

**GUJCHEM DISTILLERS INDIA LIMITED**



**73rd ANNUAL REPORT 2011-2012**

**Directors**

SMT. DEVIKA NAVNITLAL, Chairperson  
SHRI MANISH NAVNITLAL, Managing Director  
SHRI JAGAT D. SHAH, Director  
SHRI SHASHIKANT D. PANDYA, Director  
SHRI ASHWINI R. DEVPURA, Director

**Auditors**

SHARP & TANNAN  
Chartered Accountants

**Bankers**

DENA BANK

**Registered Office**

Office No. 6, 2nd Floor,  
National Chambers,  
Nr. City Gold, Ashram Road,  
Ahmedabad-380009  
E-mail : gujcheminvestors@gmail.com

**Registrar and  
Share Transfer Agent**

Sharepro Services (India) Pvt. Ltd.  
416-420, 4th Floor, Devnandan Mall,  
Opp. Sanyas Ashram, Ellisbridge,  
Ahmedabad - 380 006.  
Phone : 079-26582381

**NOTICE**

NOTICE is hereby given that the Annual General Meeting of the Members of the Company will be held on Saturday, the 29<sup>th</sup> September 2012 at 03.00 P.M. at the Registered Office of the Company at "Office No.6, 2<sup>nd</sup> Floor, National Chambers, Nr. City Gold, Ashram Road, Ahmedabad-380009 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March 2012 and Profit and Loss Account for the year ended on that date together with the Directors' Report and the Auditors Reports thereon.
2. To appoint a Director in place of Shri Shashikant D. Pandya who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Ashwini R. Devpura who retires by rotation and being eligible offers himself for re-appointment.
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 and to fix their remuneration.

**SPECIAL BUSINESS**

5. To consider and if thought fit to pass with or without modifications, the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to the provisions of Sections 198, 269,309,310, schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 as amended from time to time and subject to the approval of any authority, if required, approval be and is hereby granted for the re-appointment of Shri Manish Navnitlal as the Managing Director of the Company for a period of three years w.e.f. 5<sup>th</sup> October, 2012 on remuneration and perquisites payable to him as stated in Explanatory statement which are within the limits specified in schedule XIII of the Companies Act, 1956."

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any year, the Managing Director shall be entitled to remuneration by way of salary and perquisites as stated above shall be paid and allowed to him as minimum remuneration subject, however to the condition that the same shall not exceed the limit prescribed in the schedule XIII of the Companies Act, 1956."

**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 PROXY NEED NOT BE A MEMBER.
2. 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. Members are requested to notify the change, if any in their registered address.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, 24<sup>th</sup> September 2012 to Saturday, 29<sup>th</sup> September 2012 (both days inclusive) for the Annual General Meeting.
5. Members are requested to bring their copy of Annual Report to the meeting.
6. Members desiring to seek information on Annual Accounts to be explained at the meeting are requested to send their queries at least ten days before the date of the meeting so that the information can be made available at the meeting.
7. Explanatory Statement in respect of special business is attached herewith.

Place : Ahmedabad  
Date : 24<sup>th</sup> July, 2012  
**Regd. Office :**  
Office No. 6, 2nd Floor, National Chambers,  
Nr. City Gold, Ashram Road, Ahmedabad 380 009

By order of the Board,  
**MANISH NAVNITLAL**  
Managing Director

**DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN THE ANNUAL GENERAL MEETING FIXED FOR 29<sup>th</sup> SEPTEMBER 2012**

<b>Name of Director</b>	Shri S. D. Pandya	Shri Ashwini R. Devpura	Shri Manish Navnitlal
<b>Date of Birth</b>	08-07-1936	24-09-1962	25-01-1962
<b>Date of Appointment</b>	01-10-2004	01-10-2009	25-08-1994
<b>Expertise</b>	Administration & Legal	Accounts, Financial matters	Production planning & Administration

**ANNEXURE TO THE NOTICE**

Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956.

The following explanatory statement as required under section 173(2) of The Companies Act, 1956 sets out all material facts of the special business specified in the Notice.

**ITEM NO.5**

This item relates to the approval for re-appointment of Shri Manish Navnitlal as the Managing Director of the Company for the period of three years with effect from 5<sup>th</sup> October 2012.

The Board of Directors of the Company has re-appointed Shri Manish Navnitlal as the Managing Director of the Company for the period of three years with effect from 5<sup>th</sup> October 2012 upon the terms and conditions and remuneration payable as under:

Remuneration : Not exceeding Rs. 1,50,000/- per month with suitable break up. The annual increment in remuneration of any amount not exceeding Rs. 20,000/- per year as may be determined by the Board of Directors of the Company. The first annual increment shall fall due on 01-04-2013.

