

29th Annual Report 2000-2001



INDIA GELATINE & CHEMICALS LIMITED



CONTENTS

| | | | | | Page No/s. |
|---------------------------------|-----|-----|-----|-----|------------|
| Board of Directors | ... | ... | ... | ... | 3 |
| Financial Highlights | ... | ... | ... | ... | 4 |
| Notice | ... | ... | ... | ... | 5-11 |
| Report on Corporate Governance | ... | ... | ... | ... | 12-14 |
| Directors' Report | ... | ... | ... | ... | 15-19 |
| Auditors' Report | ... | ... | ... | ... | 20-21 |
| Balance Sheet | ... | ... | ... | ... | 22 |
| Profit & Loss Account | ... | ... | ... | ... | 23 |
| Schedules and Notes to Accounts | ... | ... | ... | ... | 24-34 |
| Balance Sheet Abstract | ... | ... | ... | ... | 35-36 |
| Cash Flow Statement | ... | ... | ... | ... | 37-38 |
| Proxy/Attendance Slip | ... | ... | ... | ... | 39 |

INDIA GELATINE & CHEMICALS LTD.



BOARD OF DIRECTORS

Chairman

NALIN KARSONDAS VISSANJI

Managing Directors

NAVINCHANDRA RAMDAS MIRANI

CHANDRASINH HANSRAJ MIRANI

Executive Director

VIREN C. MIRANI

Directors

N. C. MIRANI

D. R. BHARUCHA

M. D. VORA

S. MIYAZAWA

T. KONISHI - (UPTO 31-07-2001)

M. AOKI - (UPTO 31-07-2001)

K. C. DALAL

Y. MAEJIMA - (FROM 31-07-2001)

T. TANAKA - (FROM 31-07-2001)

Financial Controller-Cum-

Company Secretary

K. P. VAGADIA

Auditors

MAHENDRA N. SHAH & CO.

Chartered Accountants

E-3, Capital Commercial Centre,

Ashram Road, Ahmedabad - 380 009.

E-mail : mnshahco@wilnetonline.net

Head Office :

77/78, Mittal Chambers,

228, Nariman Point,

Mumbai - 400 021.

Factory :

Plot No. 1A, GIDC Industrial Estate,

National Highway No. 8,

Vapi - 396 195 (Gujarat)

Registered Office :

703/704, 'SHILP', 7th Floor,

Near Municipal Market,

Sheth C. G. Road, Navrangpura,

Ahmedabad - 380 009.

Tel.: (079) 6466737

Registrar & Securities Transfer Agent :

Sharepro Services

Satam Estate, III Floor,

Cardinal Gracious Road,

Chakala, Andheri (E)

Mumbai 400 099

Tel : (022) 8215168 Fax : (022) 8375646



INDIA GELATINE & CHEMICALS LTD.

FINANCIAL HIGHLIGHTS

(Rs. in lacs)

| Sr. No. | | 1996-97 | 1997-98 | 1998-99 | 1999-2000 | 2000-2001 |
|---------|--|---------|---------|---------|-----------|-----------|
| 1. | Shareholders' Funds | 5669 | 6402 | 7176 | 7969 | 8174 |
| 2. | Loan Funds | 2426 | 3103 | 2975 | 3053 | 2199 |
| 3. | Debt Equity Ratio | 1:0.43 | 1:0.48 | 1:0.42 | 1:0.38 | 1:0.27 |
| 4. | Sales & Other Income | 4802 | 6192 | 5403 | 5411 | 5961 |
| 5. | Profits (Subject to Depreciation & Tax) | 1060 | 1273 | 1377 | 1413 | 998 |
| 6. | Net Profit (Subject to Tax) | 945 | 973 | 1064 | 1089 | 666 |
| 7. | Profit after Tax before Extra Ordinary Items | 823 | 866 | 964 | 989 | 606 |
| 8. | Net profit after Extra Ordinary Items | 823 | 866 | 964 | 989 | 313 |
| 9. | Book Value of share(Rs.) | 66.85 | 75.50 | 84.62 | 93.97 | 96.39 |
| 10. | Dividend per share (Rs.) | 1.30 | 1.30 | 2.00 | 2.00 | 1.20 |





INDIA GELATINE & CHEMICALS LTD.

