	45,659,773	9,880,448	1,125,138,461	16,979,369	6,980,929	363,267	1,260,398,323
Change for the year	-	4,686,457	843,676	4,100,759	62,271	42,396,314	1,196,815	411,785	-	53,698,077
Disposal	-	-	-	-	-	6,781,815	-	-	-	6,781,815
Other Adjustment	-	-	-	-	-	-	-	-	-	-
At 31.03.2012	-	49,267,263	11,658,946	49,760,532	9,942,719	1,160,752,960	18,176,184	7,392,714	363,267	1,307,314,585
NET BLOCK										
AS AT 31.3.2011	349,442,665	95,732,287	2,903,371	40,671,997	313,654	275,103,353	8,206,205	3,760,732	-	776,134,265
AS AT 31.3.2012	350,712,665	91,045,830	2,059,696	36,571,238	251,383	224,996,310	7,025,738	3,385,947	-	716,048,807

Note: On 31/03/2010, the Company had revaluated its Free Hold Land at ₹34,63,87,000/- as against its original cost of ₹94,25,196/- based on the Report issued by the Registered Valuer.

11 Non current investments

	Non-Current	
	As at 31/03/2012 ₹	As at 31/03/2011 ₹
Investment in Equity Share (Quoted) [Non-Trade]		
(1) 100 (Previous Year 100) Equity Share of Mahendra Petrochemical Ltd. (Formerly known as Mahendra Suiting Ltd.) of Rs 10/- each fully paid-up	150	150
(2) 50 (Previous Year 50) Equity Share of JCT Ltd. Of Rs 2.5/- each fully paid-up	308	308
(3) 100 (Previous Year 100) Equity Share of Rajasthan Petro Synthetics Ltd. Of Rs 10/- each fully paid-up	175	175
(4) 100 (Previous Year 100) Equity Share of JBF Industries Ltd. Of Rs 10/- each fully paid-up	905	905
(5) 100 (Previous Year 100) Equity Share of Sanghi Polester Ltd. Of Rs 10/- each fully paid-up	370	370
(6) 8 (Previous Year 8) Equity Share of Indo Rama Synthetics (India) Ltd. Of Rs 10/- each fully paid-up	80	80
(7) 2 (Previous Year 2) Equity Share of Spentex Industries Of Rs 10/- each fully paid-up	20	20
(8) 2 (Previous Year 2) Equity Share of Relince Industries Ltd. Of Rs 10/- each fully paid-up	185	185
(9) 2800 (Previous Year 2800) Equity Share of UCO Bank Ltd. Of Rs 10/- each fully paid-up	33,600	33,600
(10) 1 (Previous Year 1) Equity Share of Reliance Communication Ltd. Of Rs 5/- each fully paid-up	137	137
	35,930	35,930
Investment in Equity Share (Unquoted) [Non-Trade]		
(1) 19800 (Previous Year 19800) Equity Shares of NPL Power Pvt. Ltd. Of Rs 10/- each fully paid-up	198,000	198,000
(2) 4000 (Previous Year 4000) Equity Shares of The Kalupur Commercial Co operative Bank Ltd. Of Rs 25/- each	100,000	100,000
	100,000	100,000
Total	333,930	333,930
Aggregate amount of quoted investments	35,930	35,930
Market Value of quoted investments	253,120	319,159
Aggregate amount of Unquoted investments	298,000	298,000

12 Loans and Advances

	Non-Current		Current	
	As at 31/03/2012 ₹	As at 31/03/2011 ₹	As at 31/03/2012 ₹	As at 31/03/2011 ₹
Capital Advances	2,995,223	2,810,555	Nil	Nil
Less: Provision For Doubtful Advances	(1,961,644)	(2,033,415)	Nil	Nil
	1,033,579	777,140	Nil	Nil
Advances For Goods	2,230,866	2,155,750	1,109,269	225,418
Less: Provision For Doubtful Advances	(2,155,750)	(2,155,750)	Nil	Nil
	75,116	Nil	1,109,269	225,418
Advances For Expenses	188,518	172,255	1,506,518	1,526,397
Less: Provision For Doubtful Advances	(188,518)	(172,255)	Nil	Nil
	Nil	Nil	1,506,518	1,526,397
	1,108,695	777,140	2,615,787	1,751,815
Security Deposits	4,322,980	5,504,764	Nil	Nil
Advances recoverable in cash or kind	1,768,219	14,323,556	3,061,805	3,672,328
Balance With Govt Authorities	19,692,047	18,492,047	11,616,704	21,102,552
Interest Receivable	Nil	Nil	145,347	198,755
Loans to Employees	Nil	Nil	60,900	65,500
Advance Tax and TDS	14,880,690	14,581,211	809,174	474,686
Less : Provision For Taxation	(5,558,427)	(5,558,427)	Nil	Nil
	9,322,263	9,022,784	809,174	474,686
Total	36,214,204	48,120,291	18,309,717	27,265,635

