

GUJARAT SPECIALITY LUBES LIMITED

Board of Directors : Kiran Padmanabh Baxi

Shailesh Dhirajlal Shah

Nalin Dhirajlal Shah

Vijay Padmanabh Baxi

Auditors : M/s Dilip K. Thakkar & Co.
Chartered Accountants
Vadodara.

Registered Office : Survey No 1285-86,,
Opp. Scott Glass Industries Limited,
Village Anakhi,
Jambusar - 392150,
Gujarat.

Twenty Second Annual Report
Financial Year – 2013-2014

NOTICE

Notice is hereby given that the Annual General Meeting of Gujarat Speciality Lubes Ltd will be held on Thursday, the 15th May, 2014 at 10.00 a.m. at its Registered Office at Survey No 1285-86, Opp. Scott Glass Industries Limited, Village Anakhi, Taluka Jambusar, District- Bharuch to transact the following business.

Ordinary Business:

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March 2014 and Balance Sheet as of that date together with the reports of the Directors and the Auditors thereon.
2. To appoint Director in place of Mr. Vijay Padmanabh Baxi , who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint M/s. Shirish Desai & Co. to hold office from this Annual General Meeting till ensuing Annual General Meeting as the Statutory Auditors of the Company in place of M/s. Dilip Thakker & Co., who retire at this Annual General Meeting , but do not seek reappointment.

Special Business :

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED that in supersession of all the resolutions passed under Section 293(1) (d) of the Companies Act, 1956 and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of Rs.100 Crores (Rupees One Hundred Crores) over and above the aggregate of the paid up share capital and free reserves of the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds and things as it may in its absolute discretion may deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of

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the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of all the resolutions passed under Section 293(1) (d) of the Companies Act, 1956 and pursuant to the provisions of Section 180(1)(a) of the Companies Act 2013 and all other applicable provisions if any, or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) and in terms of Articles of Association of the Company, the consent of the members be and is hereby accorded to the Board of Directors of the Company for mortgaging / charging all or any of the immovable and movable properties of the Company both present and future and the whole or substantially the whole of the undertaking or the undertakings of the Company on such terms and conditions, as may be agreed to between the Board and Lender(s) to secure the loans / borrowings obtained or as may be obtained, which may exceed the paid-up capital and free reserves in the ordinary course of business but not exceeding Rs. 100 Crores (Rupees One Hundred Crores only) at any one time."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds and things as it may in its absolute discretion may deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 61 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013, the Authorised Share Capital of the Company be and is hereby increased from existing Rs. 4,00,00,000 (Rupees Four Crores only) divided into 40,00,000 (Forty Lacs Only) Equity Shares of Rs.10/- (Rupees Ten) each to Rs. 5,50,00,000 (Rupees Five Crores Fifty Lacs only) comprising of Rs. 3,10,00,000 (Rupees Three Crores Ten Lacs only) divided into 31,00,000 (Thirty One Lacs Only) Equity Shares of Rs.10/- (Rupees Ten) each and Rs. 2,40,00,000 (Rupees Two Crores Forty Lacs only) divided into 24,00,000 (Twenty Four Lacs only) Zero % Non Cumulative Redeemable, Convertible Preference Shares of Rs.10/- (Rupees Ten only) each ."

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"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and action and give such directions and delegate such authorities, as it may in its absolute discretion, deem appropriate including setting any question that may arise in this regard."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution.

"RESOLVED FURTHER THAT pursuant to the provisions Section 13 of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and subject to such approvals, consents, sanctions and permissions of appropriate authorities, departments or bodies as may be necessary, the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following Clause V :

- V. The Authorised Share Capital of the Company is Rs. 5,50,00,000 (Rupees Five Crores Fifty Lacs only) comprising of Rs. 3,10,00,000 (Rupees Three Crores Ten Lacs only) divided into 31,00,000 (Thirty One Lacs Only) Equity Shares of Rs.10/- (Rupees Ten) each and Rs. 2,40,00,000 (Rupees Rupees Two Crores Forty Lacs only) divided into 24,00,000 (Twenty Four Lacs only) Zero % Non Cumulative Redeemable, Convertible Preference Shares of Rs.10/- (Rupees Ten only) each ."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and action and give such directions and delegate such authorities, as it may in its absolute discretion, deem appropriate including setting any question that may arise in this regard."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** : -

"RESOLVED THAT pursuant to the provisions of Sections 42, 55, 62 & Other applicable provisions of the Companies Act, 2013 and the enabling provisions in the Memorandum and Articles of Association of the Company and further subject to such approvals as may be required and subject to such terms, conditions, alterations, corrections, changes, variations and/or modification(s), if any, as may be prescribed in granting such approval and which may be agreed to by the Board of Directors or any committee which the Board of Directors may constitute, to exercise one or more of its power including power conferred by

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this resolution, consent, authority and approval of the members be and is hereby accorded to the Board to offer, issue and allot upto 24,00,000 (Twenty Four Lacs Only) Zero % Non cumulative Redeemable, convertible Preference Shares of Rs.10/- (Rupees Ten) each aggregating to Rs. 2,40,00,000/- in lieu of conversion of outstanding unsecured loan and dues thereon given by promoters, directors, their relatives and Associates, as per details given in the explanatory statement annexed with this resolution, on the terms and conditions as described herein below:

- i. The Redeemable Convertible Preference Shares (hereinafter referred to as Preference Shares) shall have a face value of Rs. 10/- (Rupees Ten Only) each.
- ii. Preference Shares shall be allotted as fully paid-up @ Rs. 10/- (Rupees Ten Only) per Share.
- iii. The Preference Shares shall not carry any dividend.
- iv. The Preference Shares shall not carry any voting rights except in accordance with the provisions of Section 47 of the Companies Act, 2013.
- v. The Preference Shares shall be redeemed as per provisions of Companies Act, 2013, as may be applicable, without payment of any premium at such time as may be decided by the Board of Directors of the Company.
- vi. Any Part redemption of Preference Shares will be permissible as may be approved by the Board of Directors of the Company.
- vii. The terms of said Preference Shares shall be modified / altered / varied , from time to time, as may be determined and approved by the Board of Directors of the Company in compliance of all statutory guidelines and applicable provisions of the Companies Act, as may be deemed fit in the best interest of the Company.

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company, be and is hereby authorised to take such actions and to give all such directions or to do all such acts, deeds, matters and things as may be necessary or desirable and to settle any questions or difficulty that may arise in regard to the issue of redeemable non-convertible preference shares on preferential basis and further to do all such acts, deeds, matters or otherwise consider it to be in the best interest of the Company."

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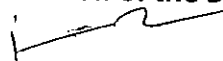
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9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 186 of the Companies Act, 2013, and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof for the time being in force), the consent of the members be and is hereby accorded to the Board of Directors to make any loans or investments and to give any guarantees or to provide security in connection with a loan made by any other person to, or to any other person by, a body corporate as the Board of Directors may think fit, for an amount not exceeding Rs. 100 Crore (Rupees One Hundred Crore only), at a one time, as detailed in the attached explanatory statement, notwithstanding that such investments, outstanding loans given or to be given and guarantees and security provided are in excess of the limits prescribed under Section 186(2) of Companies Act, 2013 as in their absolute discretion deem beneficial and in the interest of the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board of Directors of the Company, be and is hereby authorised to take all such actions and to give all such directions as may be necessary or desirable and also to settle any question or difficulty that may arise in regard to the proposed investments or loans made or guarantees given or securities to be provided and further to do all such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be necessary, desirable or expedient in connection therewith."

