

34th Annual Report 2005-2006



INDIA GELATINE & CHEMICALS LIMITED



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INDIA GELATINE & CHEMICALS LTD.

BOARD OF DIRECTORS

Chairman

NALIN KARSONDAS VISSANJI

Managing Director

NAVINCHANDRA RAMDAS MIRANI

Executive Director

VIREN C. MIRANI

Directors

N. C. MIRANI

D. R. BHARUCHA - UPTO 24-04-2006

M. D. VORA

K. C. DALAL

H. KAWASAKI - FROM 27-04-2005

S. N. PITTIE - FROM 19-07-2006

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@gmail.com

Bankers

Union Bank of India, Mumbai

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) 2646 9514

Registrar & Securities Transfer Agent :

Sharepro Services

Satam Estate, III Floor, Cardinal Gracious Road,

Chakala, Andheri (E), Mumbai 400 099

Tel : (022) 28300272 Fax : (022) 28375646



FINANCIAL HIGHLIGHTS

(Rs. in lacs)

Sr. No.		2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
1.	Shareholders' Funds	8372	8456	8080	8099	8135
2.	Loan Funds	1139	NIL	437	475	508
3.	Debt Equity Ratio	1:0.14	1:00	1:0.05	1:0.06	1:0.06
4.	Sales & Other Income	3952	3524	4551	5378	6057
5.	Profits (Subject to Depreciation & Tax)	765	475	428	464	418
6.	Net Profit (Subject to Tax)	422	133	84	95	37
7.	Profit after Tax & before Extra Ordinary Items	360	91	44	68	36
8.	Net profit after Extra Ordinary Items	321	84	56	68	36
9.	Book Value of share(Rs.)	98.73	99.72	95.28	95.51	95.94
10.	Dividend per share (Rs.)	-	-	0.50	0.50	-



INDIA GELATINE & CHEMICALS LTD.

NOTICE

NOTICE be and is hereby given that the Thirtyfourth Annual General Meeting of the Members of INDIA GELATINE & CHEMICALS LTD. will be held at GICEA, Nirman Bhavan (Gajjar Hall), Nr. Law Garden, Ahmedabad – 380 006 on Tuesday, the 29th August, 2006 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 and the Profit and Loss Account for the year ended on that date together with the Report of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Viren C. Mirani, who retires by rotation but being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Navinchandra R. Mirani, who retires by rotation but being eligible offers himself for re-appointment.
4. To appoint Auditors for the year 2006-2007 and to fix their remuneration.

SPECIAL BUSINESS :-

5. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution.
 “RESOLVED THAT Mr. Shridhar Nandlal Pittie who has been appointed as a Director on 19.07.2006 to fill up casual vacancy and who ceases to hold Office at this Meeting, and for whose candidature a notice as required u/s.257 is received be and is hereby appointed as a Director”

By Order of the Board of Directors

Place : Ahmedabad
Date : 20.07.2006

K.P. VAGADIA
(Company Secretary)

Details of Directors seeking reappointment at forthcoming Annual General Meeting :

	Name	Mr. Viren C. Mirani	Mr. Navinchandra R. Mirani	Mr. Shridhar N. Pittie
1	Date of Birth	21.08.1965	29.01.1935	18.09.1952
2	Date of Appointment	21.07.2000	14.06.1973	19.07.2006
3	Qualification	B.Com	B. Com	B.A (Hons), DERE, MBA (Finance)
4	Expertise in Specific Functional Area	Industrialist with Rich Business Experience in General	Industrialist with Rich Business Experience in General	Industrialist with Rich Business Experience in General
5	Directorship in other Public Ltd. Companies	2	2	2
6	Membership of committees in other Public Ltd. Companies	-	-	1

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. Proxies in order to be valid must be received by the Company, not less than 48 hours before the commencement of the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 22.08.06 to 29.08.06 (both days inclusive)
4. Pursuant to section 205A of the Companies Act, 1956, all Unclaimed Dividend upto financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet claimed their dividend warrants for the said period, are requested to claim the amount from the Registrar of Companies (Gujarat), opp. Rupal Park, Near Ankur Char Rasta, Naranpura, Ahmedabad 380013 by submitting an application in the prescribed form.
5. Pursuant to section 205A(5) of the Companies Act, 1956 as amended, any money transferred to Unpaid Dividend Account of the Company which remain unpaid or unclaimed for a period of 7 (Seven) years from the date of such transfer to the Unpaid Dividend Account shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government and the shareholders shall not be able to claim any unpaid dividend from the said fund or from the Company thereafter. Accordingly the Company has already transferred dividend for the year ended 31st March, 1998 to IEPF.