NOTICE

NOTICE be and is hereby given that the Twenty Ninth Annual General Meeting of the Members of **INDIA GELATINE & CHEMICALS LIMITED** will be held at Gajjar Hall, Near Law Garden, Ellisbridge, Ahmedabad - 380 006, on Tuesday, the 25th day of September, 2001 at 11.00 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report, Audited Balance Sheet as on 31st March, 2001 and the Profit and Loss Account for the year ended on that date.
2. To declare a dividend.
3. To appoint a Director in place of Shri D. R. Bharucha, who retires by rotation but being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri. M. D. Vora, who retires by rotation but being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. S. Miyazawa, who retires by rotation but being eligible offers himself for re-appointment.
6. To appoint Auditors for the year 2001-2002 and to fix their remuneration.

SPECIAL BUSINESS :

7. To consider and if thought fit, to pass the following Resolutions as Special Resolutions with or without modifications :

SPECIAL RESOLUTION - 1

"RESOLVED THAT in supersession of resolution passed for insertion of Article no. 4 (a) as regards "Shares without voting rights" at the Annual General Meeting of the Company held on 13.09.1999. The following Article No. 4 (a) be substituted in place of existing Article No. 4 (a)

Article No. 4(a)

SHARES WITH DIFFERENTIAL RIGHTS :

Notwithstanding anything contained in the Articles of Association of the Company, the Company be and is hereby entitled to issue in future share capital as under :

- a) Equity Shares Capital
 - (i) with voting rights
 - (ii) with differential rights as to dividend, voting or otherwise in accordance with such rules or such condition as may be provided by the Companies Act, 1956;
- b) Preference Share Capital

SPECIAL RESOLUTION - 2

The following Article No. 74A be inserted after the existing Article No. 74 of the Articles of Association of the Company as Article No. 74A.

Article No. 74A

RESOLUTION THROUGH POSTAL BALLOTS :

Notwithstanding anything contained in this Articles of Association of the Company, the Company be and is hereby authorised to pass resolution through the method of postal ballots as provided in Sec. 192A of the Companies Act, 1956 and under such other rules, regulation and procedures as may be provided by the Central Government.

8. To consider and if thought fit, to pass, the following Resolutions as Ordinary Resolutions with or without modifications :



INDIA GELATINE & CHEMICALS LTD.

ORDINARY RESOLUTION - 1

"RESOLVED THAT in partial modification to the resolution passed at Annual General Meeting held on 13.09.1999 vide item no. 9(1) as regards reappointment of Shri N. R. Mirani as Managing Director of the Company and terms of payment of his remuneration were approved by the Shareholders of the Company and further modification made in the terms of his remuneration vide item No. 10 duly approved by the Shareholders of the Company at the last Annual General Meeting held on 29.09.2000, the following revised terms of his remuneration be inserted hereunder"

"RESOLVED THAT Shri N. R. Mirani, the Managing Director of the Company be paid remuneration with effect from 1st April, 2001 as per the revised structure detailed as under :

REMUNERATION :

a) Salary :

Rs. 1,47,500/- per month which may be modified from time to time by the Board of Directors in accordance with and within the limits laid down in Part II of Schedule XIII of the Act, as amended from time to time.

b) Perquisites :

The Managing Director will be entitled to the following perquisites with an authority to the Board to grant, alter or vary from time to time, the amount and type of perquisites payable to him, but within the overall limits of remuneration prescribed under Part II of Schedule XIII of the Companies Act, 1956

i) Medical Reimbursement :

Expenses incurred for self and his family subject to Rs. 15,000/- p.a. He shall also be entitled to the benefit of Medical Treatment referred to in Proviso to Section 17(2) of the Income Tax Act, 1961 or to such modifications as may be made from time to time.

ii) Contribution to Provident Fund & Other Funds :

The Company shall pay an amount as per the Company's Rules.

iii) Gratuity :

As per the rules of the Company, but shall not exceed half month's salary for each completed year of service.

iv) Leave Encashment :

The Managing Director shall be entitled to fully paid leave as per the Company's Rules. Encashment of leave at the end of the tenure is permitted.