For and on behalf of the Board,



Chairman

Place: Vadodara

Date: 19-04-2014

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business enumerated at Item Nos. 4 to 9, is annexed hereto.

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3. The Register of Members and the Share Transfer books of the Company will remain closed from Thursday, 1st May, 2014 to Thursday, 15th May, 2014 (both days inclusive).
4. Proxies should be lodged with the Company 48 hours before commencement of the Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

Item No. 4:

Section 180(1)(c) of the Companies Act, 2013 effective from 12th September, 2013 requires that the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, except with the consent of the Company accorded by way of a Special Resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 4 of the Notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto Rs. 100 Crores (Rupees One Hundred Crores) in excess of the aggregate of the paid up share capital and free reserves of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4.

Item No. 5:

For creation of security through mortgage or pledge or hypothecation or otherwise or through combination for securing the limits as may be sanctioned by the lenders, for the loans to be sanctioned by any one or more Company's bankers and /or by any one or more persons, firms, bodies corporate, or financial institutions or banks, the Company

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would be required to secure all or any of the movable and immovable properties of the Company present and future. Section 180(1)(a) of the Companies Act, 2013, provides that the Board of Directors of a Company shall not, without the consent of members in General Meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company,

Pursuant to the provisions of Section 180(1)(a) of the Companies Act 2013 and all other applicable provisions if any, or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) and in terms of Articles of Association of the Company, the consent of the members is hereby proposed to be accorded to the Board of Directors of the Company for mortgaging / charging all or any of the immovable and movable properties of the Company both present and future and the whole or substantially the whole of the undertaking or the undertakings of the Company on such terms and conditions, as may be agreed to between the Board and Lender(s) to secure the loans / borrowings obtained or as may be obtained, which may exceed the paid-up capital and free reserves in the ordinary course of business but not exceeding Rs. 100 Crores (Rupees One Hundred Crores only) at any one time.

Members are requested to consider to pass a Special Resolution under Section 180(1)(a) of the Companies Act, 2013 as proposed, authorizing the Board of Directors or its committees to mortgage / charge the properties and/or the whole or substantially the whole of the undertaking of the Company as aforesaid to the lenders. Mortgaging / charging the properties of the Company require approval of Members in the General Meeting pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013.

Your Directors recommend the above Special Resolution for your approval.

None of the Directors, Key Managerial Persons of the Company and their relatives is concerned or interested in the above resolution.

Item No. 6 .

The present Authorized Share Capital of the Company is Rs.4,00,00,000 (Rupees Four Crores only) divided into 40,00,000 (Forty Lacs Only) Equity Shares of Rs.10/- (Rupees Ten) each.

Subject to the approval of the members by way of Ordinary Resolution, the Company intends to increase the Authorised Share Capital to Rs. Rs. 5,50,00,000 (Rupees Five Crores Fifty Lacs only) comprising of Rs. 3,10,00,000 (Rupees Three Crores Ten Lacs only)

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divided into 31,00,000 (Thirty One Lacs Only) Equity Shares of Rs.10/- (Rupees Ten) each and Rs. 2,40,00,000 (Rupees Two Crores Forty Lacs only) divided into 24,00,000 (Twenty Four Lacs only) Zero % Non Cumulative Redeemable, Convertible Preference Shares of Rs.10/- (Rupees Ten only) each .”

Approval of members is being sought by way of Ordinary Resolution as required under Section 61 of the Companies Act, 2013.

The Board recommends the Resolution for adoption.

None of the Directors are concerned or interested in the above resolution.

Item No. 7 .

The Company contemplates to create, issue and allot issue Zero % Non cumulative Redeemable, convertible Preference Shares to continue to meet short term fund requirements of the Company, it is proposed to the Members to accord their approval by creation of 24,00,000 (Twenty Four Lacs only) Zero Percent Non Cumulative Redeemable Convertible Preference Shares of Rs. 10/- (Rupees Ten only) aggregating to Rs. 2,40,00,000 (Rupees Two Crores Only).

The Amendment / alteration in the Capital Clause of the Memorandum of Association can be made by way of passing Special Resolution at the General Meeting. The Resolutions as set out in the Notice convening the Meeting are to be considered and Members are requested to approve the Resolution proposed as Special Resolution.

None of the Directors are concerned or interested in the above resolution.

The Board recommends the resolution for adoption.

Item No. 8

With a view to reduce financial obligation, to enhance net worth of the Company and to comply to provisions of the Companies Act, 2013, relating to repayment of Deposits , the Board of Directors has decided, subject to the approval of the Shareholders, pursuant to Sections 42 & 62 and all other applicable provisions, if any, of the Companies Act 2013 read with Rule 13 of Companies (Share Capital and Debentures) Rules, 2014 and other applicable Rules, to offer, issue and allot 24,00,000 Zero % Non Cumulative Redeemable, Convertible Preference Shares of Rs.10/- (Rupees Ten only) each, on a preferential basis to the Deposit Holders, upon conversion of their deposits lying with the Company as at 31st March, 2014, through Private Placement basis.”

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The said Private Placement of Shares needs prior approval of Members by Special Resolution in terms of Provisions of Section 42, 55, 62 & Other applicable provisions of the Companies Act, 2013 read with Companies (Share Capital and Debentures) Rules, 2014, Companies (Prospectus and Allotment of Securities) Rules, 2014 and other applicable Rules.

Since the proposal is to convert the Deposits and Loans of Directors and their relatives, lying with the Company in to Zero % Non Cumulative Redeemable, Convertible Preference Shares of Rs.10/- (Rupees Ten only) each , on having their consents, keeping in view non operational status of the CoOmpany for quite some time, the value of the Share has been considered at Rs. 10/- per share as per its face Value and the said price is considered by the Board as fair and reasonable.

The Board is of the opinion that, said issue of preference Shares , upon conversion of deposits, is in larger interest of the Company.

The Disclosures pursuant to Rule 13(2)(d) is as follows:

(i) The objects of the issue;

to reduce financial obligation, to enhance net worth of the Company and to comply to provisions of the Companies Act, 2013, relating to repayment of Deposits.

(ii) The total number of shares or other securities to be issued;
24,00,000 Preference Shares of Rs. 10/- each aggregating to Rs. 2,40,00,000/- Only.

(iii) The price or price band at/within which the allotment is proposed;
Rs. 10/- Per Share only.

(iv) Basis on which the price has been arrived at along with report of the Registered valuer;

The Company is non functional for quite some time and still is not in operation. Further the proposal is to Zero % Non Cumulative Redeemable, Convertible Preference Shares of Rs.10/- (Rupees Ten only) each against and on conversion of amount of deposits of Directors and their relatives, lying with the Company so as to reduce the financial obligations and enhance net worth of the Company, the value of the Share has been considered at Rs. 10/- per share which is considered as fair and reasonable.

(v) Relevant date with reference to which the price has been arrived at;

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The date of passing Special Resolution i.e. 15th May, 2014 is considered as relevant date for determination of price of Share.

