

GUJARAT PETROSYNTHESIS LIMITED

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**THIRTY SECOND ANNUAL REPORT
2008 - 2009**

**Gujarat Petrosynthese Limited**

BOARD OF DIRECTORS

Dr. R.M. THAKKAR

Chairman and Managing Director

Ms. URMI N. PRASAD

Executive Director

Ms. URSULA THAKKAR

Executive Director

Ms. CHARITA THAKKAR

Dr. A.C. SHAH

Mr. T.N.R. RAO

Mr. V.H. PANDYA

Dr. (Mrs.) M.H. MEHTA

Mr. ADHIK SHIRODKAR

Mr. M.D. GARDE

BANKERS

AXIS BANK LTD.

LEGAL ADVISOR

KANGA & CO

AUDITORS

S. ANANTHA RAO & CO

REGD. OFFICE**&
WORKS**NO. 24, II MAIN PHASE I,
DODDANEKKUNDI INDUSTRIAL AREA,
MAHADEV PURA POST, BANGALORE - 560 048

**Gujarat Petrosynthese Limited**

Dear Shareholder,

Re: Updating of Shareholders' records

You are one of the valued shareholders of our company. We understand that to serve you efficiently the Company must have the correct and updated details of the shareholders.

You are therefore requested to provide the following information in the table given below for updating our records and to render you better and quick service.

Sr. No.	Particulars	Information required
1.	PAN Number	:
2.	Contact details - Phone/ Mobile	:
3.	Email Id	:
4.	Details of Bank Account	:

Kindly return this letter to us after filling in the above details. You may also email your particulars on Email Id – secretarial@gujaratpetrosynthese.com

Thank you,

Dr. R.M. Thakkar
Chairman & Managing Director





Gujarat Petrosynthese Limited

NOTICE

NOTICE IS HEREBY given that the 32nd ANNUAL GENERAL MEETING of the Members of Gujarat Petrosynthese Limited will be held at the Registered office of the Company at 24, II main, Doddanekkundi Industrial Area, Bangalore 560 048 on Friday the 4th September, 2009 at 3.00 PM to transact the following business;

ORDINARY BUSINESS:

1. To receive consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2009 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Dr. A C Shah, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. V H Pandya, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and such other approvals, as may be necessary, the Company hereby approves the terms of re-appointment and remuneration of Ms. Ursula Thakkar as Wholetime Director of the Company designated as an Executive Director for a further period of three years with effect from 1st April, 2009 upon terms and conditions as approved by the Board of Directors at its meeting held on 24th April, 2009 and as set out in the draft agreement to be entered into by the Company with Ms. Ursula Thakkar, and submitted to this meeting is hereby specifically approved and sanctioned with a liberty to the Board of Directors, to grant increments and to alter and vary the terms and conditions of the said appointment and / or remuneration and perquisites so as not to exceed the limits of remuneration as specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto and as may be agreed to between the Board of Directors and Ms. Ursula Thakkar.

Regd. Office:
24, II main, Doddanekkundi Industrial Area,
Bangalore - 560 048.

By order of the Board of Directors
For Gujarat Petrosynthese Limited.

Place : Mumbai
Date : 27th July, 2009

(Dr. R. M. Thakkar)
Chairman & Managing Director

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER.
2. Proxies should be deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.
3. Members desirous of getting any information about the accounts and operations of the Company are requested to send their query addressed to the Compliance Officer at the Registered Office at least 7 days before the date of the meeting to enable the Management to keep the information readily available at the meeting.
4. (a) Pursuant to Section 205A of the Companies Act, 1956 all unclaimed dividends upto the Financial Year ended on 31st March, 2001 have been transferred to the General Revenue Account of the Central Government.
(b) As per section 205A and 205C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of 7 years from the date of its transfer to the unpaid Dividend Account of the Company, is required to be transferred to the Investors Education and Protection Fund set up by the Government of India. Once unclaimed dividends are transferred to this fund, members will not be entitled to claim these dividends.



Gujarat Petrosynthese Limited

5. Member are requested to :
 - a) Notify immediately any change in their residential address.
 - b) Quote the Registered Folio Number in every correspondence with the Company.
 - c) Bring their copies of the Annual Reports along with duly filled in attendance slip at the meeting.
6. The Register of Members and share transfer books of the Company will remain closed from 25th August, 2009 to 4th September, 2009 (both days inclusive) for the purpose of the Annual General Meeting.

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By order of the Board of Directors
For Gujarat Petrosynthese Limited.

