

GULSHAN



1<sup>st</sup>

*Annual Report*

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**GULSHAN CHEMFILL LIMITED**

**GULSHAN CHEMFILL LTD.****BOARD OF DIRECTORS**

Dr. Chandra Kumar Jain	- Chairman
Mrs. Mridula Jain	- Managing Director
Ms. Arushi Jain	- Director
Shri Mohan Lal Bansal	- Whole Time Director
Dr. Vinod Kumar Sharma	- Director - Independent
Shri Sumat Jain	- Director - Independent

**ASSTT. COMPANY SECRETARY**

Shri Mukesh Gupta

**AUDITORS**

M/s Shahid & Associates  
Chartered Accountants  
Muzaffarnagar (UP)

**BANKERS**

Bank of Baroda

**REGISTERED OFFICE**

11th K.M., Begraipur Industrial Area,  
Muzaffarnagar (UP)

**CORPORATE OFFICE AND SHARE  
DEPARTMENT & INVESTOR CELL**

G-81, Preet Vihar,  
Delhi - 110 092

**PLANT LOCATION**

11th K.M., Begraipur Industrial Area,  
Muzaffarnagar (UP)

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**GULSHAN CHEMFILL LTD.****NOTICE**

NOTICE IS HEREBY GIVEN THAT THE 1ST ANNUAL GENERAL MEETING of **GULSHAN CHEMFILL LIMITED** will be held on Tuesday, the 21st August, 2001 at 1.30 P.M. at Lala Gulshan Rai Jain Charitable Trust Dharamshala, 54, Gher Khatti, Muzaffarnagar-251 001 (UP) to transact the following business:

- 1) To consider and adopt the Audited Balance Sheet as at 31st March, 2001, the Profit & Loss Account for the year ended on that date together with the Reports of Board of Directors and Auditors thereon.
- 2) To appoint a Director in place of Dr. C.K. Jain, who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint a Director in place of Ms. Arushi Jain, who retires by rotation and being eligible offers herself for re-appointment.
- 4) To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.
- 5) To consider, and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :  
 "RESOLVED that Dr. V.K. Sharma, who was co-opted as an Additional Director of the Company with effect from 7th May, 2001 under section 260 of the Companies Act, 1956 and who holds office upto the date of the ensuing Annual General Meeting of the company, and is eligible for re-appointment and in respect of whom the Company has received notice in writing from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company."
- 6) To consider, and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :  
 "RESOLVED that Mr. Sumat Jain, who was co-opted as an Additional Director of the Company with effect from 7th May, 2001 under section 260 of the Companies Act, 1956 and who holds office upto the date of the ensuing Annual General Meeting of the company, and is eligible for re-appointment and in respect of whom the Company has received notice in writing from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company."
- 7) To consider, and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :  
 "RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 and 310 read with schedule XIII and any other applicable provisions of the Companies Act, 1956, the appointment of Mr. Mohan Lal Bansal, as Whole Time Director (WTD) of the Company, for a period of five years w.e.f. 1st April, 2001 on the remuneration, perquisites and other benefits and amenities as set out in the explanatory statement attached hereto with a liberty to the Board of Directors to make and/or accept any variation in the said terms and conditions, within the limits specified in above sections of the Companies Act, 1956 and subject to the approval of the Central Government, if required and/or such other approvals or any guidelines issued by the Company Law Board from time to time."

By the Order of the Board  
for **GULSHAN CHEMFILL LIMITED**

Delhi  
29th June, 2001

**MUKESH GUPTA**  
Asstt. Company Secretary

**GULSHAN CHEMFILL LTD.****NOTES :**

1. The information as required to be provided under the Listing Agreement entered into with Stock Exchanges, regarding the directors who are proposed to appointed/reappointed and the related explanatory statement pursuant to section 173(2) in respect of the business under item nos 6 to 8 set out above are annexed hereto.
2. MEMBERS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE MEETING.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from Friday, 17th August, 2001 to Tuesday, 21st August, 2001 (both days inclusive).
4. Members are requested to notify promptly any change in their address and to furnish dividend mandates, if any, so as to reach the Share Department & Investor Cell of the Company at G-81, Preet Vihar, Delhi 110 092 latest by 21st August, 2001.
5. Members/Proxies are requested to bring copy of the Annual Report with them as copies of the Report will not be distributed at the Meeting.

**INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:**

As required under the listing agreement, the particulars of Directors who are proposed to be appointed/reappointed are given below :

1. Name : Dr. C. K. Jain  
 Age : 53 Years  
 Qualifications : M.Sc. Ph.D. [Chemistry]  
 Experience : Vast experience in Managing Business Affairs.  
 Other Directorships : He is director in 8 other Companies including the Managing Director of M/s Gulshan Sugars & Chemicals Ltd and M/s Gulshan Polyols Ltd. He is also Chairman of Remunerative Committee in 3 Companies.
2. Name : Mr. Arushi Jain  
 Age : 24 Years  
 Qualifications : MBA [Thames Valley University, UK]  
 Experience : Finance & General Management  
 Other Directorships : She is director in 3 other Companies including Private Limited Companies.


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3. Name : Dr. Vinod Kumar Sharma  
 Age : 53 Years  
 Qualifications : M.Sc., Ph.D.  
 Experience : 32 Years experience in Environmental Science.  
 Other Directorships : He is director in 2 other Limited Companies. He is also member of Audit, Remuneration and Shareholders & Grievance Committee in various Companies.
4. Name : Mr. Sumat Jain  
 Age : 65 Years  
 Qualifications : MBA  
 Experience : Vast experience of 40 years in Marketing & Administration.  
 Other Directorships : He is director in 15 other Companies including Private Limited Companies. He is also member of Audit, Remuneration and Shareholders & Grievance Committee in various Companies.
5. Name : Mr. Mohan Lal Bansal  
 Age : 38 Years  
 Qualifications : B. Com.  
 Experience : 15 Years experience in Finance & Accounts.  
 Other Directorship : None

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :**
**ITEM NO. 5 & 6:**

Dr. V.K. Sharma and Mr. Sumat Jain were appointed as Additional Directors w.e.f. 7th May, 2001 in the meeting of Board of Directors held on 7th May, 2001 with a view to Broad base the Board by inducting Independent Directors. Dr. V.K. Sharma has rich experience of more than 32 years in environmental science and Pollution related matters and other various fields and Mr. Sumat Jain has a rich experience of more than 40 years in managing business affairs, Marketing & Administration. Both will hold the office of Directors upto the date of ensuing Annual General Meeting. The company has received separate notices from members proposing their candidature for the office of the Directors under the provisions of section of 257 of the Companies Act.

None of the Directors of the company except Dr. V.K. Sharma and Mr. Sumat Jain themselves are interested in the above respective resolutions. The Board is of the view that the knowledge & experience of both will be of immense benefit and value to the Company. Your Directors, recommend the resolutions for your approval.

**ITEM NO 7 :**

The Board of Directors of the company in its meeting held on 1st April, 2001 unanimously appointed Mr. Mohan Lal Bansal as Whole Time Director of the company w.e.f. 1st April, 2001

**GULSHAN CHEMFILL LTD.**

on the terms & conditions mentioned herein below. Mr. Bansal is associated with the PCU division since beginning. He has a very rich experience in the field of Finance, Accounts and General Management for more than 15 years.

Salary : Rs. 6,000/- per month in the salary grade of 6000/- - 600/- - 8,400/- for five years w.e.f. 1st April, 2001 [Subject to deduction of tax at source]

Perquisites : Perquisites shall be restricted to an amount equal to the annual salary every year. Perquisites are classified into three categories 'A', 'B' & 'C' as follows :

**CATEGORY 'A'****(i) Housing :**

The expenditure by the Company on hiring furnished accommodation subject to a ceiling of 60% of the Salary over and above 10% payable by him.

In case no accommodation is provided by the Company, he shall be entitled to house rent allowance as above.

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962, subject to a ceiling of 10% of his salary.

**(ii) Medical Reimbursement :**

Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year.

**(iii) Leave Travel Concession :**

For self and family once in a year incurred in accordance with the rules framed by the Company.

**(iv) Club Fee :**

Fee of one club will be admissible. This will not include admission and life membership fees.

**(v) Personal Accident Insurance :**

Personal Accident Insurance of an amount, the premium of which shall not exceed Rs. 1,000/- per annum.

**CATEGORY 'B'****Provident Fund and Gratuity :**

Company's contribution towards Provident Fund as per rules of the Company.

Gratuity as per rules of the Company but not exceeding half month's salary for each completed year of service.

