

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 wholetime 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;

- (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 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.
 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 : 20-08-2010
Place: Ahmedabad**

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

Annexure "A"
List of Registers as maintained by the Company:

Sr.	Name of Registers
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 31-03-2010.

SR. NO	FORM NO./ RETURN	FILED UNDER SECTION	DESCRIPTION	DATE OF FILING	WHETHER FILED WITHIN PRESCRIBED TIME YES/NO	IF DELAY IN FILING WHETHER REQUISITE ADDITIONAL FEE PAID YES/NO
1.	32	303(2)	Appointment of an additional Director of the Company w.e.f.01-10-2009.	03-10-2009	Yes	N.A.
2.	66	383A	Secretarial Compliance Certificate for the year 2008-2009.	25-10-2009	Yes	N.A.
3.	23 AC & 23ACA	220	Annual Report for the financial year ended 31-03-2009.	25-10-2009	Yes	N.A.
4.	23	198, 269, 309, 310 & Sch. XIII	Board resolution for re-appointment of Shri Manish Navnitlal as the Managing Director of the Company.	02-11-2009	Yes	N.A.
5.	25C	269(2) & Sch. XIII	Return of appointment of Shri Manish Navnitlal as the Managing Director of the Company.	02-11-2009	Yes	N.A.
6.	20B	159	Annual Return made up to 30-09-2009.	09-11-2009	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 31st March, 2010, 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 31st March 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 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 'M' 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 31st March 2010
 - II. In the case of the Profit and Loss, of the Loss 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
FRN : 109982W

21st August, 2010, 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.14.35 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. 6.34 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 31st March, 2010 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 incurred cash losses during the financial year covered by our audit. However the company has not incurred cash losses 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
FRN : 109982W

21st August, 2010, Mumbai

BALANCE SHEET AS AT 31ST MARCH, 2010

	SCHEDULE	As at 31-3-2010 Rupees	As at 31-3-2009 Rupees
SOURCES OF FUNDS			
Share Holders' Funds			
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>
		2,63,64,535	2,63,64,535
Loan Funds			
Secured Loans		-	-
Unsecured Loans	C	<u>14,34,875</u>	<u>14,52,375</u>
		14,34,875	14,52,375
		2,77,99,410	2,78,16,910
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	D	1,92,30,337	1,92,30,337
Less: Depreciation		<u>1,56,60,463</u>	<u>1,55,38,890</u>
Net Block		35,69,874	36,91,447
Capital Work-in-progress		<u>55,00,000</u>	<u>55,00,000</u>
		90,69,874	91,91,447
Investments			
	E	17,55,350	21,30,000
Current Assets, Loans and Advances			
Inventories	F	-	-
Sundry Debtors		2,02,670	7,02,670
Cash and Bank Balances		19,26,974	24,98,566
Other Current Assets		4,148	3,831
Loans and Advances		<u>33,74,249</u>	<u>35,60,472</u>
		55,08,041	67,65,539
Less :			
Current Liabilities and Provisions			
Liabilities	G	26,28,691	42,92,296
Provisions		<u>4,82,738</u>	<u>1,43,537</u>
		31,11,429	44,35,833
Net Current Assets			
		23,96,612	23,29,706
Profit and Loss Account			
		4,11,94,955	4,07,83,138
Less : Capital Reduction A/c		<u>2,66,17,381</u>	<u>2,66,17,381</u>
		1,45,77,574	1,41,65,757
		2,77,99,410	2,78,16,910

Notes on Accounts and
Significant Accounting Policies

M

As per our report attached
SHARP & TANNAN
Chartered Accountants
(Registration No. 109982W)
By the hand of
M. P. PHADKE
Partner
Mem. No. 33013
Mumbai, Dated : 21st August, 2010

