

Shaw Wallace Gelatines Ltd.

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Annual Report 1999-2000

SHAW WALLACE GELATINES LIMITED

(An ISO 9002 Company)

Board of Directors

K.V. Angara
S.P. Chowdhary
A.K. Kapur (Wholetime Director)
B.K. Mazumder (Nominee of IIBI)
G.C. Singha Roy
A.C. Mukherjee

Secretary & Compliance Officer

M. Seal

Auditors

Lovelock & Lewes
Calcutta

Registered Office

4, Bankshall Street
Calcutta-700001.

Factory

Bheraghat Road
Jabalpur, M.P.

Term Lending Institution

Industrial Investment Bank of India Ltd.

Bankers

Allahabad Bank
Canara Bank

Registrars and Share Transfer Agents

ABC Computers Private Limited
C/o. National Council of Education, Bengal
Jadavpur University Campus, 2nd & 3rd Floor
Jadavpur, Calcutta-700 032.

Depositories

National Securities Depository Limited
Central Depository (India) Limited

Shaw Wallace Gelatines Limited

M. SEAL
Secretary

Listed with

The Calcutta Stock Exchange Assoc. Ltd.
Delhi Stock Exchange Assoc. Ltd.
The Stock Exchange, Mumbai
The Stock Exchange, Ahmedabad
Madhya Pradesh Stock Exchange Ltd.
National Stock Exchange

SHAW WALLACE GELATINES LIMITED**NOTICE**

Notice is hereby given that the 39th Annual General Meeting of the Company will be held at St. Xavier's Auditorium, 30 Park Street, Calcutta 700 016, on Friday, the 29th September, 2000 at 12.00 noon to transact the following business:

ORDINARY BUSINESS

1. To approve, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2000 and the Balance Sheet as at that date and the Report of the Directors and Auditors thereon.
2. To declare Dividend
3. To appoint Directors in place of Messrs. G.C. Singha Roy and A.C. Mukherjee, who retire by rotation, and being eligible offer themselves for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modification, the following Resolutions:

5. As an Ordinary Resolution

RESOLVED THAT in partial modification of the Agreement dated 6th October, 1999 entered into by and between the Company and Mr A K Kapur (Mr Kapur). Whole-time Director and in accordance with Sections 198, 269, 309, 310 and all other applicable provisions read with Schedule -XIII to the Companies Act, 1956, as and as may be amended, the consent of the Company be and is hereby accorded to the payment of revised remuneration to Mr Kapur with effect from such date and with such revision, as more specifically set out in the First Supplemental Agreement proposed to be entered into by and between the Company and Mr. Kapur, a draft whereof tabled at the Meeting and that the same be and is hereby approved.

6. As a Special Resolution

RESOLVED THAT pursuant to Section 21 of the Companies Act, 1956 and subject to the approval of the Central Government, by delegation, Registrar of Companies and such other Authority (ies), if and as may be necessary, the name of the Company be changed from Shaw Wallace Gelatines Limited to Narmada Gelatines Limited and that the Board of Directors be and is hereby authorised to take all necessary action on that behalf.

7. As a Special Resolution

RESOLVED THAT pursuant to the applicable provision of the Companies Act, 1956, and also subject to the approval of the Registrar of Companies and such other Authority (ies), if and as may be necessary to this effect, the name clause (viz., Clause I), in the Memorandum of Association of the Company be deleted and substituted by the following new name clause:

1. The name of the Company was changed to Narmada Gelatines Limited with effect from (such date as may be approved by the Registrar of Companies, West Bengal pursuant to Section 23(1) of the Companies Act, 1956).

8. As a Special Resolution

RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, and also subject to the approval of the Registrar of Companies and such other Authority(ies), if and as may be necessary to this effect, the name of the Company in the Articles of Association of the Company, as well as the meaning of "the Company" therein shall be deleted and substituted by the words "Narmada Gelatines Limited".

Registered Office :

4, Bankshall Street
Calcutta-700001

5th August, 2000

By Order of the Board

M Seal
Secretary

SHAW WALLACE GELATINES LIMITED**NOTES**

- (a) The Register of Members and the Share Transfer Register will remain closed from 21st to 29th September, 2000 (both days inclusive).
- (b) A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A Proxy, however, need not be a Member of the Company. Proxies in order to be effective must be received at the Registered Office of The Company not less than forty-eight hours before the Meeting.
- (c) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto.
- (d) Dividend. If any, that may be declared at the Meeting will be payable to those Members, whose names will be appearing as Members in the Register of Members of the Company as on 29th September, 2000, and dividend warrants / pay orders / demand drafts / bankers' cheques, as the case may be, will be posted to them or to their Mandatees, at the recorded address, within the statutory period, after effecting all valid-share transfers in physical form as may be lodged with the Company or its Registrars on or before 29th September, 2000 and to those Shareholders, whose names shall be appearing as Beneficial owners as at the close of the business hours on 29th September, 2000 as per the lists, as may be furnished by National Securities Depository Limited and Central Depository Services (I) Limited in respect of the Shares held by such beneficial owners in fungible form in the depositories.
- (e) Members and proxy holders are requested to bring their copies of Annual Report to the Meeting.
- (f) Any Member desirous of obtaining any Information on the Accounts of the Company, may please forward such queries in writing to the Secretary at the Registered Office, at least ten days prior to the Meeting.
- (g) Members having multiple ledger folio in identical name or joint names in identical order, are requested to intimate to the Company or its Registrars such ledger folio(s) for consolidating such multiple holdings into single account.
- (h) Pursuant to the provisions of Section 205A of the Companies Act, 1956, (the Act), the unclaimed dividend for the year ended 31st March, 1997 will be transferred to the "Fund established under Section 205C" ("Fund") of the Act, after a period of seven years from the date of transfer of such dividend to the unclaimed/ unpaid dividend account. No claim shall, therefore, lie against the Fund or the Company in respect of individual amounts, which shall remain unclaimed during such period.
- (i) In terms of the provisions of Section 109A read with 109B of the Companies Act, 1956, a Member may nominate, at any time, in the prescribed manner, a person to whom his/her shares in the Company shall vest in the event of his/her death. The prescribed Nomination Form No. 2B [vide Rules 4CCC and 5D of the Companies (Central Government's General Rules and Forms, 1956)], is annexed hereto for the convenience of the Members. This may be sent to the Secretary at the Registered Office, duly completed.
- (j) Members may furnish the name, address, Saving Bank / Current Account Number of the Banks wherein the dividend is intended to be credited, together with any change / correction of address and other details, in writing, to the Secretary at the Registered Office, on or before 29th September, 2000.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No.5**