13 Other Non-Current Assets

	Non-Current	
	As at 31/03/2012 ₹	As at 31/03/2011 ₹
Margin Money deposit (Transfer from other Bank Balances Note No. 16)	3,810,575	Nil
Total	3,810,575	Nil

14 Inventories

	Current	
	As at 31/03/2012 ₹	As at 31/03/2011 ₹
Raw materials	56,555,642	35,944,522
Work-in-Process	45,789,575	49,814,143
Finished Goods	26,716,903	16,472,716
Stores & Spare parts	35,364,388	38,638,771
Power & Fuel	2,483,068	3,994,692
Packing Material	4,593,489	824,775
Total	171,503,065	145,689,619

15 Trade Receivables

	As at 31/03/2012 ₹	Current As at 31/03/2011 ₹
Trade Receivables (Unsecured)		
Outstanding for a period exceeding Six Months from the date they are due for Payment		
Considered Good	12,044,605	36,597,326
Considered Doubtful	5,291,290	5,291,290
	17,335,895	41,888,616
Less:Provision for doubtful receivables	5,291,290	5,291,290
	12,044,605	36,597,326
Other Receivables		
Others - Considered Good	160,102,218	178,345,408
Others - Considered Doubtful	Nil	Nil
	160,102,218	178,345,408
Less : Provision for doubtful receivables	Nil	Nil
	160,102,218	178,345,408
Total	172,146,823	214,942,734

16 Cash and Bank Balances

	Non-Current		Current	
	As at 31/03/2012 ₹	As at 31/03/2011 ₹	As at 31/03/2012 ₹	As at 31/03/2011 ₹
A Cash and cash equivalents				
Cash on hand	Nil	Nil	539,769	808,714
Balance With Banks	Nil	Nil	3,525,788	5,290,124
	Nil	Nil	4,065,557	6,098,838

The Current Account balance includes ₹3,153/- (P.Y. ₹186,218/-) towards unclaimed dividend which have been kept in separate earmarked accounts and no transactions except for the state purpose are done through such account.

B Other Bank Balance				
Margin Money deposit	3,810,575	Nil	4,000,790	9,142,453
	3,810,575	Nil	4,000,790	9,142,453
Less Amount disclosed Under Non Current Assets (Note No. 13)	(3,810,575)	Nil	Nil	Nil
Total	Nil	Nil	8,066,347	15,241,291

17 Revenue from Operations

	For the year ended 31/03/2012 ₹	For the year ended 31/03/2011 ₹
Sale of Product		
Gross Sales	1,684,134,964	2,415,863,503
Less: Excise	153,980,638	218,020,363
Net Sales	1,530,154,326	2,197,843,140
Other Operating Revenue		
Waste Sales	3,343,818	3,799,651
Job Work Income	19,671,174	-
TOTAL	1,553,169,318	2,201,642,791

Details of Products Sold
Finished goods sold

Partially Oriented Polyester Filament Yarn(POY)*	1,115,440,577	1,200,177,337
Fully Draw yarn and Polyester Twisted Yarn(PTY)	442,674,264	1,127,187,324
Others	19,544,759	3,079,998
	1,577,659,600	2,330,444,659

Traded goods sold

Polyester Chips	34,616,709	46,846,229
Cloth	71,858,655	17,940,502
Others	Nil	20,632,113
	106,475,364	85,418,844

1,684,134,964 **2,415,863,503**

* Including Sale of Yarn Waste.