Members who have not yet encashed the dividend warrant(s) for the Financial Year 1998-99 and thereafter are requested to make their claims to the Company.

6. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least 7 (Seven) days in advance, so as to enable the Company to keep the information ready.
7. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General meeting. Members are requested to bring their copies of the Annual Report at the meeting.
8. Members are requested to inform immediately of any change in their address to the Company's Share Transfer Agents.
9. Members can avail of the nomination facility by filing Form No.2B with the Company. Blank forms will be supplied on request.
10. Explanatory Statement – pursuant to Sec.173(2) is annexed hereto.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**

Mr. Shridhar Nandlal Pittie has been appointed as a Director on the Board of Directors of the Company on 19.07.2006 to fill up casual vacancy arising on account of sad demise of Mr. D.R. Bharucha.

According to Sec.262 of the Companies Act, he ceases to hold office as such at this Annual General Meeting. A Shareholder of the Company has given a Notice to the Company along with requisite deposit proposing the candidature of Mr. Shridhar Nandlal Pittie as a Director on the Board of Directors of the Company.



INDIA GELATINE & CHEMICALS LTD.

In view of the matured experience and expert knowledge possessed by Mr. Shridhar N. Pittie your Company is likely to get guidance from him and therefore his appointment is considered as in the interest of the Company.

You are requested to commend the Resolution and accord your consent suitably.

None of your other Directors are interested in the above Resolution.

By Order of the Board of Directors

Place : Ahmedabad

Date : 20.07.2006

K.P. VAGADIA
(Company Secretary)





INDIA GELATINE & CHEMICALS LTD.

DIRECTORS' REPORT

The Directors of your Company hereby present their 34th Annual Report with the Audited Statements of Accounts for the year ended 31st March, 2006.

	2005-2006 Rs.	2004-2005 Rs.
FINANCIAL RESULTS		
Profit for the year after deducting all the charges and expenses but before depreciation and taxation	4,17,77,509	4,60,99,927
FROM WHICH ARE DEDUCTED		
Depreciation	3,80,96,049	3,69,11,158
Taxation		
Current	26,00,000	18,00,000
Deferred	(37,18,000)	9,53,752
Fringe Benefit Tax	12,08,207	—
	<u>3,81,86,256</u>	<u>3,96,64,910</u>
Resulting in a Net Profit of	35,91,253	64,35,017
Add : Prior year adjustments	—	3,25,034
NET PROFIT	<u>35,91,253</u>	<u>67,60,051</u>
TO WHICH IS ADDED :		
Surplus Brought Forward	1,09,27,155	1,55,01,764
BALANCE AVAILABLE FOR APPROPRIATION	<u>1,45,18,408</u>	<u>2,32,61,815</u>
APPROPRIATION FOR		
Proposed Dividend	—	42,40,000
Corporate Dividend Tax	—	5,94,660
General Reserve	—	75,00,000
Surplus Carried to next year's account	<u>1,45,18,408</u>	<u>1,09,27,155</u>
	<u><u>1,45,18,408</u></u>	<u><u>2,32,61,815</u></u>
Operations :		

During the year the Company has been able to increase the sales of Ossein and maintain the sales of Gelatine.

The margins were under severe pressure due to increase in prices of Crushed Bones the major Raw Material by about 8% and significant increase in the prices of Furnace Oil by about 77%. Due to continuous rise of prices of crude oil world over, furnace oil prices in India have also risen in tandem. The company is studying alternate material of fuel to overcome this situation. Had the prices remained stable, the performance and margins would have shown a better performance.



