

CORPORATE GOVERNANCE REPORT**ANNEXURE F****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 at 31st March, 2015, the Board of Directors of the Company is headed by an Executive Chairman and comprises of 50% executive directors and 50% non-executive directors with two woman directors. The Non-Executive Directors of the Company are highly experienced professionals in their fields and in the Corporate World.

During the year, six Board Meetings were held on 28th May, 02nd August, 22nd August, 09th October, 14th November, 2014 and 14th February, 2015.

Attendance of each Director at the Board Meetings, last Annual General Meeting and their directorship and membership of committees of other companies as on 31st March, 2015, 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	CMD	1	-	-	6	Yes
Mr. A. K. Vats	ED & CEO	-	-	-	3	No
Mr. S. K. Tewari	ED	-	-	-	5	Yes
Ms. Arushi Jain	ED	1	-	-	5	Yes
Ms. Aditi Pasari	ED	1	-	-	6	No
Mr. K.K. Pandey	NE & ID	-	-	-	3	No
Mr. Ajay Jain	NE & ID	-	-	-	6	Yes
Mr. A. K. Maheshwari	NE & ID	-	-	-	6	No
Mr. J.J. Bhagat [#]	NE & ID	2	-	-	3	No
Mr. R.K. Gupta [#]	NE & ID	-	-	-	5	No

CMD - Chairman and Managing Director, NE - Non-executive, CEO- Chief Executive Officer, ED- Executive Director, ID - Independent Director

[#] Mr. J. J. Bhagat and Mr. R. K. Gupta have been appointed as Non-executive and Independent Director w.e.f. 2nd August, 2014

III. INDEPENDENT DIRECTORS

During the year under review, the Independent Directors met separately on 14th February, 2015, inter alia to discuss:

- review the performance of non-independent directors and the Board as a whole;
- review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- assess the quality, quantity and timeliness of flow of information between the Company Management and the Board, that is necessary for the Board to effectively and reasonably perform their duties.

IV. AUDIT COMMITTEE**a) Terms of Reference:**

Apart from all the matters provided in Clause 49 of the listing agreement and section 177 of the Companies Act 2013, the Audit committee review reports of the internal auditor, meets statutory auditors as and when required and discusses their findings, suggestions, observations and other related matters. It also re-views major accounting policies followed by the company and issues related to risk management and compliances.

b) Composition

The Audit Committee consists of three directors, 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 year 2014-15, the Committee met four (4) times on 28th May, 2nd August, 14th November, 2014 and 14th February, 2015 which was attended by all the members of the Committee.

V. NOMINATION AND REMUNERATION COMMITTEE

a) Terms of reference

The functioning and terms of reference of the Nomination and Remuneration Committee are as prescribed under Clause 49 of the Listing Agreement and Companies Act, 2013. It determines the Company's policy on all elements of remuneration packages of all the Directors including salary, benefits, bonus, stock options, pension rights, Commission and compensation payment etc.

b) Composition

The Nomination and Remuneration Committee was re-constituted on 28th May, 2014 which 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 2014-15, three (3) meeting were held on 28th May, 2nd August, 2014 and 14th February, 2015 which were attended by all the members except Mr. K. K. Pandey was absent in 28th May, 2014 committee meeting.

c) Nomination and Remuneration Policy

A Nomination and Remuneration Policy of the Company has been approved by Nomination and Remuneration Committee and Board of Directors of the Company. The said policy lays down the criteria for Directors'/Key Managerial Personnel's appointment and remuneration including criteria for determining qualification, positive attributes, independence of Directors, criteria for performance evaluation of Executive and Non-executive Directors (including Independent Directors) and other matters as prescribed under the provisions of the Companies Act, 2013 and Listing Agreement. Remuneration to Executive Directors are being recommended and paid as per policy as and when required.

The remuneration is fixed keeping in view of the overall limit laid down under the Companies Act 2013, qualification and experience of the appointee and overall financial performance of the Company. The remuneration of executive Directors of the Company is being paid as approved by the Board of Directors and Shareholders of the Company.

d) Remuneration to Executive Directors: (As on 31st March, 2015)

The Company pays remuneration by way of salary, perquisites and allowances (fixed component), commission (variable components) to its Executive Directors.

(₹ in lacs)

Name	Salaries	Commission	Perks	Total
Dr. Chandra Kumar Jain	87.12	50.00	13.46	150.58
Mr. Suresh Kumar Tewari	9.46	-	5.88	15.34
Mr. Ashwani Kumar Vats	11.40	-	7.03	18.43
Ms. Arushi Jain	11.62	20.00	-	31.62
Ms. Aditi Pasari	11.62	15.00	-	26.62
Total	131.21	85.00	26.37	242.59

e) Remuneration by way of Commission to Non-Executive Directors for the FY 2014-15:

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, 2013.

