

GULSHAN



GULSHAN POLYOLS LIMITED

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2nd Annual Report 2001-2002

Gulshan Polyols Ltd.**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

Plot No. 762, Jhagadia Industrial Estate,
Bharuch - 393110 (Gujarat)

CORPORATE OFFICE AND SHARE DEPARTMENT & INVESTOR CELL

G-81, Preet Vihar,
Delhi - 110 092

PLANT LOCATION

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

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**NOTICE**

NOTICE IS HEREBY GIVEN THAT THE 2nd ANNUAL GENERAL MEETING of GULSHAN POLYOLS LIMITED will be held on Tuesday, the 17th September, 2002 at 1.00 P.M. at its Registered Office at Plot No. 762, Jhagadia Industrial Estate, Distt. Bharuch-393110 (Gujarat) to transact the following business :

- 1) To consider and adopt the Audited Balance Sheet as at 31st March, 2002, 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 Shri Sumat Jain, who retires by rotation and being eligible offers himself for re-appointment.
- 4) To appoint a Director in place of Dr. Vinod Kumar Sharma, who retires by rotation and being eligible offers himself 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 pursuant the provisions of section 94(1)(a) of the Companies Act, 1956 and as authorised by the Articles of Association of the company, the Authorised Capital of the Company be increased from the existing of Rs. 3,50,00,000/- (Rupees three crore fifty lacs only) divided into 70,00,000 Equity Shares of Rs. 5/- each to a total of Rs. 10,00,00,000/- (Rupees Ten crores only) divided into

- (i) Equity Share Capital of Rs. 3,50,00,000/- consisting of 70,00,000 Equity Shares of Rs. 5/- each,
- (ii) Preference Share Capital of Rs. 6,50,00,000/- consisting of 6,50,000 (Six Lacs & Fifty Thousands) 0% (Zero Percent) Redeemable Preference Shares of Rs. 100/- each.

RESOLVED further that the memorandum and Articles of Association of the company be altered in the following manner :

"That the clause no. V of Memorandum of Association and Article 8 of Articles of Association be deleted and the following new clause in place of clause no. V of Memorandum and new article in place of article 8 of the Articles of Association, respectively be substituted therefore :

Clause V of Memorandum of Association : The Authorised Capital of the Company is Rs. 10,00,00,000/- (Rupees Ten crores only) divided into :

- (i) Equity Share Capital of Rs. 3,50,00,000/- consisting of 70,00,000 Equity shares of Rs. 5/- each,
- (ii) Preference Share Capital of Rs. 6,50,00,000/- consisting of 6,50,000 (Six Lacs & Fifty Thousands) 0% (Zero Percent) Redeemable Preference Shares of Rs. 100/- each.

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Article 8 of Articles of Association : The Authorised Capital of the Company is Rs. 10,00,00,000/- (Rupees Ten crores only) divided into :

- (i) Equity Share Capital of Rs. 3,50,00,000/- consisting of 70,00,000 Equity Shares of Rs. 5/- each,
- (ii) Preference Share Capital of Rs. 6,50,00,000/- consisting of 6,50,000 (Six Lacs & Fifty Thousands) 0% (Zero Percent) Redeemable Preference Shares of Rs. 100/- each.

- 7) To consider, and if thought fit, to pass, with or without modification, the following resolution as **Special Resolution** :

"Resolved that pursuant to the provisions of section 31 of the Companies Act 1956, and other relevant provisions of the said Act, the Articles of Association of the Company be and is hereby altered by inserting new article 10A & 10B after the Article 10 in the following manner :-

Article 10A :

Subject to the provision of Section 80 of the Companies Act, the company shall have the power to issue Preference Share Capital which will have preferential right with respect to the payment of dividend, redemption and in the distribution of assets of the company and right of voting in the meeting of Preference Shareholders in the manner and as per terms and conditions of issuing the same. The said Preference Shares shall confer the right to a fixed preferential dividend cumulative or otherwise as may be decided by the Company at the time of issue.

