

**41<sup>st</sup>**  
**ANNUAL REPORT**  
**2012-2013**



**INDIA GELATINE & CHEMICALS LTD.**



## INDIA GELATINE & CHEMICALS LTD.

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**INDIA GELATINE & CHEMICALS LTD.**

## **BOARD OF DIRECTORS**

**Chairman :**

NALIN KARSONDAS VISSANJI (Up to 06-11-2012)

**Managing Director :**

VIREN CHANDRASINH MIRANI

**Directors :**

N. C. MIRANI

M. D. VORA

K. C. DALAL

S. N. PITTLE

P. P. MADHAVJI (Appointed on 08-02-2013)

**Company Secretary :**

PREETAL P. MEPANI

**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, Navrangura,

Ahmedabad - 380 009

Tel.: (079) 26469514

**Registrar & Share Transfer Agent :**

Sharepro Services (India) Pvt. Ltd.

13AB Samhita Warehousing Complex,

Second Floor,

Sakinaka Telephone Exchange Lane,

Off Andheri Kurla Road, Andheri (East),

Mumbai - 400 072

Tel.: (022) 67720300 Fax : (022) 28591568

**FINANCIAL HIGHLIGHTS**

₹ lacs

| Sr.No. |   | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 | 2012-2013 |
|--------|---|-----------|-----------|-----------|-----------|-----------|
| 1      | Shareholders' Funds                     | 9,073     | 9,528     | 9,587     | 10,021    | 10,831    |
| 2      | Loan Funds                              | 150       | 91        | 30        | 22        | 12        |
| 3      | Debt Equity Ratio                       | 1 : 0.02  | 1 : 0.01  | 1 : 0.003 | 1 : 0.002 | 1 : 0.001 |
| 4      | Sales & Other Income                    | 8,225     | 8,441     | 8,912     | 10,690    | 12,011    |
| 5      | Profits (Subject to Depreciation & Tax) | 1,687     | 1,377     | 847       | 1,415     | 2,192     |
| 6      | Net Profit Subject to Tax               | 1,278     | 962       | 423       | 968       | 1,704     |
| 7      | Profit after Tax                        | 845       | 674       | 277       | 707       | 1,140     |
| 8      | Book Value of Share (₹)                 | 96.52     | 101.36    | 101.99    | 106.61    | 115.22    |
| 9      | Dividend %                              | 20        | 20        | 20        | 25        | 30        |



## INDIA GELATINE & CHEMICALS LTD.

### **NOTICE**

NOTICE be and is hereby given that the Forty-first Annual General Meeting of the Members of INDIA GELATINE & CHEMICALS LTD., will be held at GICEA, Nirman Bhavan (Gajjar Hall), Near Law Garden, Ahmedabad – 380 006 on Friday, the 23<sup>rd</sup> of August, 2013 at 11.00 a.m. to transact the following business :

#### **ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2013 and the Statement of Profit and Loss for the year ended on that date together with the Report of Directors and the Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. N. C. Mirani, who retires by rotation but being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. P. P. Madhavji, who retires by rotation but being eligible offers himself for re-appointment.
5. To appoint Statutory Auditors for the year 2013-2014 and to fix their remuneration.

#### **SPECIAL BUSINESS:**

6. To consider and if thought fit, to pass with or without modifications the following resolution as a "Special Resolution".

#### **SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 of the Companies Act, 1956 read with Proviso to Part 1(C), Section II of Schedule XIII thereof as amended from time to time and other applicable provisions, if any, of the Companies Act, 1956 and further subject to the approval of the Central Government, the consent of members be and is hereby accorded to the terms and conditions as contained in Draft Agreement of re-appointment of Mr. Viren C. Mirani as Managing Director of the Company with effect from 1<sup>st</sup> April, 2014 for a period of 3 years.

RESOLVED FURTHER THAT a note be and is hereby taken of the terms and conditions including the remuneration payable as contained in the draft agreement of the re-appointment of Mr. Viren C. Mirani, Managing Director as approved by Remuneration Committee and the Board of Directors in their respective meetings held on 30<sup>th</sup> May, 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to execute the agreement with the Managing Director subject to the approval of the Central Government and to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or doubt that may arise in relation thereto and the Board shall have absolute powers to accept any modification in the terms and conditions as may be approved by the Central Government while according its approval and acceptable to Mr. Viren C. Mirani as the Managing Director and to modify the same in accordance with the said approval of the Central Government and to give effect to the foregoing resolution, or as may be otherwise considered by it to be in the best interest of the Company.

