

**GUJCHEM DISTILLERS INDIA LIMITED**



**70th ANNUAL REPORT 2008-2009**

**Directors**

SMT. DEVIKA NAVNITLAL, Chairperson  
SHRI MANISH NAVNITLAL, *Managing Director*  
SHRI JAGAT D. SHAH, Director  
SHRI SHASHIKANT D. PANDYA, 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 Wednesday, the 30th September 2009 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 - 380 009 to transact the following business:

**ORDINARY BUSINESS**

- (1) To receive, consider and adopt the audited Balance Sheet as at 31st March, 2009 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 Jagatbhai D. Shah 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 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 28th September, 2009 to Wednesday, 30th September, 2009 (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.

**Regd. Office :**

Office No. 6, 2nd Floor, National Chambers,  
Nr. City Gold, Ashram Road, Ahmedabad 380 009  
Date: 22nd August, 2009

By order of the Board,

**MANISH NAVNITAL**  
Managing Director

**DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN ANNUAL GENERAL MEETING FIXED FOR 30TH SEPTEMBER, 2009.**

Name of Director	Shri Jagatbhai D. Shah
Date of Birth	02-12-1962
Date of Appointment	01-10-2004

**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, 2009 which they trust will meet your approval.

**FINANCIAL RESULTS:**

The working results of the Company for the year ended 31st March 2009 are briefly indicated below:

	(Rs. in Lacs)	
	2008-2009	2007-2008
	Rs.	Rs.
Profit (Loss) before depreciation and others:	58.06	114.69
Less: Depreciation	1.65	2.91
	<u>56.41</u>	<u>111.78</u>
Add : Prior Period Income (Net)	-	2.52
	<u>56.41</u>	<u>114.30</u>
Less : Provision for Income Tax	0.40	-
Less : Provision for Fringe Benefit Tax	0.11	0.06
	<u>55.90</u>	<u>114.24</u>
Profit (Loss) brought forward	(463.73)	(577.97)
Balance of Loss carried to Balance Sheets	407.83	463.73

**OPERATIONS AND FUTURE PROSPECTS**

The Company is in process of implementing the Rehabilitation Scheme approved by BIFR. During the year under review the Company has settled the dues of Bank of Baroda. Dues of all secured lenders have been settled.

**DIVIDEND**

Yours 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. 13,87,549/- as on 31.03.2009.

**AUDITORS OBSERVATIONS**

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

**DIRECTORS:**

Shri Jagatbhai D. Shah retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. Your Directors recommend his reappointment.

## **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 the preparation of the annual accounts for the financial year ended 31st March, 2009, 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 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 for the year ended under review;
4. That the Directors have prepared the accounts for the financial year ended 31st March 2009 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 re-appointment. 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 'N' 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, Practising 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 : 22nd August, 2009

**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 31<sup>st</sup> March, 2009. 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 5 times on (1) 10-05-2008 (2) 14-08-2008 (3) 21-08-2008 (4) 08-12-2008 and (5) 01-03-2009 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 26-09-2008 to 30-09-2008 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 31-03-2008 was held on 30-09-2008 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;

- (v) the Company has complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of Additional Directors, Alternate Directors and Directors, to fill casual vacancy during the year under review.
  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.
  16. The Company has not appointed any sole-selling agents during the year under review.
  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.
  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.
  19. The Company has not issued any shares, debentures or other securities during the year under review.
  20. The Company has not bought back any shares during the year under review.
  21. There was no redemption of preference shares or debentures during the year under review.
  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.
  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.
  24. The amount borrowed by the Company from Directors, members, public, financial 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.
  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.
  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.
  27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under review.
  28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under review.
  29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under review.
  30. The Company has not altered its Articles of Association during the year under review.
  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.
  32. The Company has not received any money as security from its employees during the year under review.
  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.

**FOR UMESH PARIKH & ASSOCIATES  
COMPANY SECRETARIES**

**Date : 20-08-2009  
Place: Ahmedabad**

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

**List of Registers as maintained by the Company:**

<b>Sr.</b>	<b>Name of Registers</b>
1.	Register of Deposit under Section 58A
2.	Register of Transfers under Section 108.
3.	Register of Charges under Section 143.
4.	Register of Members under Section 150.
5.	Copies of Annual Returns under Section 159.
6.	Register of Contracts under Section 301.
7.	Register of Directors under Section 303.
8.	Register of Directors' Shareholding under Section 307.
9.	Register of Investments under Section 372A.
10.	Minutes of the General Meetings and Meetings of Board of Directors under Section 193.
11.	Attendance registers of all the meetings of Board and General Meeting of the Company.



**Annexure "B"**

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities for and during the financial year ended on 31-03-2009.

SR. NO.	FORM NO./ RETURN	FILED UNDER SECTION	DESCRIPTION	DATE OF FILING	WHETHER FILED WITHIN PRESCRIBED TIME	IF DELAY IN FILING WHETHER REQUISITE ADDITIONAL FEE PAID
					YES/NO	YES/NO
1.	17	138	Satisfaction of charge.	28-04-2008	Yes	N.A.
2.	17	138	Satisfaction of charge.	28-04-2008	Yes	N.A.
3.	17	138	Satisfaction of charge.	28-04-2008	Yes	N.A.
4.	17	138	Satisfaction of charge.	28-04-2008	Yes	N.A.
5.	17	138	Satisfaction of charge.	28-04-2008	Yes	N.A.
6.	17	138	Satisfaction of charge.	13-05-2008	Yes	N.A.
7.	17	138	Satisfaction of charge.	13-05-2008	Yes	N.A.
8.	17	138	Satisfaction of charge.	13-05-2008	Yes	N.A.
9.	66	383A	Secretarial Compliance Certificate for the year 2007-2008.	18-10-2008	Yes	N.A.
10.	23 AC & 23ACA	220	Annual Report for the financial year ended 31-03-2008.	25-10-2008	Yes	N.A.
11.	20B	159	Annual Return made up to 30-09-2008.	24-11-2008	Yes	N.A.
12.	62	58(A)	Return of Deposits as on 31-03-2008.	12-12-2008	No	Yes
13.	18	146	Shifting of Registered office.	02-03-2009	Yes	N.A.