Other perquisites/ Amenities:

- (i) The Company shall contribute towards Provident Fund / Pension / Super Annuation / Retirement / Annuity Fund provided that such contribution either singly or put together as per the rules of the Company.
- (ii) The Company shall pay gratuity at the rate applicable to Senior Officials of the Company.
- (iii) The Managing Director shall be entitled to encash unavailed leave at the end of his tenure.

The perquisites as stated above shall not be included in the computation of ceiling on Remuneration.

Over and above the remuneration, he shall be entitled for the following:

- (i) The Company shall provide a car at the entire cost of the Company for use of Company's business. Use of car for personal use shall be billed by the Company.
- (ii) The Company shall provide telephone at the residence of the Managing Director at the entire cost of the Company. Personal long distance calls shall be billed by the Company.
- (iii) Leave Travel Allowance: One-month salary in a year in accordance with the rules of the Company.
- (iv) Medical Allowance: Reimbursement of the expenses incurred for Managing Director and his family subject to a ceiling of one- month salary in a year, which shall be carried forward for 3 years.

The Remuneration Committee of the Company has recommended the re-appointment and payment of remuneration as stated above.

This may be treated as an abstract under section 302 of the Companies Act, 1956.

Your Directors recommended to pass, the proposed resolution.

Shri Manish Navnitlal, himself and Smt. Devika Navnitlal being relative are deemed to be concerned or interested in the proposed resolution.

**Statement as required under the notification GSR36(E), dated 16<sup>th</sup> January, 2002**
**I General information:**

- (1) Nature of Industry: Manufacturing of Alcohol, Chemicals & other related products.
- (2) Date or expected date of commercial production: Already commenced since long as Company is very old Company.

**(3) Financial Performance:**

PARTICULARS	(Rs. in Lacs)	
	Year ended 31-03-2012	Year ended 31-03-2011
1. Other Income	94.85	70.90
2. Total Expenditure	61.84	33.38
3. Profit before tax and extra ordinary item	33.01	37.52
4. Extra Ordinary item	-	273.71
5. Provision for Taxation	6.40	1.00
6. Net Profit	26.61	310.23

Export earning was nil.

- (4) There is no foreign investment in the Company and the Company has not entered in to foreign collaboration.

**II Information about the appointee:**

- (1) Background details: Shri Manish Navnitlal is a Bachelor of Science of Gujarat University and is also B.S.(Ch.Eng.) from Michigan Technology University of USA. He has also gained considerable experience in managing its different functional areas of management while working as Senior Executive of the Company form 25<sup>th</sup> January, 1986 and as the Chief Executive of the Company from 1<sup>st</sup> October, 1992 and thereafter he was appointed as Managing Director.
- (2) Past Remuneration: Rs. 1,25,000/- per month.
- (3) Recognition or awards: Nil
- (4) Job profile and his suitability: Shri Manish Navnitlal devotes wholetime attention to the management of the affairs of the Company and exercise powers subject to the superintendence, directions and control of the Board of Directors. He is responsible for day to day management of the Company and carries out duties entrusted to him from time to time by the Board of Directors.
- (5) Remuneration proposed: As per details given above.
- (6) Comparative remuneration profile with respect to Industry, size of the Company, Profile of the position and person: The remuneration proposed is in consonance with similar position of the industry.
- (7) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:

Except salary and perquisites from company, Shri Manish Navnitlal does not have any pecuniary relation with Company. He is son of Chairperson Devika Navnitlal. He holds majority shares of the Company.

- III Other Information:** The Company is in process of planning to enter into different business activities and upon implementation of proposed plans, company would be able to perform better and would generate profits.

**IV Disclosures:**

- (1) Remuneration package: As above

Place : Ahmedabad  
Date : 24<sup>th</sup> July, 2012

**Regd. Office :**  
Office No. 6, 2nd Floor, National Chambers,  
Nr. City Gold, Ashram Road, Ahmedabad 380 009

By order of the Board,  
**MANISH NAVNITLAL**  
Managing Director

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**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 31<sup>st</sup> March 2012 which they trust will meet your approval.

**FINANCIAL RESULTS:**

The working results of the Company for the year ended 31st March 2012 are briefly indicated below :

	2011-2012	(Rs. in Lacs) 2010-2011
	Rs.	Rs.
Profit (Loss) before depreciation and others:	<b>34.14</b>	312.28
Less: Depreciation	<b>1.13</b>	1.05
	<b>33.01</b>	311.23
Less : Provision for Income Tax	<b>6.40</b>	1.00
	<b>26.61</b>	310.23
Surplus in the statement of Profit & Loss Account brought forward	<b>164.45</b>	( 145.78)
Balance of surplus carried forward	<b>191.06</b>	164.45

**OPERATIONS AND FUTURE PROSPECTS**

The Company has been able to generate revenue by undertaking commission based related operations during the year under review. The management is exploring various alternatives for the manufacture of the products for which Company has technical knowhow.