Place : Mumbai
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(Dr. R. M. Thakkar)
Chairman & Managing Director

Annexure to Notice

Explanatory statement pursuant to section 173(2) of the Companies Act, 1956

Item No. 5

The Remuneration Committee in the meeting held on 24th April, 2009 approved the remuneration payable to Ms. Ursula Thakkar. Subject to the approval of the Share holders of the Company, the Board of Directors of the Company at its meeting held on 24th April, 2009 reappointed Ms. Ursula Thakkar as Whole Time Director designated as an Executive Director of the Company for a period of three years with effect from 1st April, 2009.

The draft of the Agreement to be entered into between the Company and Ms. Ursula Thakkar, is placed before the meeting and is available for inspection by the shareholders of the Company contains inter-alia the following main terms and conditions:

TERMS OF APPOINTMENT

Period of Appointment: Three years with effect from 1st April, 2009.

Salary: Rs. 1,25,000/- (Rupees one lac twenty five thousand only) per month.

Commission: 1% on the net profits of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956.

Perquisites:

- i) Housing I: The expenditure incurred by the Company on hiring unfurnished accommodation for the Executive Director will be subject to a ceiling of sixty percent of the salary, over and above ten percent payable by the Executive Director.

Housing II: If accommodation in the Company owned house is provided, ten percent of salary of the Executive Director shall be deducted by the Company.

Housing III: If the Company does not provide accommodation, the Executive Director shall be entitled to House rent allowance subject to the ceiling laid down in Housing I.

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary of the Executive Director.

- ii) The Company shall pay as per the Company's policy, the Medical Expenses including such expenses as shall relate to the surgical, optical and dental treatment incurred by Ms Ursula Thakkar for herself and her family.
- iii) Leave Travel Concession for self and family once in a year incurred in accordance with the rules of the Company.
- iv) Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- v) The Company shall pay the annual premium towards personal accident insurance as per the Rules of the Company.



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- vi) Ms Ursula Thakkar and family shall be covered under the Medclaim Insurance Schemes as per the rules of the Company.
- vii) Encashment of leave on full pay and allowances as per the rules of the Company but not exceeding one month's leave for every twelve months of service.
- viii) Such other benefits in accordance with the schemes and rules applicable to the members of the Company from time to time.

(Family includes dependent parents, spouse and children who are dependent on her)

For the purpose of calculating the above ceilings, perquisites shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of such Rules, perquisites shall be evaluated at actual costs. The Company will pay tax on non monetary perquisites to the appointee as per amended section 10CC of the Income Tax Act, 1961.

The following shall not be included for the purposes of computation for the Wholetime Director's remuneration or perquisites as aforesaid:

- i) The Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act.
- ii) Gratuity payable to the Wholetime Director at the rate of half month's salary for each completed year of service.
- iii) Encashment of leave at the end of tenure.
- iv) Chauffeur driven Company maintained car for use on Company's business and telephones facility at the residence of Wholetime Director, and reimbursement of expenses including entertainment expenses will not be considered as perquisites.

Minimum Remuneration : Subject to the ceiling specified in Section II of Part-II of Schedule XIII to the Companies Act, 1956, the Wholetime Director shall be paid remuneration by way of salary and perquisites (except commission specified above) notwithstanding that in the Financial Year during the currency of tenure of the Wholetime director, the Company has no profits or its profits are inadequate.

Compensation : If before the expiry of the Agreement, the tenure of her office as Wholetime Director is terminated, she shall be entitled to compensation for the loss of office subject to the provisions of section 318 of the Companies Act, 1956.

The Executive Director shall be entitled to the reimbursement of expenses actually and properly incurred by her for the business of the Company.

The particulars set out above, may be treated as an abstract of the terms of contract for the remuneration/ reappointment of Ms. Ursula Thakkar as Wholetime Director of the Company, which is required to be given to every member under the provisions of section 302(2) of the Companies Act, 1956.

The draft of the Agreement referred to above is open for inspection by the Members at the Registered Office of the Company between 10.00 a.m. to 12.00 noon on any working day upto the date of the Annual General Meeting.

The Board recommends the Resolution for your approval.

Ms. Ursula Thakkar, Dr. R M Thakkar, Ms. Charita Thakkar and Ms. Urmi N Prasad who are related to each other, are interested in the Resolution as it relates to her own/ relative's term of re-appointment/ remuneration.

None of the other Directors is in any way concerned or interested in the said Resolution.

