

GUJCHEM DISTILLERS INDIA LIMITED

MD	✓		BKC	✓
CS	N/A		DEY	✓
RO	✓		DIV	✓
FRA	N/A		AC	✓
AGM	✓		SHI	✓
YE	✓			

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58th Annual Report 1996-97



Directors SMT. DEVIKA NAVNITLAL, Chairperson and Managing Director
SHRI MANISH NAVNITLAL, Managing Director
SHRI BIPIN CHANDULAL
SHRI B. R. SHAH
SHRI DINESHBHAI M. PATEL
SHRI D. U. RAO (IFCI Nominee)

Auditors SHARP & TANNAN
Chartered Accountants

Bankers DENA BANK
BANK OF BARODA

Solicitors MALVI RANCHODDAS GIRISH N. SHAH & CO.

Registered Office 'CHAITANYA', F-1, Sheth C.G. Road,
Ellisbridge,
Ahmedabad - 380006

Works Bilimora, Dist. Valsad (Gujarat)
Ankleshwar, Dist. Bharuch (Gujarat)


GUJCHEM DISTILLERS INDIA LIMITED
NOTICE

NOTICE is hereby given that the Annual General Meeting of the Members of the Company will be held on Tuesday, the 30th September, 1997 at 10 A.M. at The Seminar Room, Ahmedabad Textile Industry's Research Association, (ATIRA) Vastrapur, Ahmedabad-380015 to transact the following business :

ORDINARY BUSINESS :

- (1) To receive, consider and adopt the audited Balance Sheet as at 31st March, 1997 and Profit & Loss Account for the year ended on that date, together with the Directors' Report and the Auditors Report thereon.
- (2) To appoint a Director in place of Shri Bipin Chandulal who retires by rotation and being eligible, offers himself for reappointment.
- (3) To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

- (4) To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT consent of the Company pursuant to the provisions of section 293 (i) (a) and other applicable provisions, if any of the Companies Act, 1956 and subject to the approvals as may be necessary, be and is hereby accorded to the Board of Directors of the Company to sell, lease or otherwise dispose-off, all the following undertaking/assets of the Company on such terms, conditions and stipulation as the Board may in its discretion deem fit and in the interest of the Company :

1. Undertaking of the Company at Bilimora.
2. Undertaking of the Company at Ankleshwar.
3. Assets of the Company at Village, Asnad, Taluka Olpad, Dist. Surat.

"RESOLVED FURTHER THAT Board of Directors of the Company are authorised to sell, lease or otherwise dispose-off each of undertaking as such or the lands, buildings, plant, machineries may be sold separately and at a price/s as the Board of Directors may think most appropriate and in the best interest of the Company."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised and empowered to enter into sign, seal, execute and deliver such agreements, conveyance, contracts, deeds, writings and other instruments and to do all such acts, deeds, and things in the name and on behalf of the Company and to settle any question, difficulty, or that may arise in this regard as the Board may consider expedient, necessary proper for the said sale, lease or disposal of the Company's properties."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to accept on behalf of the Company such conditions and modifications, as may be imposed, required or suggested by the appropriate authorities and which the Board of Directors in its absolute discretion may think fit and proper."

Place : Ahmedabad

Date : 9th August, 1997

NOTES

1. The explanatory statement under Section 173(2) of the Companies Act, 1956 in respect of special business is annexed herewith.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER.** Proxies in order to be valid must be delivered at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, the 26th September, 1997 to Tuesday, 30th September, 1997 (both days inclusive) for the Annual General Meeting.
4. Documents referred to in the accompanying notice and explanatory statement are open for inspection at the Registered Office of the Company on working days up to the date of Annual General Meeting.
5. The Company has transferred the unclaimed dividend to the General Revenue Account of the Central Government for and up to financial year 1992-93. The concerned members may, therefore submit their claims to The Registrar of companies, Gujarat at Jeevabhai Chambers, Ashram Road, Ahmedabad- 380 009.
6. Members are requested to bring their copy of Annual Report to the meeting.
7. Members desiring to seek information on Annual Accounts to be explained at the meeting are requested to send their queries atleast ten days before the date of the meeting so that the information can be made available at the meeting.

