

GUJARAT PETROSYNTHESIS LIMITED



ISO COMPANY

THIRTY FOURTH ANNUAL REPORT 2010 - 2011

GO PAPERLESS

With reference to the Green Initiative in Corporate Governance in order to reduce paper consumption and to contribute towards a green environment, companies are permitted to send notices/documents through electronic mode. We once again request you to kindly send us your e-mail address as mentioned in page No 1 of this booklet, if you have not yet registered with us. We are sure as a responsible citizen you will support this initiative.

BOARD OF DIRECTORS

Dr. R.M. THAKKAR

Chairman and Managing Director

Ms. URMIL 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

LEGAL ADVISOR

KANGA & CO

AUDITORS

SARJBA & CO.,

**REGD. OFFICE
&
WORKS**

NO. 24, II MAIN PHASE I,
DODDANEKKUNDI INDUSTRIAL AREA,
MAHADEV PURA POST, BANGALORE - 560 048

Dear Shareholder,

Re: Updating of Shareholders' records

You are one of the valued shareholders of our Company. 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 quick & efficient service.

Sr. No.	Particulars	Information required
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- | | | |
|----|---------------------------------|---|
| 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

NOTICE

NOTICE IS HEREBY given that the 34th 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 560048 on Friday the 30th September, 2011 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, 2011 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 Mr. T N R Rao, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. M D Garde, 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 all 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. Urmi N. Prasad as Wholtime Director of the Company designated as an Executive Director for a further period of three years with effect from 1st April, 2011 upon terms and conditions as approved by the Board of Directors at its meeting held on 29th April, 2011 and as set out in the draft agreement to be entered into by the Company with Ms. Urmi N. Prasad, 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. Urmi N. Prasad.
6. 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 Dr. R M Thakkar as Managing Director of the Company for a further period of three years with effect from 11th Oct., 2011 upon terms and conditions as approved by the Board of Directors at its meeting held on 1st August, 2011 and as set out in the draft agreement to be entered into by the Company with Dr. R M Thakkar, 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 Dr. R M 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 : 1st August, 2011

(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. As per the requirement of the clause 54 of the Listing Agreement the Company is updating information on its website [www. Gpl.in](http://www.Gpl.in). This portal contains along with business information, quarterly unaudited results, Annual Report containing Notice, Directors Report, Auditors Report, Balance sheet and Profit & Loss Account, quarterly

Gujarat Petrosynthese Limited

shareholding pattern, contact detail of the Compliance Officer for communicating investor grievances.

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.
8. The Register of Members and share transfer books of the Company will remain closed from 24th Sept., 2011 to 30th Sept., 2011 (both days inclusive) for the purpose of the Annual General Meeting.
9. As per the Circular of the Ministry of Corporate Affairs of "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated 21-04-2011 and Circular No. 18/2011 dated 29/04/2011) allowing paperless compliances by Companies through electronic mode, companies are now permitted to send various notices/ documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders. Members are requested to register their email id with the Company.

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 : 1st August, 2011

(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 term of office of Ms. Urmi N Prasad as an Executive Director ended on 31st March, 2011. The Remuneration Committee in the meeting held on 29th April, 2011 approved the remuneration payable to Ms. Urmi N Prasad. Subject to the approval of the Share holders of the Company, the Board of Directors of the Company at its meeting held on 29th April, 2011 reappointed Ms. Urmi N Prasad as Whole Time Director designated as an Executive Director of the Company for a period of three years with effect from 1st April, 2011.

Ms. Urmi N Prasad, B.Com., A.C.A., M.B.A. (INSEAD France) is having more than 18 years of experience in Accounts, Finance, corporate administration and strategic Business planning. The draft of the Agreement to be entered into between the Company and Ms. Urmi N Prasad, 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, 2011.

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 Urmi N Prasad 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.
- vi) Ms Urmi N Prasad and family shall be covered under the Mediclaim 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. Urmi N Prasad 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. Urmi N Prasad, Dr. R M Thakkar, Ms. Charita Thakkar and Ms. Ursula Thakkar 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 are in any way concerned or interested in the said Resolution.

Item No. 6

The term of office of Dr. R M Thakkar as Managing Director will come to an end on 10th Oct., 2011. The Remuneration Committee in the meeting held on 1st August, 2011 approved the remuneration payable to Dr. R. M. Thakkar. Subject to the approval of the Share holders of the Company, the Board of Directors of the Company at its meeting held on 1st August, 2011 reappointed Dr. R M Thakkar as Managing Director of the Company for a period of three years with effect from 11th Oct., 2011.

Dr. R M. Thakkar, D. Phil (Zurich) is having more than 33 years of experience in the Company having been the Managing Director of the Company since inception. The draft of the Agreement to be entered into between the Company and Dr.

R M Thakkar, is available for inspection by the shareholders of the Company and contains inter-alia the following main terms and conditions:

TERMS OF APPOINTMENT

Period of Appointment: Three years with effect from 11th Oct., 2011.

Salary: Rs. 1,25000/- (Rupees One lac twenty five thousand only) per month.

Commission: 1.5% 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 Managing Director will be subject to a ceiling of sixty percent of the salary, over and above ten percent payable by the Managing Director.