DEVIKA NAVNITLAL
Chairperson

JAGAT D. SHAH
ASHWINI R. DEVPURA

MANISH NAVNITLAL
Managing Director

SHASHIKANT D. PANDYA
Directors

Ahmedabad, Dated : 20th August, 2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	SCHEDULE	2009-2010 Rupees	2008-2009 Rupees
INCOME			
Sales		-	28,75,000
Less : Excise Duty		-	-
			<u>28,75,000</u>
Other Income	L	<u>18,97,856</u>	<u>1,98,45,563</u>
		18,97,856	2,27,20,563
EXPENDITURE			
Materials and Manufacturing Expenses	H	-	16,73,750
Expenses on Employees	I	13,95,654	5,91,432
Sales and Administrative Expenses	J	11,16,242	1,45,44,666
Interest	K	2,447	1,05,050
Depreciation and Obsolescence		<u>1,21,573</u>	<u>1,64,952</u>
		26,35,916	1,70,79,850
Profit Before Tax		(7,38,060)	56,40,713
Less : Provision for Income Tax		-	40,000
Less : Provision for Fringe Benefit Tax		-	11,000
Less : Income Tax of Earlier Years		(3,26,243)	-
Profit After Tax		(4,11,817)	55,89,713
Balance Brought Forward		(4,07,83,138)	(4,63,72,851)
Balance Carried to Balance Sheet		(4,11,94,955)	(4,07,83,138)
Nominal Value of Shares		10	10
Weighted Average No. of Shares		1,61,885	1,61,885
Basic / Diluted Earning Per Share		(3)	35
Notes on Accounts and Significant Accounting Policies	M		
As per our report attached SHARP & TANNAN Chartered Accountants (Registration No. 109982W) By the hand of M. P. PHADKE Partner Mem. No. 33013 Mumbai, Dated : 21st August, 2010	DEVIKA NAVNITLAL Chairperson MANISH NAVNITLAL Managing Director	JAGAT D. SHAH ASHWINI R. DEVPURA SHASHIKANT D. PANDYA Directors	
	Ahmedabad, Dated : 20th August, 2010		

SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31-3-2010 Rupees	As at 31-3-2009 Rupees
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED :		
96,00,000 Equity Shares of Rs.10/- each	9,60,00,000	9,60,00,000
15,000 11 % Cumulative Redeemable Preference Shares of Rs.100/- each - First Issue	15,00,000	15,00,000
20,000 11 % Cumulative Redeemable Preference Shares of Rs.100/- each - Second Issue	20,00,000	20,00,000
50,000 Unclassified Shares of Rs.10/- each	5,00,000	5,00,000
	10,00,00,000	10,00,00,000
ISSUED AND SUBSCRIBED :		
1,61,885 (P.Y. 1,61,885) Equity Shares of Rs.10/- each **	16,18,850	16,18,850
CALLED UP AND PAID UP :		
1,61,885 (P.Y. 1,61,885) Equity Shares of Rs.10/- each ** fully paid up	16,18,850	16,18,850
Add : Forfeited Shares	14,695	14,695
	16,33,545	16,33,545
<p>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.</p> <p>** Refer Note-3</p>		
SCHEDULE 'B'		
RESERVES AND SURPLUS		
1. Investment Reserve		
Balance Brought Forward	9,972	9,972
Deducted as per contra	9,972	9,972
	-	-
2. Doubtful Debts Reserve		
Balance Brought Forward	-	1,08,786
Deducted as per contra	-	-
Adjusted against debtors written off	-	1,08,786
	-	-
3. Capital Reserve		
Balance Brought Forward	1,71,30,990	1,17,46,436
Addition during the year (Refer Note 4)	-	53,84,554
	1,71,30,990	1,71,30,990
	1,71,30,990	1,71,30,990
SCHEDULE 'C'		
UNSECURED LOANS		
Deposits from Directors	14,34,875	14,52,375
	14,34,875	14,52,375

SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010
SCHEDULE 'D'
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, 2009	18,31,986	24,99,748 ^a	1,27,46,965	21,51,638	-	1,92,30,337	2,13,12,670
Additions	-	-	-	-	-	-	-
	18,31,986	24,99,748	1,27,46,965	21,51,638	-	1,92,30,337	2,13,12,670
Less: Deductions	-	-	-	-	-	-	20,82,333
Gross Block as on 31st March, 2010	18,31,986	24,99,748	1,27,46,965	21,51,638	-	1,92,30,337	1,92,30,337
Depreciation up to 31st March, 2009	-	9,13,964	1,25,12,278	21,12,648	-	1,55,38,890	1,61,18,879
Depreciation during the year	-	40,746	46,892	33,935	-	1,21,573	1,64,952
	-	9,54,710	1,25,59,170	21,46,583	-	1,56,60,463	1,62,83,831
Less: Deductions	-	-	-	-	-	-	7,44,941
Total Depreciation up to 31st March, 2010	-	9,54,710	1,25,59,170	21,46,583	-	1,56,60,463	1,55,38,890
Net Block as on 31st March, 2010	18,31,986	15,45,038	1,87,795	5,055	-	35,69,874	36,91,447
Net Block as on 31st March, 2009	18,31,986	15,85,784	2,34,687	38,990	-	36,91,447	

