

GUJCHEM DISTILLERS INDIA LIMITED



71st ANNUAL REPORT 2009-2010

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

NOTICE

NOTICE is hereby given that the Annual General Meeting of the Members of the Company will be held on Thursday, the 30th September 2010 at 10.15 A.M. at the Registered Office of the Company at "Office No.6, 2nd 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 31st March 2010 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 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

- (4) To consider and if thought fit to pass with or without modifications, the following resolution as an Ordinary Resolution.
"RESOLVED THAT Shri Ashwini Ramnivas Devpura who was appointed as an Additional Director of the Company and who holds office up to the date of ensuing Annual General Meeting be and is hereby appointed as a Director retiring by rotation."
- (5) To consider and if thought fit to pass with or without modifications, the following resolution as 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 the Central Government and any other 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. 5th October, 2009 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 Tuesday, 28th September 2010 to Thursday, 30th September 2010 (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.

Regd. Office :

Office No. 6, 2nd Floor, National Chambers,
Nr. City Gold, Ashram Road, Ahmedabad 380 009
Date: 23rd August 2010.

By order of the Board,

MANISH NAVNITLAL
Managing Director

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN THE ANNUAL GENERAL MEETING FIXED FOR 30TH SEPTEMBER 2010

| | | | |
|---------------------|-----------------------------------|--------------------------------|--|
| Name of Director | Shri S. D. Pandya | Shri Ashwini R. Devpura | Shri Manish Navnitlal |
| Date of Birth | 08-07-1936 | 24-09-1962 | 25-01-1962 |
| Date of Appointment | 01-10-2004 | 01-10-2009 | 25-08-1994 |
| Expertise | Administration & Legal matters | 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 under item no. 4 and 5 specified in the notice.

ITEM No.4

Item No. 4 relates to the appointment of Shri Ashwini Ramnivas Devpura as a Director of the Company. He was appointed as an Additional Director of the Company by the Board of Directors on 01-10-2009. He holds office as an Additional Director of the Company up to the date of ensuing Annual General Meeting of the Company pursuant to the provision of section 260 of the Companies Act, 1956 and Article 97 of the Articles of Association of the Company. Notice in writing along with requisite deposit has been received by the Company, intending to propose him for the office of a Director retiring by rotation.

In view of his experience, your Directors intend to continue to avail his services as a Director of the Company and hence recommended to pass the proposed resolution.

Shri Ashwini Ramnivas Devpura, himself deemed to be concerned or interested in the proposed resolution.

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 5th October 2009.

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 5th October 2009 upon the terms and conditions and remuneration payable as under:

Remuneration : Not exceeding Rs. 1,25,000/- per month with suitable break up. The annual increment in remuneration of any amount not exceeding Rs. 5000/- per year as may determine by Chairperson/ Chairman from time to time. The first annual increment shall fall due on 01-04-2010.

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 with Driver 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.

Your Directors recommended to pass, the proposed resolution.

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

Statement as required under the notification GSR36(E), dated 16th January, 2002

I General information:

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

| PARTICULARS | (Rs. in Lacs) | |
|---------------------------|--------------------------|--------------------------|
| | Year ended 31-03-2010 | Year ended 31-03-2009 |
| 1. Net Sales | - | 28.75 |
| 2. Other Income | 22.24 | 198.46 |
| 3. Total Expenditure | 26.36 | 170.80 |
| 4. Loss before tax | 4.12 | 56.41 |
| 5. Provision for Taxation | - | 0.51 |
| 6. Net Loss | 4.12 | 55.90 |

- (4) Export Performance: There was no export during last 5 years.
- (5) There is no foreign investment in the Company and the Company has not entered any 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 Technological University of USA. He has also gained considerable experience of the affairs of the Company in managing its different functional areas of management while working as Senior Executive of the Company from 25th January, 1986 and as the Chief Executive of the Company from 1st October, 1992 and thereafter he was appointed as Managing Director.
- (2) Past Remuneration : Rs. 15000/- per month plus perquisites.
- (3) Recognition or awards : Nil
- (4) Job profile and his suitability:
Shri Manish Navnitlal devotes wholtime attention to the management of the affairs of the Company and exercise powers subject to the superintendence, direction 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 in 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 of shares in the company.

III Other Information: Upon full fledged implementation of scheme, Company would be able to perform better and would generate profits

IV Disclosures: Remuneration package: As above

Regd. Office :

Office No. 6, 2nd Floor, National Chambers,
Nr. City Gold, Ashram Road, Ahmedabad 380 009
Date: 23rd August 2010.

By order of the Board,

MANISH NAVNITLAL
Managing Director

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 2010 which they trust will meet your approval.

FINANCIAL RESULTS:

The working results of the Company for the year ended 31st March 2010 are briefly indicated below:

| | 2009-2010 Rs. | (Rs. in Lacs) 2008-2009 Rs. |
|---|------------------|-----------------------------------|
| Profit (Loss) before depreciation and others: | (6.16) | 58.06 |
| Less: Depreciation | 1.22 | 1.65 |
| | (7.38) | 56.41 |
| Less : Income Tax of earlier year | (3.26) | - |
| Less : Provision for Income Tax | - | 0.40 |
| Less : Provision for Fringe Benefit Tax | - | 0.11 |
| | (4.12) | 55.90 |
| Profit (Loss) brought forward | (407.83) | (463.73) |
| Balance of Loss carried forward | 411.95 | 407.83 |

OPERATIONS AND FUTURE PROSPECTS

The Company is in process of implementing the Rehabilitation Scheme approved by BIFR.