18 Other Income

	For the year ended 31/03/2012 ₹	For the year ended 31/03/2011 ₹
Interest Income On		
Bank Deposits	724,349	421,831
Others	3,875,532	2,759,769
Dividend Income on Non Current Investments	21,291	12,047
Insurance Claim	2,598,232	1,912,678
Miscellaneous Income	85,070	374,639
Miscellaneous Balance Written Off	23,885,893	62,914
Provision For Doubtful Debtors & Advances (Net)	55,507	21,895
TOTAL	31,245,874	5,565,773

19 Cost of Materials Consumed

	For the year ended 31/03/2012 ₹	For the year ended 31/03/2011 ₹
Opening Stock of Raw Material	30,547,421	14,331,889
Purchase	1,294,069,460	1,699,863,516
Closing Stock of Raw Material	56,555,642	30,547,421
	1,268,061,239	1,683,647,984

Details of Raw Material Consumption

Polyester Chips	1,222,505,182	1,631,889,434
Other raw materials	45,556,057	51,758,550
	1,268,061,239	1,683,647,984

Details of Inventory

Polyester Chips	48,532,289	17,660,279
Other raw materials	8,023,353	12,887,142
	56,555,642	30,547,421

Details of Value of Imported & Indigenous Raw Material consumed and Percentage thereof to the Total Consumption

Particulars	Raw Materials			
	%		Value (₹)	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
i. Imported	0.61	0.91	7,770,284	15,243,549
ii. Indigenous	99.39	99.09	1,260,290,955	1,668,404,435
	100.00	100.00	1,268,061,239	1,683,647,984

20 Purchase of Stock in Trade

	For the year ended 31/03/2012 ₹	For the year ended 31/03/2011 ₹
Trading Purchase	85,481,500	59,029,365
	85,481,500	59,029,365

Details of Purchase of Traded Goods

Polyester Chips	31,552,848	42,968,000
Cloth	53,928,652	8,227,825
Others	Nil	7,833,540
	85,481,500	59,029,365

21 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

	For the year ended 31/03/2012 ₹	For the year ended 31/03/2011 ₹
Commencing Stock		
Work-in-process	49,814,143	75,243,324
Finished Stock	16,472,716	27,574,997
Stock in Trade	Nil	4,216,338
	66,286,859	107,034,659
Closing Stock		
Work-in-process	45,789,575	49,814,143
Finished Stock	26,716,903	16,472,716
	72,506,478	66,286,859
Decretion / (Accretion) to Stock	(6,219,619)	40,747,800
Details of Finished Stock		
Partially Oriented Polyester Filament Yarn(POY)	13,975,516	11,379,319
Fully Draw yarn and Polyester Twisted Yarn(PTY)	12,735,947	5,093,397
Others	5,440	Nil
	26,716,903	16,472,716

22 EMPLOYEE BENEFIT EXPENSE

	For the year ended 31/03/2012 ₹	For the year ended 31/03/2011 ₹
Salary, Wages & Bonus	31,489,642	32,010,276
Contribution to Provident Fund & Other Funds	1,109,637	1,319,397
Staff Welfare Expense	419,632	1,088,701
TOTAL	33,018,911	34,418,374

Retirement Benefits

As per revised Accounting Standard 15 "Employees Benefits", the Company has recognized in the financial statements in respects of Employee Benefits Schemes as per Actuarial Valuation as on 31st March, 2012.

1. Amount of Defined Benefit Obligation in respect of Gratuity liability is recognized in the Balance Sheet as follows:

Particulars	2011-12 ₹	2010-11 ₹
Present Value of Funded Obligations	389,602	41,089
Fair value of plan assets	389,602	41,089
Present value of unfunded obligations	2,818,844	3,805,359
Unrecognized past service cost	-	-
Net liability/(Asset)	2,818,844	3,805,539
Amounts in the balance sheet:		
Liabilities	3,208,446	3,805,539
Assets	389,602	-
Net liability/(Asset)	2,818,844	3,805,359

2. Amount of defined benefit obligation in respect of Gratuity liability is recognized in the profit and Loss account as follows:

Particulars	2011-12 ₹	2010-11 ₹
Current service cost	581,104	683,350
Interest on obligation	320,794	273,052
Expected return on plan assets	(32,467)	(3,553)
Net actuarial losses / (gains) recognized in year 2011-2012	(1,332,989)	(300,154)
Past service cost	-	-
Losses / (Gains) on curtailments and settlement	-	-
Total included in 'Employee Benefit Expense'	(463,558)	652,695

3. Details of changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof in respect of Gratuity are as follows:

Particulars	2011-12 ₹	2010-11 ₹
Opening Defined Benefit Obligation on 1-4-2011	3,846,448	3,274,001
Service cost	581,104	683,350
Interest cost	320,794	273,052
Actuarial losses (gains)	(1,336,597)	(300,488)
Losses (gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed in an amalgamation in the nature of Purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	(203,303)	(83,467)
Closing defined benefit obligation 31-3-2012	3,208,446	3,846,448