[Contribution to Provident Fund, Superannuation or Annuity Fund, Gratuity & Leave Encashment as per Clause (ii), (iii) & (iv) is not taxable under the Income Tax Act and shall not be included in the computation of the ceiling on the perquisite specified above.]

v) The Company shall provide a car for use on Company's business and also for personal purposes and telephone at the residence of the Managing Director. The Managing Director shall be billed by the Company for personal long distance calls on telephone and perks for the use of car for private purposes shall be evaluated as per Income Tax Rules.

The Managing Director in addition shall be entitled to such other benefits or amounts as may be approved by the Board, so that the overall payment by way of salary & perquisites in (a) and (b) above shall not exceed Rs. 1,50,000/- per month in any case and further subject to such modification as may be made by the Board within the limits on remuneration prescribed from time to time under Schedule XIII of the Companies Act, 1956.

INDIA GELATINE & CHEMICALS LTD.

**MINIMUM REMUNERATION :**

In the event of loss or inadequacy of profits, the Managing Director shall be entitled to receive the above remuneration, perquisites and benefits as Minimum Remuneration as provided in Section II of Part II of Schedule XIII of the Act as notified from time to time.

Commission :

In the event of there being sufficient and adequate profits worked out as per the provisions of Section 349 of the Companies Act, 1956 and within individual limit of 5% and overall limit of 10% of such net profits, the Managing Director could also be paid a remuneration by way of commission on such net profits as may be decided by the Board and agreed upon by the Managing Director, on ascertainment of the net profits at the close of each year over and above the remuneration referred to in the preceding para and that such remuneration shall be deemed to accrue at the close of the year".

"FURTHER RESOLVED THAT the Company do enter into Supplementary Agreement with Shri N. R. Mirani the Managing Director of the company to incorporate the modified clauses in the manner as above in respect of remuneration payable to him"

ORDINARY RESOLUTION - 2

"RESOLVED THAT in partial modification to the resolution passed at Annual General Meeting held on 13.09.1999 vide item no. 9(2) as regards reappointment of Shri C. H. Mirani as Managing Director of the Company and terms of payment of his remuneration were approved by the Shareholders of the Company and further modification made in the terms of his remuneration vide item No. 10 duly approved by the Shareholders of the Company at the last Annual General Meeting held on 29.09.2000, the following revised terms of his remuneration be inserted hereunder"

"RESOLVED THAT Shri C. H. Mirani the Managing Director of the Company be paid remuneration with effect from 1st April, 2001 as per revised structure detailed as under :

REMUNERATION :

- a) **Salary :**
Rs. 1,47,500/- per month which may be modified from time to time by the Board of Directors in accordance with and within the limits laid down in Part II of Schedule XIII of the Act, as amended from time to time.
- b) **Perquisites :**
The Managing Director will be entitled to the following perquisites with an authority to the Board to grant, alter or vary from time to time, the amount and type of perquisites payable to him, but within the overall limits of remuneration prescribed under Part II of Schedule XIII of the Companies Act, 1956
 - i) **Medical Reimbursement :**
Expenses incurred for self and his family subject to Rs. 15,000/- p.a. He shall also be entitled to the benefit of Medical Treatment referred to in Proviso to Section 17(2) of the Income Tax Act, 1961 or to such modifications as may be made from time to time.
 - ii) **Contribution to Provident Fund & Other Funds :**
The Company shall pay an amount as per the Company's Rules.
 - iii) **Gratuity :**
As per the rules of the Company, but shall not exceed half month's salary for each completed year of service.
 - iv) **Leave Encashment :**
The Managing Director shall be entitled to fully paid leave as per the Company's Rules. Encashment of leave at the end of the tenure is permitted.