- (vi) **The class or classes of persons to whom the allotment is proposed to be made;**

Following persons who have lent the amount as the Deposits to the Company, who shall be offered Preference Shares on conversion of their Loan.

Sr. No.	Names of the persons to be allotted preference shares	Value of shares to be allotted.
1	Kiran P. Baxi	1,81,500
2	Shailesh D Shah	4,58,000
3	Vijay P. Baxi	1,37,500
4	Nalin D. Shah	2,99,000
5	Sandhya P. Baxi	27,000
6	Baxi Financial Consultants Private Limited	40,54,000
7	Bharat D Shah	6,07,000
8	Deevya P Baxi	4,25,000
9	Padmanabh J Baxi	2,75,000
10	Priyam K Baxi	19,000
11	Radhika V Baxi	15,000
12	Rajit S Shah	19,000
13	Shanti Enterprise	1,37,30,000
14	Prapti K Baxi	55,000
15	Veeraj V Baxi	19,000
16	Kiran N Bhayani	36,79,000
	Total	2,40,00,000

- (vii) **Intention of promoters, directors or key managerial personnel to subscribe to the offer;**

Directors and their Relatives who have given Loan to the Company would subscribe the preference Shares.

- (viii) **The proposed time within which the allotment shall be completed;**

Within 1 month of passing Resolution.

- (ix) **The names of the proposed allottees and the percentage of post preferential offer capital that may be held by them;**

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Sr. No	Names of the Persons to be Allotted Preference Shares	Pre Issue of Preferential Share	Pre % of share holding	Post Preferential Share	Post % of Share holding
1	Kiran P Baxi	--	--	18,150	0.76
2	Shailesh D Shah	--	--	45,800	1.91
3	Vijay P Baxi	--	--	13,750	0.57
4	Nalin D. Shah	--	--	29,900	1.25
5	Sandhya P. Baxi	--	--	2,700	0.11
6	Baxi Financial Consultants Private Limited	--	--	4,05,400	16.89
7	Bharat D Shah	--	--	60,700	2.53
8	Deevya P Baxi	--	--	42,500	1.77
9	Padmanabh J Baxi	--	--	27,500	1.15
10	Priyam K Baxi	--	--	1900	0.08
11	Radhika V Baxi	--	--	1500	0.06
12	Rajit S Shah	--	--	1900	0.08
13	Shanti Enterprise	--	--	13,73,000	57.20
14	Prapti K Baxi	--	--	5500	0.23
15	Veeraj V Baxi	--	--	1900	0.08
16	Kiran N Bhayani	--	--	3,67,900	15.33
	Total	--	--	24,00,000	100.00

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- (x) The change in control, if any, in the company that would occur consequent to the preferential offer;

No change in the control of the Management would occur.

- (xi) The number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price;

None

- (xii) The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the Registered valuer.

Not Applicable

- (xiii) The pre issue and post issue shareholding pattern of the Company.

Sr No.	Category	Pre Issue		Post Issue			
		No. of Equity Shares Held	% of Equity Share Holding	No. of Equity Shares Held	No. of Preference Shares Held	% of Equity Share holding	% of Preference Share Holding
A	Promoters' Holding						
1	Indian:						
	Individual & PAC	4,00,760	12.93	4,00,760	19,94,600	12.93	83.11
	Bodies Corporate	2,00,800	6.48	2,00,800	4,05,400	6.48	16.89
	SUB TOTAL	6,01,560	19.41	6,01,560	24,00,000	19.41	100.00
2	Foreign Promoters	---	---	---		---	
	Sub Total (A)	6,01,560	19.41	6,01,560	24,00,000	19.41	100.00
B	Non Promoters' Holding						
1	Institutional Investors	---	---	---	---	---	---
2	Non Institution	---	---	---	---	---	---
	Private Corporate Bodies	1,02,000	3.29	1,02,000	---	3.29	---

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	Directors and Relatives	---	---	---	---	---	---
	Indian Public	23,96,440	77.30	23,96,440	---	77.30	---
	Others (Including NRIs)	---	---	---	---	---	---
	Sub Total (B)	24,98,440	80.59	24,98,440	---	80.59	---
	Grand Total(A)+(B)	31,00,000	100.00	31,00,000	100.00	100.00	100.00

Approval of the Shareholders is being sought as required in terms of Sections 42, 55 , 62 and other applicable provisions if any, of the Companies Act, 2013, by way of Special Resolution.

Memorandum and Articles of Association of the Company and amendments referred are kept open for inspection by the Shareholders during business hours on all working days (except Sundays and Holidays) till the date of meeting.

The Directors are interested or concerned in passing the aforesaid resolution, to the extent of allotment of preference shares on conversion of their deposits, lying with the Company.

The Board recommends resolution for adoption.

Item No. 9:

To aid the financial requirements of its Associates , Companies belong to the Group and other Bodies Corporate, the Company makes investments and gives loans to them subsidiary companies as and when needed. The Company also provides corporate guarantees on behalf of its subsidiary companies to the banks/financial institutions for the financial assistance provided by them.

As per Section 186 of the Companies Act, 2013, a Company can give a loan to bodies corporate or give any guarantees or make investments in the securities of any other body corporate with the approval of the Board of Directors if the same is within the permissible limit of either 100% of free reserves or 60% of the paid up share capital and free reserves.

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Inter-corporate loans and investments can be made above the aforesaid limits if the Company has prior approval from its members by a Special resolution.

Since the amount of investments /loans / corporate guarantees proposed to be made by the Company exceeds the prescribed limit, this permission is sought to enable the Board of Directors with powers for making further investments/ loans/ guarantees and providing securities, whenever required on need basis for an amount not exceeding Rs. 100 Crore.

Approval of shareholders of the Company, by way of Special Resolution, is sought to authorize the Board of Directors to make the following Investments/ loans/ Corporate Guarantees as may be required from time to time.

These investments, loans, guarantees and securities are made / proposed to be made out of own /surplus funds internal accruals / borrowed funds, the objective of which is optimum utilization of funds of the Company and also to achieve long term strategic and business objectives. The investments, loans, guarantees and securities will be made on terms and conditions most beneficial to the Company and at prevailing market rates.

The Directors are satisfied that this resolution would be in the interest of the Company and its members and accordingly recommend the Resolutions for your approval.

Your Directors recommend the Resolution in item no. 6, as a Special Resolution for your approval.

Directors, Key Managerial Personnel and their relatives who are members of the Company, may be deemed to be concerned or interested in this Resolution to the extent of their respective shareholding in the Company.

For and on behalf of the Board,



Chairman

Place : Vadodara

Date : 19-04-2014

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DIRECTORS' REPORT

To,

The Members,

Gujarat Speciality Lubes Limited.

Your Directors have pleasure in presenting the Annual Report together with Audited Statements of Accounts for the Year ended 31st March, 2014. The following figures summarize the financial performance of the Company during the year under review.

Financial Results:

	(Rs in Lacs)	
	Current Year	Previous Year
	31/03/2014	31/03/2013
Other Income	50.66	6.10
Profit/ (Loss) before Depreciation	48.28	4.02
Less: Depreciation	<u>0.00</u>	<u>0.00</u>
Profit after Depreciation	48.28	4.02

Dividend :

In view of accumulated loss and loss of the year under review, your Directors regret their inability to recommend payment of Dividend to the Equity Shareholders.

