

Gulshan Polyols Limited

CORPORATE GOVERNANCE REPORT

I. Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance is to observe the highest level of ethics in all its dealings, to ensure the efficient conduct of the affairs of the Company to achieve its goal of maximizing value for its stakeholders. As required under Clause 49 of the Listing Agreement with the Stock Exchange, following disclosures are set out towards achievements of good Corporate Governance.

II. Board of Directors

As on 31st March, 2014, The Board of Directors of the Company consists mix of Executive and Non-Executive & Independent Directors. The present composition of the Board meets the requirement of SEBI's guidelines as per the Clause 49 of the Listing Agreement. The Non-Executive Directors of the Company are highly experienced professionals in their fields and in the corporate world, and the Board is headed by a Non-Executive Chairman as decided in each meeting.

During the year, four Board meetings were held on 25.05.2013, 03.08.2013, 06.11.2013 and 07.02.2014. Attendance of each Director at the Board Meetings, last Annual General Meeting and their directorship and membership of committees of other companies as on March 31, 2014, is as under:

Name of Director	Category	No. of Directorship / Chairmanship / Committees' membership in other Public Limited Companies			Board Meeting Attended	Attendance at Last AGM
		Directorship	Chairman	Member		
Dr. C. K. Jain	MD	1	-	-	4	Yes
Mr. K.K. Pandey	NE & ID	-	-	-	2	No
Mr. Ajay Jain	NE & ID	-	-	-	4	Yes
Mr. A. K. Maheshwari	NE & ID	6	-	6	4	No
Mr. S. K. Tewari	WTD	-	-	-	3	No
Mr. A. K. Vats	WTD	-	-	-	4	Yes
Ms. Arushi Jain	WTD	1	-	-	2	No
Ms. Aditi Pasari	WTD	1	-	-	4	Yes

MD-Managing Director, NE-Non-executive Director, WTD - Whole Time Director, ID - Independent Director

III. Audit Committee

a) Composition

The Audit Committee of the Board comprises of total 3 directors, which include Mr. Ajay Jain (Independent Director) being the Chairman of the Committee. Mr. A. K. Maheshwari (Independent Director) and Dr. C. K. Jain, Managing Director, being the members of the Committee. Chief Financial Officer and Statutory Auditors are invitees to the Committee and the Company Secretary officiates as the Secretary of the Committee. During the financial year 2013-14, the Committee met four (4) times- on 25.05.2013, 03.08.2013, 06.11.2013 and 07.02.2014. All members were present at these meetings.

b) Terms of reference

The terms of reference and powers of the Audit Committee shall be as mentioned in Clause 49 II (D) of the Listing Agreement entered into with the stock exchange and would include overseeing the Company's financial reporting process, reviewing with the management the financial statements and the adequacy of the internal audit function and to discuss significant internal audit findings, statutory compliance issues and issues related to risk management and compliances.

IV. Remuneration committee

a) Composition

The Remuneration Committee of the Board comprises 3 Non-executive and Independent Directors i.e. Mr. Ajay Jain (Chairman), Mr. A. K. Maheshwari and Mr. K. K. Pandey, being members of the Committee. During the financial year 2013-14, one meeting was held on 25.05.2013.

b) Terms of reference

To review, assess and recommend the appointment of executive and non-executive directors from time to time, to periodically review the remuneration package of the executive directors and recommend suitable revision to the Board, to recommend compensation to the non-executive directors in accordance with the Companies Act.

c) Criteria for payments to Executive Directors:

The remuneration of the Executive Directors is recommended by the Remuneration Committee based on criteria such as, the Company's performance vis-à-vis the industry, responsibilities shouldered, performance and is decided by the Board of Directors. The Company pays remuneration by way of salary, perquisites and allowances (fixed component), commission (variable components) to its Executive Directors.