Commission to Non-Executive Directors for the FY 2014-15:

Name	Designation	Amount in ₹
Mr. Krishna Kumar Pandey	Independent Director	3,00,000
Mr. Akhilesh Kumar Maheshwari	Independent Director	3,00,000
Mr. Ajay Jain	Independent Director	3,00,000
Mr. Jeewan Jyoti Bhagat	Independent Director	3,00,000
Mr. Rakesh Kumar Gupta	Independent Director	3,00,000
Total		15,00,000

f) Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Remuneration Committee was empowered to carry out a separate exercise to evaluate the performance of individual Directors including the Chairman of the Board who were evaluated on parameters such as level of engagement and contribution and independence of judgment thereby safeguarding the interest of the Company. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The board also carried out annual performance evaluation of the working of its Audit committee, Nomination and Remuneration committee as well as stakeholder relationship committee. The Directors expressed their satisfaction with the evaluation process.

VI. RISK MANAGEMENT COMMITTEE

The Company has formed a Risk Management Committee consisting three members of Board namely Mr. A. K. Maheshwari (Independent Director), Mr. A. K. Vats and Ms. Arushi Jain (Whole Time Directors).

The objectives and scope of the Risk Management policy broadly comprise of

- Oversight of risk management performed by the executive management;
- Reviewing the RM policy and framework in line with local legal requirements and SEBI guidelines;
- Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a pre-defined cycle;
- Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.

VII. STAKEHOLDERS RELATIONSHIPS 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 28.05.2014, 02.08.2014, 14.11.2014 and 14.02.2015 which were attended by all the members of the Committee. The Company received total 51 complaints as at 31st March, 2015, all the complaints were responded to as per applicable guidelines and regulations. There were no pending share transfers and shareholders complaints except for disputed cases and sub-judice matters, if any.

VIII. 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 shares and shares under Demat.

IX. GENERAL BODY MEETINGS

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

Financial Year	Date and time	Venue	Special resolution passed
2013-2014	20.09.2014, at 11:30 a.m.	Lala Gulshan Rai Jain Charitable Trust Dharamshala, 54 Gher Khatti, New Mandi, Muzaffarnagar, Uttar Pradesh	<ol style="list-style-type: none"> Creation of Charge /Mortgage in terms of Section 180 (1)(a) of the Companies Act, 2013. Borrowing Powers of the Company under section 180(1)(c) of the Companies Act, 2013. Adoption of New Set of Articles of Association pursuant to Companies Act, 2013. Authorization for Related Party Transactions of the Company. Keeping of Registers and Annual returns at a place other than the Registered Office of the Company. Preferential allotment of Equity Shares of the Company. Preferential allotment of Convertible Warrants of the Company.
2012-2013	17.07.2013, at 12:30 p.m.	9 th K.M. Jansath Road, Muzaffarnagar, Uttar Pradesh	<ol style="list-style-type: none"> Payment of Commission to Non Executive Directors of the Company.
2011-2012	22.09.2012, at 1:30 p.m.	9 th K.M. Jansath Road, Muzaffarnagar, Uttar Pradesh	None

During the year 2014-15, the Company passed the following special resolution through postal ballot by providing the electronic voting facility to all its members, to enable them to cast their votes electronically

Special Resolution	Votes cast in favour		Votes cast against		Date of declaration of results
	No. of votes	%	No. of votes	%	
Alteration of Main Object Clause in Memorandum of Association of the Company	6125375	99.999	33	0.001	20 th September, 2014

Mr. Tarun Kharbada, Chartered Accountant was appointed as Scrutinizer for carrying out the postal ballot process in a fair and transparent manner.

There is no special resolution proposed to be passed by postal ballot at the ensuing AGM.

X. RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements. The Board has approved a policy for related party transactions which has been uploaded on the Company's website.

XI. MEANS OF COMMUNICATION

The quarterly, half yearly, nine monthly and yearly financial results are published in the leading news papers viz. Financial Express (English) and Jansatta (Hindi), Business Standard (English & Hindi)). The Company updates its results on the website www.gulshanindia.com.

XII. GENERAL SHAREHOLDERS INFORMATION

- a. The 15th Annual General Meeting is proposed to be held on Saturday, 19th September, 2015 at 12:00 noon at Solitaire INN Hotel, 6 Mile Stone, Meerut Road, National Highway 58, Muzaffarnagar, Uttar Pradesh 251002.
- b. **Financial Calendar:** 1st April to 31st March
- c. **Financial Reporting for 2014-15 is as follows:**
 - First Quarter Mid of August 2015
 - Second Quarter Mid of November 2015
 - Third Quarter Mid of February 2015
 - Fourth Quarter Last week of May 2016
- d. **Dates of Book Closures:** 18th July, 2015 to 21st July, 2015 (both days inclusive).
- e. **Dividend payment date:** on or after 19th September, 2015.
- f. **Listing of Equity Shares on Stock Exchange at:** National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange (BSE).
- g. **Demat ISIN Number for Equity Shares:** INE255D01016
- h. **Stock Code and Stock Market price data for the year 2014-15**