Place : Ahmedabad

Date : 9th August, 1997

By Order of the Board
MANISH NAVNITLAL
 Managing Director

By Order of the Board
MANISH NAVNITLAL
 Managing Director



**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.
ITEM NO. 4**

The members are aware that the Company has undertakings at Bilimora and Ankleshwar. The Company had intended to establish a third undertaking at village Asnad, Taluka Olpad, Dist. Surat. However, the said undertaking/plant could not be commissioned.

The members are also aware that since 1993, molasses and Alcohol, which are basic raw materials for the finished products of the Company have been decontrolled by the Central Government, with the result that the prices of these raw materials which were in short supply rose to such an uneconomical level that it was not possible for the Company to purchase molasses and alcohol to manufacture the finished products of the Company viably.

The Company believes that in view of decontrol of molasses and alcohol, liberalization of economic policy and keen competition that has emerged, it would be difficult for the company to survive. The finished products which were being manufactured by the Company are now allowed to be freely imported, further compounding the problems in the manufacturing and marketing activities of the company. Entry of certain big manufacturing units in the company's product range with huge investments, using alternate technology with different basic raw materials has adversely affected the manufacturing activities of the company.

Under the changed scenario, there prevails uncertainty of prices of both raw materials and finished products. As a result of this, it is not possible to carry out continuous viable and profitable manufacturing activities. Hence the Board of Directors of the Company has thought fit to discontinue the manufacturing activities.

The Company had received financial assistance by way of term loans from IFCI and working capital loans from banks and other financial institutions. The Company therefore proposes to sell one and/or all of its undertakings at Bilimora and Ankleshwar and the assets at Village Asnad to repay the loans. The Company has proposed One Time Settlement (OTS) to the secured creditors to avail the maximum advantage by way of reduction in the interest, penalty and other charges. IFCI, lead financial institution has favourably considered the proposal for one time settlement. The concerned Banks/Institutions are also favourably inclined to consider the proposals for OTS.

The Directors feel that for the purpose of restructuring and revival of the company it is necessary and advisable to discharge the all liabilities of the Company including liabilities in respect of depositors. Thus it is desirable and in the interest of the Company to dispose off the undertaking and assets of the Company and thereby to reduce the financial burden of the Company. The Directors believe that in the present situation, the Company may receive offers from purchasers who may be interested in purchasing only the land(s) and/or building(s), and/or machinery(ies). It is believed that in respect of the old machineries, the Company may not receive any offers and therefore, such machineries may have to be disposed-off as a scrap and realise whatever best possible value.

The Directors regret that having regard to the uncertainties prevailing in the market, nature of the offer that the Company may receive and the sales strategies that may have to be adopted, it is not possible to make the estimate of the prices at which the undertaking/assets could be sold. Under the circumstances, complete discretions is sought in the matter of disposal of the undertaking/assets from the shareholders.

The Directors under the circumstances, recommend to pass the proposed Ordinary Resolution.

Place : Ahmedabad
Date : 9th August, 1997

By Order of the Board
MANISH NAVNITLAL
Managing Director


GUJCHEM DISTILLERS INDIA LIMITED
DIRECTORS' REPORT

To

The Members,

GUJCHEM DISTILLERS INDIA LIMITED

Your Directors present the Annual Report together with the audited Statement of Accounts for the year ended 31st March, 1997 which they trust will meet your approval.

FINANCIAL RESULTS :

The working results of the Company for the year ended 31st March, 1997 are briefly indicated below

	<u>1996-97</u>	<u>1995-96</u>
Loss before Interest & Depreciation and Extra Ordinary items	(1,12,84,167)	(1,21,02,368)
After providing for :		
1. Interest	69,54,094	1,66,25,083
2. Depreciation	-	41,73,349
	<u>69,54,094</u>	<u>2,07,98,432</u>
Results in a (Loss) before Extra Ordinary items	(1,82,38,261)	(3,29,00,800)
Profit on sale of office premises	-	2,78,35,179
(Loss) after Extra Ordinary items	(1,82,38,261)	(50,65,621)
(Loss) brought forward	<u>(86,40,739)</u>	<u>(36,85,718)</u>
	<u>(2,68,79,000)</u>	<u>(87,51,339)</u>
Your Directors have appropriated (to)/from		
Less : amount transferred from General Reserve	<u>3,50,000</u>	<u>1,10,600</u>
Balance of (loss) carried to Balance Sheet	<u>(2,65,29,000)</u>	<u>(86,40,739)</u>
	=====	=====

DIVIDEND :

In view of the losses of the current year, your Directors regret their inability to recommend dividend for the year under review.

