

GULSHAN POLYOLS LIMITED



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1st Annual Report 2001

BOARD OF DIRECTORS

Mrs. Mridula Jain	- Chairperson
Dr. Chandra Kumar Jain	- Managing Director
Ms. Aditi Jain	- Director
Shri Shiv Kumar Uppal	- Whole Time Director
Dr. Vinod Kumar Sharma	- Director - Independent
Shri Sumat Jain	- Director - Independent

COMPANY SECRETARY

Shri Mukesh Chandra Gupta

AUDITORS

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

BANKERS

Bank of Baroda

REGISTERED OFFICE

9th K.M., Jansath Road,
Muzaffarnagar (UP)

CORPORATE OFFICE AND SHARE DEPARTMENT & INVESTOR CELL

G-81, Preet Vihar,
Delhi - 110 092

PLANT LOCATION

Plot No. 762, Jhagadia Industrial Area,
Bharuch (Gujarat)

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE 1ST ANNUAL GENERAL MEETING of **GULSHAN POLYOLS LIMITED** will be held on Tuesday, the 21st August, 2001 at 1.00 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 declare a dividend.
- 3) To appoint a Director in place of Mrs. Mridula Jain, who retires by rotation and being eligible offers herself for reappointment.
- 4) To appoint a Director in place of Ms. Aditi Jain, who retires by rotation and being eligible offers herself for re-appointment.
- 5) 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.
- 6) 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."
- 7) 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."
- 8) 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. Shiv Kumar Uppal, as Whole Time Director (WTD) of the Company, for a period of three years w.e.f. 1st May, 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 POLYOLS LIMITED**

Delhi
29th June, 2001

M.C. GUPTA
Company Secretary

Gulshan Polyols 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. Dividend on the Shares, if approved by the shareholders at the Meeting, will be paid to those Members whose names appear on the Company's Register of Members as on 21st August, 2001.
5. 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.
6. 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 : Mrs. Mridula Jain
 Age : 48 Years
 Qualifications : Master of Arts
 Experience : Vast experience in Managing Business Affairs.
 Other Directorships : She is also director in 9 other Companies including managing Director in Gulshan Chemfill Ltd, Chairperson in Gulshan Sugars & Chemicals Ltd and Chairperson in Muzaffarnagar Urban Co-operative Bank Ltd. She is not member of any Committee.
2. Name : Ms. Aditi Jain
 Age: 22 Years
 Qualifications : MBA (Cardiff University, London)
 Experience : Finance & General Management.
 Other Directorships : She is Director in 3 other Companies. She is not member of any Committee.



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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 Committees in various Companies.
5. Name : Mr. Shiv Kumar Uppal
 Age : 54 Years
 Qualifications : M. Tech.
 Experience : 25 years in Sorbitol and Chemical Industry in India & Abroad.
 Other Directorships : None

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :

ITEM NO. 6 & 7:

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 33 years in various fields and Mr. Sumat Jain has a rich experience of more than 40 years in managing business affairs. 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 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 8 :

The Board of Directors of the company in its meeting held on 5th April, 2001 unanimously appointed Mr. Shiv Kumar Uppal as Whole Time Director of the company w.e.f. 1st May, 2001 on the terms & conditions mentioned herein below. Mr. Uppal is associated with the Sorbitol division as Vice President (Technical) since the implementation of the project. He has a very rich experience in the field of Sorbitol for more than 25 years both in India and abroad.

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Salary : Rs. 20,000/- per month in the salary grade of 20000/- - 1000/- - 22,000/- for three years w.e.f. 1st May, 2001 (Subject to deduction of tax at source)

Perquisites : Perquisites shall be restricted to an amount equal to the annual salary respectively 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 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. S. K. Uppal being himself is interested in the resolution. The Board is of the view that Mr. Uppal's Knowledge & Experience will be of immense benefit and value to the Company and your Directors, recommend the resolutions for your approval.

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	2598.85
- Expenditure	2198.97
- Gross Profit before Depreciation, Finance Charges & Tax	399.88
- Depreciation	128.20
- Finance Charges	161.61
- Profit before Tax	110.07
- Provision for Tax	24.03
- Net Profit after Tax	86.04
- Dividend & Dividend Tax	30.81
- Gross Cash Accruals	183.43
- Equity Share Capital	310.62
- Par Value of Equity Share (Rs)	5.00
- Earning per Share (Rs)	1.38

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 are pleased to recommend a maiden tax free dividend of 9% (Rs. 0.45 per share on a equity share of Rs. 5/- each) on the Equity Share Capital of the Company for the year ended 31st March 2001. The dividend, if approved by the members at the ensuing Annual General Meeting will be paid within stipulated period prescribed under the Companies Act, 1956.

2000-01 IN RETROSPECT

The company acquired the sorbitol 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. 2598.85 lacs. The Gross Profits were Rs.399.88 lacs. The Net profits after tax was Rs. 86.04 lacs. The capacity utilisation during the year was 84.5%.

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. 5/- 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 sorbitol 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. 350/- were allotted for cash to the subscribers to the Memorandum & Articles of Association of the Company at the time of its incorporation.

Gulshan Polyols Ltd.**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mrs. Mridula Jain and Ms. Aditi 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 broadbase 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 5th April, 2001 unanimously appointed Mr. Shiv Kumar Uppal as Whole Time Director of the company w.e.f. 1st May, 2001 for a period of three 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.

CONTRIBUTION TO EXCHEQUER

Your company has paid substantial amounts (in excess of Rs. 3.5 crores) to the Exchequer during the year in the form of Excise Duty, Custom Duty, Direct & Indirect taxes, other duties, taxes, levies, cess etc.

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. 5/- 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** and forms part of this report.



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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 judgements 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

(MRS. MRIDULA JAIN)
Chairperson

Gulshan Polyols Ltd.**ANNEXURES TO DIRECTORS' REPORT****ANNEXURE - 1**

Particulars regarding conservation of Energy, Technology Absorption and Foreign Exchange Earning & Outgo :

(A) Conservation of Energy :

- (i) **Energy Conservation measures taken :** The Company has undertaken the revamping and realignment of existing power consuming sections to remove bottleneckness. It has also changed the usage of input material from furnace oil to lignite because of very high increase in prices of furnace oil.
- (ii) **Additional investment and proposal, if any, being implemented for reduction of energy consumption:** The Company is considering to set up co-generation power plant in coming year which would cost Rs. 200 lacs to the Company.
- (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 higher yield, reduction in power cost and self sufficient in power production to meet plants requirement.
- (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 Board's strength. The Non-executive chairperson belongs to the promoter category and there is no other pecuniary relationship except her being director in other group companies.

The company was incorporated on 20th October, 2001 with Registrar of Companies, Kanpur. During the year, 5 Board Meetings were held on 25.10.2000, 16.12.2000, 5.1.2001, 1.3.2001 and 6.3.2001.