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

Housing III: If the company does not provide accommodation, the Managing 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 Managing 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 Dr. R M Thakkar, for himself and his 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.
- vi) Dr. R M Thakkar and family shall be covered under the Mediclaim 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 Managing Director's remuneration or perquisites as aforesaid:

- v) 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.
- vi) Gratuity payable to the Managing Director at the rate of half month's salary for each completed year of service.
- vii) Encashment of leave at the end of tenure.
- viii) Chauffeur driven company maintained car for use on Company's business and telephones facility at the residence of Managing 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 Managing 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 Managing director, the Company has no profits or its profits are inadequate.

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

The Managing Director shall be entitled to the reimbursement of expenses actually and properly incurred by him 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 Dr. R M Thakkar as Managing 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.

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

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

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	Mr. T N R Rao	Mr. M D Garde	Dr. R M Thakkar	Ms Urmi N Prasad
Date of Birth	17/10/1936	19/09/1945	30/09/1924	26/09/1964
Date of Appointment	24/06/2008	31/10/2007	14/09/1977	01/04/1993
Expertise in specific functional areas	Management, Energy, Corporate Governance	Insurance	Dr. R M Thakkar is the Managing Director of the Company inception.	Accounts, Finance, Business Administration & Strategic Planning
Qualifications	MA	BE (Electrical), MBA	D. Phil (Zurich)	B. Com., ACA, MBA, (INSEAD France)
Directorship held in other companies (excluding foreign companies)	1. Quippo Oil & Gas Infrastructure Ltd. 2. South Asia Gas Enterprise Ltd.	Fag Bearings (India) Ltd. Member Audit Committee of Fag Bearings (India) Ltd. Chairman Shareholders Grievance Committee of Fag Bearings (India) Ltd.	Gujarat Polybutene Pvt. Ltd. GPL Finance and Investments Ltd. Guardian Finance Ltd. Multichem Pvt. Ltd. Seagull Tours & Travels Pvt. Ltd.	Gujarat Polybutene Pvt. Ltd. GPL Finance and Investments Ltd. Guardian Finance Ltd. Multichem Pvt. Ltd. Seagull Tours & Travels Pvt. Ltd.
Committee Positions held in other Companies	Chairman Audit Committee of Quippo Oil & Gas Infrastructure Ltd.	Member Audit Committee of Fag Bearings (India) Ltd. Chairman Shareholders Grievance Committee of Fag Bearings (India) Ltd.	NIL	NIL

DIRECTORS' REPORT

To the Members of,
Gujarat Petrosynthese Limited

The Directors have pleasure in presenting the 34th ANNUAL REPORT of the Company together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2011.

Financial Results	(Rs. in Lacs)	
Particulars	2010-11	2009-10
Sales Turnover	1011.75	924.24
Operating Profit	107.15	112.06
Less : Interest	-	0.13
Depreciation	34.10	32.69
Profit before Tax	73.05	79.24
Less : Provision for Tax	22.00	15.50
Profit After Tax	51.05	63.74
Prior period Adjustments/ Income Tax for earlier years	2.80	6.03
Add : Balance in Profit & Loss Account	675.46	605.68
Balance available for appropriation	729.31	675.45
Balance carried to Balance sheet	729.31	675.45

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

The polymer industry saw volatile pricing following the crude price fluctuations. This impacted and moderated the demand. The sales grew by 4% in volume and 9% in value.

In a highly competitive environment the growth comes through innovation. The company is pursuing the development of new compounds tailor-made for customers which would result in higher sales revenue and a healthier bottomline.

The long term view of the polymer industry remain very positive as demand would continue to grow in line with GDP at least for the next decade.

Your company will continue its growth efforts, invest in R&D, product development and work with customers to develop products suiting their needs.

Working of 100% subsidiary – Gujrat Polybutenes Private Limited (GPPL)

The performance of the company has been excellent during the year with a 19 % growth in sales revenue. This was despite the very adverse situation in feedstock pricing which continued to show an upward trend throughout the year.

The uncertainty in the feedstock pricing and managing raw material will continue to be a major challenge for the year ahead.

Energy costs continue to increase — overall increase in gas price has been 60 % over last year. GPPL has been working on energy cost reduction through various energy conservation schemes.

GPPL would continue its endeavour to grow by managing uncertainties through prudent proactive planning and bring value to its stakeholders.

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 have helped the Company in facing the challenges and competition.

Particulars of Employees

As required by 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 who are drawing remuneration of Rs. 60.00 lacs p.a. or more or Rs. 5.00 lacs p.m. or more are NIL.

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

Statements 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 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, Mr. T N R Rao and Mr. M D Garde 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.

The term of appointment of Ms. Urmi N Prasad as Executive Director has expired on 31st March, 2011. The Board of Directors at its meeting held on 29th April, 2011 reappointed her as Executive Director for a further period of 3 years w.e.f. 1st April, 2011.

The term of appointment of Dr. R M Thakkar as Managing Director is expiring on 10th Oct., 2011. The Board of Directors at its meeting held on 1st August, 2011 reappointed him as Managing Director for a further period of 3 years w.e.f. 10th Oct., 2011. The enabling Special Resolutions have been proposed at the forthcoming Annual General Meeting of shareholders of the Company. The Board recommends the resolutions for approval.