OPERATIONS/FINANCE/FUTURE PROSPECTS :

The Company could not operate any production activities during the year under review due to factors beyond the control of the Company like very high fluctuation of prices and poor availability of basic raw materials like Molasses & Alcohol, high competitive market environment for company's finished products and liquidity crisis.

Company could not make the repayment of loan installments to the financial institutions as no manufacturing operations were carried out by the company during the year and as such company is passing through very critical phase.

IFCI, lead financial institution has agreed in-principle for one time settlement and has granted concession in interest etc. Company has also approached Bank and other financial institution for one time settlement.

As a part of restructuring the Company, your Directors propose to sell/lease/dispose-off undertakings assets of the Company so as to liquidate the liability, reduce the fixed cost and restart its operations by inducting certain value added products with the help of technology and plant & machineries presently available with the Company. Necessary resolution for the sell/lease/dispose-off the undertakings/assets has been proposed for the approval of the members.

DEPOSITS :

Total outstanding deposits as on 31/03/1997 are Rs. 55.04 lac which are matured, claimed but not paid. Best efforts are being made for the repayment.

**INSURANCE :**

Company has taken adequate insurance to cover all assets.

AUDITORS OBSERVATIONS :

The observations of the auditors in their report are explained in the note to the accounts written which are self-explanatory.

DIRECTORS :

Shri Bipin Chandulal, Director of the Company is retiring by rotation and being eligible offers himself for reappointment.

Shri H. M. Talati has given resignation as a Director of the Company due to personal reason. The Board puts on record deep appreciation of valuable services rendered by him during his tenure.

EMPLOYEES :

Particulars of employees in accordance with the Provision of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 are set out in Annexure 'B' which forms part of this report.

AUDITORS :

The Company's Auditors M/s Sharp & Tannan, Chartered Accountants will retire at the ensuing Annual General Meeting but being eligible offer themselves for re-appointment. The Members are requested to appoint M/s. Sharp & Tannan as Auditors for the current year and fix remuneration. The specific notes contained in Annexure 'N' forming part of accounts referred in Auditor's Report are self explanatory and give complete information.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :

A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto and forms part of the Report.

ACKNOWLEDGEMENT :

We are thankful to Financial Institutions, Banks and Government Agencies for their continued support to the Company.

Your Directors acknowledge with thanks the overall support extended by Shareholders, Fixed Deposit holders, employees, Suppliers and Customers.

PLACE : AHMEDABAD.

DATE : 9th August, 1997.

FOR AND ON BEHALF OF THE BOARD
DEVIKA NAVNITLAL

Chairperson & Managing Director


GUJCHEM DISTILLERS INDIA LIMITED
ANNEXURE TO THE DIRECTORS' REPORT
PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.
FORM 'A'
A. POWER & FUEL CONSUMPTION :

		Current Year	Previous Year
1.	Electricity		
	a) Purchase Units		4,18,565
	Total Amount (Rs)	4,66,806	16,58,291
	Rate / Unit (Rs)		3.96
	b) Own Generation :	N.A.	NA
2.	a) Coal & Lignite		
	Qty. (Tonnes)	Nil	1000 MT
	Total Cost in (Rs)	Nil	18,25,610
	Avg. Rate Rs / Ton	Nil	1.825
	(Rounded upto the nearest Rupee)		
	b) Gas		
	Qty.	Nil	83,840
	Value	Nil	3,53,091
	Rate Rs. / M ³	Nil	4.21
3.	Furnace Oil	Nil	Nil
4.	Other (Internal Generation)	Nil	Nil

* Company has not carried out any manufacturing activities hence considered minimum bill.