	<u>31-03-2010</u>	<u>31-03-2009</u>
Total Net Block as above	35,69,874	36,91,447
Capital Work -in -Progress	55,00,000	55,00,000
	<u>90,69,874</u>	<u>91,91,447</u>

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, 2010

	As at 31-3-2010 Rupees	As at 31-3-2009 Rupees
SCHEDULE 'E'		
INVESTMENTS		
TRADE INVESTMENTS (Unquoted - At cost)		
Gujarat Alcohol and Allied Chemicals Ltd. 32,500 Equity shares of Rs.10/- each	3,25,000	3,25,000
CURRENT INVESTMENTS (Unquoted)		
IN UNITS OF MUTUAL FUNDS :		
848.010 (P.Y.1,566.380) Units of Franklin Templeton Investments, Templeton India Short Term Income Retail Plan - Monthly Dividend Payout Scheme	9,20,350	17,00,000
1466.9927 (P.Y.NIL) Units of J.P. Morgan JF Greater China Equity Off Shore Fund - Growth Plan	15,000	-
1466.993 (P.Y.NIL) Units of Franklin Templeton Investments, Franklin Build India Fund - Growth Plan	15,000	-
1466.993 (P.Y.NIL) Units of DSP Black Rock World Energy Fund Regular Plan - Dividend	15,000	-
OTHER INVESTMENTS (Unquoted)		
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	5,000
EQUITY SHARES:		
Fully paid, At Cost		
10 shares of Rs.100 each Baroda Chemical Industries Ltd.	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 Ltd.	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
Fixed Deposits :		
In Fixed Deposits with Sardar Sarovar Nigam Ltd.	3,60,000	-
	<u>17,55,350</u>	<u>21,30,000</u>

SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31-3-2010 Rupees	As at 31-3-2009 Rupees
SCHEDULE 'F'		
CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT ASSETS		
Inventories	-	-
(At the lower of cost or net realisable value)		
Sundry Debtors, Unsecured		
(a) Debts outstanding for a period exceeding six months :		
Considered good	2,02,670	37,980
Considered doubtful	-	-
	<u>2,02,670</u>	<u>37,980</u>
Less : Deducted from Doubtful Debts Reserve		
As per contra	-	-
	<u>2,02,670</u>	<u>37,980</u>
Less : Provision for doubtful debts	-	-
	<u>2,02,670</u>	<u>37,980</u>
(b) Other debts considered good	-	6,64,690
	<u>2,02,670</u>	<u>7,02,670</u>
	2,02,670	7,02,670
Cash and Bank Balances		
Cash on hand	11,17,339	8,47,227
Balances With Scheduled Bank :		
in Current Account	8,05,594	16,47,298
Balances With Other Bank :		
(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/-)	4,041	4,041
	<u>4,041</u>	<u>4,041</u>
	19,26,974	24,98,566
Other Current Assets		
Other Receivables	4,148	3,831
LOANS AND ADVANCES		
(Unsecured considered good)		
Advance, recoverable in cash or in kind or for value to be received	31,45,916	33,32,139
Balance with Excise Authorities	2,28,333	2,28,333
	<u>33,74,249</u>	<u>35,60,472</u>
	55,08,041	67,65,539

SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	Rupees	As at 31-3-2010 Rupees	As at 31-3-2009 Rupees
SCHEDULE 'G'			
CURRENT LIABILITIES AND PROVISIONS			
CURRENT LIABILITIES			
Sundry Creditors			
(Including Rs.5,08,350/- due to Directors - Previous Year Rs.98,500/-)	19,94,267		29,04,747
Unclaimed Fixed Deposits	6,34,424		13,87,549
		26,28,691	42,92,296
PROVISION			
Provision for Income Tax	37,738		40,000
Provision for Fringe Benefit Tax	-		11,037
Provision for Leave Encashment	4,45,000		92,500
		4,82,738	1,43,537
		31,11,429	44,35,833