**AUDITORS' REPORT**

**AUDITORS' REPORT TO THE SHARE HOLDERS OF GUJCHEM DISTILLERS INDIA LIMITED**

We have audited the attached Balance Sheet of **GUJCHEM DISTILLERS INDIA LIMITED** as at 31<sup>st</sup> March, 2009, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

- i) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- ii) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
- iii) Further to our comments in the Annexure, referred to above, we report that :-
  - 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 it appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company;
  - d) In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
  - e) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March 2009, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a Director in terms of clause (g) of sub section 274 of the Companies Act, 1956.
  - f) **Attention is drawn to**
    - a. **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 negative.**

Subject to the forgoing, in our opinion and according to the explanations given to us, the said accounts read with note 2 of schedule 'N' regarding **setting up as recoverable under loans and advances an amount of Rs.11.30 lacs being excise duty and sales-tax and other administrative fees of Rs.4.40 Lacs:**

and read together with the other notes and the accounting policies appearing in schedule 'N' 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 Balance Sheet of the state of the company's affairs as at 31<sup>st</sup> March 2009
      - II. In the case of the Profit and Loss, of the Profit for the year ended on that date.
      - III. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**SHARP & TANNAN**  
Chartered Accountants

By the hand of  
**M.P.Phadke**  
Partner

Mem.No. 33013

21<sup>st</sup> August, 2008, Mumbai



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (2) of our Report of even date)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of Company and the nature of its assets. No material discrepancies were noticed on such verification.  
(c) There has not been any substantial disposal of fixed assets during the year.
2. (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
(b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) In our opinion, the company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3. (a) The company had not taken / granted any loans, secured or unsecured from / to the companies and firms listed in the register maintained under section 301 of the Companies Act, 1956. However, the company had taken interest free Fixed Deposit from director and the amount outstanding at the year end was Rs.14.52 lacs.  
(b) In our opinion, other terms and conditions of such interest free Fixed Deposit taken from director is not, prima facie, prejudicial to the interest of the Company.  
(c) Pursuant to the order of the BIFR, interest free Fixed Deposits are not due for repayment during the year.  
(d) There is no overdue amount of more than Rupees One Lac in respect of interest free Fixed Deposit taken from the director.
4. In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weakness in internal controls.
5. (a) According to the information and explanations given to us, we are of the opinion that the transaction that need to be entered into the register maintained under section 301 of Companies Act, 1956 have been so entered.  
(b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contract or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year.
6. In our opinion and according to the information and explanation given to us the Company has generally complied with the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rule, 1975, except for delays in filing of return of deposits, with regard to the deposits accepted from the public. During the year, no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal. As regards repayment of fixed deposits, the company has made repayment of principal amount of outstanding fixed deposits as per the rehabilitation scheme approved by BIFR vide its order letter dated 16.9.2003. However, there are outstanding unclaimed deposits of Rs. 13.88 lacs as at the end of the year.
7. Until the year 1993-94 the company had appointed an independent firm of Chartered Accountants as internal auditors. Due to stoppage of the manufacturing activities of the company the internal audit functions has not been carried out since then.
8. 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 and Chemical. However, in view of non manufacture of the aforesaid products during the year the maintenance of such records and review thereof was not necessary. Further, in view of letters received from Cost Audit Branch, Ministry of Company Affairs, Government of India dated 22.12.2005 and 27.2.2006 in respect of Industrial Alcohol and Chemicals respectively, the requirement of conducting cost audit is stands withdrawn w.e.f. 1.4.2004 and 1.4.2005 respectively.
9. (a) The company has been regular in depositing with appropriate authorities undisputed statutory dues in respect of investor education and protection fund, wealth tax, service tax, Sales Tax, VAT, Custom duty, Excise Duty, Cess wherever applicable to it.

Some of the undisputed dues in respect of Provident Fund, Employee's State Insurance and Income Tax have been settled by the company after the due date.

- (b) According to the information and explanations given to us no undisputed amounts payable in respect of excise duty, income tax, wealth tax, service tax, customs duty, excise duty and cess were in arrears, as at 31<sup>st</sup> March, 2009 for a period of more than six months from the date they become payable.
- (c) According to the information and explanations given to us, the following disputed dues have not been deposited since the matters are pending with the relevant forum.

**Statement of Disputed Dues**

Nature of Statute	Nature of the dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise & Salt Act	Central Excise	16.62	1985-86 & 86-87	A.O. Central Excise Department

10. The accumulated losses of the company are more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit and during the immediately preceding financial year.
11. Pursuant to the BIFR order letter date 16.9.2003, in our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to financial institutions, debenture holders and banks.
12. According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of share, debentures and other securities.
13. In our opinion that company is not a chit fund or nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and investment. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. According to the information and explanation given to us, the company has not given any guarantee for loan taken by others from banks or financial institution.
16. According to the information and explanation given to us, the company has not accepted any term loan during the year.
17. According to the information and explanations given to us and on overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. During the year, no debentures have been issued by the Company and the question of creating securities in respect thereof does not arise.
20. During the year, the Company has not raised money by way of public issue.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**SHARP & TANNAN**  
Chartered Accountants

By the hand of  
**M.P. Phadke**  
Partner  
Mem.No. 33013

21<sup>st</sup> August, 2009, Mumbai

**BALANCE SHEET AS AT 31ST MARCH, 2009**

	SCHEDULE		As at 31-3-2009 Rupees	As at 31-3-2008 Rupees
<b>SOURCES OF FUNDS</b>				
<b>Share Holders' Funds</b>				
Share Capital	A		16,33,545	16,33,545
Share Application Money			76,00,000	76,00,000
Reserves and Surplus	B		<u>1,71,30,990</u>	<u>1,71,30,990</u>
			<b>2,63,64,535</b>	<b>2,63,64,535</b>
<b>Loan Funds</b>				
Secured Loans	C		-	26,00,000
Unsecured Loans	D		<u>14,52,375</u>	<u>54,75,196</u>
			<b>14,52,375</b>	<b>80,75,196</b>
			<b><u>2,78,16,910</u></b>	<b><u>3,44,39,731</u></b>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	E		1,92,30,337	2,13,12,670
Less: Depreciation			<u>1,55,38,890</u>	<u>1,61,18,879</u>
Net Block			36,91,447	51,93,791
Capital Work-in-progress			<u>55,00,000</u>	<u>55,00,000</u>
			<b>91,91,447</b>	<b>1,06,93,791</b>
<b>Investments</b>	F		<b>21,30,000</b>	4,25,000
<b>Current Assets, Loans and Advances</b>				
Inventories	G		-	-
Sundry Debtors			7,02,670	1,30,87,649
Cash and Bank Balances			24,98,566	10,91,388
Other Current Assets			3,831	4,65,000
Loans and Advances			<u>35,60,472</u>	<u>43,39,613</u>
			<b>67,65,539</b>	<b>1,13,21,447</b>
Less :				
<b>Current Liabilities and Provisions</b>				
Liabilities	H		42,92,296	1,53,41,145
Provisions			<u>1,43,537</u>	<u>77,035</u>
			<b>44,35,833</b>	<b>1,54,18,180</b>
<b>Net Current Assets</b>			<b>23,29,706</b>	<b>35,65,470</b>
<b>Profit and Loss Account</b>			4,07,83,138	4,63,72,851
Less : Capital Reduction A/c			<u>2,66,17,381</u>	<u>2,66,17,381</u>
			<b>1,41,65,757</b>	<b>1,97,55,470</b>
			<b><u>2,78,16,910</u></b>	<b><u>3,44,39,731</u></b>
<b>Notes on Accounts and Significant Accounting Policies</b>				
As per our report attached	N			
SHARP & TANNAN		DEVIKA NAVNITLAL	JAGAT D. SHAH	
Chartered Accountants		Chairperson	Director	
By the hand of				
M. P. PHADKE		MANISH NAVNITLAL	SHASHIKANT D. PANDYA	
Partner		Managing Director	Director	
Mem. No. 33013				
Mumbai, Dated : 21st August, 2009		Ahmedabad, Dated : 20th August, 2009		