4. Details of changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof in respect of gratuity are as follows:

Particulars	2011-12 ₹	2010-11 ₹
Opening fair value of plan assets	41,089	37,870
Adjustment to the opening value of fund	319,654	-
Expected return	32,467	3,553
Actuarial gains and (losses)	(3,608)	(334)
Assets distributed on settlements	-	-
Contributions by employer	-	83,467
Assets acquired in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-	(83,467)
Closing fair value of plan assets as on 31-March-2012	389,602	41,089

5. Details of the major categories of plan assets as a percentage of total plan assets in respect of Gratuity are as follows:

Particulars	2011-12 ₹	2010-11 ₹
Government of India Securities	0.00%	0.00%
High quality corporate bonds	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Policy of insurance	100%	100%
Bank Balance	0.00%	0.00%

6. Details of Principal actuarial assumptions at the balance sheet date in respect of Gratuity (expressed as weighted averages):

Particulars	2011-12 ₹	2010-11 ₹
Discount rate	8.50%	8.34%
Expected return on plan assets	9.00%	9.00%
Proportion of employees opting for early retirement	-	-
Annual increase in Salary costs	6.00%	6.00%
Future changes in maximum state health care benefits Employment Market	0.00%	0.00%

7. Details of Defined benefit pension plans for the current and previous periods are as follows:

Particulars	31/03/2012	31/03/2011	31/03/2010	31/03/2009	31/03/2008
Defined Benefit Obligation	3,208,446	3,846,448	3,274,001	3,602,308	3,467,059
Plan assets	389,602	41,080	37,870	957,263	1,799,101
Surplus / (deficit)	(2,818,844)	(3,805,359)	(3,236,131)	(2,645,045)	(1,667,958)
Experience adjustments on plan liabilities	(1,273,841)	-	-	-	-
Experience adjustments on plan assets	3,608	-	-	-	-
Past Service Cost	-	-	-	-	-
Actuarial Loss/ (Gain) due to change in assumption	(62,755)	-	-	-	-
Actuarial Loss/ (Gain) due to participant experience	(1,273,841)	-	-	-	-
Actuarial Loss/ (Gain) on Liabilities	(1,336,597)	-	-	-	-
Net Actuarial Loss/ (Gain) for the year	(1,332,989)	-	-	-	-

8. Details of Movement in Net Liability recognized in balance sheet date in respect of Gratuity are as follows:

Particulars	2011-12 ₹	2010-11 ₹
Net Opening Liability	3,805,359	3,236,131
Adjustment to Opening value of fund	(319,654)	-
P&L Change	(463,558)	652,695
Contribution Paid	-	(83,467)
Benefits paid Directly by Company	(203,303)	-
Closing Net Liability	2,818,844	3,805,359

The Disclosure requirement as required by Accounting Standard 15 of " Leave Encashment " is as follows
1. Amount of Defined Benefit Obligation in respect of Leave Encashment is recognized in the Balance Sheet as follows:

Particulars	2011-12 ₹	2010-11 ₹
Present Value of Funded Obligations	-	-
Fair value of plan assets	-	-
Present value of unfunded obligations	1,025,588	1,694,977
Unrecognized past service cost	-	-
Net liability	1,025,588	1,694,977
Amounts in the balance sheet:		
Liabilities	1,025,588	1,694,977
Assets	-	-
Net liability/(Asset)	1,025,588	1,694,977

2. Amount of Defined Benefit Obligation in respect of Leave Encashment is recognized in the profit and Loss account as follows:

Particulars	2011-12 ₹	2010-11 ₹
Current service cost	306,461	559,396
Interest on obligation	141,361	122,281
Expected return on plan assets	-	-
Net actuarial losses / (gains) recognized in year	(1,098,755)	(369,170)
Past service cost	-	-
Losses / (Gains) on curtailments and settlement	-	-
Total included in 'Employee Benefit Expense'	(650,933)	312,507
Actual Return on Plan Assets	-	-

3. Details of changes in the present value of the Defined Benefit Obligation representing reconciliation of opening and closing balances thereof in respect of Leave Encashment are as follows:

Particulars	2011-12 ₹	2010-11 ₹
Opening Defined Benefit Obligation	1,694,977	1,466,196
Service cost	306,461	559,396
Interest cost	141,361	122,281
Actuarial losses (gains)	(1,098,755)	(369,170)
Losses (gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed in an amalgamation in the nature of Purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	(18,456)	(83,726)
Closing defined benefit obligation	1,025,588	1,694,977

4. Details of changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof in respect of Leave Encashment are as follows:

Particulars	2011-12 ₹	2010-11 ₹
Opening fair value of plan assets	-	-
Expected return	-	-
Actuarial gains and (losses)	-	-
Assets distributed on settlements	-	-
Contributions by employer	-	-
Assets acquired in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-	-
Closing fair value of plan assets	-	-

5. Details of the major categories of plan assets as a percentage of total plan assets in respect of Leave Encashment are as follows:

Particulars	2011-12 ₹	2010-11 ₹
Government of India Securities	0.00%	0.00%
High quality corporate bonds	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Policy of insurance	0.00%	0.00%

6. Details of Principal actuarial assumptions at the balance sheet date in respect of Leave Encashment (expressed as weighted averages):

Particulars	2011-12 ₹	2010-11 ₹
Discount rate	8.50%	8.34%
Expected return on plan assets	-	-
Proportion of employees opting for early retirement	-	-
Annual increase in Salary costs	6.00%	6.00%
Future changes in maximum state health care benefits Employment Market	-	-

7. Details of Defined benefit pension plans for the current and previous periods are as follows:

Particulars	31/03/2012	31/03/2011	31/03/2010	31/03/2009	31/03/2008
Defined Benefit Obligation	1,025,588	1,694,977	1,466,196	1,256,368	931,828
Plan assets	-	-	-	-	-
Surplus / (deficit)	(1,025,588)	(1,694,977)	(1,466,196)	(1,256,368)	(931,828)
Experience adjustments on plan liabilities	(1,078,100)	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-
Actuarial Loss/ (Gain) due to change in assumption	(20,654)	-	-	-	-
Actuarial Loss/ (Gain) due to participant experience	(1,078,100)	-	-	-	-
Actuarial Loss/ (Gain) on Liabilities	(1,098,755)	-	-	-	-
Net Actuarial Loss/ (Gain) for the year	(1,098,755)	-	-	-	-

8. Details of Movement in Net Liability recognized in balance sheet date in respect of Leave Encashment are as follows:

Particulars	2011-12 ₹	2010-11 ₹
Net Opening Liability	1,694,977	1,466,196
P&L Change	(650,933)	312,507
Contribution Paid	-	(83,726)
Benefits Paid by the Company	(18,456)	-
Closing Net Liability	1,025,588	1,694,977

23 FINANCE COST

	For the year ended 31/03/2012 ₹	For the year ended 31/03/2011 ₹
Interest to Banks	64,667,203	65,648,102
Other Interest	20,826,541	5,724,120
Bank Charges	16,639,945	6,154,879
TOTAL	102,133,689	77,527,101

24 OTHER COSTS

	For the year ended 31/03/2012 ₹	For the year ended 31/03/2011 ₹
Stores & Spares consumed	15,763,147	14,504,158
Packing material consumed	36,335,561	64,101,118
Electricity & Fuel charges	134,344,961	156,386,645
Freight, Cartage & Octroi	10,885,603	23,629,245
Foreign Exchange Loss / (Gain)	351,387	(28,754)
Excise Duty Expenses	1,400,704	(321,068)
REPAIRS TO:		
Building	81,220	195,872
Machinery	1,765,635	1,435,103
Others	765,622	847,275
TOTAL	2,612,477	2,478,250
Insurance	3,110,715	3,011,511
Rent	130,250	40,000
Rates & Taxes	2,150,484	5,363,128
Postage & Telephone Expense	559,734	732,958
Stationery, Printing & Advertisement Expense	539,981	678,821
Selling and Distribution Expense	12,804,428	24,623,304
Traveling, Conveyance and Vehicle Expense	5,240,411	7,078,622
Legal & Professional Expenses	3,675,881	5,037,716
AUDITOR'S REMUNERATION:		
Audit Fees	150,000	150,000
Tax Audit	25,000	25,000
Taxation and Others	25,000	25,000
TOTAL	200,000	200,000
Loss on Sales of Fixed Assets	836,056	Nil
Miscellaneous Expense (It includes Canteen Expense, Director Sitting Fees, General Expense, House Keeping Expense & Stationary and Printing Expense etc)	2,960,176	2,503,753
TOTAL	233,901,956	310,019,406