Operation in Retrospect :

The production operations could not be restarted even During the year under review, manufacturing and commercial activities of the Company remained suspended for want to financial requirements and viable business opportunities. As a consequence, there was no generation of Income during the year under review.

The Company continued its efforts for its revival and is still awaiting for the response and approval of its Debt Restructuring Scheme submitted to Hon'able BIFR.

Your Company, in a drive to reduce its financial burden, has already paid off almost its entire block of Secured Creditors and has made itself virtually "Debt Free" from the clutches of them. The Company is now poised for revival and intends to recommence its commercial operations with the help of additional working capital support given by

Gujarat Speciality Lubes Limited.

Registered Office: Survey No 1285-86, Opp. Scott Glass Industries Limited,
Village Anakhi, Taluka Jambusar, District- Bharuch.

its Promoters , Directors and their Associates. The Board, on behalf of the Company places its sincere appreciations for the contributions and support given by them in their infusing of necessary funds by way of non- interest bearing unsecured loans to the tune of Rs. 240.00 Lacs, to make the Company debt-free from its secured Creditors.

In order to commercialize the operations , the Company would continue to need more funds from its Promoters and Associates so as to meet its working capital requirement with positive net worth and it is in this backdrop , your Company intends to issue and allot fully paid up 24,00,000 (Twenty Four Lacs only) Zero Percent Non-Cumulative Redeemable Convertible Preference Shares of Rs. 10/- (Rupees Ten only) aggregating to Rs. 2,40,00,000/- (Rupees Two Crores Forty Lacs Only), on preferential basis, by converting unsecured loans given to the Company, by those promoters and Associates date. As proposed issue of Preference shares are not proposed to be listed on any Stock Exchanges, we, as Board members, feel that SEBI Regulations and Stock Exchange requirements are not applicable.

Proposed move of issue of 0% Redeemable Non Cumulative Preference Shares, by conversion of unsecured loan, would reduce Company's financial obligations in terms of payment of interest and dividend , but would, in turn, enhance its net worth. Relevant resolutions are proposed to the members for their consideration and approval.

Directors' Responsibility Statement :

In terms of Section 217(2AA).of the Companies Act, 1956, the Directors would like to state that :-

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the Loss of the Company for the year under review.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

Gujarat Speciality Lubes Limited.

Registered Office: Survey No 1285-86, Opp. Scott Glass Industries Limited,
Village Anakhi, Taluka Jambusar, District- Bharuch.

iv) The Directors have prepared the Annual Accounts on a going concern basis.

Directorate:

Mr. Vijay Padmanabh Baxi, the Director retires by rotation in terms of Section 256 of the Companies Act, 1956 and being eligible offers himself for reappointment. Members are requested to consider his reappointment. Members are requested to consider his reappointment.

Statutory Disclosures :

- I. Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988 are not attached, as the same is not applicable, being non operative Company.
- II. As required under the provisions of Section 217(1)(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 information is not furnished as no employee is covered thereunder.
- III. In compliance of Section 383A (1) of the Companies Act, 1956, compliance certificate as issued by Shri Jayesh Vyas of M/s. Jayesh Vyas and Associates the Practicing Company Secretary, is annexed to this report.

Deposits :

During the year under review, the Company has not accepted any deposit from public. However, it has accepted and renewed deposits from Directors. There are no unpaid or unclaimed deposits of the Company as at the end of the financial year.

Auditors :

The Auditor M/s. Dilip K. Thakkar & Co. retires at the conclusion of the ensuing Annual General Meeting however, though eligible, do not offer themselves for re-appointment.

M/s. Shirish Desai & Co. the Chartered Accountants, Vadodara, being eligible, have shown their willingness to be appointed as Auditors of the Company to hold office from conclusion of ensuing Annual General Meeting till the conclusion of next Annual General meeting of the Company. Members are requested to consider their appointment and fix their remuneration.

Gujarat Speciality Lubes Limited.

Registered Office: Survey No 1285-86, Opp. Scott Glass Industries Limited,
Village Anakhi, Taluka Jambusar, District- Bharuch.

The Auditors' Report read with Notes to the Accounts referred to therein, are self explanatory and therefore do not call for any further comments.

Appreciation :

Your Directors have pleasure to place on record their appreciation of the service rendered by the employees, the Company and thank Bank of Baroda, for their valuable cooperation in furthering interest of the Company.

Place : Vadodara
Date : 19-04-2014

For and on behalf of the Board,


Chairman

Gujarat Speciality Lubes Limited.

Registered Office: Survey No 1285-86, Opp. Scott Glass Industries Limited,
Village Anakhi, Taluka Jambusar, District- Bharuch.

ATTENDANCE SLIP

Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the Meeting Hall.

I hereby record my / our presence at the Annual General Meeting of the Company held at its Registered Office at Survey No 1285-86, Opp. Scott Glass Industries Limited, Village Anakhi, Taluka Jambusar, District- Bharuch, on Thursday, the 15th May, 2014 at 10.00 a.m.

Folio No. _____ No. of Shares held _____

Full name of the Member (IN BLOCK LETTERS) _____

Full name of Proxy (IN BLOCK LETTERS) _____

Member's/Proxy's Signature

----- TEAR HERE -----

PROXY

I/We _____

of _____

being a Member/Members of the above named Company, hereby appoint _____ of _____ or

failing him _____ of _____

as my/our proxy to attend and vote for me/us and on my/our behalf at the 69th ANNUAL GENERAL MEETING of the Company, to be held on Thursday, the 15th May, 2014 at 10.00 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2014.

Folio No. _____ No. of Shares held _____

Signature _____

Affix Re.1
Revenue
Stamp

Note: The Proxy form must be returned so as to reach the Registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

INDEPENDENT AUDITORS' REPORT

To,

The Members of

GUJARAT SPECIALITY LUBES LTD.

1. Report on the financial statements

We have audited the accompanying financial statements of **GUJARAT SPECIALITY LUBES LTD.** ('The Company') as at 31st March, 2014 which comprises the Balance Sheet as at 31st March, 2014, Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended and a summary of significant accounting policies and other explanatory information.

2. Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give true and fair view of the financial position and financial performance and cash flows of the company in accordance with the accounting standards referred to in sub-section (3C) of section 211 of The Companies Act, 1956('The Act') read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by the Institute of Chartered Accountant of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedure that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the

reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2014; and
- b) In the case of Statement of Profit and Loss, of the profit of the company for the year ended on that date.
- c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

- i. As required by the Companies (Auditor's Report) Order, 2003 ("The Order") issued by the Central Government of India in terms of sub -Section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
- ii. As required by section 227(3) of the Act, we report that –
 - (a) We have obtained all the information and explanations, which to the best of our Knowledge and beliefs were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far, as appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report, are in agreement with the books of account;

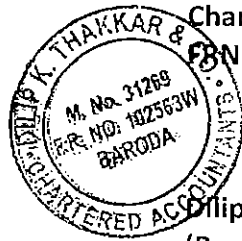
(d) In our opinion, the Balance Sheet, the Statement of Profit & Loss and the Cash Flow statement comply with the Accounting Standards as referred to in sub - section (3C) of section 211 of the Act read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.