INDIA GELATINE & CHEMICALS LTD.

[Contribution to Provident Fund, Superannuation or Annuity Fund, Gratuity & Leave Encashment as per Clause (ii), (iii) & (iv) is not taxable under the Income Tax Act and shall not be included in the computation of the ceiling on the perquisite specified above.]

- v) The Company shall provide a car for use on Company's business and also for personal purposes and telephone at the residence of the Managing Director. The Managing Director shall be billed by the Company for personal long distance calls on telephone and perks for the use of car for private purposes shall be evaluated as per Income Tax Rules.

The Managing Director in addition shall be entitled to such other benefits or amounts as may be approved by the Board, so that the overall payment by way of salary & perquisites in (a) and (b) above shall not exceed Rs. 1,50,000/- per month in any case and further subject to such modification as may be made by the Board within the limits on remuneration prescribed from time to time under Schedule XIII of the Companies Act, 1956.

MINIMUM REMUNERATION :

In the event of loss or inadequacy of profits, the Managing Director shall be entitled to receive the above remuneration, perquisites and benefits as Minimum Remuneration as provided in Section II of Part II of Schedule XIII of the Act as notified from time to time.

Commission :

In the event of there being sufficient and adequate profits worked out as per the provisions of Section 349 of the Companies Act, 1956 and within individual limit of 5% and overall limit of 10% of such net profits, the Managing Director could also be paid a remuneration by way of commission such net profits as may be decided by the Board and agreed upon by the Managing Director, on ascertainment of the net profits at the close of each year over and above the remuneration referred to in the preceding para and that such remuneration shall be deemed to accrue at the close of the year.

"FURTHER RESOLVED THAT the Company do enter into Supplementary Agreement with Shri C. H. Mirani the Managing Director of the company to incorporate the modified clauses in the manner as above in respect of remuneration payable to him"

ORDINARY RESOLUTION - 3

"RESOLVED THAT in partial modification to the resolution passed at item no. 9 regarding Appointment of Shri V. C. Mirani as an Executive Director of the Company and terms and conditions of payment of remuneration duly approved by the Shareholders of the Company at the Annual General Meeting held on 29.09.2000, the following revised terms of his remuneration at clause No. (a) and (b) be inserted in place of existing clause No. (a) and (b) as detailed hereunder :

"RESOLVED THAT Shri Viren C. Mirani the Executive Director of the Company be paid remuneration with effect from 1st October 2001 as per the revised structure detailed as under :

REMUNERATION :

- a) Salary :
Rs. 97,500/- per month which may be modified from time to time by the Board of Directors in accordance with and within the limits laid down in Part II of Schedule XIII of the Act, as amended from time to time.
- b) Perquisites :
The Executive Director will be entitled to the following perquisites with an authority to the Board to grant, alter or vary from time to time, the amount and type of perquisites payable to him, but within the overall limits of remuneration prescribed under Part II of Schedule XIII of the Companies Act, 1956

INDIA GELATINE & CHEMICALS LTD.



- i) **Medical Reimbursement :**
Expenses incurred for self and his family subject to Rs. 15,000/- p.a. He shall also be entitled to the benefit of Medical Treatment referred to in Proviso to Section 17(2) of the Income Tax Act, 1961 or to such modifications as may be made from time to time.
- ii) **Contribution to Provident Fund & Other Funds :**
The Company shall pay an amount as per the Company's Rules.
- iii) **Gratuity :**
As per the rules of the Company, but shall not exceed half month's salary for each completed year of service.
- iv) **Leave Encashment :**
The Executive Director shall be entitled to fully paid leave as per the Company's Rules. Encashment of leave at the end of the tenure is permitted.
[Contribution to Provident Fund, Superannuation or Annuity Fund, Gratuity & Leave Encashment as per Clause (ii), (iii) & (iv) is not taxable under the Income Tax Act and shall not be included in the computation of the ceiling on the perquisite specified above.]
- v) The Company shall provide a car for use on Company's business and also for personal purposes and telephone at the residence of the Executive Director. The Executive Director shall be billed by the Company for personal long distance calls on telephone and perks for the use of car for private purposes shall be evaluated as per Income Tax Rules.