**DIVIDEND**

Your Directors regret their inability to recommend dividend for the year under review.

**DEPOSITS**

During the year under review, company has not accepted any deposits falling within purview of section 58A of the Companies Act, 1956.

**AUDITORS OBSERVATIONS**

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

**DIRECTORS:**

Shri Shashikantbhai D. Pandya and Shri Ashwini R. Devpura retires by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. Your Directors recommended their re-appointment.

The terms of appointment of Shri Manish Navnital, Managing Director of the Company expires on 04-10-2012. Your Directors recommended his re-appointment. Necessary Resolution has been proposed for the approval of members.

## **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 Director's responsibility statement, it is hereby confirmed:

1. That the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2012 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 judgments 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 the profit 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 for the year ended under review;
4. That the Directors have prepared the accounts for the financial year 31<sup>st</sup> March 2012 on a going concern basis.

## **CORPORATE GOVERNANCE**

Your Company has complied with the Corporate Governance practice mandated by Clause 49 of the Listing Agreement. A report on the same is given separately.

## **AUDITORS:**

The Company's Auditors M/s. Sharp & Tannan, Chartered Accountants will retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. The members are requested to appoint M/s. Sharp & Tannan as Auditors for the current year and fix their remuneration.

The Specific notes contained part of accounts referred in Auditors' Report are self-explanatory and give complete information.

## **SECRETARIAL COMPLIANCE CERTIFICATE**

As per the provisions of section 383A of the Companies Act, 1956, the Secretarial Compliance Certificate from M/s. Umesh Parikh & Associates, Practicing Company Secretary is attached herewith.

## **CONSERVATION OF ENERGY,TECHONOLOGY ABSORPTION, FOREIGN EXCHANG EARNINGS AND OUTGO:**

Since there were 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**

Your Directors acknowledge with thanks the overall support extended by shareholders, employees, suppliers and customers.

FOR AND ON BEHALF OF THE BOARD

Place : Ahmedabad  
Date : 24<sup>th</sup> July, 2012

**DEVIKA NAVNITLAL**  
Chairperson

**CORPORATE GOVERNANCE REPORT**

*(As required by Clause 49 of the Listing Agreement of the Stock Exchanges)*

The Securities and Exchange Board of India (SEBI) has introduced a code of corporate governance for listed companies which is implemented through the listing Agreements with the Exchanges with which the Company is listed. The Company has complied with the corporate governance requirements set out in Clause 49 of the listing Agreement.

**1) Company's Philosophy on Code of Corporate Governance.**

The Company believes that good corporate governance leads to long term gain in shareholders value. The Company is committed to maintain the highest standard of corporate governance in its conducts towards shareholders, employees and other stakeholders.

**2) Board of Directors**
Composition:

The Board of Directors consists of Five Directors, of whom Smt. Devika Navnitlal is the Chairperson and Shri Manish Navnitlal is the Managing Director of the Company. The composition of Board of Directors is in compliant with the requirement of Clause 49 (IA) i.e. more than 50 % of Directors are non-executive Directors and Independent Directors.

The detailed composition of the Board and other related information is given in the table below.

Board meetings:

During the year, Six Board Meetings were held on 06-05-2011, 11-08-2011, 16-08-2011, 11-11-2011, 09-02-2012 and 23-03-2012.

The composition of Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting and also number of other directorship and committee Memberships are given below:

Sr. No.	Name of Director	Category of Directorship	No. of Board Meetings Attended	Attendance at last AGM	No. of other Directorships	No. of other Committee Members
1.	Smt. Devika Navnitlal	Chairperson (non-executive)	6	Yes	-	-
2.	Shri Manish Navnitlal	Managing Director	6	Yes	-	-
3.	Shri Jagat D. Shah	Director (independent)	6	Yes	-	-
4.	Shri Shashikant D. Pandya	Director (Independent)	6	Yes	-	-
5.	Shri Ashwini R. Devpura	Director (independent)	5	Yes	-	-

Directorship in Private Companies, Foreign Companies and Associates are excluded.

The Company did not have any pecuniary relationship or transactions with the non-executive Directors during the period under review. None of Directors on the Board are members in more than ten committees and they do not act as Chairman of more than five committees across all companies in which they are Directors.

The Board meets at least once a quarter and interval between two meetings was not more than four months.



The Board is presented with the extensive information on vital matters affecting the working of the Company and risk assessment and mitigation procedure. Among others, this includes:

1. operating plans, capital budget and updates and reviews thereof,
2. quarterly results of the company and business segments,
3. Proposal for investments, disinvestments, restructuring,
4. Compliance of listing requirements,
5. Minutes of committee meetings.

