

# **GUJARAT PETROSYNTHESE LIMITED**



**ISO COMPANY**

## **THIRTY FIFTH ANNUAL REPORT 2011 - 2012**

### **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.



## Gujarat Petrosynthese Limited

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<b>BOARD OF DIRECTORS</b>	Dr. R.M. THAKKAR	Chairman and Managing Director
	Ms. URMI N. PRASAD	Executive Director
	Ms. URSULA THAKKAR	Executive Director
	Ms. CHARITA THAKKAR	
	Mr. T.N.R. RAO	
	Mr. V.H. PANDYA	
	Dr. (Mrs.) M.H. MEHTA	
	Mr. ADHIK SHIRODKAR	
	Mr. M.D. GARDE	
<b>BANKERS</b>	AXIS BANK LTD.	
<b>LEGAL ADVISOR</b>	KANGA & CO	
<b>AUDITORS</b>	SARJBA & CO.,	
<b>REGD. OFFICE &amp; WORKS</b>	NO. 24, II MAIN PHASE I, DODDANEKKUNDI INDUSTRIAL AREA, MAHADEVPURA POST, BANGALORE - 560 048	

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## Gujarat PetroSynthese Limited

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Dear Shareholder,

Re: Updating of Shareholders' records

You are one of 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
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](mailto:secretarial@gujaratpetrosynthese.com)

Thank you,

**R.M. Thakkar**

Chairman & Managing Director

**NOTICE**

**NOTICE IS HEREBY** given that the 35<sup>th</sup> 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 Monday the 13<sup>th</sup> August, 2012 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, 2012 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. V H Pandya, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mrs. M H Mehta, who retires by rotation and being eligible, offers herself 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. Ursula Thakkar as Wholetime Director of the Company designated as an Executive Director for a further period of three years with effect from 1<sup>st</sup> April, 2012 upon terms and conditions as approved by the Board of Directors at its meeting held on 30<sup>th</sup> May, 2012 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.
6. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:  
"RESOLVED THAT pursuant to provisions of Section 309(4) and other applicable provisions, if any, of the Companies Act, 1956 consent be and is hereby given to pay to all Non Executive Directors of the Company, in addition to the sitting fees, a commission at a rate not exceeding 1 (one) percent of the net profits of the Company, in each year calculated in accordance with the relevant provisions of the said act, subject to such ceiling, if any, per annum as the Board may fix from time to time in that behalf and the same to be divided among all Non Executive Directors of the Company in such manner as the Board may determine from time to time.

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 : 30<sup>th</sup> May, 2012

(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.

## Gujarat Petrosynthese Limited

4. As per the requirement of the clause 54 of the Listing Agreement the Company is updating information on its website 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 shareholding pattern and contact details 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 the duly filled in attendance slip at the meeting.
6. The Register of Members and share transfer books of the Company will remain closed from 4<sup>th</sup> August, 2012 to 13<sup>th</sup> Aug., 2012 (both days inclusive) for the purpose of the Annual General Meeting.
7. 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 : 30<sup>th</sup> May, 2012

(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. Ursula Thakkar as an Executive Director ended on 31<sup>st</sup> March, 2012. The Remuneration Committee in the meeting held on 30<sup>th</sup> May, 2012 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 30<sup>th</sup> May, 2012 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 1<sup>st</sup> April, 2012.

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 and contains inter-alia the following main terms and conditions:

#### TERMS OF APPOINTMENT

**Period of Appointment:** Three years with effect from 1<sup>st</sup> April, 2012.

**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.

## Gujarat Petrosynthese Limited

- 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.
- vi) Ms Ursula 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 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 is considered interested in the resolution as it relates to her own re-appointment. Ms. Urmi N Prasad, Dr. R M Thakkar and Ms. Charita Thakkar are considered interested in the resolution as they are relatives of Ms. Ursula Thakkar.

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

### Item No. 6

The proposed resolution authorizes the Company to pay commission upto 1% of the Net Profits of the Company to all Non-Executive Directors of the Company for a period of five financial years commencing from 2011-12.

## Gujarat Petrosynthese Limited

Since the commencement of the Company's operations, the Non wholetime Directors have made significant contributions to the progress of the Company. They bring in external and wider perspective to the decision making by the Board. They also play a crucial role in the independent functioning of the Board. These Directors who also occupy prominent positions in their respective fields, deserve to be adequately compensated.

The proposed resolution is in conformity with the provisions of Section 309 of the Companies Act, 1956 and requires to be approved by Shareholders.

The Board recommends the resolution for approval of shareholders.

All non-whole time directors, viz. Mr. Adhik Shirodkar, Mr. V. H. Pandya, Mr. M. D. Garde, Mr. T N R Rao, Ms. Charita Thakkar and Dr. (Mrs.) M. H. Mehta are deemed to be concerned and interested in the resolution.