SCHEDULE ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Rupees	2009-2010 Rupees	2008-2009 Rupees
SCHEDULE 'H'			
MATERIALS AND MANUFACTURING EXPENSES			
a) Purchase of Traded Goods			-
Opening Stock	-		-
Add : Purchases	-		16,73,750
			16,73,750
Less : Closing Stock	-		-
		-	16,73,750
		-	16,73,750

SCHEDULE ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Rupees	For the year ended	
		31-03-2010 Rupees	31-03-2009 Rupees
SCHEDULE 'I'			
EXPENSES ON EMPLOYEES :			
Salaries, Wages, Bonus and allowances		9,09,235	4,18,067
Contribution to Provident Fund	76,668		29,040
Contribution to Employees State Insurance Scheme	2,283		2,952
Contribution to Gratuity/Superannuation Fund/Leave encashment	<u>3,53,657</u>		<u>90,213</u>
		4,32,608	1,22,205
Staff Welfare Expences		53,811	51,160
		<u>13,95,654</u>	<u>5,91,432</u>
SCHEDULE 'J'			
SALES AND ADMINISTRATIVE EXPENSES			
Rates, Taxes & Insurance (Net)		56,878	3,04,756
Directors' Travelling Expenses		48,705	41,986
Auditors' Remuneration :			
Audit Fees	44,120		40,000
Tax Audit Fees	-		20,000
Certification Fees	<u>22,060</u>		<u>13,260</u>
		66,180	73,260
Office and General Expenses		1,36,868	1,22,292
Upkeep and Conservancy Expenses		-	3,24,000
Legal Fees and Expenses		66,000	28,500
Professional & Consulting Fees		2,94,251	4,75,229
Post, Telegram and Telephone Expenses		35,806	37,483
Travelling and Conveyance Expenses		81,169	1,17,358
Electricity Charges		6,184	8,546
Repairs and Maintenance		1,48,935	-
Miscellaneous Expenses		1,62,004	3,58,219
Bad Debts Written Off (Net)		-	1,11,37,763
Sundry Balances Written Off (Net)		13,262	15,15,274
		<u>11,16,242</u>	<u>1,45,44,666</u>
SCHEDULE 'K'			
INTEREST			
Interest		2,447	1,05,050
		<u>2,447</u>	<u>1,05,050</u>
SCHEDULE 'L'			
OTHER INCOME			
Miscellaneous Income		2,900	-
Interest on Bank Deposits and Other Interest (Including T.D.S. of Rs. Nil (P.Y. Rs. 27,931)		15,888	1,23,221
Dividend Income		1,02,756	5,631
Interest on Income Tax Refunds		17,55,962	-
Profit on Sale of Investments		20,350	-
Commission (Including T.D.S. of Rs. Nil (P.Y. Rs. 4,23,973)		-	33,87,489
Rent		-	20,25,000
Profit on Sale of Fixed Assets		-	1,35,52,395
Outstanding Liabilities No Longer Required		-	7,51,827
		<u>18,97,856</u>	<u>1,98,45,563</u>

SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE - 'M' : 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 25th 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 22nd October 1991. Accordingly sales tax is being charged from 23rd 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 31st 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 27th 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 23rd April 1991, by the High Court. Accordingly no further sum up to 31st 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 10th 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, 2010

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 :
- | | 31-03-2010
Rupees | 31-03-2009
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
- | | | |
|--|----------|----------|
| | 8,09,435 | 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 4.10.2009 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 and from 5.10.2009 to 31.3.2010 as minimum remuneration in accordance with the provisions of schedule XIII of the Companies Act, 1956.
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, 2010
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	12,23,859	-	-
Outstanding Balances at the close of the year :			
As Creditors	5,08,350	-	-
As Unsecured Loans – Taken	14,34,875	-	-
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 :

	31-03-2010 Rupees	31-03-2009 Rupees
Profit / (-) Loss for the Year	(4,11,817)	55,89,713
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	(3)	(35)

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 re-grouped 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.

SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

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, 2010
SCHEDULE 'M' :
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, 2009		Closing Stock as on 31st March, 2010		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 (3,400)	3,800 (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

	<u>2009-2010</u>	<u>2008-2009</u>
(a) C.I.F. value of Imports :	Nil	Nil
(b) Expenditure in Foreign currency:	Nil	Nil

Figures in brackets pertain to previous year.

SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE 'M' : NOTES ON ACCOUNTS
**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	:	31-03-2010			

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	:	27,799	Total Assets	:	27,799
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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	:	1,434			

Application of Funds

Net Fixed Assets	:	9,070	Investments	:	1,755
Net Current Assets	:	2,397	Misc. Expenditure	:	-
Accumulated Losses	:	14,577			

IV. Performance of Company

Turnover (including other income) :	1,898	Total Expenditure	:	2,636	
Profit / (Loss) Before Tax	:	-738	Profit / (Loss) After Tax	:	-412
(after Extra-ordinary Income)					
Earning Per Share in Rs.	:	-3	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

As per our report attached
SHARP & TANNAN
Chartered Accountants
(Registration No. 109982W)
By the hand of
M. P. PHADKE
Partner
Mem. No. 33013
Mumbai, Dated : 21st August, 2010

DEVIKA NAVNITLAL Chairperson	JAGAT D. SHAH ASHWINI R. DEVPURA
MANISH NAVNITLAL Managing Director	SHASHIKANT D. PANDYA Directors

Ahmedabad, Dated : 20th August, 2010

CASH FLOW STATEMENT

	Year ended 31st March	
	2010 Rupees	2009 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before tax	(7,38,060)	56,40,713
Adjustments for :		
Interest / Dividend income	(1,18,644)	(1,28,852)
Bad Debts Written Off (Net)	-	1,11,37,763
Sundry Balances Written Off (Net)	13,262	15,15,274
Outstanding Liabilities No Longer Required	-	(7,51,827)
Profit on Sale of Fixed Assets	-	(1,35,52,395)
Profit on Sale of Investments	(20,350)	-
Interest Expenditure	2,447	1,05,050
Depreciation	1,21,573	1,64,952
	<u>(7,39,772)</u>	<u>41,30,678</u>
Adjustments for :		
Inventories	-	-
Trade and other receivable	6,86,223	(7,86,405)
Trade and other payable	(13,24,367)	(85,10,939)
Interest paid	(2,447)	(1,05,050)
Income Tax Paid (includes Fringe Benefit Tax)	3,12,944	(8,093)
Net Cash From Operating Activities	<u>(10,67,419)</u>	<u>(52,79,809)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Sale / (Purchase) of Fixed Assets	-	1,48,89,787
Capital Work-in-Progress	-	-
Investment	3,95,000	(17,05,000)
Interest Income	15,888	1,23,221
Dividend Income	1,02,439	1,800
Net cash used in Investing Activities	<u>5,13,327</u>	<u>1,33,09,808</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Waiver from Repayment of Working Capital Loan	-	-
Net proceeds from/(repayment of) Long-term borrowings	(17,500)	(40,22,821)
Net cash from Financing Activities	<u>(17,500)</u>	<u>(40,22,821)</u>
Net increase in Cash and cash Equivalents (A + B +C)	<u>(5,71,592)</u>	<u>40,07,178</u>
Cash and Cash Equivalents at the beginning of the year	<u>21,90,797</u>	<u>(18,16,381)</u>
(includes Rs. 3,07,769 (P.Y. Rs. 3,07,769) balance of Book Overdraft)		
Cash and Cash Equivalents at the end of the year	<u>16,19,205</u>	<u>21,90,797</u>
(includes Rs. 3,07,769 (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
(Registration No. 109982W)
By the hand of
M. P. PHADKE
Partner
Mem. No. 33013
Mumbai, Dated : 21st August, 2010

For and on behalf of the Board

MANISH NAVNITLAL
Managing Director

Ahmedabad, Dated : 20th August, 2010

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INTENTIONALLY

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.	
----------------------	--

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 Thursday, the 30th September, 2010.

Signed the _____ day of _____ 2010.

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 Thursday, the 30th September, 2010.

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