Article 10B :

On the issue of Preference Share Capital of Rs. 6,50,00,000/- (or part thereof) consisting of 6,50,000 (Six Lacs & Fifty Thousands) 0% (Zero Percent) Redeemable Preference Shares of Rs. 100/- each under the provisions of Articles of Association, the following provisions shall take effect :-

- (i) No such shares shall be redeemed except out of the Profits of the company which would otherwise be available for dividend or out of the proceeds of fresh issue of shares made for the purpose of the redemption.
- (ii) No such shares shall be redeemed unless they are fully paid.
- (iii) The premium, if any, payable on redemption must have been provided for out of the profits of the company or the Company's Share premium Account, before the shares are redeemed.
- (iv) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall out of the profits which would otherwise have been available for dividend, be transferred to a reserve to be called the "Capital Redemption Reserve Account" a sum equal to the nominal amount of the shares redeemed; and the provisions of the Companies Act relating to the reduction of Share Capital of the company shall, except as provided in section 80 of the Act, apply as if the capital Redemption Reserve Account is paid-up Share Capital of the Company.
- (v) The dividend on Preference Share Capital shall be paid every year. However, the Preference Shareholders shall have the right to accumulate the payment of dividend, if the same is not paid or partly paid for any financial year, to be paid in next financial year/s or to be paid at the time of redemption of such shares alongwith the redemption proceeds.

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- (vi) The preference shareholders shall have the right to attend and vote at the meetings of such class of shareholders and may vary, alter or modify the terms of such preference shares including the right to the payment of dividend, premium/discount on redemption, or any other redemption terms.
 - (vii) The preference shareholders shall not have the rights to attend and vote at the meeting of Equity Shareholders of the company or the meeting of Shareholders of different class of Preference Shareholders.
 - (viii) The holders of the Preference Shares shall be entitled to attend meetings and vote on the resolutions directly affecting their rights, or where the dividend due on their shares is in arrears for not less than two years before the meetings, on all resolutions at every meetings of the Company,
 - (ix) These Preference Share shall be transferable with the approval of Board of Directors of the Company.
 - (x) The other rules regarding the splitting, consolidation, issuance of share certificate, transfer/transmission, and common seal etc. shall remain same which are applicable to Equity Share Capital of the Company and as provided in the Articles of the Company.
 - (xi) Unless otherwise agreed by the Preference Shareholders, the Preference Shares shall be redeemed (in the manner as provided in the Companies Act) in 6th, 7th and 8th year in the ratio of 35%, 35% and 30% respectively of the nominal value (At par, premium or discount as per terms of issue or as agreed otherwise) after the date of its issue alongwith the accumulated dividend (if any), redemption premium (if any) and or discount (if any). However, the redemption period shall not exceed the time limit as prescribed by the Companies Act.
- 8) To consider, and if thought fit, to pass, with or without modification, the following resolution as Special Resolution :
- "RESOLVED that in terms of the provisions of section 372A of the Companies Act, 1956, and in consideration of Industrial Development Bank of India (IDBI) having extended financial assistance of Rs. 989 lacs to M/s Gulshan Sugars & Chemicals Ltd., the shareholders do hereby approve the execution/ratification of Corporate Guarantee of Gulshan Polyols Ltd. in favour of the IDBI for the due repayment of the said financial assistance, plus interest, costs, charges and all other moneys payable by Gulshan Sugars & Chemicals Ltd. to IDBI."