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	SCHEDULE	Rupees	2008-2009 Rupees	2007-2008 Rupees
<b>INCOME</b>				
Sales		28,75,000		42,08,475
Less : Excise Duty				-
		<u>28,75,000</u>		<u>42,08,475</u>
Other Income	M	<u>1,98,45,563</u>		<u>1,10,59,190</u>
			<b>2,27,20,563</b>	<b>1,52,67,665</b>
<b>EXPENDITURE</b>				
Materials and Manufacturing Expenses	I	16,73,750		23,61,422
Expenses on Employees	J	5,91,432		6,20,785
Sales and Administrative Expenses	K	1,45,44,666		8,15,941
Interest	L	1,05,050		800
Depreciation and Obsolescence		<u>1,64,952</u>		<u>2,91,116</u>
			<b>1,70,79,850</b>	<b>40,90,064</b>
Profit Before Tax			<b>56,40,713</b>	<b>1,11,77,601</b>
Less : Prior Period Income (Net)			-	<b>2,52,260</b>
Less : Provision for Income Tax			<b>40,000</b>	-
Less : Provision for Fringe Benefit Tax			<b>11,000</b>	<b>6,200</b>
Profit After Tax			<b>55,89,713</b>	<b>1,14,23,661</b>
Balance Brought Forward			<b>(4,63,72,851)</b>	<b>(5,77,96,512)</b>
Balance Carried to Balance Sheet			<b>(4,07,83,138)</b>	<b>(4,63,72,851)</b>
Nominal Value of Shares			<b>10</b>	<b>10</b>
Weighted Average No. of Shares			<b>1,61,885</b>	<b>1,61,885</b>
Basic / Diluted Earning Per Share			<b>35</b>	<b>71</b>
Notes on Accounts and Significant Accounting Policies	N			

As per our report attached

SHARP & TANNAN  
Chartered Accountants

By the hand of  
M. P. PHADKE  
Partner

Mem. No. 33013

Mumbai, Dated : 21st August, 2009

DEVIKA NAVNITLAL  
Chairperson

MANISH NAVNITLAL  
Managing Director

JAGAT D. SHAH  
Director

SHASHIKANT D. PANDYA  
Director

Ahmedabad, Dated : 20th August, 2009

**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009**

	Rupees	As at 31-3-2009 Rupees	As at 31-3-2008 Rupees
<b>SCHEDULE 'A'</b>			
<b>SHARE CAPITAL</b>			
<b>AUTHORISED :</b>			
96,00,000 Equity Shares of Rs.10/- each		<b>9,60,00,000</b>	9,60,00,000
15,000 11 % Cumulative Redeemable Preference Shares of Rs.100/- each - First Issue		<b>15,00,000</b>	15,00,000
20,000 11 % Cumulative Redeemable Preference Shares of Rs.100/- each - Second Issue		<b>20,00,000</b>	20,00,000
50,000 Unclassified Shares of Rs.10/- each		<b>5,00,000</b>	5,00,000
		<b><u>10,00,00,000</u></b>	<b><u>10,00,00,000</u></b>
<b>ISSUED AND SUBSCRIBED :</b>			
1,61,885 (P.Y. 1,61,885) Equity Shares of Rs.10/- each **		<b><u>16,18,850</u></b>	<b><u>16,18,850</u></b>
<b>CALLED UP AND PAID UP :</b>			
1,61,885 (P.Y. 1,61,885) Equity Shares of Rs.10/- each ** fully paid up		<b><u>16,18,850</u></b>	<b><u>16,18,850</u></b>
		<b><u>16,18,850</u></b>	<b><u>16,18,850</u></b>
Add : Forfeited Shares		<b><u>14,695</u></b>	<b><u>14,695</u></b>
		<b><u>16,33,545</u></b>	<b><u>16,33,545</u></b>
Out of above 400** (P.Y.400) Shares of Rs.10/- each are allotted as fully paid up for consideration other than cash. 23,600 ** (P.Y.23,600) Shares of Rs.10/- each are issued as fully paid as bonus shares by capitalising General Reserve and 9,000** (P.Y.9,000) Shares of Rs.10/- each are allotted in conversion of part of the Loan form Industrial Finance Corporation of India.			
** Refer Note-3			
<b>SCHEDULE 'B'</b>			
<b>RESERVES AND SURPLUS</b>			
1. Investment Reserve			
Balance Brought Forward	9,972		9,972
Deducted as per contra	<u>9,972</u>		<u>9,972</u>
		-	-
2. Doubtful Debts Reserve			
Balance Brought Forward	1,08,786		1,08,786
Deducted as per contra	-		1,08,786
Adjusted against debtors written off	<u>1,08,786</u>		<u>-</u>
		-	-
3. Capital Reserve			
Balance Brought Forward	1,71,30,990		1,17,46,436
Addition during the year (Refer Note 4)	<u>-</u>		<u>53,84,554</u>
		<b><u>1,71,30,990</u></b>	<b><u>1,71,30,990</u></b>
		<b><u>1,71,30,990</u></b>	<b><u>1,71,30,990</u></b>



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

	As at 31-3-2009 Rupees	As at 31-3-2008 Rupees
<b>SCHEDULE 'C'</b>		
<b>SECURED LOANS</b>		
<b>Loan Form Banks :</b>		
Bank of Baroda		
( i ) Cash credit overdraft	-	26,00,000
	-	26,00,000
 <b>SCHEDULE 'D'</b>		
<b>UNSECURED LOANS</b>		
Deposits from Directors	14,52,375	54,75,196
	<u>14,52,375</u>	<u>54,75,196</u>