Dr. R. M. Thakkar, Ms Urmi N Prasad and Ms Ursula Thakkar may be deemed to be concerned and interested in the resolution as they are relatives of Dr. (Mrs.) M. H. Mehta and Ms. Charita Thakkar, Non Executive Directors of 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 : 30<sup>th</sup> May, 2012

(R. M. Thakkar)  
Chairman & Managing Director

### 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. V H Pandya	Mrs. M H Mehta	Ms. Ursula Thakkar
Date of Birth	26/09/1926	28/03/1934	24/09/1967
Date of Appointment	16/03/1982	29/05/1993	27/09/1996
Expertise in specific functional areas	Chemical Engineering	Consultant Ophthalmic Surgeon	Joined as ED in 1996. During 1994-96 worked as consultant with William Kent Intenl. USA, Washington
Qualifications	BSC (Honors)	MRCOG, DO	BE (Honors) MBA (Harvard)
Directorship held in other companies (excluding foreign companies)	NIL	NIL	1. Gujarat Polybutenes Pvt. Ltd. 2. GPL Finance and Investments Ltd. 3. Multichem Pvt. Ltd. 4. Guardian Finance Ltd. 5. Seagull Travels and Tours Pvt. Ltd.
Committee Positions held in other Companies	NIL	NIL	NIL

## DIRECTORS' REPORT

To the Members of,  
Gujarat Petrosynthese Limited

The Directors have pleasure in presenting the 35<sup>th</sup> ANNUAL REPORT of the Company together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2012.

Financial Results	(₹ in Lacs)	
Particulars	2011-12	2010-11
Sales Turnover	<b>1359.10</b>	1275.45
Expenses other than Finance Cost and Dep.	<b>1200.99</b>	1168.31
Operating Profit	<b>158.11</b>	107.14
Less : Finance Cost	-	-
Depreciation	<b>36.47</b>	34.10
Profit before Tax	<b>121.64</b>	73.04
Less : Provision for Tax	<b>43.14</b>	22.00
Profit After Tax	<b>78.50</b>	51.04
Add : Prior Period Adjustment	-	2.80
Add: Balance Brought forward from earlier period	<b>729.30</b>	675.46
Balance available for appropriations	<b>807.80</b>	729.30
Balance carried to Balance sheet	<b>807.80</b>	729.30

### Dividend

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

### Performance & Future outlook

During the last year, the Company registered a growth of 13% in volume. However, due to the highly competitive environment the sales revenue could rise by 8% in terms of value. Considering the overall growth of the industry, the Company is planning to expand the capacity of the plant by about 1000 TPA during the current year. With our continued emphasis on developing and producing products to suit the customers' requirements and increasing our customers base, the Company expects to increase its market share in the Polymer industry.

### Working of 100% subsidiary — GPPL

The polybutene unit continues to face the issue of managing feedstock/raw material costs at a time when the oil industry faces many challenges. Not only is there increased volatility in oil product prices and a concern on the depreciation of the Indian rupee, but the immediate economic outlook going forward suggests the possibility of a synchronized global recession. In such a situation, there is limited room for manoeuvre. However the Company is continuing to focus on decreasing costs and exploring alternative feedstocks. Furthermore, there is a consistent effort to look at other options to add value.

### 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 the employees of the Company at all levels. The effort of the employees makes it possible for the Company to face 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 per annum 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**

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, Mr. V H Pandya and Mrs. M. H. Mehta 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 Board deeply regrets the passing away of Dr. A C Shah on 16<sup>th</sup> Jan., 2012. He had been associated with the Company since 2<sup>nd</sup> Dec., 2002. As a member of the Board and the Chairman of the Audit Committee he lent his vast knowledge and experience to the Company. His presence will be greatly missed.

The term of appointment of Ms. Ursula Thakkar as an Executive Director has ended on 31<sup>st</sup> March, 2012. The Board of Directors at its meeting held on 30<sup>th</sup> May, 2012 reappointed her as Executive Director for a further period of 3 years with effect from 1<sup>st</sup> April, 2012.

**Auditors**

M/s SARJBA & Co., Chartered Accountants, Bangalore, the statutory Auditors of the Company, retire at the ensuing Annual General Meeting of the Company but are eligible for reappointment. The Board recommends the reappointment.



## Gujarat Petrosynthese Limited

The shareholders are requested to reappoint the Auditors for the current financial year and authorize the Board to fix their remuneration.

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.**

Place : Mumbai  
Date : 30<sup>th</sup> May, 2012

Sd/-  
(R. M. Thakkar)  
Chairman & Managing Director

### 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 2011-12

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 (I) and (II) 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		2011-12	2010-11
a) Purchased			
Unit	KWH	753980	660736
Total amount	Rs	4,131	3,424
Rate / Unit	Rs	5.48	5.18
b) Own Generator			
Through Diesel Generator			
Units	KWH	96,560	148,468
Unit Per Ltr	KWH	8.39	8.47
Rate / Unit	Rs	5.37	4.84
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)		2011-12	2010-11
Product/Unit : Polymer / Kg			
Electricity	KWH	0.63	0.60
Furnace Oil	N.A	NIL	NIL
Coal	N.A	NIL	NIL
Others	N.A	NIL	NIL