RESOLVED FURTHER THAT till the approval from the Central Government is received, Mr. Viren C. Mirani, shall be paid a remuneration not exceeding ₹ 4,00,000/- p.m. as permitted in Part I B, Section II of Part II of Schedule XIII, duly approved by shareholders by passing Special Resolution and that after obtaining Central Government's approval, he will be paid a remuneration as proposed and approved and made effective from 1<sup>st</sup> April, 2014.

RESOLVED FURTHER THAT Mr. Viren C. Mirani, Managing Director will also be entitled for the reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as any from time to time, is available to other Senior Executives of the Company."

By Order of the Board of Directors

Place : Ahmedabad  
Date : 31.05.2013

**Preetal P. Mepani**  
(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. Proxies in order to be valid must be received by the Company, not less than 48 hours before the commencement of the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 15.08.2013 to 23.08.2013. (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. Members are informed that the company's Equity Shares are compulsorily traded in Demat form for all investors, effective from 1<sup>st</sup> April, 2002. Members may open Depository Account in their names with a Depository Participant to dematerialize their holdings.
5. (a) Pursuant to Section 205A of the Companies Act, 1956, all Unclaimed Dividend up to financial year ended 31<sup>st</sup> March, 1995 have been transferred to the General Revenue Account of the Central Government, which can be claimed by the Shareholders by submitting application to the Registrar of Companies, Ahmedabad.  
(b) Pursuant to the provisions of Section 205C of the Companies Act, 1956, the dividend remaining unclaimed/unpaid for a period of seven years from the date it becomes due for payment shall be credited to the Investors Education and Protection Fund (Fund) set up by the Central Government. Members who have so far not claimed the dividend are requested to make claim with the company immediately as no claim shall lie against the Fund or the Company in respect of individual amount once credited to the said Fund.
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. (a) 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.  
(b) Members attending the meeting are requested to bring with them the Attendance Slip attached to the Annual Report duly filled in and signed and handover the same at the entrance of the hall.
8. Members are requested to inform immediately of any change in their address to the Company's Share Transfer Agents.
9. Members are requested to note that pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, details of the Non-executive Directors proposed to be re-appointed is given below and forms part of the Notice :  
Details of Directors seeking re-appointment at the forthcoming Annual General Meeting :  
(Disclosure pursuant to Clause 49 of the Listing Agreement)

| Sr. No. | Name   | Mr. N. C. Mirani                                       | Mr. P. P. Madhavji               |
|---------|--|--|----------------------------------|
| 1.      | Date of Birth  | 08.06.1960   | 06.04.1936                       |
| 2.      | Date of Appointment  | 24.01.1983   | 08.02.2013                       |
| 3.      | Qualification  | B.Com  | B.A., B.Com, LLB                 |
| 4.      | Expertise in Specific Functional Area                              | Industrialist with rich business experience in general | Tourism and Hospitality Industry |
| 5.      | Directorship in other Public Ltd. Companies                        | 3  | 2                                |
| 6.      | Membership of committees in other Public Ltd. Companies            | 1  | 1                                |
| 7.      | Share Holding of Directors seeking re-appointment as on 31.03.2013 | 1,45,128 Equity Shares                                 | —                                |



## **ANNEXURE TO THE NOTICE**

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956:

ITEM NO. 6:

Item No. 6 of the Notice relates to the re-appointment of Mr. Viren C. Mirani as Managing Director of the Company, whose present tenure will expire on 31st March, 2014. The new terms of re-appointment of the Managing Director will be effective for 3 years from 1st April, 2014 to 31st March, 2017. The new proposed remuneration is higher than the limits fixed by the Central Government under Schedule XIII of the Companies Act, 1956. It is covered by proviso to Part 1(C), Section II of Schedule XII to the Companies Act, 1956 and will be effective, subject to the approval of the Central Government and members in the 41<sup>st</sup> Annual General Meeting of the Company.

The terms and conditions of re-appointment of Mr. Viren C. Mirani, as the Managing Director of the Company are as under:-

### **REMUNERATION:**

#### **a) Salary:**

Monthly salary in the scale of ₹ 7,00,000 - 1,00,000 - 9,00,000 with effect from 01.04.2014.

