

GUJCHEM DISTILLERS INDIA LIMITED

MD	✓		PKC	✓
CS	NA			NA
RO	✓			NA
TRA	NA			✓
AGM	✓	✓		✓
YE	✓	✓		✓



59th Annual Report 1997-98

 GUJCHEM DISTILLERS INDIA LIMITED

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

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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 Wednesday, the 30th September, 1998 at 10.15 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 1998 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 Dineshbahi M. Patel 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.

NOTES

1. **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.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, the 27th October, 1998 to Friday, 30th October, 1998 (both days inclusive) for the Annual General Meeting.
3. 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 C.C.O. Complex, Opp. Rupal Park, Naranpura, Ahmedabad-38001.
4. Members are requested to bring their copy of Annual Report to the meeting.
5. 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 : 31st August, 1998

By Order of the Board
MAN. SH 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, 1998 which they trust will meet your approval.

FINANCIAL RESULTS :

The working results of the Company for the year ended 31st March, 1998 are briefly indicated below:

	<u>1997-98</u>	<u>1996-97</u>
Profit (Loss) before Interest	21,86,932	(1,12,84,167)
Less : Interest	24,00,999	69,54,094
Results in a (Loss) after interest	<u>(2,14,067)</u>	<u>(1,82,38,261)</u>
(Loss) brought forward	<u>2,65,29,000</u>	<u>(86,40,739)</u>
	<u>(2,67,43,067)</u>	<u>(2,68,79,000)</u>
Your Directors have appropriated (to)/from		
Less : amount transferred from General Reserve	<u>27,00,000</u>	<u>3,50,000</u>
Balance of (loss) carried to Balance Sheet	<u>(2,40,43,067)</u>	<u>(2,65,29,000)</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 undertake any production activities during the year under review due to factors beyond the control of the Company. As the current finished products have become non-remunerative due to high input cost, and as a part of restructuring the operations of the Company, your Directors propose to sell/lease/dispose-off undertaking/ assets of the company so as to liquidate the liability, reduce the fixed cost and restart its operations by inducting certain value added products at an appropriate time.

As part of restructuring, the Company has been able to further reduce the Fixed cost, particularly by way of retrenchment of Ankleshwar workers and other overheads.

The Company could make part repayment to the Financial Institutions towards the settlement of their dues and also have approached Bank for the One Time Settlement.

DEPOSITS :

Total outstanding deposits as on 31/03/1998 are Rs. 53.75 lac which are matured, claimed but not paid. Best efforts are being made for the repayment.

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 Dineshbhai M. Patel, Director of the Company is retiring by rotation and being eligible offers himself for reappointment.

GUJCHEM DISTILLERS INDIA LIMITED**EMPLOYEES :**

Particulars of employees in accordance with the Provisions of Section 217 (2) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 are set out in Annexure 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 at a fixed remuneration.

The specific notes contained in Annexure 'O' 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 :

Since Company has suspended its activities at both units at Bilimora and Ankleshwar, there is no consumption of Power and Fuel for production activities, hence details required under this clause are not given.

There is no foreign exchange earnings and outgo during the year under review.

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 : 31st August, 1998.

FOR AND ON BEHALF OF THE BOARD

DEVIKA NAVNITLAL

Chairperson & Managing Director

ANNEXURE

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, 1998

Sr. No.	Name of the Employee	Designation Nature of Duties	Remuneration Received	Qualification & Experience	Date of Commencement	Age in Years	Particulars of Previous employment and Years
1	Manish Navnitlal	Managing Director Contractual	3,06,200	B.Sc. B.S.(Chemical Engg.)	25-01-86	36	

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 : 31st August, 1998

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, 1998 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 laes (refer Note 2 of Schedule 'O')
 - (ii) Depreciation for the year Rs. 39.81 Laes cumulatively Rs. 80.82 laes (refer Note 3 of Schedule 'O')
 - (iii) interest on loans from financial institutions Rs. 128 Laes (refer note 5(a) of schedule 'O')

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

Current Assets, Loans and Advances, would be lower by Rs. 35.17 Laes, provisions would be higher by Rs. 206.18 Laes, Net Fixed Assets would be lower by Rs. 80.82 Laes, Loss for the year would be higher by Rs. 167.81 laes and debit balance in Profit & Loss Account would be higher by Rs. 322.17 Laes. Subject to the foregoing, in our opinion and according to the explanations given to us, the said accounts read with note 4 of Schedule 'O' regarding :-

- (a) Setting up as recoverable under loans and advances an amount of Rs. 11.82 laes being

excise duty, vend fees, sales-tax and administrative fees and non-adjustment of demand for administrative fees of Rs. 4.40 Laes; Rs. 1.55 Laes 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 'O' 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, 1998 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: 31st August, 1998

ANNEXURE TO THE AUDITORS' REPORT

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

1. The Company is maintaining proper record 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 book 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 record which were not material, have been properly dealt with in the books of account.

GUJCHEM DISTILLERS INDIA LIMITED

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 with the normally accepted accounting principles except for non-inclusion of excise duty in the valuation of closing stocks (refer Note 7 of Schedule 'O') but is on the same basis as in the preceding year.
7. The Company has not taken any loans, secured or unsecured, from Companies, firms or other parties listed in register maintained under Section 301 of the Companies Act, 1956 or from companies under the same management, as defined under Sub-section (1B) of Section 370 of the Companies Act, 1956.
8. The company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or to the Companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
9. The Company has given interest free loans to employees, which are being repaid regularly as stipulated. In respect of the other loans and advances in the nature of loans, the payment of interest and repayment of principal is being made as stipulated.
10. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials, plant and machinery, equipment and other assets and for the sale of goods.
11. In our opinion and according to the information and explanations given to us, transactions for purchase of goods and materials and for sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.
12. As explained to us, unserviceable or damaged stores, raw materials, finished goods are determined by the Company and adequate provision for loss has been made in the accounts.
13. The Company has accounted deposits from the public and provisions of Section 58 A of the Companies Act, 1956 and the rules framed thereunder, wherever applicable, have been generally complied with except for delays in filing of return of deposits and in the repayment of principal amount and interest.
14. In our opinion, the Company is maintaining reasonable records for the sale and disposal of realisable by products and scrap.
15. Until the year 1993-94 the company had appointed an independent firm of Chartered Accountant as internal auditors. Due to the frequent stoppage of the manufacturing activities of the company the internal audit functions has not been carried out since then.
16. Pursuant to the order made by the Central Government for the maintenance of cost records under section 209 (1) of the Companies Act, 1956 the company is required to maintain cost records in respect of manufacture of Industrial Alcohol. However, in view of non manufacture of the aforesaid products during the year the maintenance of such records and review thereof was not necessary.
17. During the year Company has not been regular in depositing of Provident Fund and Employees State Insurance dues.
18. According to the information and explanations given to us, there were no undisputed amount payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty which were outstanding as at 31st March 1998 for the period of more than six months from the date they becomes payable by the Company.
19. In our opinion and according to the information and explanation given to us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practices.
20. The Company is not a Sick Company within the meaning of Clause (g) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

S. IARP & TANNAN
Chartered Accountants
By the hand of
M. P. PHADKE
Partner

Place : **AHMEDABAD**
Date : **31st August, 1998.**