**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009**
**SCHEDULE 'E'  
FIXED ASSETS**

Description	Land Rupees	Building Rupees	Plant & Machinery Rupees	Furniture & Fixtures Rupees	Vehicles Rupees	Total Rupees	Previous Year Rupees
Cost as on 1st April, 2008	18,31,986	45,82,081	1,27,46,965	21,51,638	-	<b>2,13,12,670</b>	2,58,81,832
Additions	-	-	-	-	-	-	34,900
	18,31,986	45,82,081	1,27,46,965	21,51,638	-	<b>2,13,12,670</b>	2,59,16,732
Less : Deductions	-	20,82,333	-	-	-	<b>20,82,333</b>	46,04,062
Gross Block as on 31st March, 2009	18,31,986	24,99,748	1,27,46,965	21,51,638	-	<b>1,92,30,337</b>	2,13,12,670
Depreciation up to 31st March, 2008	-	15,95,921	1,24,52,734	20,70,224	-	<b>1,61,18,879</b>	1,90,49,258
Depreciation during the year	-	62,984	59,544	42,424	-	<b>1,64,952</b>	2,91,116
	-	16,58,905	1,25,12,278	21,12,648	-	<b>1,62,83,831</b>	1,93,40,374
Less: Deductions	-	7,44,941	-	-	-	<b>7,44,941</b>	32,21,495
Total Depreciation up to 31st March, 2009	-	9,13,964	1,25,12,278	21,12,648	-	<b>1,55,38,890</b>	1,61,18,879
Net Block as on 31st March, 2009	18,31,986	15,85,784	2,34,687	38,990	-	<b>36,91,447</b>	51,93,791
Net Block as on 31st March, 2008	18,31,986	29,86,160	2,94,231	81,414	-	<b>51,93,791</b>	

	<b>31-03-2009</b>	<b>31-03-2008</b>
Total Net Block as above	<b>36,91,447</b>	51,93,791
Capital Work-in-Progress	<b>55,00,000</b>	55,00,000
	<b>91,91,447</b>	<b>1,06,93,791</b>

**Notes :**

- a) Includes cost of ownership flats in a Co-operative Societies Rs. 2,35,052/-.
- b) Capital Work-in-Progress includes Advance of Rs. 10,00,000 paid for purchase of Land.

**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009**

Rupees	As at 31-3-2009 Rupees	As at 31-3-2008 Rupees
<b>SCHEDULE 'F'</b>		
<b>INVESTMENTS (Long Term)</b>		
<b>TRADE INVESTMENTS (Unquoted - At cost)</b>		
Gujarat Alcohol and Allied Chemicals Ltd.		
32,500 Equity shares of Rs.10/- each	3,25,000	3,25,000
<b>Current INVESTMENTS (Unquoted)</b>		
IN UNITS OF MUTUAL FUNDS :		
1,566.380 Units of Franklin Templeton Investments, Templeton India Short Term Income Retail Plan - Monthly Dividend Payout Scheme	17,00,000	-
<b>OTHER INVESTMENTS (Unquoted)</b>		
GOVERNMENT SECURITIES :		
Rs.2,000 12 Years National Defence Certificate (Deposited as Security Deposit with Central Excise, matured but not encashed)	2,000	2,000
Rs.6,000 7 Years National Savings Certificate (Deposited as Security Deposit with Central Excise, matured but not encashed)	6,000	6,000
Rs.5,000 6 Years National Savings Certificate (Deposited as Security Deposit with Sales Tax Authorities)	5,000	-
<b>EQUITY SHARES:</b>		
Fully paid, At Cost		
10 shares of Rs.100 each Baroda Chemical Industries Limited	972	972
90 shares of Rs.100 each Kaveri Engineers Limited	9,000	9,000
	<u>9,972</u>	<u>9,972</u>
Less : Deducted As Per Contra	<u>9,972</u>	<u>9,972</u>
5 shares of Rs.50 each Sukh Shanti Co-operative Housing Society Limited	250	250
1,080 shares of Rs.25 each of Co-operative Bank of Ahmedabad Limited.	27,000	27,000
850 shares of Rs.25 each of Nutan Nagrik Sahakari Bank Limited	21,250	21,250
600 shares of Rs.25 each of Kalupur Commercial Co-operative Bank Limited	15,000	15,000
100 shares of Rs.10 each of The Kapole Commercial Co-operative Bank Limited	1,000	1,000
1,100 shares of Rs.25 each of Textile Traders Co-operative Bank Limited	27,500	27,500
	<u>21,30,000</u>	<u>4,25,000</u>

**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009**

	Rupees	As at 31-3-2009 Rupees	As at 31-3-2008 Rupees
<b>SCHEDULE 'G'</b>			
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
<b>CURRENT ASSETS</b>			
<b>Inventories</b>			
(At the lower of cost or net realisable value)			
<b>Sundry Debtors, Unsecured</b>			
(a) Debts outstanding for a period exceeding six months :			
Considered good	37,980		1,27,90,252
Considered doubtful	-		45,43,087
	<u>37,980</u>		<u>1,73,33,339</u>
Less : Deducted from Doubtful Debts Reserve			
As per contra	-		1,08,786
	<u>37,980</u>		<u>1,72,24,553</u>
Less : Provision for doubtful debts	-		44,34,301
	<u>37,980</u>		<u>1,27,90,252</u>
(b) Other debts considered good	<u>6,64,690</u>		<u>2,97,397</u>
		<b>7,02,670</b>	<b>1,30,87,649</b>
<b>Cash and Bank Balances</b>			
Cash on hand	8,47,227		6,773
<b>Balances With Scheduled Bank :</b>			
in Current Account	16,47,298		10,80,574
<b>Balances With Other Bank :</b>			
( in current account with The Kapole Co-operative Bank Ltd. Maximum amount outstanding at any time during the year and previous year Rs.4,041/-)			
	<u>4,041</u>		<u>4,041</u>
		<b>24,98,566</b>	<b>10,91,388</b>
<b>Other Current Assets</b>			
Other Receivables		<b>3,831</b>	<b>4,65,000</b>
<b>LOANS AND ADVANCES</b>			
( Unsecured considered good )			
Advance, recoverable in cash or in kind or for value to be received	33,32,139		41,11,280
Balance with Excise Authorities	<u>2,28,333</u>		<u>2,28,333</u>
		<b>35,60,472</b>	<b>43,39,613</b>
		<b>67,65,539</b>	<b>1,89,83,650</b>