Remuneration to Executive Directors: (As on 31st March, 2014)

(₹ in lacs)

Name	Salaries	Commission	Perks	Total
Dr. Chandra Kumar Jain	79.20	50.00	12.27	141.47
Mr. Suresh Kumar Tewari	11.56	-	-	11.56
Mr. Ashwani Kumar Vats	14.08	-	-	14.08
Ms. Arushi Jain	10.56	20.00	-	30.56
Ms. Aditi Pasari	10.56	15.00	-	25.56
Total	125.96	85.00	12.27	223.23

d) Criteria for payments to Non-Executive Directors

The Non-Executive Directors of your Company are paid sitting fees for attending meetings of the Board or Committees thereof. Apart from the sitting fees, the Non-Executive Directors are also paid commission not exceeding 1% of the net profits of the Company for the year, calculated as per provisions of the Companies Act, 1956, as may be decided by the Board.

Commission to Non-Executive Directors for the FY 2013-14:

Name	Amount of Commission (₹ in lacs)
Mr. Krishna Kumar Pandey	3.00
Mr. Akhilesh Kumar Maheshwari	3.00
Mr. Ajay Jain	3.00
Total	9.00

V. Shareholder's Grievance Committee

The Committee specifically looks into redressing of shareholders' complaints such as transfer of shares, non receipt of shares, non receipt of declared dividend, review the reports submitted by RTA, quarterly status of shareholders' complaints and the status of disposal and to ensure expeditious share transfer process. This Committee comprising Mr. A. K. Maheshwari (Chairman, Independent Director), Mr. Ajay Jain (Independent director) and Ms. Aditi Pasari (Executive director) being members of the Committee. Ms. Nisha Gupta, Company Secretary is the Compliance Officer. The committee met Four (4) times during the year as on 25.05.2013, 03.08.2013, 06.11.2013 and 07.02.2014. The Company received total 51 complaints as at 31st March, 2014. All the complaints were responded to as per applicable guidelines and regulations. There were no pending share transfers and shareholders complaints.

VI. The Board has delegated the power of Share Transfer to the Company's Registrar & Share Transfer Agents, who process the transfers, in respect of physical and shares under Demat.
VII. Code for Prevention of Insider Trading Practices

In pursuance of the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 read with amendments to the Regulations 2008, the Board has laid down "Code of Conduct for Prevention

Gulshan Polyols Limited

of Insider Trading" with the objective of preventing purchase and sale of shares by the Insider on the basis of unpublished price sensitive information.

VIII. Code of Conduct for Board/ Committee Members/ Senior Management

The Board of Directors has adopted a Code of Conduct for its members and senior personnel of the Company in terms of Clause 49 of the Listing Agreement. A declaration to this effect, duly signed by the Chief Executive Officer was placed before the Board and is enclosed forming part of this report.

IX. Whistle Blower Mechanism

In line with the best Corporate Governance Practices, the company has framed a policy through which employees and business associates may report unethical business practices at work

Place without fear of reprisal. Under the said policy all employees/ business associates have direct access to the Chairperson and all the members of the Audit Committee. The whistle blower policy aims to-

- i. Allow and encourage employees and business associates to bring to the management notice about suspected unethical behavior, malpractice, wrongful conduct, fraud and violation of the policies.
- ii. Ensure timely and consistent organizational response.
- iii. Provide protection against victimization.
- iv. Build and strengthen a culture of transparency and trust.

X. General Body Meetings

The details of the last three Annual General Meetings are as under:

Financial Year	Date	Time	Venue
2012-2013	17.07.2013	12.30 PM	9 th K.M. Jansath Road, Muzaffarnagar, Uttar Pradesh - 251001
2011-2012	22.09.2012	1.30 PM	9 th K.M. Jansath Road, Muzaffarnagar, Uttar Pradesh - 251001
2010-2011	24.09.2011	01.00 PM	9 th K.M. Jansath Road, Muzaffarnagar, Uttar Pradesh - 251001

Special Resolution passed at the last three year's Annual General Meetings (AGM):

11th AGM held on 24th September, 2011- Alterations of Main objects in the Memorandum of Association of the Company.