(e) On the basis of the written representation received from the directors as on 31st March, 2014, and taken on record by the Board of Director, none of the directors are disqualified as on 31st March, 2014 from being appointed as a director in terms of Clause (g) of section 274 Sub Section (1) of the Companies Act, 1956.

Place: Vadodara
Date: 19.04.2014

For, Dilip K. Thakkar & Co.
Chartered Accountants.

FBN: 102563W



Dilip K. Thakkar
(Proprietor)

Membership No. 31269

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal & Regulatory requirements' section our Report of even date)

- 1) Having regards to the nature of the company's business /activities/ results during the year, clauses (x), (xii), (xiv), (xviii), (xix) and (xx) of the paragraph 4 of the Order are not applicable.
- 2) In respect of its fixed assets;
 - Proper records of fixed assets are still under compilation.
 - Physical verification of fixed assets has not been conducted by the management during the year. Pending such physical verification and reconciliation, we are unable to state whether there are any material discrepancies between physical count and fixed asset records.
 - As per information and explanation given by the management, part of fixed assets has become obsolete. Therefore, the same has been written off in earlier years but it has not affected the Going Concern of the Company. In case if no fresh funds are infused in the company, then, in view of non – availability of working fund, there exists a substantial doubt to continue as a going concern in the foreseeable future.
- 3) In respect of its inventories;
 - As the company has not purchased /sold goods during the year nor is there any opening stocks, requirement of reporting on physical verification of stocks or maintenance of inventory records, in our opinion does not arise.
- 4) In respect of loans, secured or unsecured, granted or taken by the company to / from Companies, firms or other parties covered in the register maintained under Section 301 of The Companies Act, 1956;
 - a. The Company has taken loans aggregating to Rs. 2.45 lakhs from two parties covered in register maintained under Section 301 of the Companies act, 1956 during the year. The maximum amount involved during the year was Rs. 212.85 Lacs (Eighteen Parties) & the year end balance of loan taken was Rs. 203.33 Lacs. (Sixteen Parties). The loan taken was interest free and other terms and condition on which the loan has been taken are not prejudicial to the interest of the company. In respect of loan taken, whether the amount has been repaid regularly or not cannot be commented upon, as there is no stipulation as regards to the repayment of the amount.

- b. The company has given loans aggregating to Rs. 0.11 lakhs to two parties covered in the register maintained under section 301 of the Companies Act, 1956 during the year. The maximum amount involved during the year was Rs. 0.58 lacs(Two Parties) & at the year end balance of loan given to the parties was Rs. Nil.
- 5) Having regard to the nature of the company's business and based on our scrutiny of the company's records and the information and explanations received by us, we report that the company's activities do not include purchase and sale of inventory and sale of goods. In our opinion and explanation received by us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regards to purchase of fixed assets. During the course of our audit, we have not obtained any continuing failure to correct major weaknesses in the internal controls with regards to purchase of fixed assets.
- 6) In respect of transaction covered under section 301 of the Companies Act, 1956;
- a. In our opinion and according to the information and explanation given to us, particulars of contracts or arrangements, referred to in section 301 of the Companies Act, 1956, have been so entered into in the register maintained under section 301 of the Companies Act, 1956.
 - b. In our opinion and according to the information and explanations given to us, there are no transactions in pursuance of contract or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, aggregating during the year to Rs.5,00,000/- (Rupees Five Lacs only) or more in respect of any party
- 7) According to the information and explanation given to us, the company has not accepted any deposit from the public during the year in terms of the provisions of sections 58A & 58AA or any other relevant provisions of the Companies Act, 1956.
- 8) In our opinion & according to information & explanation given to us, the company is yet to set up the internal audit system as there is no business transaction during the year.
- 9) The central government has prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 under NOTIFICATION NO GSR 686 dated 8.10.2002 however the same does not apply to company due to its turnover being less than Rs. 10 crores and there is no business transaction during the year.

10) According to the Information and explanations given to us in respect of statutory and other dues;

- a. As there is no business transaction during the year there is no fresh statutory liability.
- b. According to the records of the company, there were undisputed amounts payable in respect of Entry Tax of Rs. 0.11 Lacs, Income Tax of Rs. 0.14 Lacs for the year 1997-98 & Rs. 4.53 Lacs for the year 1998-99, T.D.S. of Rs. 0.11 Lacs, Sales Tax of Rs. 11.10 Lacs & Land revenue of Rs. 2.22 Lacs which have remained outstanding as at March, 31 2014 for a period of more than six months from the date they become payable.
- c. There are no disputed statutory liabilities.

11) The Accumulated Losses have resulted into erosion of the entire net worth. As per provisions of Section 3(1)(0) of the Sick Industrial Companies Act, 1985, the company has been declared a Sick Company. The company has incurred cash losses of Rs. 2.38 Lacs during the year and Rs. 2.08 Lacs in the previous year.

12) Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks since there are no outstanding dues in this regard. The company has not issued any debentures till 31st March, 2014.

13) In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

14) In our opinion and according to the information and explanations given to us, and based on the records of the company, the company has not given any guarantee for loans taken by others from banks or financial institutions.

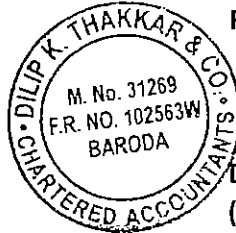
15) According to the records of the company, the company has not obtained any term loans during the period under consideration. Hence, comments under the clause are not called for.

16) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short term assets except core (permanent) working capital.

17) According to the information and explanations given to us, during the period covered by our audit report, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

18) To the best of our knowledge and according to the information and explanations given to us, no fraud by the company and no material misstatements have been noticed during the year nor have we been informed of such case by the management.

For, Dilip K. Thakkar & Co.
Chartered Accountants
Firm Registration No. 102563W



A handwritten signature in black ink, appearing to be "Dilip K. Thakkar", written over a horizontal line.

Dilip K Thakkar
(Proprietor)
Membership No.31269

Place: Vadodara
Date: 19.04.2014

Particulars	Notes	As At 31st March 2014 (Rs.)	As At 31st March 2013 (Rs.)
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	31,000,000	31,000,000
(b) Reserves and Surplus	2	(44,438,556)	(49,266,859)
		(13,438,556)	(18,266,859)
(2) Non-Current Liabilities			
(a) Other Long Term Liabilities	3	24,031,600	25,556,013
(b) Trade Payables	4	2,375,469	5,726,306
(c) Deferred Tax Liability(Net)		298,044	298,044
		26,705,113	31,580,363
(3) Current Liabilities			
(a) Short-Term Provisions	5	59,150	50,150
		59,150	50,150
Total		13,325,707	13,363,654
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	6		
i. Tangible Assets		12,403,176	12,403,176
(b) Non-current investments	7	14,350	14,350
(c) Long term loans and advances	8	230,000	276,666
(d) Trade receivable	9	611,250	611,250
		13,258,776	13,305,442
(2) Current Assets			
(a) Cash and cash equivalents	10	66,931	58,212
		66,931	58,212
Total		13,325,707	13,363,654
Significant Accounting Policies	1 to 30		
Notes on financial Statements			

The accompanying notes are an integral part of the Financial Statements

As per our report of even date

For, Dilip K. Thakkar & Co.