**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009**

	Rupees	As at 31-3-2009 Rupees	As at 31-3-2008 Rupees
<b>SCHEDULE 'H'</b>			
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
<b>CURRENT LIABILITIES</b>			
Sundry Creditors ( Including Rs.98,500/- due to Directors - Previous Year Rs.21,20,192/-)	29,04,747		1,21,09,671
Unclaimed Fixed Deposits	13,87,549		32,31,474
		42,92,296	1,53,41,145
<b>PROVISION</b>			
Provision for Income Tax	40,000		-
Provision for Fringe Benefit Tax	11,037		8,130
Provision for Leave Encashment	92,500		68,905
		1,43,537	77,035
		44,35,833	1,54,18,180

**SCHEDULE ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Rupees	2008-2009 Rupees	2007-2008 Rupees
<b>SCHEDULE 'I'</b>			
<b>MATERIALS AND MANUFACTURING EXPENSES</b>			
a) Purchase of Traded Goods			
Opening Stock	-		6,87,672
Add : Purchases	16,73,750		16,73,750
	16,73,750		23,61,422
Less : Closing Stock	-		-
		16,73,750	23,61,422

**SCHEDULE ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Rupees	For the year ended	
		31-03-2009 Rupees	31-03-2008 Rupees
<b>SCHEDULE 'J'</b>			
<b>EXPENSES ON EMPLOYEES :</b>			
Salaries, Wages, Bonus and allowances		<b>4,18,067</b>	<b>4,91,600</b>
Contribution to Provident Fund	29,040		36,315
Contribution to Employees State Insurance Scheme	2,952		5,129
Contribution to Gratuity/Superannuation Fund/Leave encashment	90,213		34,000
		<b>1,22,205</b>	<b>75,444</b>
Staff Welfare Expenses		<b>51,160</b>	<b>53,741</b>
		<b>5,91,432</b>	<b>6,20,785</b>
<b>SCHEDULE 'K'</b>			
<b>SALES AND ADMINISTRATIVE EXPENSES</b>			
Rates, Taxes & Insurance (Net)		<b>3,04,756</b>	88,458
Directors' Travelling Expenses		<b>41,986</b>	39,527
Auditors' Remuneration :			
Audit Fees	40,000		40,000
Tax Audit Fees	20,000		20,000
Certification Fees	13,260		-
		<b>73,260</b>	<b>60,000</b>
Office and General Expenses		<b>1,22,292</b>	74,399
Upkeep and Conservancy Expenses		<b>3,24,000</b>	25,000
Legal Fees and Expenses		<b>28,500</b>	10,000
Professional & Consulting Fees		<b>4,75,229</b>	1,68,078
Post, Telegram and Telephone Expenses		<b>37,483</b>	36,723
Travelling and Conveyance Expenses		<b>1,17,358</b>	48,878
Electricity Charges		<b>8,546</b>	15,272
Miscellaneous Expenses		<b>3,58,219</b>	2,41,450
Bad Debts Written Off (Net)		<b>1,11,37,763</b>	-
Sundry Balances Written Off (Net)		<b>15,15,274</b>	8,156
		<b>1,45,44,666</b>	<b>8,15,941</b>
<b>SCHEDULE 'L'</b>			
<b>INTEREST</b>			
Interest		<b>1,05,050</b>	800
		<b>1,05,050</b>	<b>800</b>
<b>SCHEDULE 'M'</b>			
<b>OTHER INCOME</b>			
Miscellaneous Income		-	1,48,000
Interest on Bank Deposits and Other Interest (Including T.D.S. of Rs. 27,931 (P.Y. Rs. Nil))		<b>1,23,221</b>	9,432
Dividend Income		<b>5,631</b>	8,282
Commission (Including T.D.S. of Rs. 4,23,973 (P.Y. Rs. 2,52,461))		<b>33,87,489</b>	19,33,040
Rent		<b>20,25,000</b>	2,00,068
Profit on Sale of Fixed Assets		<b>1,35,52,395</b>	72,18,433
Outstanding Liabilities No Longer Required		<b>7,51,827</b>	15,41,935
		<b>1,98,45,563</b>	<b>1,10,59,190</b>

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**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009**

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**SCHEDULE - 'N' : NOTES ON ACCOUNTS**

1. 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 (BIFR) under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). The company had submitted a proposal for rehabilitation. The same has been sanctioned by BIFR vide their order dated 16.09.2003. Pursuant to the said order, necessary changes in the carrying amounts of various assets and liabilities have been appropriately dealt with in the accounts for the financial year 2003-2004. Presently, the net worth of the company stands negative. The Directors are of the opinion that after implementation of rehabilitation scheme the company's operations can be run on a viable basis. In view of the same, the accounts have been prepared on a going concern basis.
2. Loans and Advances : - Advances recoverable in cash or in kind, include the following :
  - a) The Company uses industrial alcohol as a raw material and has been paying sales-tax and vend fees on the same. During the year 1989-90, on 25<sup>th</sup> October, 1989 in the matter of Synthetics & Chemicals Limited V/s. State of U.P. and others industrial alcohol consumer, the Supreme Court held that payment of vend fee and sales tax on industrial alcohol, unfit for human consumption, is illegal and should not be levied, prospectively. The company has accordingly, filed separate writ petition in the High Court of Gujarat, for stay of future recovery. The High Court granted an interim stay for the recovery, against which Government of Gujarat filed a special leave petition with respect to the sales tax matter but was unable to obtain a stay from the Supreme Court against the interim stay order granted by the High Court.

In the year 1991-92 based on the judgement of Supreme Court in the matter of Synthetics & Chemicals Limited V/s. State of U.P. on sales-tax, Gujarat High Court vacated the interim stay obtained by the company on 22<sup>nd</sup> October 1991. Accordingly sales tax is being charged from 23<sup>rd</sup> October, 1991 by the suppliers of industrial alcohol in the state and the company paying the same. However, the company's petition both in the matter of sales-tax and vend fees remains pending for disposal.

Pending disposal as aforementioned of the Company's cases the Company had set-up as recoverable the amount of vend fees and sales-tax of Rs. 15.91 lacs and 7.24 lacs respectively for the year 1989-90 and 1990-91. The Company has received refund of the entire amount against the vend fees before 31<sup>st</sup> March, 2003 leaving a balance of Rs. 7.24 lacs yet to be received towards sales-tax. The company has considered both the said amount under Loans & Advances as "Advances recoverable in cash or in kind".
  - b) During the year 1991-92, a levy of 0.20 paise per bulk litre of industrial alcohol had been made by the prescribed authorities on purchase of alcohol as administration fees.

The Company has paid a sum of Rs. 2.54 lacs up to 27<sup>th</sup> April, 1991 under protest, which has been set up as recoverable as Loans and Advances, and filed a Special Civil Application for stay which was granted on 23<sup>rd</sup> April 1991, by the High Court. Accordingly no further sum up to 31<sup>st</sup> March 1992 was paid.