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By order of the Board of Directors
For **Gujarat Petrosynthese Limited.**

Place : Mumbai
Date : 27th July, 2009

(Dr. R. M. Thakkar)
Chairman & Managing Director


Gujarat Petrosynthese Limited

Details of Directors seeking reappointment in the forthcoming Annual General Meeting (in pursuance of Clause 49(VI)(A) of the Listing Agreement)

Name of Directors	Dr. A C Shah	Mr. V H Pandya	Ms. Ursula Thakkar
Date of Birth	16/1/01932	26/09/1926	24/09/1967
Date of Appointment	02/12/2002	16/03/1982	27/09/1996
Expertise in specific functional areas	Finance, Ex. Chairman & Managing Director of Bank of Baroda	Chemical Engineering	Ms. Ursula Thakkar joined the Company in 1996 as an Executive Director. During 1994-96 worked as consultant with William Kent Intl. USA, Washington.
Qualifications	M. A., Ph.D. (Economics).	B.Sc. (Honors)	BE (Honors)MBA (Harvard)
Directorship held in other companies (excluding foreign companies)	S Kumar Nationwide Ltd. Elecon Engineering Ltd. Adani Exports Ltd.	NIL	Gujarat Polybutene Pvt. Ltd. Guardian Finance Ltd. Multichem Pvt. Ltd. Seagull Travels and Tours Pvt. Ltd.
Committee Positions held in other Companies	Members of Audit Committee of S Kumar Nationwide Ltd. Elecon Engineering Ltd. Adani Exports Ltd. Kopran Ltd.	NIL	NIL

Gujarat Petrosynthese Limited**GPL****DIRECTORS' REPORT**

To the Members of,
Gujarat Petrosynthese Limited

The Directors have pleasure in presenting 32nd ANNUAL REPORT of the Company together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2009.

Financial Results		(Rs. in Lacs)
Particulars	2008-09	2007-08
Sales Turnover	720.03	772.61
Operating Profit	65.26	111.32
Less : Interest	0.48	1.98
Depreciation	32.67	33.27
Profit before Tax	32.11	76.07
Less : Provision for Tax	9.45	19.20
Provision for Deferred Tax	1.01	0.00
Fringe Benefit Tax	2.75	2.55
Profit After Tax	18.90	54.32
Prior period Adjustments/ Income Tax for earlier years	(5.86)	44.76
Add : Balance in Profit & Loss Account	592.64	493.55
Balance available for appropriation	605.68	592.63
Balance carried to Balance sheet	605.68	592.63

Dividend

As per prudent financial measures, considering the need to conserve the financial resources and to make necessary investments for the growth of the business, your Directors do not recommend any dividend.

Performance & Future outlook

Everyone is aware of the great shake down of the world economy leading to a world-wide crisis. While India has been less affected than other countries, it could not entirely escape from this situation. Further, coupled with the earlier industrial policy of distribution of industrial production, particularly in the field of petrochemical products and plastics, industrial units were established which were uneconomic in scale by world standards right from the beginning. Thus in a totally free economy the Indian units have become uncompetitive.

In the field of plastics blends and alloys, with the freeing of the Indian economy the branded goods of international companies, or their Indian subsidiaries or licencees have depressed the market for purely Indian manufacturers. However, your Bangalore unit has met the situation well and has managed to show a profit despite the challenges by widening its customer base and developing speciality products.

Working of 100% subsidiary – GPPL

As mentioned earlier the last year has been unprecedented with the financial crisis that gripped the world and from which a slow recovery is anticipated.

Highest ever crude prices leading to high feedstock/ raw material costs coupled with a crash in end product demand and also finished goods prices lead to tremendous uncertainty in the market. Now volatile prices are something the industry is forced to come to terms with. This brings its own challenges along the value chain. There are several other challenges that Indian manufacturers will have to be prepared to tackle viz. low entry barriers and FTA's with ASEAN, EU, etc., low global demand, high energy cost, delays in tax reforms etc.

The basic strategy of understanding and providing value to customers where they need it has not changed but perhaps its implementation is now even more important than it was before.

GPPL was faced with a major challenge due to changes in the taxation structure affecting its raw material. However this challenge was effectively met and we remain grateful to the Govt. of Gujarat and our feed stock supplier Reliance Industries Limited for the support extended to resolve the issue. We continue to work on enhancing revenues through targeting new markets and products. However these projects are long term in nature and immediate returns are not envisaged.

Human Resource Management

The Company considers Human Resources as an invaluable asset. Your Directors place on record their appreciation of the hard work, dedication and commitment of employees of the Company at all levels. The efforts of the employees makes it possible for the Company to face challenges and competition.



