

GUJCHEM DISTILLERS INDIA LIMITED



NOTICE

NOTICE is hereby given that the Annual General Meeting of the Members of the Company will be held on Saturday, the 29th September, 2001 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, 2001 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 Smt. Devika Navnitlal, who retires by rotation and being eligible, offers herself 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.

The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, the 4th October, 2001 to Saturday, the 6th October, 2001 (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 : 28th August, 2001

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, 2001 which they trust will meet your approval.

FINANCIAL RESULTS :

The working results of the Company for the year ended 31st March, 2001 are briefly indicated below:

	<u>2000-2001</u>	<u>1999-2000</u>
Profit (Loss) before Interest, Depreciation and others	(39,03,082)	(9,37,069)
Less : Interest	<u>2,52,231</u>	<u>27,92,225</u>
Results in a (Loss) after interest	<u>(41,55,313)</u>	<u>(37,29,294)</u>
Loss brought forward	<u>(4,56,25,604)</u>	<u>(4,25,73,310)</u>
	<u>(4,97,80,917)</u>	<u>(4,63,02,604)</u>
	=====	=====
Yours Director have appropriated (to)/from		
Less : Amount transferred from General Reserve	<u>Nil</u>	<u>6,77,000</u>
Balance of (loss) carried to Balance Sheet	<u>(4,97,80,917)</u>	<u>(4,56,25,604)</u>

OPERATIONS AND FUTURE PROSPECTS :

Since the accumulated losses of the Company exceeded the net worth, required reference under section 15 of Sick Industrial Companies Act, 1985 (SICA) was filed with the Board for Industrial & Financial Reconstruction (BIFR). The Company has been declared as a sick industrial company vide an order dated 08/12/2000 issued by BIFR under the provision of SICA.

The company has submitted a rehabilitation proposal which is at an advance stage of consideration and acceptance by the various constituents. Upon acceptance and approval of said rehabilitation proposal your directors proposes to start manufacturing operations of certain value added products.

DIVIDEND :

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

DEPOSITS :

In view of heavy losses since 1993-94, the company could not make repayment of deposits of Rs. 47.99 lacs which had already matured during the period from 1993-94 to 1997-98.

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, Director of the company expired on 22/02/2001. The Board takes note of the valuable services and guidance provided by him. During the tenure as director he guided the company in the right prospective manner and was instrumental for the progress

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of the company. After close of the year, Shri B.R.Shah, Director of the company has resigned for personal reason as a Director for the company. The Board takes note of the valuable services rendered by him. Smt. Devika Navnitlal retiring by rotation and being eligible offer herself for the re-appointment.

EMPLOYEES :

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

DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility statement, it is hereby confirmed :

1. That in the preparation of the annual accounts for the financial year ended 31st March, 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year ended under review;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the accounts for the financial year ended 31st March, 2001 on a going concern basis.

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 there was no manufacturing activities during the year under review, details required under this clause are not applicable.

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 : 28th August, 2001

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, 2001 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) On basis of the written representations received from the directors as on 31st March, 2001, and taken on record by the Board of Directors, We report that none of the directors is disqualified as on 31st March, 2001 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

(f) (1) Attention is drawn to note No.1 Regarding the company being declared as a sick industrial undertaking under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 and the Accounts being drawn on a going concern basis in spite of the net worth of the company being eroded and the carrying amounts of assets and liabilities being subject to

suitable adjustment on crystallisation and implementation of the proposed rehabilitation scheme.

(2) No Provision has been made for-

(i) Interest and income-tax demands -Rs. 58.58 lacs (refer Note 2 of Schedule 'O')

(ii) Depreciation for the year Rs. 18.41 lacs cumulatively Rs. 148.75 lacs (refer Note 3 of schedule 'O')

(iii) interest on loans from financial institutions/Banks Rs. 1778.48 Lacs (refer Note 5 of schedule 'O')

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

Secured Loans would be higher by Rs.1770.59 Lacs, Unsecured Loans would be higher by Rs. 7.89 Lacs, Provisions would be higher by Rs. 58.58 Lacs, Net fixed assets would be lower by Rs. 148.75 lacs, Loss for the year would be higher by Rs.481.09 lacs and debit balance in Profit & Loss Account would be higher by Rs. 1985.81 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, 2001 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: 28th August, 2001.

GUJCHEM DISTILLERS INDIA LIMITED
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 with the normally accepted accounting principles except for non-inclusion of excise duty in the valuation of closing stocks (refer Note 6 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

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- 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 had 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 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, customs duty and excise duty except Rs. 2.51 lacs in respect of sales tax which were outstanding as at 31st March 2001 for the period of more than six months from the date they become 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 has been declared as a sick industrial company vide an order dated 8/12/2000 issued by the board for Industrial and Financial Reconstruction under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985.*

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

Place : **AHMEDABAD**
Date : **28th August, 2001**