#### **b) Perquisites:**

Maximum up to ₹ 2,00,000/- per month which shall include perquisites of Categories 'A' 'B' and 'C' as below :

#### **CATEGORY 'A'**

- i) House Rent Allowance of ₹ 95,000/- per month within the overall limit as approved by the Central Government.
- ii) He shall be paid Gas, Electricity, Water etc. of his residence which will be valued as per the Income Tax Rules, 1962.
- iii) Medical Reimbursement:  
Expenses incurred for self and his family. 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 therein from time to time.
- iv) Leave Travel Concession:  
For self and family once in a year incurred in accordance with the rules specified by the Company.
- v) Club Fees:  
Fee's of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- vi) Personal Accident Insurance:  
Premium not to exceed ₹ 40,000/- per annum or such amount as may be modified under Income tax Act from time to time.
- vii) Mediclaim Insurance:  
Premium not to exceed ₹ 15,000/- per annum or such other modified amount as is exempt under Income Tax Act.

#### **CATEGORY 'B'**

#### **i) Contribution to Provident Fund and Other Funds:**

Contribution to the Provident Fund, Superannuation or Annuity Fund shall not be included in computation of the ceiling on perquisites and shall be payable to the extent these either singly or put together are not taxable under the Income-tax Act.



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### **ii) Gratuity:**

As per the rules not exceeding half a month's salary for each completed year of service, and shall not be included in the computation of ceiling on perquisites as specified above.

### **iii) Leave Encashment:**

The Managing Director shall be entitled to fully paid leave as per the Company's Rules. Encasement of Leave at the end of the tenure is permitted and shall not be included in the computation of the ceiling on perquisites, specified above.

## **CATEGORY 'C'**

### **i) Provision of a Car and Telephone:**

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 at the rate of ₹ 750/- per month and perks for the use of car for personal purposes shall be evaluated as per Income Tax Rules.

### **ii) Other Benefits:**

Such other benefits, amenities and facilities as per the company rules.

### **c) 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.

### **d) 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 the individual limit of 5% 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.

The terms and conditions of the remuneration of the Managing Director, may be varied, altered, increased, enhanced or widened from time to time by the Remuneration Committee and the Board as it may in its discretion deem fit within the above limits and subject to limits laid down in Sections 198, 309 and all other applicable provisions of the Companies Act, 1956 and Rules framed there under and subject to the requisite approvals from Central Government or any other authority, if any, being obtained.

### **Memorandum of Interest:**

Mr. Viren C. Mirani, is interested in the above resolution to the extent of the remuneration received by him.

Mr. Nayan C. Mirani is concerned or interested in the above resolution, being a relative of Mr. Viren C. Mirani. None of the other Directors is concerned or interested in the above resolution.

Information required to be disclosed in terms of Notification No. GSR 36(E) dated 16<sup>th</sup> January, 2002 issued by Government of India under the provisions of Schedule XIII of the Companies Act, 1956.

### **I. GENERAL INFORMATION:**

- |    |  |  |
|----|--|--|
| 1) | Nature of Industry                                     | : Manufacturers of Chemical products viz. Ossein, Gelatine and DCP |
| 2) | Date of commencement of Commercial Production          | : 08.02.1975   |
| 3) | In case of new Companies expected date of commencement | : N.A.   |





## INDIA GELATINE & CHEMICALS LTD.

### 4) Financial Performance:

(₹ lacs)

| Year    | Capital | Reserves | Exports (FOB) | Total Sales & Other Income | Profit before Dep. & Tax | Cash Profit after tax | Net Profit (Loss) |
|---------|---------|----------|---------------|----------------------------|--------------------------|-----------------------|-------------------|
| 2010-11 | 940.00  | 8,646.50 | 3,670.53      | 8,912.29                   | 847.35                   | 701.58                | 277.18            |
| 2011-12 | 940.00  | 9,080.60 | 5,536.24      | 10,689.58                  | 1,414.64                 | 1,154.26              | 707.22            |
| 2012-13 | 940.00  | 9,890.86 | 6,053.97      | 12,010.91                  | 2,191.53                 | 1,627.96              | 1,140.19          |

### 5) Export Performance and Net Foreign Exchange :

| Year    | Export Qty. in M.T. | FOB Value of Qty Sale (₹ lacs) |
|---------|---------------------|--------------------------------|
| 2010-11 | 1,766.74            | 3,670.53                       |
| 2011-12 | 2,398.25            | 5,536.24                       |
| 2012-13 | 2,627.50            | 6,053.97                       |

## II. INFORMATION ABOUT THE APPOINTEE:

### 1) Background details:

Mr. Viren C. Mirani is a commerce graduate with 28 years of rich business experience both within and outside India. He possesses excellent business contacts and is very widely travelled. He is instrumental in soliciting technical collaboration for setting up Gelatine Plant in 1997. Under his able stewardship his family business of dealing in cotton and yarn earned a very good reputation and achieved an annual effected turnover in multi crores.