Chartered Accountants

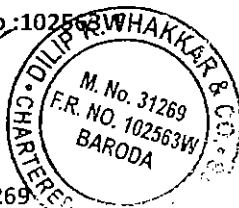
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Dilip K. Thakkar
Proprietor

Membership No. 31269

Place: Vadodara

Date: 19.04.2014

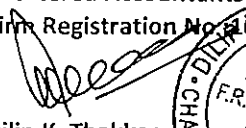
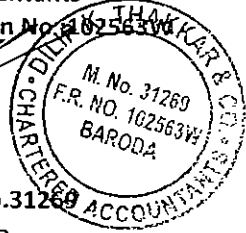

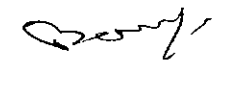


For and on behalf of the board

Kiran Baxi
Director

Vijay Baxi
Director

Statement of Profit and Loss for the year ended 31st March, 2014

Particulars	Notes	For the year ended 31st March, 2014 (Rs.)	For the year ended 31st March, 2013 (Rs.)
<u>Income:</u>			
Other Income	11	5,066,471	609,739
Total		5,066,471	609,739
<u>Expenses:</u>			
Changes in Inventories	12	Nil	Nil
Financial Costs	13	280	449
Other Expenses	14	237,888	207,315
Total		238,168	207,764
Profit before exceptional and extraordinary items and tax		4,828,303	401,975
Exceptional Items		Nil	Nil
Profit before extraordinary items and tax		4,828,303	401,975
Extraordinary Items		Nil	Nil
Profit before tax		4,828,303	401,975
<u>Tax expense:</u>			
(1) Current tax		Nil	Nil
(2) Deferred tax		Nil	Nil
		Nil	Nil
Profit for the year		4,828,303	401,975
Earning per equity share:	15		
(1) Basic		1.56	0.13
(2) Diluted		Nil	Nil
Significant Accounting Policies	1 to 30		
Notes on financial Statements			
The accompanying notes are an integral part of the Financial Statements			
As per our report of even date			
For, Dilip K. Thakkar & Co.		For and on behalf of the board	
Chartered Accountants			
Firm Registration No. 210256300			
 			
Dilip K. Thakkar		Kiran Baxi	Vijay Baxi
Proprietor		Director	Director
Membership No. 31260			
Place: Vadodara			
Date: 19.04.2014			

GUJARAT SPECIALITY LUBES LTD.
Statement of Cash Flow for the year ended 31st March, 2014

Indirect Method :

Particulars	For the year ended 31st March, 2014 (Rs.)	For the year ended 31st March, 2013 (Rs.)
Cash flows from operating activities		
Net profit before taxation, and extraordinary item	4828303	401975
Adjustments for:		
Depreciation		
write backs of old liabilities	-5066471	-609739
Operating profit before working capital changes	-238168	-207764
Decrease in sundry debtors	0	
Decrease in inventories	0	0
Decrease in Loans & Advances	46666	-9466
increase in current liabilities	4980	-511182
Increase in Provisions	9000	1000
Cash generated from operations	-177522	-727412
Income taxes paid	0	0
Cash flow before extraordinary item	-177522	-727412
Proceeds from other sources	0	0
Net cash from operating activities	-177522	-727412
Cash flows from investing activities		
Purchase of fixed assets	0	
Proceeds from sale of equipment	0	
Interest received	0	
Dividends received	0	0
Net cash from investing activities	0	0
Cash flows from financing activities		
Proceeds from issuance of share capital		
Proceeds from long-term borrowings	186241	751800
Repayment of long-term borrowings	0	
Interest paid		
Dividends paid		
Net cash used in financing activities	186241	751800
Net increase in cash and cash equivalents	8719	24388
Cash and cash equivalents at beginning of period (see Note 1)	58212	33824
Cash and cash equivalents at end of period	66931	58212

The accompanying notes are an integral part of the Financial Statements

1 to 30

As per our report of even date

For, Dilip K. Thakkar & Co.

Chartered Accountants

Firm Registration No. 102563W

Dilip K. Thakkar

Proprietor

Membership No. 31269

Place: Vadodara

Date: 19.04.2014

For and on behalf of the board

Kiran Baxi
Director

Vijay Baxi
Director

Note : 2 Reserve & Surplus

Sr. No	Particulars	As At 31st March 2014 (Rs.)	For the year ended 31st March,2013 (Rs.)
1	Capital Reserve	16,859,766	16,859,766
2	Surplus/(deficit) in the Statement of Profit & Loss		
	Balance as per last financial statements	(66,126,625)	(66,528,600)
	Less: Profit for the year transferred from Statement of profit & Loss	4,828,303	401,975
	At the Close of the Reporting Period	(61,298,322)	(66,126,625)
	Total	(44,438,556)	(49,266,859)

Note : 3 Other Long Term Liability

Sr. No	Particulars	As At 31st March 2014 (Rs.)	For the year ended 31st March,2013 (Rs.)
1	Unsecured, Consider Good		
	Loan from related Parties(Refer Note No.30)	19,256,000	20,097,370
	Loan from Directors	1,076,900	942,105
	Other Loans	3,698,700	4,463,779
2	Advance against order	-	52,759
	Total	24,031,600	25,556,013

Note : 4 Trade Payables

Sr. No	Particulars	As At 31st March 2014 (Rs.)	For the year ended 31st March,2013 (Rs.)
1	Trade Payables		
	For Goods	-	1,350,868
	For Expenses	2,375,469	4,375,438
	Total	2,375,469	5,726,306

- 4.1 The Company has not received any intimation from the 'suppliers' regarding their status under the Micro, Small and Medium Enterprises development Act, 2006 and hence disclosures if any relating to amounts unpaid as at 31st March , 2014 together as required under the said Act, have not been given.

Note : 5 Short Term Provisions

Sr. No	Particulars	As At 31st March 2014 (Rs.)	For the year ended 31st March,2013 (Rs.)
	<u>Provisions</u>		
	Provision for expenses	59,150	50,150
	Total	59,150	50,150

GUJARAT SPECIALITY LUBES LTD.
Notes on Financial Statement for the year ended 31st March, 2014

Note : 6 Fixed Assets
Current Year (1.4.2013 to 31.3.2014)

Sr. No	Particulars	Gross Block			Depreciaton/Amortisation			Net Block		
		As At 1st April, 2013	Additions	Deductions/ Adjustments	As At 31st March, 2014	As At 1st April, 2013	for the year	Deductions/ Adjustments	As At 31st March, 2013	As At 31st March, 2014
Tangible Assets										
1	Free hold- Factory Land	501,978	Nil	Nil	501,978	Nil	Nil	Nil	501,978	501,978
2	Factory Building & Site	5,189,110	Nil	Nil	5,189,110	1,888,937	Nil	1,888,937	3,300,173	3,300,173
3	Office Equipment	338,066	Nil	Nil	338,066	242,736	Nil	242,736	95,330	95,330
4	Furnitures & Fixtures	146,001	Nil	Nil	146,001	96,762	Nil	96,762	49,239	49,239
5	Plant & Machinery	17,735,443	Nil	Nil	17,735,443	10,100,031	Nil	10,100,031	7,635,412	7,635,412
6	Laboratory Equipment	951,149	Nil	Nil	951,149	493,906	Nil	493,906	457,243	457,243
7	Electrical Installaton	820,081	Nil	Nil	820,081	456,280	Nil	456,280	363,801	363,801
	*TOTAL	25,681,828	Nil	Nil	25,681,828	13,278,652	Nil	13,278,652	12,403,176	12,403,176