13th AGM held on 17th July, 2013 - Payment of Commission to Non Executive Directors of the Company.

A special resolution is proposed to be conducted through Postal ballot at the ensuing Annual General Meeting.

XI. Disclosures

- a) There were no transactions of material nature between the Company and its Directors or management and their relatives or promoters that may have a potential conflict with the interests of the Company. Related Party transactions are disclosed in the Notes to Accounts.
- b) There has been no instance of non-compliance on any matter related to the capital markets, SEBI or statutory Authority during the year. The fee to Stock Exchange has been paid in time.

XII. Means of Communication

Quarterly /Annual financial results of the Company are published in the Business Standard (English) and Business Standard (Hindi). Annual results are sent to each shareholder by post and by email. Management's Discussion & Analysis forms part of the Annual Report. All Price Sensitive Information or clarifications on the decisions of the Board are communicated immediately to the Stock Exchange for dissemination to the shareholders. Annual Report, Quarterly results, Shareholding Patterns etc of the company are posted on the BSE website at www.bseindia.com and also on the Company's website on www.gulshanindia.com.

XIII. General Shareholders Information

- a. The 14th Annual General Meeting is proposed to be held on Saturday, 20th September, 2014 at 11.30 a.m. at Lala Gulshan Rai Jain Charitable Trust Dharamshala, 54,Gher Khatti, New Mandi, Muzaffarnagar, Uttar Pradesh - 251001
-

- b. **Financial Calendar:** 1st April to 31st March
- c. **Financial Reporting for 2014-15 is as follows:**
- First Quarter Mid of August 2014
 - Second Quarter Mid of November 2014
 - Third Quarter Mid of February 2014
 - Fourth Quarter Last week of May 2015
- d. **Date of Book Closures:** 21st July, 2014 to 22nd July, 2014 (both days inclusive).
- e. **Dividend payment date:** 22nd September to 30th September, 2014.
- f. **Listing of Equity Shares on Stock Exchange at:** Bombay Stock Exchange.
- g. **Demat ISIN Number for Equity Shares:** INE255D01016
- h. **Stock Code and Stock Market price data for the year 2013-14:**

Stock Market Data (In ₹/per share)

MONTH	BOMBAY STOCK EXCHANGE	
	532457	
	Month's High	Month's Low
April, 2013	68.85	50.00
May, 2013	74.75	55.60
June, 2013	69.90	59.20
July, 2013	69.40	55.05
August, 2013	63.00	52.15
September, 2013	63.00	56.00
October, 2013	64.00	59.50
November, 2013	65.80	59.00
December, 2013	79.40	62.00
January, 2014	86.00	71.00
February, 2014	75.00	70.00
March, 2014	94.90	69.00

- i. **Registrar and Share Transfer Agent:** M/s Alankit Assignments Ltd, 1E/13, Alankit House, Jhandewalan Extension, New Delhi 110055, and Phone No: 011-42541234/ 42541955, Fax No: 011-4254196, E-mail: rta@alankit.com.
- j. **Share Transfer System:** Shares sent for transfer in physical form are normally registered by our Registrar and Share Transfer Agent within 15 days of receipt of the Documents, if the same are found in order. Shares under objection are returned back within two weeks.
- k. **Dematerialization of Shares:** As on 31st March, 2014, 95% of the Company's total shares representing 8026211 shares were held in dematerialized form and the balance 422193 equity shares representing 5% shares were in Physical form.
- l. **Distribution of shareholding as on 31st March, 2014:**

No. of shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Up to 1000	12039	97.93	1166720	13.81
1001- 2000	125	1.02	187220	2.22
2001- 4000	49	0.41	144048	1.71
4001- 6000	31	0.25	153999	1.82
6001- 8000	9	0.07	61771	0.73
8001- 10000	10	0.08	90417	1.07
10001- 20000	14	0.11	196656	2.32
20001 and above	16	0.13	6447573	76.32
Total	12293	100.00	8448404	100.00