During the year 1991-92, the said High Court, without prejudice to the rights and contentions of the parties, has ordered a reduced levy of 5 paise per bulk litre.

The company has also received a demand notice for Rs. 4.40 lacs for the period up to 10<sup>th</sup> June, 1992 towards administrative fees from the prescribed authorities.

Adjustment, if any, to the cost of purchase of Alcohol will be made on the final disposal of the application.
  - c) The company has paid Rs.1.52 lacs under protest towards excise duty for the period from January, 1992 to March, 1993 on the sale of waste acid which has been set up as recoverable as Loans and Advances since the company has disputed the classification and levy of Excise Duty. Adjustments, if any, will be made on the final disposal of the matter.

**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009**

3. During the financial year 2003-2004, pursuant to the BIFR order the partly paid up equity shares have been converted in to fully paid up equity shares based on the value of shares already paid and thereafter, all the fully paid up equity shares have been converted in to fresh fully paid up equity shares of Rs.10 each after reducing the total number of shares by 90%. The company is in process of complying the procedures prescribed in the listing agreements with the stock exchanges including issue of fresh equity share certificates in lieu of old equity share certificates.
4. Claims against the Company not acknowledge as debts :
- |   | 31-03-2009<br>Rupees | 31-03-2008<br>Rupees |
|---|----------------------|----------------------|
| a) By certain customers for price difference on sales | 40,47,343            | 40,47,343            |
| b) By Ex- employees                                   | 3,23,944             | 3,23,944             |
| c) Stamp Duty on immovable properties                 | 4,28,697             | 4,28,697             |
5. Contingent liability not provided for on account of:
- |   |                          |                          |
|---|--------------------------|--------------------------|
| i) Excise Duty disputed by the Company pending disposal   | 16,62,494                | 16,62,494                |
| ii) Drainage charges disputed by the Company pending disposal   | 8,80,975                 | 15,68,634                |
| iii) Back wages and reinstatement demand made by certain dismissed workers at Ankleshwar factory, pending adjudication. | Amount not Ascertainable | Amount not Ascertainable |
6. a) Remuneration to Managing Directors charged to accounts including perquisites as per Income Tax Rules where applicable
- |  |          |          |
|--|----------|----------|
|  | 3,06,000 | 3,06,000 |
|--|----------|----------|
- b) Since the computation under section 349 of the Companies Act, 1956 shows a loss, the Managing Director has been paid remuneration up to 4.10.2004 as minimum remuneration in accordance with the provisions of schedule XIII of the Companies Act, 1956 and from 5.10.2004 to 31.3.2009 as per the sanction of the Central Government which has been accorded subject to furnishing NOC from the concerned Banks / FIs to the Department of Company Affairs, Ministry of Finance.
7. In absence of any information received from any of the supplier regarding their status as a Micro Small and Medium Enterprises or otherwise, amount due to said units has not been disclosed separately.
8. The Company is primarily engaged in business of manufacturing of Industrial Alcohol, Acetaldehyde, Acetic Acid and Auxiliaries & Chemicals. Since the inherent nature of activities as a whole are governed by the same set of risk and returns these have been grouped as a single segment, the results of which are reflected in the financial statements. The said treatment is in accordance with the Accounting Standard – 17 on 'Segment Reporting' issued by the Institute of Chartered Accountants of India.
9. **Related Party Disclosures**
- (a) **Relationship :**
- i. **Key Management Personnel :**  
Manish Navnitlal Patel – Managing Director (Also controls majority of voting powers of the Company)
- ii. **Relatives of Key Management Personnel :**  
Devika Navnitlal Patel (Mother), Bela Sandip Jhaveri (Sister) and Chaula Navnitlal Patel (Sister)

**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009**
**iii. Enterprises over which key management personnel alongwith relatives is able to exercise significant influence :**

Gujarat Alcohol and Allied Chemicals Pvt. Ltd., Gujarat Ceratech Pvt. Ltd., Shree Maulikarjun Trade Invest Pvt. Ltd., Shree Bhuvanakaram Trade Invest Pvt. Ltd., Shree Vishvamurte Trade Invest Pvt. Ltd., Shree Suprinit Trade Invest Pvt. Ltd., Mahalaxmi Trading Agency, Chandramani Chemicals and Prakruti Enterprise.

**(b) Transactions :**

Details of aggregate of transactions with the related parties referred to in (a) above :-

Type of Transactions	Referred to in (a) (i) above	Referred to in (a) (ii) above	Referred to in (a) (iii) above
Remuneration (including Contribution towards Provident Fund and Leave Salary	3,57,600	-	-
Outstanding Balances at the close of the year :			
As Creditors	98,500	-	-
As Unsecured Loans – Taken	14,52,375	-	-
Loans & Advances – Receivables	-	-	-

10. Net Deferred Tax Assets, mainly representing past losses and unabsorbed depreciation, have not been recognized following the principles of prudence due to uncertainty of the quantum of future profits in terms of Accounting Standard – 22 for 'Taxes on Income' issued by The Institute of Chartered Accountants of India.

**11. Earning Per Share :**

	31-03-2009 Rupees	31-03-2008 Rupees
Profit / (-) Loss for the Year	55,89,713	1,14,23,661
Weighted Average No. of Shares outstanding during the year	1,61,885	1,61,885
Nominal value of shares	10	10
Basic / Diluted Earning Per Share	35	71

**12. SIGNIFICANT ACCOUNTING POLICIES**
**1. BASIS OF PRESENTATION :**

The accounts have been prepared using historical cost convention and on going concern, with revenues recognized and expenses accounted on accrual including for committed obligations. Insurance and other claims by and against the company are accounted for as and when admitted by the appropriate authorities. Sales include sale of waste and by products also.

Where changes in presentation are made, comparative, figures for the previous year are regrouped accordingly.

**2. FIXED ASSETS :**

- Capitalised at acquisition cost including directly attributable costs such as freight, insurance and specific installation charges for bringing the assets to its working condition for use.
- Expenditure relating to existing fixed assets is added to the cost of the assets where it increases the performance / life of the assets as assessed earlier.
- Fixed assets are eliminated from financial statements either on disposal or when retired from active use. Generally such retired assets are disposed off soon thereafter.
- Pre-operative expenses including interest on specific loans for expansion / new Expenditure projects incurred till the completion of the expansion or new projects are ready for commercial production are capitalised.



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**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009**

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**3. INVESTMENT:**

Long term investments are valued at cost of acquisition.

**4. INVENTORIES :**

Inventories are valued at the lower of cost or replacement value after providing for obsolescence and damages.

