

# GUJCHEM DISTILLERS INDIA LIMITED



61st Annual Report 1999-2000

<b>Directors</b>	SMT. DEVIKA NAVNITLAL, Chairperson SHRI MANISH NAVNITLAL, Managing Director SHRI BIPIN CHANDULAL SHRI B. R. SHAH SHRI DINESHBHAI M. PATEL SHRI D. U. RAO (IFCI Nominee)
<b>Auditors</b>	SHARP & TANNAN Chartered Accountants
<b>Bankers</b>	DENA BANK BANK OF BARODA
<b>Solicitors</b>	MALVI RANCHODDAS GIRISH N. SHAH & CO.
<b>Registered Office</b>	'CHAITANYA', F-1, Sheth C.G. Road, Ellisbridge, Ahmedabad - 380006
<b>Works</b>	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 Friday, the 7th July, 2000 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, 2000 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 Bipinbhai Chandulal, who retires by rotation and being eligible, offers himself for reappointment.
- (3) To appoint a Director in place of Shri Dineshbhai M. Patel, who retires by rotation and being eligible, offers himself for reappointment.
- (4) 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 4th July, 2000 to Friday, the 7th July, 2000 (both days inclusive) for the purpose of Annual General Meeting.
3. Members are requested to bring their copy of Annual Report to the meeting.
4. 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 : 11th May, 2000

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, 2000 which they trust will meet your approval.

**FINANCIAL RESULTS :**

The working results of the Company for the year ended 31st March, 2000 are briefly indicated below:

	<u>1999-2000</u>	<u>1998-99</u>
Profit (Loss) before Interest and others	(9,37,069)	(76,96,270)
Less : Interest	27,92,225	25,69,155
Results in a (Loss) after interest	(37,29,294)	(1,02,65,425)
Less : Provision for doubtful debts	-	44,34,301
Results in a (loss) after doubtful debts	(37,29,294)	(1,46,99,726)
Less : Income tax of earlier year	-	40,92,517
Result in a (loss) after income tax of earlier year	(37,29,294)	(1,87,92,243)
Loss brought forward	(4,25,73,310)	(2,40,43,067)
	(4,63,02,604)	(4,28,35,310)

Yours Director have appropriated (to/from)

Less : amount transferred from General Reserve	6,77,000	2,62,000
Balance of (loss) carried to Balance Sheet	(4,56,25,604)	(4,25,73,310)

Companies accumulated losses have exceeded the net worth of the company as on 31.3.2000. In view of this company has become sick industrial undertaking under the provision of Sick Industrial Companies Act, 1985. Necessary steps are being taken in this regard.

**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) AND FUTURE PROSPECTS :**

As part of restructuring, your Directors are considering various proposal to restart the production activities of certain value added products. The company is actively negotiating with Institution/ Banks for One Time Settlement and restart production activity.

**DEPOSITS :**

Total outstanding deposits as on 31/03/2000 are Rs. 48.47 lacs which are matured, claimed but not paid. Best efforts are being made for the repayment.

**GUJCHEM DISTILLERS INDIA LIMITED**

**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 Bipinbhai Chandulal and Shri Dineshbhai M. Patel, Director of the company are retiring by rotation and being eligible offer themselves for re-appointment.

**EMPLOYEES :**

There are no employees in receipt of remuneration as mentioned in section 217(2A) of the companies Act 1956.

**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 '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 under taken restructuring programme for both units at Bilimora and Ankleshwar, there is no consumption of Power and Fuel. 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 : 11th May, 2000

FOR AND ON BEHALF OF THE BOARD  
DEVIKA NAVNITLAL  
Chairperson

# **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, 2000 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) In our opinion the Profit and Loss account and the Balance Sheet comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
  - (e) No provision has been made for-
    - (i) interest and income-tax demands of Rs. 29.28 lacs (refer Note 2 of Schedule 'O')
    - (ii) Depreciation for the year Rs. 32.58 lac cumulatively Rs. 130.34 lacs (refer note -3 of schedule 'O')
    - (iii) interest on loans from financial institutions/Banks Rs. 1374.38 Lacs (refer note 5 of schedule 'O')

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

Provisions would be higher by Rs. 1403.66 Lacs, Net fixed assets would be lower by Rs. 130.34 lacs. Loss for the year would be higher by Rs. 415.17 lacs and debit balance in Profit & Loss Account would be higher by Rs. 1534 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 'O' 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 for administrative fees of Rs. 4.40 Lacs;
- (b) 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 '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, 2000 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: 11th May, 2000

## **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

**GUJCHEM DISTILLERS INDIA LIMITED**

- 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 8 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 accepted 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)(d) 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 product 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 except Rs. 2.41 lacs in respect of sales tax which were outstanding as at 31st March 2000 for the period of more than six months from the date they becomes payable by the Company.
  19. In our opinion and accordingly 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 a Sick Company within the meaning of Clause (0) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 and it has filed a reference to the Board for Industrial and Financial Reconstruction under section 15 of that Act.

**SHARP & TANNAN**  
Chartered Accountants  
By the hand of  
**M. P. PHADKE**  
Partner

Place : AHMEDABAD  
Date : 11th May, 2000