Previous Year (1.4.2012 to 31.3.2013)

Sr. No	Particulars	Gross Block			Depreciation/Amortisation			Net Block		
		As At 1st April, 2012	Additions	Deductions/ Adjustments	As At 31st March, 2013	As At for the year	Deductions/ Adjustments	up to 31st March, 2013	As At 31st March, 2013	As At 31st March, 2012
Tangible Assets										
1	Free hold- Factory Land	501,978	Nil	Nil	501,978	Nil	Nil	Nil	501,978	501,978
2	Factory Building & Site	5,189,110	Nil	Nil	5,189,110	Nil	1,888,937	1,888,937	3,300,173	3,300,173
3	Office Equipment	338,066	Nil	Nil	338,066	Nil	242,736	242,736	95,330	95,330
4	Furnitures & Fixtures	146,001	Nil	Nil	146,001	Nil	96,762	96,762	49,239	49,239
5	Plant & Machinery	17,735,443	Nil	Nil	17,735,443	Nil	10,100,031	10,100,031	7,635,412	7,635,412
6	Laboratory Equipment	951,149	Nil	Nil	951,149	Nil	493,906	493,906	457,243	457,243
7	Electrical Installaton	820,081	Nil	Nil	820,081	Nil	456,280	456,280	363,801	363,801
	*TOTAL	25,681,828	Nil	Nil	25,681,828	Nil	13,278,652	13,278,652	12,403,176	12,403,176

* Note:

- 6.1 The Company has not having any Intangible Assets, capital work in progress and Intangible assets under Development.
6.2 The Depreciation has not been provided on the fixed assets as the assets are not used during the year or other business transaction has not been carried out in the company.

Notes on Financial Statement for the year ended 31st March,2014

Note : 7 Non-current Investments

Sr. No	Particulars	As At 31st March 2014 (Rs.)	As At 31st March 2013 (Rs.)
1	<u>Unquoted Investments :</u> Equity Instruments: (valued at cost unless stated otherwise) Equity shares of Jan Kalyan Sahakari Bank Ltd.	14,350	14,350
	Total	14,350	14,350

Note : 8 Long Term Loans and Advances

Sr. No	Particulars	As At 31st March 2014 (Rs.)	As At 31st March 2013 (Rs.)
1	<u>Security Deposit</u> Unsecured, Considered Good : Security Deposit	30,000	30,000
		30,000	30,000
2	<u>Loan and advances to related parties</u> Unsecured, considered good (Refer Note No.30)	-	46,666
		-	46,666
3	<u>Other Loans & Advances</u> Unsecured, considered good	200,000	200,000
	Total	230,000	276,666

Note: 9 Trade Receivable

Sr. No	Particulars	As At 31st March 2014 (Rs.)	As At 31st March 2013 (Rs.)
1	<u>Unsecured, considered doubtful unless stated otherwise</u> Outstanding for a period exceeding six months from the date they are due for payment	611,250	611,250
		611,250	611,250

Note : 10 Cash & Cash Equivalent

Sr. No	Particulars	As At 31st March 2014 (Rs.)	As At 31st March 2013 (Rs.)
1	<u>Cash Balance</u> Cash on Hand Total (A)	29,880	25,869
		29,880	25,869
2	<u>Balance with Bank</u> In current account Total (B)	37,051	32,343
		37,051	32,343
	Total (A+B)	66,931	58,212

Notes on Financial Statement for the year ended 31st March,2014

Note : 11 Other Income

Sr. No	Particulars	As At 31st March 2014 (Rs.)	As At 31st March 2013 (Rs.)
1	Non Operating Income	5,066,471	609,739
	Total	5,066,471	609,739

11.1 Other Non Operating Income shows the amount of creditors and unsecured loans payable written off during the year.

Note : 12 (Increase)/Decrease in Inventories

Sr. No	Particulars	As At 31st March 2014 (Rs.)	As At 31st March 2013 (Rs.)
1	Inventories at the end of the year		
	Raw Material	Nil	Nil
	Work In Progress	Nil	Nil
	Finished Goods	Nil	Nil
		Nil	Nil
2	Inventories at the beginning of the year		
	Raw Material	Nil	Nil
	Work In Progress	Nil	Nil
	Finished Goods	Nil	Nil
		Nil	Nil
	Change in Inventories	Nil	Nil

Note :13 Finance Cost

Sr. No	Particulars	As At 31st March 2014 (Rs.)	As At 31st March 2013 (Rs.)
1	Bank Charges	280	449
	Total	280	449

Note : 14 Other Expenses

Sr. No	Particulars	As At 31st March 2014 (Rs.)	As At 31st March 2013 (Rs.)
1	Establishment Expenses		
	Auditors Remuneration		
	- Audit Fees	7,500	7,500
	- Tax & Consultancy	7,500	7,500
	Legal & Professional Expenses	100,876	93,000
	Rent, Rates & Taxes	15,400	18,900
	Postage & Telephone Expenses	19,000	18,500
	Listing Charges	13,750	13,750
	Travelling Expenses	9,862	14,465
	Misc. Expense	29,000	-
	Printing & Stationery	35,000	33,700
	Total	237,888	207,315

Note : 15 Earning Per Share (EPS)

The following reflects the profit and share data used in the basic EPS Computation.

Sr. No	Particulars	As At 31st March 2014 (Rs.)	As At 31st March 2013 (Rs.)
	Total Operation for the year		
	Profit after tax	4,828,303	401,975
	Net Profit for calculation of basic EPS	4,828,303	401,975
	Number of Equity Shares	3,100,000	3,100,000
	Number of Equity Shares for calculation of basic EPS	3,100,000	3,100,000
	Earning Per Share (EPS)	1.56	0.13

Gujarat Speciality Lubes Ltd.

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON FINANCIAL STATEMENTS

16. SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of Preparation:

The financial statements have been prepared under the historical cost convention, in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, as adopted consistently by the Company. All revenue/income and cost/expenditure having a material bearing on the financial statements are recognized on accrual basis as and when earned or incurred except recognition of dividend income and retirement benefit expenditure except non provision of non moving stock & certain expenses which cannot be estimated on a reasonable basis.

B. Change in Accounting Policy:

The company has also reclassified the previous year figure in accordance with the requirements applicable in the current year.

C. Use of Estimates:

The preparation of financial statements in conformity with Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period.

D. Fixed Assets:

Fixed Assets are recorded at historical cost along with capitalized portion of specific and allocated expenses. Fixed Assets acquired and constructed are stated at historical cost including attributable cost and incidental expenses, erection/ commissioning expenses for bringing the asset to its intended use.

E. Depreciation:

Depreciation on all Fixed Assets is provided on Straight Line Method in accordance with the provisions of Section 205(2) (b) of the Companies Act, 1956, in the manner and at the rates prescribed in Schedule XIV to the said Act.

Additions are depreciated on pro-rata basis for number of days used during the year at the rates prescribed in Schedule XIV of the Companies Act, 1956.