- a) In the case of raw materials and components cost represents purchase price and other costs incurred for bringing inventories up to their present location and condition as is determined in First in First Out basis.
- b) In the case of work -in -progress and finished goods cost represents cost of raw materials and components added to the cost of conversion such as direct labour, direct expenses, and all the production overheads including depreciation which are specifically attributable to the production.

**5. RESEARCH AND DEVELOPMENTS:**

Expenditure on research and development such as salaries and wages, cost of materials and other costs are charged to Profit & Loss Account in the year in which they are incurred. Depreciation on assets used specifically for development purposes is charged at the rates applicable to similar class of assets.

**6. EXCISE DUTY:**

Excise duty liability accruing on manufacture is accounted for as and when the liability for payment arises under the Central Excise and Salt Act, 1944.

**7. RETIREMENT BENEFITS:**

Provident Fund and Superannuation Contribution are accrued each year in terms of contracts with the employees. Provision for Gratuity is determined and accrued on the basis of actuarial valuation by Life Insurance Corporation of India. Leave encashment benefit to employees has been provided on an estimated basis.

**8. DEPRECIATION:**

- a) depreciation is provided on fixed assets at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 on a straight line method.
- b) Lumpsum amounts paid for leasehold land are amortised and charged to depreciation over the respective lease period.

**9. DEFERRED REVENUE EXPENDITURE:**

Deferred revenue expenditure pertaining to notice pay and retrenchment compensation is amortised over a period of five years.

**10. PROVISIONS, CONTINGENCIES LIABILITIES AND CONTINGENT ASSETS :**

Provisions are recognized for liabilities that can be measured by using substantial degree of estimation only if the company has a present obligation as a result of past event and it is probable that there will be outflow of resources to settle the obligation.

Contingent liability is disclosed in case it is not probable that an outflow of resources will be required to settle the present obligation arising from past event or the probability of outflow of

resources is remote for a possible obligation.

Contingent Assets are neither disclosed nor recognized.

Provision, Contingent Liabilities and Contingent Assets are reviewed at each balance sheet date.

#### **11. ACCOUNTING FOR TAXES ON INCOME:**

Current Tax is determined as an amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets arising due to timing differences, being the differences between taxable income and accounting income which originate in one year and are capable of reversal in one year or more subsequent years. Deferred tax assets arising on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of their realization.

#### **12. IMPAIRMENT OF ASSETS:**

The Carrying amount of assets, other than inventories is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the assets is estimated.

An impairment loss is recognized wherever the carrying amount of an asset or its cash generating units exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use which is determined based on the estimated future cash flow generated from the continuing use of the asset and from its disposal at the end of its useful life discounted to their present values.

The impairment loss is reversed if there has been a change in the estimates made to determine and recognize the recoverable amount in the earlier year.

#### **13. INTANGIBLE ASSETS AND AMORTISATION:**

Intangible assets are recognized as per the criteria specified in Accounting Standard (AS-26) "Intangible Assets" and are amortised as follows :

Lease Hold Land	:	Over a period of lease
Other intangible assets	:	Over a period of five years

#### **14. BORROWING COSTS:**

Borrowing Costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period over twelve months of time to get ready for its intended use or sale

All other borrowing costs are recognized as expense in the period in which they are incurred.

**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**
**SCHEDULE 'N' :**
**NOTES ON ACCOUNTS**
**15. Additional information pursuant to the provisions of paragraph 3. 4C and 4D of part II of Schedule VI to the Companies Act, 1956.**

(i) 3 ( 1 ) ( a ) - Particulars of Sales effected by the Company - NIL

(ii) 3 ( ii ) a ( i ) - Particulars of Consumption of Raw Materials and Packing Materials - NIL

(iii) 3 ( ii ) ( a ) ( 2 ) and ( c ) — Particulars of opening and Closing Stock of Goods Produced

Sr.	Class of Goods Sold	Opening Stock as on 1st April, 2008		Closing Stock as on 31st March, 2009		Licenced capacity (per annum) M.Tonnes	Installed capacity (per annum) M.Tonnes	Actual Production M.Tonnes
		Quantity M. Tonnes	Amount Rupees	Quantity M. Tonnes	Amount Rupees			
1.	Auxiliary and Chemicals	-	-	-	-	1520	-	-
		(-)	(-)	(-)	(-)	(1,520)	(-)	(-)
2.	Carboxy Methyl Cellulose	-	-	-	-	3,400	3,800	-
		(-)	(-)	(-)	(-)	( 3,400)	( 3,800)	(-)
3.	Resin Finish	-	-	-	-	900	-	-
		(-)	(-)	(-)	(-)	( 900)	(-)	(-)
4.	Trichlorophenol	-	-	-	-	120	-	-
		(-)	(-)	(-)	(-)	( 120)	(-)	(-)
5.	Monochloro Acetic Acid	-	-	-	-	2,250	-	-
		(-)	(-)	(-)	(-)	( 2,250)	(-)	(-)
6.	Dichloro Phenol	-	-	-	-	400	-	-
		(-)	(-)	(-)	(-)	( 400)	(-)	(-)
7.	Alcohol ( Litres )	-	-	-	-	19 Million	-	-
		(-)	(-)	(-)	(-)	(19 Million)	(-)	(-)
8.	Acetic Acid	-	-	-	-	7,000	-	-
		(-)	(-)	(-)	(-)	( 7,000)	(-)	(-)
9.	Acetaldehyde	-	-	-	-	6,000	-	-
		(-)	(-)	(-)	(-)	( 6,000)	(-)	(-)
10.	2-4-D Sodium Salt	-	-	-	-	260	-	-
		(-)	(-)	(-)	(-)	( 260)	(-)	(-)
	Total		-		-			
			(-)		(-)			

**Notes :**

- The Installed capacity has been certified by the Managing Director of the Company and not verified by the Auditors. This being a technical matter.
- Figures in brackets pertain to previous year.

**PART 4D**

(a) C.I.F. value of Imports :

**2008-2009**

**2007-2008**

(b) Expenditure in Foreign currency:

Nil

Nil

Nil

Nil

Detailed of Traded Goods

Particulars	Unit	Qty.	Opening Stock	Purchase	Sales	Closing Stock
Himafil	MT	100	-	16,73,750	28,75,000	-
			(-)	(-)	(-)	(-)

Figures in brackets pertain to previous year.