INDIA GELATINE & CHEMICALS LTD.

As reported in preceding year, the Gelatine industry, world over is under recession and growth is stagnant. The continued impact of "Mad-Cow" disease and corresponding stricter norms applied by consuming nations international market have adversely affected the overall demand of Bovine Bone Gelatine. With all these factors company continues to explore areas for development in newer markets and other applications.

The impact of Avian Influenza (bird flu) in South & East Asian countries continued during the year and have directly resulted in lowering sales of DCP by about 20%. Further due to outbreak of Avian Influenza in India in February 2006, it resulted into piling up of inventory and effect of which is likely to be faced in current year.

The company has been able to increase average sale realisation of all finished goods i.e. Ossein, DCP & Gelatine. But the constant rising Bone prices and steep rise in fuel prices have offset the benefits of better sale realisation of finished products.

In absolute terms rising prices of Furnace Oil alone has eroded the gross margins by Rs.4.50 crore considering prices prevailing in previous year.

Your directors have pleasure to inform that team from International Inspection Agency – United States Food and Drug Administration (USFDA) from USA inspected the factory, carried out Audit and certified satisfactory compliance. This is likely to favorably affect export of Gelatine to USA as well as to other countries.

Dividend :

You are aware that the company has paid dividend even in the period of crisis. However in view of the prevailing uncertainty, rising fuel prices, the profitability for the year is severely affected. Your directors are constrained to decide **not to declare any dividend and adopt a prudent commercial policy to conserve liquidity to meet future uncertainties.** The management is confident that after the corrective measures take effect the company will once again be in a position to declare dividend. Shareholders are requested to bear until then.

Taxation :

The Company has made a provision of Rs. 26 lacs as current year's Tax and Rs.12.08 lacs for Fringe Benefit Tax.

Finance :

The Company continued to get requisite assistance and co-operation from its bankers as & when needed

Industrial Relations :

Industrial relations continued to remain cordial and satisfactory.

Directors :

Mr. Viren C. Mirani and Mr. Navinchandra R. Mirani retire by rotation at the ensuing Annual General meeting and being eligible you are requested to re-appoint them.

Mr. Shridhar Nandlal Pittie has been appointed as a Director of the Company on 19th July, 2006 to fill up casual vacancy arising on the death of a Director Mr. D.R. Bharucha. A Notice is received from a Shareholder u/s.257 proposing to appoint him as a Director on the Board of Directors of the Company. You are requested to appoint him as such.

Mr. D.R. Bharucha, a Director of the Company since almost 30 years, expired on 24th April, 2006. The Management puts on record the meritorious services rendered by him through active contribution and matured guidance. May Almighty rest his soul in eternal peace.

INDIA GELATINE & CHEMICALS LTD.**Directors' Responsibility Statement :**

As stipulated in section 217(2AA) of the Companies Act, 1956, your Directors subscribe to the "Directors' Responsibility Statement" and confirm as under :

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii) that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are 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 of the profit of the Company for that period;
- iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the directors have prepared the annual accounts on a going concern basis.

Auditors :

Messrs Mahendra N. Shah & Co., Chartered Accountants, the Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, members are requested to re-appoint them for the current year.

Insurance :

All the properties of the Company including building, plant and machinery and stocks have been adequately covered under insurance.

Particulars of Employees :

The information u/s 217(2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules 1975 and forming part of the Directors' Report for the year ended 31st March, 2006 is annexed hereto.

Management Discussion and Analysis Report :

Report on Management Discussion and Analysis is annexed herewith.

Corporate Governance :

A report on corporate governance alongwith certificate from the auditors are annexed.

Particulars of Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo

The information required under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988, and forming part of the Directors' Report is annexed hereto.

Acknowledgement

The Board of Directors appreciate the devoted services of the workers, staff and executives who have contributed to the efficient management of the affairs of the Company.

Your directors place on record their gratitude to the State and Central Government, Sojitz Corporation, the company's Bankers, Customers, Suppliers and Shareholders for their continued co-operation and support.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 19.07.2006

Nalin K. Vissanji
CHAIRMAN