B. CONSUMPTION PER UNIT OF PRODUCTION : N. A.
FORM - B
RESEARCH AND DEVELOPMENT :
IV. FOREIGN EXCHANGE EARNINGS AND OUT GO :

Exports : Nil
Out go : Nil

PLACE : AHMEDABAD
DATE : 9th August, 1997

On behalf of the Board
DEVIKA NAVNITLAL
Chairperson & Managing Director

ANNEXURE "B"

Statement of particulars of employees as required under Section 217 (2 A) of the Companies (Particulars of Employees) Rules, 1975 and forming part of the Director's Report for the year ended 31st March, 1997

Sr. No.	Name of the Employee	Designation Nature of Duties	Remuneration Received	Qualification & Experience	Date of Commencement	Age Years	Particulars of Previous employment and Years
1	Manish Navnitlal	Managing Director Contractual	3,06,200	B.Sc. B.S.(Chemi. Engg.)	25-01-86	35 yrs	-

Notes:

- Shri Manish Navnitlal is related to Smt. Devika Navnitlal, Chairperson and Managing Director of the Company.
- Remuneration as above includes salary, Company's contribution to Provident Fund and Superannuation Scheme, Gratuity contribution, Medical relief, perquisites, House rent allowance, personal accident insurance premium etc. for the year.

PLACE : AHMEDABAD
DATE : 9th August, 1997

On Behalf of the Board
DEVIKA NAVNITLAL
Chairperson & Managing Director


GUJCHEM DISTILLERS INDIA LIMITED
AUDITORS' REPORT TO THE SHAREHOLDERS OF GUJCHEM DISTILLERS INDIA LIMITED

We have audited the attached Balance Sheet of Gujchem Distillers India Limited as at 31st March, 1997 and the annexed Profit and Loss Account for the year ended on that date. In accordance with the provisions of Section 227 of the Companies Act, 1956, we report that

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board under Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, our report on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure, referred to in paragraph (1) above :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of accounts, as required by law, have been kept by the Company so far as appears from our examination of those books;
 - (c) The said Balance Sheet and Profit & Loss Account are in agreement with the books of account;
 - (d) No provision has been made for-
 - (i) interest and income-tax demands of Rs. 113.35 lacs (refer Note 2 of Schedule 'N')
 - (ii) Depreciation for the year Rs. 41.01 Lacs (refer Note 3 of Schedule 'N')

The effect of the foregoing on the account would be as follows :-

Reserves and Surplus would be lower by Rs. 113.35 Lacs, Current Assets, Loans and Advances would be lower by Rs. 35.17 Lacs, provisions would be higher by Rs. 78.18 Lacs, Net Fixed Assets would be lower by Rs. 41.01 Lacs and Loss for the year as well as debit balance in Profit & Loss Account would be higher by Rs. 41.01 Lacs.

Subject to the foregoing, in our opinion and according to the explanations given to us, the said accounts read with note 4 of Schedule 'N' regarding :-

- (a) Setting up as recoverable under loans and advances an amount of Rs. 11.82 lacs being excise duty, vend fees, sales-tax and administrative fees and non-adjustment of demand

- (b) for administrative fees of Rs. 4.40 Lacs; Rs. 1.55 Lacs paid on invocation of performance guarantee, for alleged non performance of contract not provided for, since disputed by the Company;

and read together with the other notes and the accounting policies appearing in Schedule 'N' give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:

- (i) In the case of the Balance Sheet, of the State of the Company's affairs as at 31st March, 1997 and
- (ii) In the case of the Profit and Loss Account, of the Loss for the year ended on that date.

SHARP & TANNAN
CHARTERED ACCOUNTANTS

By the hand of
M. P. PHADKE
Partner

Ahmedabad

Date: 9th August, 1997

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (1) of our Report of even date)

1. The Company is maintaining proper records to show full particulars, including quantitative details and situations of all fixed assets. We are informed that these fixed assets have been physically verified by the management at reasonable intervals. The discrepancies noticed on such verification, which were not material, have been properly dealt with in the books of account.
2. None of the fixed assets have been revalued during the year.
3. As explained to us, stocks of finished goods, stores, spare parts and raw materials have been physically verified by the management at reasonable intervals during the year.
4. In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
5. The discrepancies noticed on physical verification of stocks as compared to book records, which were not material, have been properly dealt with in the books of account.
6. On the basis of examination of stock records, we are of the opinion that the valuation of these stocks is fair and proper, in accordance