By Order of the Board
for GULSHAN POLYOLS LIMITED

DELHI
19th July, 2002

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 be appointed/reappointed and the related explanatory statement pursuant to section 173(2) in respect of the business under item no 6 to 8 set out above are annexed hereto.
2. A MEMBER 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, 13th September, 2002 to Tuesday, 17th September, 2002 (both days inclusive).
4. Information u/s 205A read with the Companies Unpaid Dividend (Transfer to General Reserve Account of the Central Government) Rules 1978, as amended, is given below :
 - (i) Since, this is the second year of the company, pursuant to Section 205 of the Companies Act, 1956, no unclaimed/unpaid dividends have become due to be transferred to the General Revenue Account of the Central Government.
 - (ii) Consequent upon the amendment of section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.
5. Dividend on the Shares, if approved by the shareholders at the Meeting, will be paid to those Members/Beneficial owners whose names appear on the Company's Register of Members/Register of Beneficiaries as on Tuesday, the 17th September, 2002.
6. No tax will be deducted at source, if the dividend amount payable to an individual shareholder does not exceed Rs. 1000/-. Shareholders who are entitled to receive dividend/interest in aggregate not exceeding Rs. 50,000/- during the financial year 2002-2003 and who desire to receive dividend without deduction of tax, may file with the Company a declaration in Form 15G, in duplicate, on or before 11th September, 2002.
7. 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 the 17th September, 2002.
8. The members can avail of the nomination facility by filling form 2-B with the company. Blank forms will be supplied on request.
9. 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.

Gulshan Polyols Ltd.**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 : Shri Sumat Jain
 Age : 66 Years
 Qualifications : MBA
 Experience : Vast experience in Finance & Management.
 Other Directorships : He is director in 2 other limited companies in addition to 15 Private Limited companies. He is also a member of Audit, Remuneration and Shareholder's Grievance Committees of this company in addition to 2 other companies.
2. Name : Dr. Vinod Kumar Sharma
 Age : 54 Years
 Qualifications : M.Sc., Ph.D.
 Experience : 33 Years experience in Environmental Science.
 Other Directorships : He is director in 2 other Limited companies. He is also a member of Audit, Remuneration and Shareholder's Grievance Committees of this company in addition to 2 other companies.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :**ITEM NO. 6 & 7 :**

- i) The company intends to increase the Authorised Capital of the company by incorporating the Preference Share Capital. The Memorandum and Articles of the Company requires an amendment in Capital Clause and Articles respectively. The provisions of sections 94 and 31 of the Companies Act, 1956, requires the approval of the shareholders for effecting the above amendments. The Board of directors have already approved the above amendments.
- ii) The company has undertaken to implement a project to expand the capacities of the company. Bank of Baroda (BOB) has agreed to finance the expansion project of the company by extending Rupee Term Loan. In terms of the sanction by BOB, the company has to convert the existing ICDs (earlier taken by the company in terms of Approved Scheme of Arrangement/Demerger) into Redeemable Preference Share Capital to augment and strengthen the capital base of the company. Further, an additional contribution from Promoters and Associates are to be arranged in the form of Preference Share Capital to fund the proposed expansion programme. Since, the Memorandum and Articles of Association do not have the power to issue Preference Share Capital, the amendment in the Memorandum and Articles of Association is desirable.

None of the Directors of the company is interested directly or indirectly in the above resolutions. Your Directors, recommend the resolutions for your approval.

ITEM NO. 8 :

IDBI had extended financial assistance of Rs. 989 lacs to M/s Gulshan Sugars & Chemicals Limited. The above assistance is, inter-alia, to be secured by way of Corporate Guarantee of Gulshan Polyols Ltd for due re-payment of loan & interest etc. In terms of the provisions of section 372A of the Companies Act, the total loans/investments/guarantees provided by the Company exceeds the maximum permissible limit and are required to be approved by the shareholders. Hence the approval of shareholders is required for the same.

Dr. C. K. Jain, Mrs. Mridula Jain, Dr. V. K. Sharma and Shri Sumat Jain, Directors of the Company may be considered as interested in the resolution to the extent to their Directorship in the above Company. Your Directors, recommend the resolution for your approval.

Note : The above resolution under item no 8, is to be passed as Special Resolution through Postal Ballot in terms of the provision of section 192A of the Companies Act, as amended by the Companies (Amendment) Act, 2000. The result of Postal Ballot shall be declared and taken into consideration at the Annual General Meeting.

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DIRECTOR'S REPORT

Dear Members,

The Board of Directors feel great pleasure in presenting the 2nd Annual Report alongwith Audited Accounts of your Company for the year ended 31st March, 2002.