Gujarat Petrosynthese Limited

Particulars of Employees

As required by the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975 as amended the names and other particulars are given in Annexure II.

Industrial Relations

Relations between the employees at all levels with the management continue to remain cordial.

Health, Safety & Environment

Occupational safety and environment continue to be an important area for your Company and receive proper attention throughout the year. Necessary steps are regularly undertaken to ensure the Safety of personnel and equipment.

Internal Control System

Your Company has adopted an internal control system, commensurate with its size. The external auditors and high powered audit committee supplement the Company's internal control system. Your Company ensures its implementation and compliance so that the assets and business interests of your Company are adequately safeguarded.

Cautionary Statement

Statement in this report on Management discussion and analysis describing the Company's objectives, projections, estimates, expectation may be "forward looking statements" within the meaning of applicable securities Laws or Regulations. These statements are based on certain assumptions and expectation of future events. However, actual results could differ materially from those express or implied. The Company assumes no responsibility in respect of forward looking statements, which may undergo changes in the future on the basis of subsequent development, information or events.

Deposits

Your Company has not accepted any Deposits to which the provisions of section 58A of the Companies Act, 1956 are applicable.

Conservation of energy, technology absorption, foreign exchange earnings and outgo.

The information required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo are as per attached Annexure.

Corporate Governance

A Compliance Report on Corporate Governance is annexed to this report. The Auditors' Certificate on compliance with the conditions of corporate governance under clause 49 of the Listing Agreement is also annexed to this report.

Director's Responsibility Statement

Pursuant to provisions under section 217(2AA) of the Companies Act, 1956 with respect to Director's Responsibility Statement, the Board of Directors hereby confirm that :

1. in the preparation of annual accounts, the applicable accounting standards have been followed and given proper explanation relating to material departures;
2. appropriate accounting policies have been selected and applied them consistently and made judgments and estimates which 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 under review;
3. 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;
4. the annual accounts have been prepared on a going concern basis.

Directors

At the forthcoming Annual General Meeting, Dr. A C Shah and Mr. V H Pandya retire by rotation as per the provisions of the Companies Act, 1956, and the Articles of Association of the Company, and being eligible offer themselves for reappointment.

Auditors

M/s S. Anantha Rao & Co., Chartered Accountants, retire as Auditors of the Company. The same firm got reconstituted under new title M/s SARJBA & Co. The Company received a letter from M/s SARJBA & Co. that if appointed, their appointment will be within the limit prescribed under section 224(1B) of the Companies Act, 1956. The Board recommends the appointment. Members are requested to appoint the Auditors for the current financial year and authorize the Board to fix their remuneration.



Gujarat Petrosynthese Limited

As per Section 217(3) of the Companies Act, 1956 the notes/ comments of Auditors referred to in the Auditors' Report are self explanatory and give complete information.

Acknowledgments

The Board of Directors wish to place on record their appreciation for the continuous support of Bankers, vendors and buyers in the performance of the Company.

By order of the Board of Directors
For **Gujarat Petrosynthese Limited.**

Sd/-

(Dr. R. M. Thakkar)

Chairman & Managing Director

Place : Mumbai

Date : 27th July, 2009

ANNEXURE 1 TO THE DIRECTOR'S REPORT

Information under Section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Director's Report for the year 2008-09

I. Conservation of Energy	: Use of standard quality equipments
II. Additional Investment and proposals if any being implemented for the reduction of energy	: Proposals are under consideration
III. Impact of measures (a) and (b) above for the reduction of energy consumption and consequent impact on cost of production of goods	: Reduction in usage of electricity

FORM A

A. POWER AND FUEL CONSUMPTION

1) Electricity		2008-09	2007-08
a) Purchased			
Unit	KWH	529208	463,290
Total amount	Rs	2,502,520	2,809,785
Rate / Unit	Rs	4.73	6.06
b) Own Generator Through Diesel Generator			
Units	KWH	103,000	128,220
Unit Per Ltr	KWH	8.48	8.19
Rate / Unit	Rs	4.45	4.44
Furnace Oil			
Quantity	KL	NIL	NIL
Other / Internal Generator	Rs	NIL	NIL
Average Rate	Rs	NIL	NIL

B. CONSUMPTION PER UNIT PRODUCTION

Standards (If any)		2008-09	2007-08
Product/Unit : Polymer / Kg			
Electricity	KWH	0.58	0.52
Furnace Oil	N.A	NIL	NIL
Coal	N.A	NIL	NIL
Others	N.A	NIL	NIL