Details of Value of Imported & Indigenous Stores and Spare Parts consumed and Percentage thereof to the Total Consumption

Particulars	Stores & Spares			
	%		Value (₹)	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
i. Imported	6.46	17.72	1,018,217	2,570,338
ii. Indigenous	93.54	82.28	14,744,930	11,933,820
	100.00	100.00	15,763,147	14,504,158

25. CONTINGENT LIABILITIES:

Particulars	2011-12 (Amount in ₹)	2010-11 (Amount in ₹)
a) Letters of Credit Outstanding	Nil	135,092,306
b) Income Tax demands disputed in appeal by the Company/ Income Tax Authorities (Against which the Company has paid amount of ₹22,50,000/-)	11,544,929	27,737,838
c) Bank Guarantee	325,000	325,000
d) Value Added Tax demands disputed in appeal by the Company (Against which the Company has paid amount of ₹12,00,000/-)	14,69,152	14,69,152
e) Excise Duty demands disputed in appeal by the Company/ Excise Authorities (Against which the Company has paid amount of ₹ 2,79,00,736/-)	212,810,200	210,905,497
f) Textile Cess Demands disputed pending with Textiles Committee, Government of India, Ministry of Textiles.	5,090,119	5,090,119
g) Service Tax demand disputed in appeal by the Company/Authority (Against which the Company has paid amount of ₹10,06,091/-)	4,195,789	2,859,242
h) Claims not acknowledged as debts by the company	112,500	112,500
i) Show Cause Notices received from various authorities	25,883,185	27,219,196
j) Employees Demands pending before Labour Courts	Amount not ascertainable	Amount not ascertainable

26. Debtors includes ₹1,659,212/- (Previous Year ₹ 10,800,924/-) due from private companies in which some of the directors are interested as directors.

27. Particulars of Prior Period expense debited to respective head of expenditure:-

Particulars	31-03-2012	31-03-2011
ii) Payment to Employees	Nil	(857)
iii) Freight & Cartage	Nil	20,019
iv) First Aid & Medical Expenses	3,264	Nil
v) Repairs & Maintenance Expense	1,103	7,236
vi) Miscellaneous Expenses	Nil	4,343
vii) Interest Received	Nil	(70,744)
viii) Legal & Professional Expenses	29,000	151,160
ix) Telephone Expenses	1,284	Nil
xi) Service Tax	Nil	1,015
xii) Power & Fuel Consumed	Nil	(636,285)
xiii) Selling & distribution Expenses	114,480	53,836
xiv) Staff Welfare Expenses	3,703	Nil
xv) Stores Consumption	Nil	6,724
Total . . .	149,570	463,553

28. Based on the principles for determination of segments given in Accounting Standard 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the company has identified its business segment as primary segment. "Others" represents income from Trading of Cloth & Chemical. There is no reportable secondary segment as none of the conditions as laid down for determining the geographical segments are satisfied.

Primary Segment Information for the year ended 31st March, 2012
(Amount in ₹)

Particulars	Yarns		Others		Total	
	31-03-12	31-03-11	31-03-12	31-03-11	31-03-12	31-03-11
Revenues	1,446,693,954	21,16,223,947	106,475,364	85,418,844	15,53,169,318	2,201,642,791
Unallocable Revenue					2,662,470	2,372,126
Total Revenue					15,79,794,020	2,204,014,917
Segment Result	10,91,41,908	6,509,296	20,993,864	9,150,601	88,148,044	15,659,897
Interest and Finance Charges	1,02,133,689	77,527,101	Nil	Nil	1,02,133,689	77,527,101
Interest Income					4,599,881	3,181,600
Income from Investments					21,291	12,047
Total Profit Before Tax					185,660,561	5,86,73,556
Taxes					Nil	Nil
Net income after taxes					185,660,561	5,86,73,556
Assets	1,095,411,943	1,195,987,201	22,955,177	16,499,273	1,118,367,120	1,212,486,474
Unallocable Assets					8,066,347	15,241,291
Total Assets					1,126,433,467	1,227,727,765
Liabilities	1,067,116,901	975,525,420	Nil	7,225,217	1,067,116,901	982,750,637
Unallocable Corporate Liabilities					Nil	Nil
Total Liabilities					1,067,116,901	98,27,50,637
Capital Expenditure	3,303,056	2,29,21,340	Nil	Nil	3,303,056	2,29,21,340
Depreciation	53,698,077	6,04,92,090	Nil	Nil	53,698,077	6,04,92,090
Others Non-cash expenses	Nil		Nil		Nil	