Depreciation on assets sold, discarded or demolished during the year is being provided at the rates up to the day on which such assets are sold, discarded or demolished.

F. Inventories:

Raw materials are valued at cost or net realizable value in case the cost of raw material has declined and the realization value of the finished products is expected to be lower than the cost of the product. Raw materials are valued at cost on First In First Out basis.

Finished stock is valued at cost or net realizable value whichever is lower

Work in progress is valued at net realizable value.

Trading stock is valued at cost or net realizable value whichever is lower.

"Cost" comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to their present location and condition. Cost of purchase includes duties, taxes, freight and other expenses net of trade discounts, rebates, sales tax set off and liquidated damages. Valuation of stock of finished goods is exclusive of all duties & taxes.

G. Retirement Benefits:

The company has accounted for liability for Gratuity and Privilege Leave encashment on retirement/separation by making provision on the basis of actuarial valuation at the year end.

H. Amortization of Preliminary & Public Issue Expenditure

Preliminary & Public Issue Expenditure are amortized over a period of 10 year on Straight Line Method.

I. Income Tax

Income taxes are accounted for in accordance with Accounting Standard-22 AS "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. Tax expense comprises both current and deferred tax. Current tax is measured at the amount expected to be paid to/ recovered from the tax authorities using the applicable tax rates. Deferred tax assets and liabilities are recognized for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversing in one or more subsequent periods and are measured using the relevant enacted tax rates.

J. Investment:

(1) All long term investments are valued at cost & provision for diminution in value is made, whenever such diminution is not temporary.

(2) All current investments are valued at lower of cost or fair market value.

K. Provision and Contingent Liabilities:

(1) Provision are recognized when there is a present obligation as a result of past event.

(2) Contingent Liability –

2.1 Show Cause notice issued by various Government Authorities are not considered as obligation.

2.2 When the demand notice are raised against such show cause notices and are disputed by the company, then these demands are classified as obligations.

2.3 The treatment in respect of disputed obligations is as under.

(a) A provision is recognizing in respect of present obligations where the out flow of resources is probable.

(b) All other cases are disclosed as contingent liabilities unless the possibility of outflow of resources is remote

L. Borrowing Cost:

Borrowing cost that are attributable to the acquisition of qualifying assets are capitalized up to the period such assets are ready for its intended use. All other borrowing assets are charges to profit & Loss a/c

M. Accrual Basis:

All income and expenditure items having a material bearing on the financial statements are recognized on accrual basis. The capital subsidy is accounted on receipt basis.

N. Impairment of Assets:

At each Balance Sheet date, the company reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss and provide for impairment. Where the impairment loss subsequent reverses, the carrying amount of the assets (cash generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the assets in prior accounting periods.

Notes on Financial Statements for the year ended 31st March, 2014:

17. Company still continues to be a Sick Industrial Company within the meaning of Section 3(1) (o) of the Sick Industries (Special Provisions) Act 1985 with a registration no 24/2001 issued by BIFR.

18. The Company has examined carrying cost of its identified Cash Generating Units (CGU) by comparing present value of estimated future cash flows from such CGUs, in terms of Accounting Standard – 28 on Impairment of Assets, according to which no provision for impairment is required as assets of none of the CGUs are impaired as on 1st April, 2013. There have been no indications of impairment during the financial year ended 31st March, 2014.

19. The company has not followed the AS-22 of accounting for taxes on income, due to uncertainty of future tax liability to arise in future, and the management believes that it will not affect the true financial position of the company on not following the Accounting Standard. Thus the Deferred Tax Liability is not provided for in the books for the current year. However, deferred tax liability provided in earlier years of Rs. 2,98,044/- is shown as a liability.

20. Contingent Liabilities Not Provided For:

(a) Disputed Liabilities:

Particulars	Amount (Rs. in Lacs)
1 Listing fees not debited from FY2005-06 till 2013-14 Of Bombay Stock Exchange in view of De-Listing and consequent improbability of reviving listing. In the event of revival of listing, company may be required to pay listing fees not booked for 9 years at 12500/- per year (Listing fees of 12500/- is based on last fees charged to the company)	1.12

21. Auditor's remuneration

	As at the year ended 31/03/2014	As at the year ended 31/03/2013
For Audit Fees	7500	7500
For Taxation Matters	7500	7500
Total	15000	15000

22. Expenditure in Foreign Currency: NIL

23. Earnings in Foreign Currency: FOB Value Of Exports: NIL

24. C.I.F value of import: NIL

25. In the opinion of the Management, Current Assets, Loans & Advances are approximately of the value stated, except otherwise stated, if realized in the ordinary course of business. The provision of all known liabilities, is adequate and not in excess of the amounts reasonably necessary.

26. Balance Confirmation/adjustment/reconciliation:

Balances in Long Term Loans and Advances, Deposits received/paid, Trade receivables, Trade Payables and Other Long Term liabilities are subject to third party confirmations and adjustments/reconciliation, if any.

27. Transactions in respect of which documentary evidences are not available have been certified by the directors as true & correct. Directors have confirmed that no personal expenses have been charged to revenue.

28. Related Party Disclosure

As per Accounting Standard – 18, the disclosure of transaction with related Parties are given below:

LOANS TAKEN:

Particulars	As at 31 st March,2014	As at 31 st March,2013
From Directors		
K. P. Baxi	181500	181526
S. D. Shah	458900	458978
V.P.Baxi	137500	137570
Nalin D. Shah	299000	164031
TOTAL(A)	1076900	942105

From Relatives

P. J. Baxi	275700	275782
Baxi Finance Consultant P. Ltd	4054800	4060847
D.P Baxi	425700	425795
Radhika V. Baxi	15000	15000
Prapti Baxi	55000	55022
Rajit S Shah	19000	19000

Sandhya P. Baxi Loan	27000	27000
Priyam Baxi	19000	19000
Shanti Enterprise -Loan I	5001300	5001300
Shanti Enterprise -Loan II	8737200	8737269
Bharat D. Shah	607300	497355
Viraj Baxi	19000	19000
Shree Syndicate	Nil	40000
Syndicate Textile Collection	Nil	905000
TOTAL(B)	19256000	20097370
TOTAL(A+B)	20332900	21039475

LOANS GIVEN:

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
To Enterprises over which Key management personnel and their relatives are able to exercise significant influence		
Crystal Organics Pvt. Ltd.	Nil	23483
Zenith Industrial oils Pvt. Ltd.	Nil	23183
TOTAL	Nil	46666

29. Pursuant to section 383A of the Companies Act, the Company could not obtain the services of a full time Company Secretary in Spite of its best efforts. The management has explained to us that the financial condition of the company does not warrant the appointment of a whole time company secretary.

30. The company has reclassified previous year figures to confirm to this year's classification.

As per our report of even date

For Dilip K. Thakkar & Co.

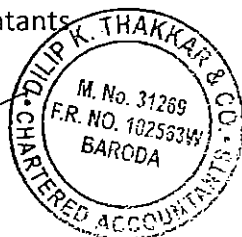
Chartered Accountants

F.R.No.102563W

Dilip K. Thakkar

(Proprietor)

Membership No. 31269



For and on behalf of the Board

Kiran Baxi

Director

Vijay Baxi

Director

Place : Vadodara

Date: 19.04.2014