Gulshan Polyols Limited

m. Categories of Shareholders as on 31st March, 2014 :

Category	No. of Shares held	% of shareholding
Financial Institution/Bank	200	0.00
Bodies Corporate (Promoters)	4372772	51.76
Promoters - Individual	1733237	18.09
General Public - Individuals/Trust	1941727	22.98
- Bodies Corporate	339005	4.01
- NRI	61463	0.73
Total	8448404	100.00

n. Plant Locations:

1. Plot no. 762, Jhagadia Industrial Estate, Distt. Bharuch - 393110 (Gujarat)
2. Plot no. 769/2, G.I.D.C. Industrial Estate, Distt. Bharuch - 393110 (Gujarat)
3. 9th K.M., Jansath Road, Muzaffarnagar, (Uttar Pradesh) - 251001
4. Village Rampur Majri, Dhaula Kuan , Distt Sirmour (Himachal Pradesh) -173001
5. E-21 & 22, RIICO Growth Centre, Phase - II, Abu Road, Disst. Sirohi, (Rajasthan).
6. Plot no.10 &11, Industrial Area, Borgaon, Distt. Chhindwara, Madhya Pradesh
7. On-site facilities of Precipitated Calcium Carbonate at Patiala (Punjab)
8. Onsite facilities of precipitated calcium carbonate at Hooghly, West Bengal

- o. Address for correspondence:** Registered office address is at 9th K.M. Jansath Road, Muzaffarnagar - 251001 (Uttar Pradesh) and phone: +131-3295880/ 3295888. Email: gsclmzn@gulshanindia.com. Corporate office address & Investor cell of the Company is located at G-81, Preet Vihar, Delhi 110092. Phone no 011-49999200 and Fax no. 011-49999202. Email of share department nishagupta@gulshanindia.com.

- p. Compliance of Non-Mandatory Requirement:** The Company has constituted a Remuneration Committee of Directors comprising of Non-Executive and Independent Directors

DECLARATION BY THE CEO UNDER CLAUSE 49(I) (D) OF THE LISTING AGREEMENT

To,

**The Members of
GULSHAN POLYOLS LIMITED**

I, Ashwani Kumar Vats, Whole Time director & Chief Executive Officer of Gulshan Polyols Limited, to the best of my knowledge and belief, declare that all the members of the Board of Directors and Senior Management personnel have affirmed Compliance with the Code of conduct of the Company for the year ended March 31, 2014.

Date : May 28, 2014
Place: Delhi

Ashwani Kumar Vats
Whole Time Director &
Chief Executive officer

CEO AND CFO CERTIFICATION

To,
The Board of Directors
GULSHAN POLYOLS LIMITED

We, Ashwani Kumar Vats, Whole Time Director & CEO and Rajesh Agarwal, CFO of the Company interalia, certify the following:

- a) We have reviewed financial statements and the Cash flow statement of the Company for the year 2013-14 and that to the best of our knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into the company during the year, which are fraudulent or illegal of the company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal control systems of the company and they have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and Audit committee:
 - i) Significant changes in internal control during the year;
 - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Ashwani Kumar Vats
Whole Time Director
& Chief Executive officer

Rajesh Agarwal
Chief Financial Officer

Date : May 28, 2014
Place: Delhi

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
Gulshan Polyols Ltd.

We have reviewed the implementation of Corporate Governance procedures by the Company during the year ended 31st March, 2014 with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of the above and according to the information and explanations given to us, in our opinion, the company has complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

We further state that our examination of such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For SHAHID & ASSOCIATES
Chartered Accountants

Date : May 28, 2014
Place : Delhi

(MOHD. SHAHID)
Partner
Membership No : 70408