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**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**


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**STATEMENT PURSUANT TO PART IV OF THE COMPANIES ACT , 1956  
BALANCE SHEETS ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE**
**I. Registration Details**

Registration No.	:	2480	State Code	:	04
Balance Sheet Date	:	31-03-2009			

**II. Capital Raised during the Year**

Public Issue	:	NIL	Rights Issue	:	NIL
Bonus Issue	:	NIL	Private Placement	:	NIL

**III. Provision of Mobilisation & Deployment of Fund (Amount in Rs. Thousand)**

Total Liabilities	:	27,817	Total Assets	:	27,817
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**Sources of Funds**

Paid-up Capital	:	1,634	Reserves & Surplus	:	17,131
Share Application Money	:	7,600	Secured Loans	:	NIL
Unsecured Loans	:	1,452			

**Application of Funds**

Net Fixed Assets	:	9,192	Investments	:	2,130
Net Current Assets	:	2,330	Misc. Expenditure	:	-
Accumulated Losses	:	14,165			

**IV. Performance of Company**

Turnover (including other income) :	22,721	Total Expenditure	:	17,080	
Profit / (Loss) Before Tax	:	5,641	Profit / (Loss) After Tax	:	5,590
(after Extra-ordinary Income)					
Earning Per Share in Rs.	:	35	Dividend Rate %	:	Nil

**V. Generic Names of three Principal Products/Service of the Company**

Product Description	Item Code No. (ITC Code)
( i ) Acetic Acid	291521.00
( ii ) Monochloro Acetic Acid	291540.01
( iii ) Carboxy Methyl Cellulose	391231.00

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As per our report attached

SHARP & TANNAN  
Chartered Accountants

By the hand of  
M. P. PHADKE  
Partner

Mem. No. 33013

Mumbai, Dated : 21st August, 2009

DEVIKA NAVNITLAL  
Chairperson

MANISH NAVNITLAL  
Managing Director

JAGAT D. SHAH  
Director

SHASHIKANT D. PANDYA  
Director

Ahmedabad, Dated : 20th August, 2009

**CASH FLOW STATEMENT**

	Year ended 31st March	
	2009	2008
	Rupees	Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit before tax	56,40,713	1,14,29,861
<b>Adjustments for :</b>		
Interest / Dividend income	(1,28,852)	(17,714)
Bad Debts Written Off (Net)	1,11,37,763	-
Sundry Balances Written Off (Net)	15,15,274	8,156
Outstanding Liabilities No Longer Required	(7,51,827)	(15,41,935)
Profit on Sale of Fixed Assets	(1,35,52,395)	(72,18,433)
Interest Expenditure	1,05,050	800
Depreciation	1,64,952	2,91,116
	<u>41,30,678</u>	<u>29,51,851</u>
<b>Adjustments for :</b>		
Inventories	-	6,87,672
Trade and other receivable	(7,86,405)	(6,86,828)
Trade and other payable	(85,10,939)	(58,49,040)
Interest paid	(1,05,050)	(800)
Income Tax Paid (includes Fringe Benefit Tax)	(8,093)	(6,070)
<b>Net Cash From Operating Activities</b>	<u>(52,79,809)</u>	<u>(29,03,215)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Sale / (Purchase) of Fixed Assets	1,48,89,787	85,66,100
Capital Work-in-Progress	-	(45,00,000)
Investment	(17,05,000)	-
Interest Income	1,23,221	9,432
Dividend Income	1,800	8,282
<b>Net cash used in Investing Activities</b>	<u>1,33,09,808</u>	<u>40,83,814</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Waiver from Repayment of Working Capital Loan	-	39,72,668
Net proceeds from/(repayment of) Long-term borrowings	(40,22,821)	(14,69,956)
<b>Net cash from Financing Activities</b>	<u>(40,22,821)</u>	<u>25,02,712</u>
<b>Net increase in Cash and cash Equivalents (A + B +C)</b>	<u>40,07,178</u>	<u>36,83,311</u>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<u>(18,16,381)</u>	<u>(54,99,692)</u>
(includes Rs. 2,600,000 (P.Y. 6,572,669) balance of Cash Credit and Rs. 307,769 (P.Y. Rs. 307,769) balance of Book Overdraft)		
<b>Cash and Cash Equivalents at the end of the year</b>	<u>21,90,797</u>	<u>(18,16,381)</u>
(includes Rs. Nil (P.Y. Rs. 2,600,000) balance of Cash Credit and Rs. 307,769 (P.Y. Rs. 307,769) balance of Book Overdraft)		

**NOTES :**

- (i) The Cash Flow Statement has been prepared by using Indirect method.
- (ii) Cash and Cash Equivalents include balances on Cash Credit Account.
- (iii) Previous Year's figures have been regrouped, recasted wherever necessary.

As per our report attached

SHARP & TANNAN

Chartered Accountants

By the hand of

M. P. PHADKE

Partner

Mem. No. 33013

Mumbai, Dated : 21st August, 2009

For and on behalf of the Board

MANISH NAVNITLAL

Managing Director

Ahmedabad, Dated : 20th August, 2009

**FORM OF PROXY**

**Gujchem Distillers India Limited**

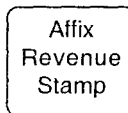
**Registered Office :** Office No. 6, 2nd Floor, National Chambers, Nr. City Gold,  
Ashram Road, Ahmedabad - 380 009

Registered Folio No.	
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I/We \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
being member/s of the above named Company hereby appoint  
Mr./Mrs. \_\_\_\_\_ of \_\_\_\_\_ in the  
district of \_\_\_\_\_ or failing him /her Mr./Mrs. \_\_\_\_\_ of  
\_\_\_\_\_ in the district of \_\_\_\_\_  
as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be  
held on Wednesday, the 30th September, 2009.

Signed the \_\_\_\_\_ day of \_\_\_\_\_ 2009.

Signature \_\_\_\_\_



This proxy form must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the Meeting. Unless otherwise instructed, the proxy will vote as he/she thinks fit.

----- Tear here -----

**Gujchem Distillers India Limited**

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

**ATTENDANCE SLIP**

To be handed over at the entrance of the Meeting Hall

Full name of the  
Member attending : \_\_\_\_\_

Name of Proxy : \_\_\_\_\_

I hereby record my presence at the Annual General Meeting being held at the Registered Office of the Company on Wednesday, the 30th September, 2009.

Registered Folio No.	
No. of Shares held	

\_\_\_\_\_  
Member's/Proxy's Signature  
(To be signed at the time of handing over this slip)

Note : Persons attending the Annual General Meeting are requested to bring their copies of Annual Report.

**BOOK-POST  
PRINTED MATTER**

To,

*If undelivered, please return to :*  
**GUJCHEM DISTILLERS INDIA LIMITED**  
Registered Office  
Office No. 6, 2nd Floor,  
National Chambers, Nr. City Gold,  
Ashram Road, Ahmedabad - 380 009