The Executive Director in addition shall be entitled to such other benefits or amounts as may be approved by the Board, so that the overall payment by way of salary & perquisites in (a) and (b) above shall not exceed Rs. 1,00,000/- per month in any case and further subject to such modification as may be made by the Board within the limits on remuneration prescribed from time to time under Schedule XIII of the Companies Act, 1956.

MINIMUM REMUNERATION :

In the event of loss or inadequacy of profits, the Executive Director shall be entitled to receive the above remuneration, perquisites and benefits as Minimum Remuneration as provided in Section II of Part II of Schedule XIII of the Act as notified from time to time.

Commission :

In the event of there being sufficient and adequate profits worked out as per the provisions of Section 349 of the Companies Act, 1956 and within individual limit of 5% and overall limit of 10% of such net profits, the Executive Director shall also be paid a remuneration by way of commission on such net profits as may be decided by the Board and agreed upon by the Executive Director, on ascertainment of the net profits at the close of each year over and above the remuneration referred to in the preceding para and that such remuneration shall be deemed to accrue at the close of the year."

"FURTHER RESOLVED THAT the Company do enter into Supplementary Agreement with Shri V. C. Mirani the Executive Director of the company to incorporate the modified clauses in the manner as above in respect of remuneration payable to him"

By the Order of the Board of Directors

Place : Ahmedabad
Date : 11-08-2001

K. P. VAGADIA
Financial Controller-cum-Company Secretary



INDIA GELATINE & CHEMICALS LTD.

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and that such proxy need not be a member.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 18.09.2001 to 25.09.2001 (both days inclusive).
3. Dividend if declared/approved will be paid to the shareholders holding shares of the Company within 30 days from the date of declaration in terms of Section 205-A of the Companies Act, 1956.
4. Draft Supplementary Agreements of Shri N. R. Mirani, Shri C. H. Mirani, Managing Directors and Shri V. C. Mirani, Executive Director of the Company for revision in payment of remuneration are open for inspection of the Members at the Registered Office of the Company between 3.00 p.m. and 5.00 p.m. on any working day.
5. Explanatory Statement pursuant to Sec. 173(2) is annexed hereto.
6. Members are requested to bring their copies of the Report & Accounts and the Attendance slip duly filled in to the meeting.
7. Members are requested to notify immediately any change in their address to the company or its Share Transfer Agents.
8. Members can avail of the nomination facility by filling form No. 2B with the Company. Blank forms will be supplied on request.

Explanatory Statement as required by Section 173 (2) of the Companies Act, 1956.

Re: Items No. 7 & 8

Dear Members,

The Following Explanatory Statement sets out all material facts relating to items of the Special Business mentioned in the accompanying notice.

Item No. 7

1. Companies (Amendment) Act, 2000 has permitted issue of shares with differential rights by modifying Sec. 86, Accordingly Article No. 4A has been inserted in supersession of earlier Article No. 4A which was regarding issue of shares without voting rights.

The new Article enables the Company to issue Shares with differential rights as to dividend, voting rights etc. All the directors commend the resolution as they consider the same to be in the interest of the Company.

2. As per the amended provisions of Sec. 192(a) of the Companies (Amendment) Act, 2000, the Company can now pass the resolution through postal ballots. It is considered necessary to make suitable provisions in the Articles of Association of the Company. Article No. 74A is proposed to be inserted in the existing Articles of Association to provide for passing of the resolution by postal ballots and further as may be notified by the Govt. under rules and regulations framed from time to time.