FINANCIAL HIGHLIGHTS

	CURRENT YEAR 31-3-2002	(Rs. in Lacs) PREVIOUS YEAR 31-3-2001
- Turnover & Other Income	3192.78	2598.85
- Total Expenditure	2778.69	2198.97
- Gross Profit before Depreciation, Finance Charges & Tax	414.09	399.88
- Depreciation	173.96	128.20
- Finance Charges	114.18	161.61
- Profit before Tax	125.95	110.07
- Provision for Tax - Current Tax	45.04	24.03
- Deferred Tax Credit	6.61	0.00
- Net Profit after Tax	87.52	86.04
- Dividend	27.95	30.81
- Gross Cash Accruals	233.53	183.43
- Equity Share Capital	310.62	310.62
- Par Value of Equity Share (Rs)	5.00	5.00
- Earning per Share (Rs)	1.41	1.38

DIVIDEND

The Board of Directors are pleased to recommend a dividend of 9% (Rs. 0.45 per share on a equity share of Rs. 5/- each) subject to TDS on the Equity Share Capital of the Company for the year ended 31st March 2002.

2001-02 IN RETROSPECT

The Sales and Other Income for the financial year under review, were Rs. 3192.78 lacs (Previous year Rs. 2598.85 lacs) showing a growth of over 22%. The Gross Profits were higher at Rs. 414.09 lacs (Previous year Rs. 399.88 lacs). The Net profits after tax were Rs. 87.52 lacs (Previous year Rs. 86.04 lacs). The capacity utilisation during the year was 111.78%.

In view of acceptance of good quality of product and future demand the company has undertaken an expansion programme to increase the manufacturing capacities of the company. The expansion programme has been supported and financed by Bank of Baroda by extending Rupee Term Loan. The expansion is being implemented as per schedule. The revenues and profits of the company would increase substantially after the above expansion.

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

DIRECTORS

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



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PUBLIC DEPOSITS

The Fixed Deposits mobilised and outstanding from the public and shareholders aggregated to Rs. 11.02 Lacs as on 31st March, 2002 (Previous Year NIL). During the year under review there were no overdue or Unclaimed Deposit as on 31st March, 2002 to the deposit holders. There were no delay/defaults in the payments of any of the Deposit.

The company has complied with and has accepted all Fixed Deposit in terms of section 58-A of the Companies Act, 1956 and rules made thereunder.

REGISTERED OFFICE

During the year, the Registered Office of the company has been shifted from the State of Uttar Pradesh to the State of Gujarat at the plant location of company at Plot No. 762, Jhagadia Industrial Estate, Distt. Bharuch-393110 (Gujarat). The necessary approval from the Company Law Board and Registrar of Companies were obtained for the above change.

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 80% 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, Delhi and Mumbai Stock Exchanges. The Equity Shares were listed on 26th March 2002 at Mumbai Stock Exchange. The Equity Shares are tradeable in compulsory Demat form.

AUDITORS REPORT

The Auditors report to the shareholders does not contain any audit 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 prescribed Forms in **Annexure-1** forming part of this report. The company has not given any shares to any of the employees under Employees Stock Option Scheme.

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

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. Dr. C. K. Jain, Managing Director of the Company is related to Mrs. Mridula Jain as her husband and Ms. Aditi Jain as her father.

DIRECTORS' RESPONSIBILITY STATEMENT

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



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- 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, 2002 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 a going concern basis.

SAFETY AND ENVIRONMENT

The Company continued to maintain a good safety record. The manufacturing unit of the Company are 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 ensuing Annual General Meeting and being eligible offer themselves for reappointment. They have confirmed 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 ensuing Annual General Meeting. The observations, if any, in the Auditors report are dealt with in the notes to the accounts at appropriate places and are self explanatory.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation to the contribution made by all the employees in ensuring 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 expansion of the production capacity 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

DELHI
28th June, 2002

(MRS. MRIDULA JAIN)
Chairperson