### 3) Audit Committee

Audit Committee was constituted on 25-06-2005 the said committee was reconstructed on 01-10-2009. The Audit Committee presently consists of 2 Independent Directors and one Managing Director. Shri Ashwini R. Devpura is a Chairman, Shri Jagatbhai D. Shah, and Shri Manish Navnitlal are members of the said Committee.

The composition of Committee and the qualifications are in compliance with the requirements of Clause 49 of Listing Agreement. During the year, 4 (four) Committee Meetings were held on 06-05-2011, 11-08-2011, 11-11-2011, and 09-02-2012 which were attended by all committee members.

The functions of Audit Committee are as per the listing Agreement with the Stock Exchanges. Broadly the same are (i) oversee the financial reporting process (ii) recommend the appointment of auditors, (iii) decide the audit fees, discuss the nature and scope of audit and ascertain area of concern, (iv) review the annual and quarterly financial statements, (v) review the changes in accounting policies etc (vi) review the adequacy of internal audit functions and discuss with them significant findings, (vii) review the disclosure of related party transactions, (viii) Compliance with listing and other legal requirements relating to financial statements.

The interval between two meeting convened was not more than four months. The audit committee adheres to the SEBI guidelines in terms of quorum of its meetings, functioning, role and powers.

### 4) Remuneration Committee

Remuneration Committee was constituted on 01-04-2004 and the said committee was reconstituted on 01-10-2009. The Company's Remuneration Committee presently consists of three independent Directors. Shri Shri Shashikant D. Pandya is a Chairman, Shri Jagat D. Shah and Shri Ashwini R. Devpura are the members of the said committee.

The scope / role of Remuneration Committee is to recommend to the Board of Directors remuneration payable to working Directors of the Company, as and when they come for review. During the year, no Committee Meeting was held.

#### Details of remuneration paid for the year ended 31-03-2012.

Name	Position held During the period	Salary and Allowances Rs. In lacs	Perquisites Rs. in Lacs	Total Remuneration Rs. in Lacs
Shri Manish Navnitlal	Managing Director	16.27	1.75	18.02

The Company has not paid sitting fees to any Directors.

### 5) Shareholders/ Investors Grievances cum Share Transfer Committee

The Board of Directors of the Company has constituted Shareholders/ Investors Grievances cum Share Transfer Committee which looks in to investor / shareholders grievances.

The committee presently consists of two independent Directors and one Non-executive Director. The members of the committee are Smt. Devika Navnitlal, Chairperson, Shri Jagat D. Shah and Shri Shri Shashikant D. Pandya.

As a measure of good corporate governance and to focus on the Shareholders' grievances and towards strengthening investor relations and to expedite the transfer process in the physical segment, the committee deals with issue of duplicate share certificates, redressing of shareholders and investors complaints and Grievances like transfer of shares, non-receipts of Balance-Sheet. All the meetings of the committee were attended by all members.

**6) Code of Conduct**

The Company's code of conduct has been complied with by all the members of the Board and select employees of the Company. The Company has in place a prevention of Insider Trading Code based on SEBI (Insider Trading) Regulation, 1992. This code is applicable to all Directors and designated employees. The code ensures prevention of dealing in shares by persons having access to the unpublished price sensitive information.

**7) Management Discussion and Analysis Report**

**Industry structure and Developments**

The Company was primarily engaged in the business of manufacturing and sale of various chemical products based on molasses and industrial alcohol. Due to change in the Government policy by way of decontrol of molasses and alcohol, the Company's products range had become non- profitable. Thus the Company had become sick company and was registered with Board for Industrial and Financial Reconstruction (BIFR). During the year 2010-11 as per order issued by the Board for Industrial and Financial Reconstruction the company has been ceased to be a sick industrial company, as its net worth turned positive and its revival is sustainable. Presently, the Company has been carrying out trading and commission related activities.

**Opportunities and outlook**

The company is hopeful about its growth prospects in the future as it is exploring possibilities in the area of Research & Development in product and process development in Specialty Chemicals and Agriculture & plant life.

The company has curtailed expenditure substantially.

**Segment**

There are no different segments and details are not provided.

**Risk and Concerns**

Company is facing competition from established dealers and traders in the market. But company is equipped to meet the challenges by better marketing tactics and effective management of cost and expenses.

**Internal control System and their adequacy**

The company has an adequate system of internal control commensurate with the size and nature of business of the company.

The system of internal control of the company is adequate keeping in mind the size and current activities of your company. Systems are regularly reviewed to ensure effectiveness.

**Financial Performance**

Financial performance with respect to Operational Performance is discussed in the main part of the report. The company's performance is lower compared to last year and also hopes for better results in future.

**Material Developments in Human Resources / Industrial Relations.**

Upon finalization of future activities, the company would build technical team with high quality talent. Present team is well verse with operations being carried out by the company. The company is putting thrust on providing training both in –house and outside.

The company maintains cordial and harmonious relation with its employees.