MONTH	BOMBAY STOCK EXCHANGE		NATIONAL STOCK EXCHANGE	
	532457		GULPOLY	
	Month's High	Month's Low	Month's High	Month's Low
April, 2014	121.00	87.30	N.A.	N.A.
May, 2014	144.00	100.00	N.A.	N.A.
June, 2014	209.80	124.20	N.A.	N.A.
July, 2014	223.00	174.55	N.A.	N.A.
August, 2014	230.55	164.15	N.A.	N.A.
September, 2014	252.50	208.00	N.A.	N.A.
October, 2014	229.50	198.95	N.A.	N.A.
November, 2014	249.50	215.20	N.A.	N.A.
December, 2014	243.50	200.10	N.A.	N.A.
January, 2015	239.00	211.00	240.00	211.05
February, 2015	323.50	207.00	325.00	206.00
March, 2015	354.00	250.00	359.00	251.10

- i. **Registrar and Share Transfer Agent:** M/s Alankit Assignments Ltd, 1E/13, Alankit Heights, Jhandewalan Extension, New Delhi 110055, and Phone No: 011-42541234/ 42541955, Fax No: 011-42541201, E-mail: rta@alankit.com.
- j. **Share Transfer System:** The transactions of the shares held in Demat and Physical form are handled by the Company's Registrar and Share transfer Agent, Alankit Assignments Ltd.

Particulars	2015	2014
Shares Transferred	12126	15487
Total No. of shares as on 31 st March	8883404	8448404
% on Share Capital	0.14	0.18

- k. **Dematerialization of Shares** : As on 31st March, 2015, 95.39% of the Company's total shares representing 8473337 shares were held in dematerialized form and the balance 410067 equity shares representing 4.62% shares were in Physical form.

l. **Distribution of shareholding as on 31st March, 2015:**

No. of shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Up to 1000	11225	97.58	1067708	12.02
1001- 2000	134	1.17	203946	2.30
2001- 4000	56	0.49	170187	1.92
4001- 6000	28	0.24	138595	1.56
6001- 8000	14	0.12	96880	1.09
8001- 10000	18	0.16	166605	1.87
10001- 20000	15	0.13	205424	2.31
20001 and above	13	0.11	6834059	76.93
Total	11503	100.00	8883404	100.00

m. **Categories of Shareholders as on 31st March, 2015 :**

Category	No. of share holders	No. of shares held	% of share holding
Promoters	6	5525820	62.20
Mutual Fund	1	595000	6.70
Bank	1	200	0.00
General Public - Individuals/Trust	11149	1981069	22.30
- Bodies Corporate	279	279178	3.13
- NRI	66	67137	0.76
- Foreign Portfolio Investor	1	435000	4.90
Total	11503	8883404	100.00

- n. During the year 2014-15, The Board of Directors in their meeting held on 9th October, 2014, has allotted 5,00,000 Convertible warrants to a Foreign Portfolio Investor (FPI) namely Antara India Evergreen Fund which are outstanding for conversion into Equity shares within 18 months from date of allotment.

o. **Plant Locations:**

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

- p. **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**.

XIII. Compliances

- There were no instances of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
- The Company had adopted a formal Whistle Blower Policy. All personnel have access to the Audit Committee.

- iii. The Company has complied with all mandatory requirements of Clause 49 of the listing agreement. The Company has adopted following non-mandatory requirements of clause 49:
 - a. Audit Qualification - The Company is in the regime of unqualified financial statements.
 - b. Separate posts of Chairman and CEO - The Company has appointed separate persons to the post of Chairman and CEO.
 - c. Reporting of Internal Auditor - The internal Auditor directly reports to the Audit Committee.
- iv. Compliances, rules & regulations as laid down by various statutory authorities has always been observed by the company since such change over both in letter as well as in spirit.
- v. The Board has obtained certificates/disclosures from key management personnel confirming they do not have any material financial and commercial interest in transactions with the company at large.

XIV. Code for Prevention of Insider Trading

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company.

XV. Code of Conduct

Declaration

A Code of Conduct for the Directors and Senior Management Personnel has already been approved by the Board of Directors of the Company. As stipulated under the provisions of sub-clause (II) E of Clause 49 of the Listing Agreement with stock exchanges, all the Directors and the designated personnel in the Senior Management of the Company have affirmed compliance with the said code for the financial year ended 31st March, 2015.

Date : 30th May, 2015
Place: Delhi

Ashwani Kumar Vats
Whole Time Director &
Chief Executive officer

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 31st March, 2015.

Date : 30th May, 2015
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 Agrawal, CFO of the Company inter alia, certify the following:

- a) We have reviewed financial statements and the Cash flow statement of the Company for the year 2014-15 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 Agrawal
Chief Financial Officer

Date : 30th May, 2015

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, 2015 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

(MOHD. SHAHID)
Partner
Membership No : 70408

Date : 30th May, 2015
Place : Delhi