29. Earning Per Share

Particulars	31-03-2012	31-03-2011
Numerator used for calculating Basic and Diluted Earning Per Share (Profit After Tax)	(18,56,60,561)	(58673556)
Nominal Value per Share	5	5
Weighted Average No. of Shares used as denominator for calculating Basic and Diluted Earning Per Share	27000000	27000000
Basic and Diluted earning per share	(6.88)	(2.17)

30. Related Party Disclosures
a) Key Management Personnel

Sr. No.	Name	Designation
1	Shri Shyam Gupta	Chairman
2	Shri Sunilkumar Gupta	Managing Director

b) List of Other Related Parties with whom transactions have taken place during the year

Sr. No.	Name
1	Gupta Dying and Printing Mills Pvt. Ltd.
2	Gupta Synthetics Limited
3	ShubhLaxmi Dying and Print Mills P. Ltd
4	Poly Coat India Pvt. Ltd
5	Ellora Syntex Pvt. Ltd
6	Sharp Synthetics Pvt. Ltd
7	Basant Bahar Properties Pvt Ltd
8	Vishal Fabrics Pvt Ltd
9	Aviva Power & Projects Pvt Ltd
10	Millennium Infosoft Pvt. Ltd.
11	Gupta Tex Print Pvt. Ltd.
12	Super Nova Polyfab Pvt. Ltd.

c) List of Relatives with whom transactions have taken place during the year

Sr. No.	Name	Relation
1	Aisha Shyamsunder Gupta	Relative of Chairman

d) Details of Transactions with Key Management Personnel and Related Parties of the Key Management Personnel are as follows:

(Amount in ₹)

No.	Nature of Transaction	Key Management Personnel	Other related Parties	Relatives of Key Management Personnel	Total
1	Unsecured Loans				
	Taken during the year	NIL (11,700,000)	6,000,000 (14,800,000)	NIL (1,100,000)	6,000,000 (27,600,000)
	Balance as at Balance Sheet Date	67,00,000 (11,200,000)	5,07,35,000 (51,505,000)	NIL (NIL)	5,74,35,000 (62,705,000)
2	Expenditure				
	Agency Commission Paid	NIL (NIL)	Nil (317,483)	NIL (NIL)	NIL (317,483)
	Purchase of Goods, Packing Material and Stores (Including Fix Asset)	NIL (NIL)	5,328,606 (21,237,970)	NIL (NIL)	5,328,606 (21,237,970)
	Jobwork Charges	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
	Power & Fuel Expense	NIL (NIL)	NIL (1,18,779,298)	NIL (NIL)	NIL (118,779,298)
3	Stock in trade				
	Sold / Redeemed during the year	NIL (NIL)	4,442,302 (208,117,591)	NIL (NIL)	4,442,302 (208,117,591)
	Balance as at Balance Sheet Date	NIL (NIL)	3,19,34,477 (67,403,758)	NIL (NIL)	3,19,34,477 (67,403,758)
4	Other Transactions				
	Payment received on behalf of others	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
	Payment made on their behalf	NIL (NIL)	NIL (116,589)	NIL (NIL)	NIL (116,589)

Note : List of transaction, out of the transactions reported in the above table, where the transactions entered in to with single party exceed the 10% of the total related Party transactions of similar nature are as under :

(Amount in ₹)

	(2011-12)	(2010-11)
1. Unsecured Loan Taken :-		
- Shyam Sunder Gupta	-	11,700,000
- Millennium Infosoft Pvt Ltd	3,300,000	3,000,000
- Basant Bahar Properties Pvt Ltd.	1,800,000	6,300,000
- Aviva Power & Projects Pvt. Ltd.	-	3,500,000
- Shubhlaxmi Dying & Print Mills Pvt Ltd	900,000	-

		(Amount in ₹)	
		(2011-12)	(2010-11)
2. Expenditure :-			
Agency Commission Paid:			
-	Sharp Synthetics Pvt. Ltd	-	134,307
-	Ellora Syntex Pvt. Ltd	-	183,176
Purchase of Goods, Packing Material and Stores :-			
-	Gupta Synthetics Ltd.	5,328,606	20,572,720
-	CIL Nova Petrochemicals Ltd	-	118,779,298
3. Stock in trade :-			
Sold / Redeemed during the year			
-	Gupta Dyeing and Printing Mills Pvt Ltd.	3,846,481	88,860,200
-	Shubhlaxmi Dyeing & Printing Mills Pvt. Ltd.	-	53,309,129