### 2) Past remuneration:

Remuneration during last 3 years :

(₹ lacs)

| 2010-11 | 2011-12 | 2012-13 |
|---------|---------|---------|
| 41.44   | 111.98  | 97.76   |

### 3) Recognition or awards:

His untiring efforts as Executive Officer for 15 years, as Executive Director for 10 years and as Managing Director for 3 years has contributed substantially for the Company to earn various "Recognitions and Awards" for "Excellence" in Exports by Trade Bodies and Government of India.

The initial share capital of ₹ 25 lacs reached to ₹ 940 lacs by way of bonus and preferential issue and also earned ₹ 99 crores as "Reserves" for the shareholders during last 41 years, over and above payment of dividends.

### 4) Job profile/suitability:

The Managing Director looks after manufacturing, marketing, technical operations and over all administration of the Company. Because of his sharp business acumen and matured experience, the performance of the company has been noteworthy, which also speaks volumes of his ability. He has also been handling the most onerous job of marketing Ossein and Gelatine and while discharging these functions quite effectively he has shown signs of great acumenship and stewardship.

### 5) Proposed remuneration:

Salary in the scale of ₹ 7,00,000 – 1,00,000 – 9,00,000 per month, and Perks not to exceed ₹ 2,00,000/- per month in the event of inadequacy of profits. In the event of sufficient profits he may also be paid a commission not exceeding 5% of the net profits, as may be decided by the Board of Directors.



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### **6) Comparative Remuneration profile with respect to industry, size of the company profile of the position, and person:**

The main product of the industry is sold in the overseas market. Export requirements are always quite stringent. It requires constant "watch and vigil". "Norms and Parameters" of purchase and production are quite meticulous. Disciplined approach and compliances required for the staff need constant supervision and continuous accountability. Running this type of industry successfully and earning awards of "Excellence" year after year proves the performance of Managing Director. Remuneration sought to be paid to him is thus reasonable. It is also within the normal range of "Managerial Remuneration" paid to the young generation these days by performance oriented units. Mr. Viren C. Mirani alone has shouldered the entire responsibility and working for development of business after the sad demise of the Managing Director Mr. N. R. Mirani.

### **7) Pecuniary Relationship with Company:**

The Managing Director's family is also the Promoter of the Company and as such holds substantial financial interest and continuing commercial affinity with the Company. He along with his family members holds 33.63% Equity Share Capital of the Company. Promoters group as a whole, hold around 58.26% in the equity of the Company.

## **III. OTHER INFORMATION:**

### **1) Reasons for Loss/Inadequate Profits:**

The Company is engaged in the manufacturing of Ossein, Gelatine and DCP. The raw material viz. Crushed Bones, being of natural origin, is at many times in short supply which adversely affects company's production. The company faces severe competition from various domestic companies and therefore focuses on exports market which has inherent foreign exchange risk. The company's raw material and finished products both have threats of potential diseases which has impact on finished goods market of the company's products. The company suffered heavy burden of power and fuel cost which is approximately 21% of sales in 2012-13. The CNG prices alone increased 40% during the last year and approximately 95% in the last 2 years. All the above adverse factors have resulted in inadequate profits of the company.

### **2) Steps taken and proposed to be taken for improvement:**

Mr. Viren C. Mirani, the Managing Director has taken all possible steps to stabilize the Gelatine product by exploring various markets in Europe as well as South East Asia. He has also taken rigorous steps to promote the sale of Ossein to other foreign buyers and it has resulted into increase in exports during last 3 years as reported above.

### **3) Expected increase in productivity and profits in measurable terms:**

Productivity and profits are likely to further improve well over a period of next 2-3 years. The Company has been able to manufacture Ossien and DCP at around 65 to 67% capacity during last 2 years.

## **IV. DISCLOSURES:**

- (1) The remuneration package of Mr. Viren C. Mirani, Managing Director -  
The details of remuneration are given in the annexure to the Notice.
- (2)
  - (i) Element of remuneration package
  - (ii) Details of fixed components and performance linked incentive
  - (iii) Service contract, notice period severance fees etc.
  - (iv) Stock option details.

The above details are given along with details of his remuneration in the annexure to the Notice to the extent they are applicable.

The Managing Director Mr. Viren C. Mirani, shall continue to be paid a remuneration not exceeding ₹ 4,00,000/- per month as permitted in Part I B, Section II of Part II of Schedule XIII, duly approved by