**CATEGORY 'C'****Car and Telephone :**

Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company.

None of the Directors of the company except Mr. M.L. Bansal being himself is interested in the resolution. The Board is of the view that Mr. Bansal's knowledge and experience will be of immense benefit and value to the company and your Directors, recommend the resolution for your approval.



## GULSHAN CHEMFILL LTD.

### DIRECTORS' REPORT

Dear Members,

The Directors feel great pleasure in presenting the 1st Annual Report alongwith Audited Accounts of your Company for the year ended 31st March, 2001.

#### FINANCIAL HIGHLIGHTS :

	(Rs. in Lacs) CURRENT YEAR 31-3-2001
- Turnover & Other Income	655.60
- Expenditure	580.11
- Gross Profit before Depreciation, Finance Charges & Tax	75.49
- Depreciation	30.95
- Finance Charges	30.40
- Profit before Tax	14.14
- Provision for Tax	1.06
- Net Profit after Tax	13.08
- Gross Cash Accruals	44.03
- Equity Share Capital	124.25
- Par Value of Equity Share (Rs)	2.00
- Earning per Share (Rs)	0.21

Since, it is the first year of operations of the company, the figures of the previous year are not available.

#### DIVIDEND

The Board of Directors do not recommend any dividend for the year.

#### 2000-01 IN RETROSPECT

The company acquired the PCU unit of erstwhile Gulshan Sugars & Chemicals Ltd (GSCL) on going concern basis in terms of a scheme of arrangement/demerger between GSCL and your company under the provisions of section 391 to 394 of the Companies Act, 1956 and approved by Hon'ble High Court, Allahabad vide its order dated 28th February, 2001. The transfer became effective from the Appointed day i.e. 1st April, 2000.

The Sales and Other Income for the financial year under review, were Rs. 655.60 lacs. The Gross Profits were Rs. 75.49 lacs. The Net profits after tax was Rs. 13.08 lacs.

Management's Discussion & Analysis about the company forms part of this report.

#### ALLOTMENT OF SHARE CAPITAL PURSUANT TO SCHEME OF ARRANGEMENT

The scheme, inter-alia, provided for the allotment of 62,12,230 equity shares of Rs. 2/- each fully paid up, free of cost (being consideration for other than cash) to the shareholders of Gulshan Sugars & Chemicals Ltd in consideration for the transfer of PCU division to your company. The company, in compliance to the order of High Court, Allahabad, allotted the desired equity share capital which is effective from the appointed date i.e. 1st April, 2000. The equity capital worth Rs. 140/- were allotted for cash to the subscribers to the Memorandum & Articles of Association of the Company at its incorporation.

**GULSHAN CHEMFILL LTD.****DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Dr. C.K. Jain and Ms. Arushi Jain, Directors of the Company retire at the ensuing Annual General Meeting by rotation and being eligible offer themselves for reappointment.

With a view to broaden the Board and to induct Independent Directors in compliance with the Code of Corporate Governance, Dr. V.K. Sharma and Mr. Sumat Jain were co-opted as Additional Directors of the company at the Board meeting held on 7th May, 2001. Both hold the office of Director upto the closure of ensuing General Meeting. The requisite notices under the provisions of Section 257 of the Companies Act, have been received from the members of the company signifying their interest to propose their candidature as Directors of the company.

The Board of the company in its meeting held on 1st April, 2001 unanimously appointed Mr. Mohan Lal Bansal as Whole Time Director of the company w.e.f. 1st April, 2001 for a period of five years on the terms & conditions mentioned in the notice subject to the approval of the members.

**PUBLIC DEPOSITS**

During the year the company has not accepted any Fixed Deposit u/s 58-A of the Companies Act, 1956 and, as such, no amount of principal or interest was outstanding as of the Balance sheet date.

**INSURANCE**

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

**DEMAT OF SHARES**

Necessary arrangements have been made for Dematerialisation of Shares with NSDL and CDSL. Over 78% of the equity shares of the company are already in Demat form. The shareholders holding shares in physical form may avail this facility in their own interest.

**LISTING OF SHARES**

The equity shares of Rs. 2/- each have been listed on U.P. Stock Exchange, Kanpur (Regional Stock Exchange) and Delhi Stock Exchange. The listing application for listing at Mumbai Stock Exchange has already been made and the approval is awaited. The requisite approval from SEBI has already been obtained.