31. The amount of Exchange Difference

Debited to Profit and Loss Account ₹ 3,51,387/- (Previous Year Credited to Profit & Loss Account ₹ 28,754/-)

32. C.I.F. Value of Imports includes:-

		Amount(₹)	
Sr.No.	Particulars	2011-12	2010-11
1	Capital Goods	12,15,023	8,94,344
2	Raw Materials	77,70,284	1,52,43,549
3	Stores and Spares	10,18,217	25,70,338

33. Expenditure in Foreign Exchange :-

1	Foreign Travelling	NIL	3,35,819
2	Repairing Expense	2,04,369	NIL

34. Earning in Foreign Exchange:

FOB Value of Exports	Nil	Nil
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35. Balances of Debtors, Creditors, Advances etc. are subject to confirmation and reconciliation wherever required.

36. Figures of the previous year have been regrouped and/or rearranged wherever necessary.

37. In the opinion of the board, Current Assets, Loans and Advances are approximately of the value stated if realised in the ordinary course of business.

38. Previous year's figures have been regrouped and rearranged wherever necessary, to make them comparable with those of current year. Till the year ended 31st March 2011, the company was using pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31st March, 2012, the revised schedule VI notified under the Companies Act, 1956, has become applicable to the company. The Company has reclassified previous year figures to conform to this classification. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statement. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of Balance Sheet.

Note : Previous year's figures have been shown in brackets.

Signature to Notes "1" to "38"

As per our report of even date attached herewith

For, **J. T. SHAH & COMPANY**

Chartered Accountants

(FRN No. 109616W)

(J. T. Shah)

Partner

Membership No. 3983

Place : Ahmedabad

Date : 31.08.2012

For, GSL NOVA PETROCHEMICALS LIMITED
(Formerly Known as NOVA PETROCHEMICALS LIMITED)

Shyam Sunder Gupta
Chairman

Sunil Kumar Gupta
Managing Director

Harish Motwani
Company Secretary

GSL NOVA PETROCHEMICALS LIMITED

(Formerly Known as NOVA PETROCHEMICALS LIMITED)

Registered Office : Survey No. 396/403, Moraiya Village, Sarkhej-Bavla Highway,
Tal. Sanand, Dist. Ahmedabad - 382 210.

ATTENDANCE SLIP

PLEASE FILL IN ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE PLACE OF MEETING.

Name and Address of the Shareholder :

Folio No. : DP Id : Client Id :

No. of Shares held :

I hereby record my presence at the Nineteenth Annual General Meeting of the Company held on Friday, 28th September, 2012 at 3.30 p.m. at Survey No. 396/403, Moraiya Village, Sarkhej-Bavla Highway, Tal. Sanand, Dist. Ahmedabad - 382 210.

SIGNATURE OF THE SHAREHOLDER/PROXY :

Strike out whichever is not applicable

.....TEAR HERE

GSL NOVA PETROCHEMICALS LIMITED

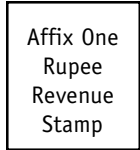
(Formerly Known as NOVA PETROCHEMICALS LIMITED)

Registered Office : Survey No. 396/403, Moraiya Village, Sarkhej-Bavla Highway,
Tal. Sanand, Dist. Ahmedabad - 382 210.

PROXY FORM

I/We ofbeing a member/ members of the
GSL NOVA PETROCHEMICALS LIMITED hereby appoint
of..... or failing him of.....as
my/our proxy to vote for me/us and on my/our behalf at the Nineteenth Annual General Meeting to be held on Friday, 28th September, 2012
at 3.30 p.m. or at any adjournment thereof.

Signed day of 2012



Folio No. : DP Id : Client Id :

No. of Shares held.....

NOTE : The Proxy Form must be returned so as to reach the Registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

TEAR HERE

BOOK-POST

To,

If undelivered please return to :
GSL NOVA PETROCHEMICALS LIMITED
(Formerly Known as NOVA PETROCHEMICALS LIMITED)
Registered Office : Survey No. 396/403,
Moraiya Village, Sarkhej-Bavla Highway,
Tal. Sanand, Dist. Ahmedabad - 382 210.

Ganapati, (079) 26568111