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. There were unclaimed deposit of Rs. 6,34,724/- as on 31.03.2010.

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 retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. Your Directors recommended his re-appointment.

Shri Ashwini Ramnivas Devpura was appointed as Additional Director of the Company and as such he holds office up to the ensuing Annual General Meeting and eligible for re-appointment. Under section 257 of the Companies Act, 1956 the Company has received notice from member proposing Shri Ashwini

Ramnivas Devpura as candidate for the office of Director. Your Directors recommend his 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 Director's responsibility statement, it is hereby confirmed:

1. That the preparation of the annual accounts for the financial year ended 31st March, 2010 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 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 for the year ended under review;
4. That the Directors have prepared the accounts for the financial year 31st March 2010 on a going concern basis.

CORPORATE GOVERNANCE

As per the rehabilitation scheme sanctioned by Hon'ble BIFR, Company would be restructuring its operations and in view of that Company would implement corporate Governance thereafter.

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 in Annexure 'M' forming part of accounts referred in Auditor's 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, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE 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

We are thankful to Hon'ble BIFR, 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.

FOR AND ON BEHALF OF THE BOARD

Place : Ahmedabad
Date : 23rd August, 2010

DEVIKA NAVNITLAL
Chairperson

SECRETARIAL COMPLIANCE CERTIFICATE

To,
The Members,
GUJCHEM DISTILLERS INDIA LIMITED.
Office No. 6, 2nd Floor, National Chambers,
Nr. City Gold, Ashram Road,
Ahmedabad -380 009.

We have examined the registers, records, books and papers of GUJCHEM DISTILLERS INDIA LIMITED, (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents and to the best of our knowledge and belief, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions of the Act, and the rules made there under and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure "B" to this certificate, with the Registrar of Companies, Gujarat.
3. The Company being a Public Limited Company, comments on maximum number of members are not required.
4. The Board of Directors duly met 6 times on (1) 30-05-2009 (2) 20-08-2009 (3) 22-08-2009 (4) 01-10-2009 (5) 04-10-2009 and (6) 04-02-2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 28-09-2009 to 30-09-2009 during the year under review and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31-03-2009 was held on 30-09-2009 after giving due notice to the members of the Company and the resolutions passed

thereat were duly recorded in Minutes Book maintained for the purpose.

7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act, during the year under review.
10. The Company was not required to make any entries in the register maintained under section 301 of the Act, in respect of the contracts falling within the purview of the section 297 of the Act, during the year under review.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approval from the Board of Directors, members or Central Government, during the year under review.
12. The Company has not issued any duplicate share certificates during the year under review.
13. During the year under review:
 - (i) in view of capital reduction effected pursuant to BIFR order, the Company is in process of issue of new share certificates so share transfer has been kept pending and there was no allotment of securities;
 - (ii) the Company was not required to deposit any amount in a separate Bank account as no dividend was declared;
 - (iii) the Company was not required to post warrants to any of its members as no dividend was declared;
 - (iv) the Company has not transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of 7 years to Investor Education and Protection Fund as there were no such amounts outstanding;



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|---|--|
| <p>(v) the Company has complied with the requirements of section 217 of the Act.</p> <p>14. The Board of Directors of the Company is duly constituted and during the year appointment of an additional Director has been made in accordance with the provisions of the Act and there was no appointment of alternate directors and directors to fill casual Vacancy.</p> <p>15. The Company's Paid-up Share Capital being less than the prescribed limit of Rs. 5 Crores, it is not required to appoint any Managing Director / Whole – time Director / Manager and accordingly provisions of Section 269 of the Act, are not applicable.</p> <p>16. The Company has not appointed any sole-selling agents during the year under review.</p> <p>17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the year under review.</p> <p>18. The Directors have disclosed their interest in other firms/ Companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.</p> <p>19. The Company has not issued any shares, debentures or other securities during the year under review.</p> <p>20. The Company has not bought back any shares during the year under review.</p> <p>21. There was no redemption of preference shares or debentures during the year under review.</p> <p>22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the year under review.</p> <p>23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of section 58 A of the Act, during the year under review. Repayment of deposits has been made as per the BIFR Order letter dated 16-09-2003.</p> <p>24. The amount borrowed by the Company from Directors, members, public, financial</p> | <p>institutions, banks and others during the year under review is within the borrowing limits of the Company and that necessary resolution as per section 293(1)(d) of the Act, has been passed at duly convened Annual General Meeting held on 20-09-1991.</p> <p>25. During the year under review, the Company has not made any loans, investments or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.</p> <p>26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under review.</p> <p>27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under review.</p> <p>28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under review.</p> <p>29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under review.</p> <p>30. The Company has not altered its Articles of Association during the year under review.</p> <p>31. There was no prosecution initiated against the Company and no fines or penalties or any punishment was imposed on the Company during the year under review, for offences under the Act.</p> <p>32. The Company has not received any money as security from its employees during the year under review.</p> <p>33. The Company has not constituted any separate provident fund of employees or any class of employees as envisaged under section 418 of the said Act.</p> |
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**FOR UMESH PARIKH & ASSOCIATES
COMPANY SECRETARIES**

**Date : 20-08-2010
Place: Ahmedabad**

**(UMESH PARIKH)
Proprietor
C. P. No.: 2413**