**AUDITORS REPORT**

The Auditors report to the shareholders do not contain any qualification.

**DISCLOSURE OF PARTICULARS**

The information pursuant to section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and as amended and to the extent applicable to the Company are given as per Annexure-1 forming part of this report. The company has not given any shares to any of the employees under Employees Stock Option Scheme.

**REPORT ON CORPORATE GOVERNANCE**

Pursuant to the clause 49 of the Listing Agreement, a report on Corporate Governance is given in Annexure-2.





## **GULSHAN CHEMFILL LTD.**

### **PERSONNEL**

None of the employees during the year received the remuneration in excess of the limits set out under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended upto date.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

As per section 217(2AA) of the Companies (Amendment) Act, 2000, your company has complied with all the following requirements set out in the said provision :

- i) That in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- ii) That the selected accounting policies were applied consistently and the directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2001 and of the profit of the company for the year ended on that date;
- iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) That the annual accounts have been prepared on going concern basis.

### **SAFETY AND ENVIRONMENT**

The Company continued to maintain a good safety record. The manufacturing unit of the Company is environment friendly and maintain all safety standards and measures.

### **INDUSTRIAL RELATIONS**

The Company continued to maintain good industrial relations with the work force in its unit and offices.

### **AUDITORS**

M/s Shahid & Associates, Chartered Accountants, Muzaffarnagar, Auditors of the Company retire at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956. Accordingly, the said Auditors may be reappointed as Auditors of the Company at the forthcoming Annual General Meeting. The observations, if any, in the Auditors report are dealt within the notes to the accounts at appropriate places and are self explanatory.

### **ACKNOWLEDGEMENTS**

Your Directors wish to place on record their appreciation for the contribution made by all the employees in achieving high levels of performance and growth that your company has achieved during the year and the valued customers for extending their faith & confidence in the product quality and service. The Board of Directors also wish to place on record to the valuable co-operation and assistance extended by the Financial Institutions, Banks and Government Authorities for their continued support for the growth of the Company.

The future prospects of the Company are quite exciting in view of the products demand and it would be the Company's endeavour to merit the confidence of the esteemed Shareholders on every account.

For and on behalf of the Board of Directors

29th June, 2001  
DELHI

(DR. C. K. JAIN)  
Chairman

**GULSHAN CHEMFILL LTD.****ANNEXURES TO DIRECTORS' REPORT****ANNEXURE - 1****Particulars regarding conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo :****(A) Conservation of Energy :**

- (i) Energy Conservation measures taken :** The Company has undertaken the necessary revamping, realignment of existing facilities to optimize power consumption in various power consuming facilities.
- (ii) Additional investment and proposal, if any, being implemented for reduction of energy consumption:** The Company plans to install cogeneration power plant and turbine involving capital outlay of Rs. 1.5 crores in next 1-2 years.
- (iii) Impact of measures (a) & (b) above for reduction of energy consumption and consequent impact on cost of production of goods :** This would result in reduction in power cost per unit and less dependence on purchased power.
- (iv) Total energy consumption and energy consumption per unit of production as per Form 'A' :** Your Company is not covered under the industries, which are required to furnish the information under section 217(1)(e) of the Companies Act, 1956 read with rule 2 of the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

**(B)** Disclosure of particulars with respect to Technology Absorption and Research & Development (R & D). NOT APPLICABLE

**(C)** Foreign Exchange Earnings & Outgo : NIL

**ANNEXURE - 2****REPORT ON CORPORATE GOVERNANCE****(A) Company's Philosophy**

The Company firmly believes in and has practiced good Corporate Governance. The Company's essential character is shaped by the very values of transparency, professionalism and accountability. The Company will endeavour to improve on these aspects on ongoing basis.

**(B) Board of Directors**

The Board of Directors comprises a total of 6 Directors which include a Non-executive Chairperson, a Managing Director, a Whole Time Director, and 3 Non-executive Directors, including 2 independent directors. The ratio of Independent directors is 33% of the total Boards strength. The Non-executive chairman belongs to the promoter's category and there is no other pecuniary relationship except his being director in other group companies.

The company was incorporated on 20th October, 2001 with Registrar of Companies, Kanpur. During the year, 4 Board Meetings were held on 25.10.2000, 16.12.2000, 5.1.2001 and 1.3.2001.