The shareholders at the 38th Annual General Meeting of the Company held on 28th September, 1999 approved the re-appointment of Mr. A.K. Kapur (Mr. Kapur) as a whole-time Director for a period of five years with effect from 1st April, 1999 on the terms and conditions including remuneration as set out in the draft Agreement tabled at the said Meeting which inter alia, authorised the Board of Directors, to revise the remuneration of Mr. Kapur from time to time within the overall limit prescribed in Schedule XIII to the Companies Act, 1956.

SHAW WALLACE GELATINES LIMITED

The Board of Directors, at its Meeting held on 16th February, 2000 proposed to revise the terms at appointment of Mr. Kapur, as more specifically enumerated in and formed part of the abstract of the variation in the terms of appointment of Mr. Kapur and Memorandum of Interest under Section 302 of the Companies Act, 1956, dated 16th February, 2000; sent to every Member of the Company.

The particulars of revision in the terms of appointment of Mr. Kapur will be embodied in the First Supplemental Agreement proposed to be entered into between the Company and Mr. Kapur, subject to the approval at the Members in this Annual General Meeting, in terms at clarification issued by the Dept. Of Company Affairs, vide Circular No2/94; F.No.1/4/92-CLV dated 10th February, 1994.

Accordingly the Resolution set out in Item No.5 of the convening Notice is recommended to the Members for adoption.

Except Mr. Kapur, no other Director is concerned or interested in the Resolution.

A draft Agreement referred to hereinabove is available for inspection by the Members as the Registered Office of the Company between the hours of 10.00a.m. and 12.00 noon on any working day, except Saturdays.

Item No.6,7 and 8

The Company necessarily being a subsidiary of Shaw Wallace & Company Limited, the first two words viz. "Shaw Wallace", being the parent company's name, were attached to its name too. While the parent company enjoys its identity as a liquor manufacturer besides its presence cherished in the domestic and overseas liquor market by its name, the Company while exporting its goods faces its genuine identity crisis in isolation of its parent company's name and image as a liquor manufacturer.

Keeping the aforesaid objectives in mind together with the prospect of improved global market, your Directors felt the necessity to change the name of the Company from its present name to "Narmada Gelatines Limited". The Company has already obtained the name availability certificate from the Registrar of Companies, West Bengal on that behalf.

Consequent upon the approval of the members at this Annual General Meeting by way of a Special Resolution, it would also require to alter its Memorandum of Association in regard to name clause and Articles of Association in regard to the name of the Company as well as the meaning "the Company" therein. The change of name will however be effective upon receipt of a certificate from the Registrar of the Companies, pursuant to Section 23 (1) of the Companies Act, 1956. The Members will be intimated to that effect subsequently.

Considering the aforesaid objectives, the Board of Directors recommends the Resolutions set out in Item Nos. 6,7 and 8 in the convening Notice to the Members for adoption.

No Directors of the Company may be deemed to be concerned or interested in these Resolutions.

Memorandum and Articles of Association of the Company is available for inspection by the Members at the Registered Office of the Company between the hours of 10.00 a.m and 12.00 noon on any working day, except Saturdays.

SHAW WALLACE GELATINES LIMITED**DIRECTORS' REPORT TO THE MEMBERS**

Your Directors have pleasure in presenting herewith their Report and the Statement of Accounts for the year ended 31st March, 2000 ;

	Year ended 31 st March 2000	Year ended 31 st March 1999
	Rs. lacs	Rs. lacs
The Company's Profit for the year is	611.23	908.84
Provision for Taxation	192.89	271.07
	<u>418.34</u>	<u>637.77</u>
To which is to be added :		
Profit brought forward from	509.89	399.71
Last year	<u>928.23</u>	<u>1037.48</u>
Out of which the following appropriations are made :		
Debentures Redemption Reserve	36.00	36.00
General Reserve	200.00	200.00
Dividend proposed @ Rs.2.00 per Equity Share	95.52	262.69
Income Tax on proposed Dividend	21.01	28.90
Profit carried forward to next year	<u>352.53</u>	<u>572.59</u>
	<u>575.70</u>	<u>509.89</u>

Dividend

Considering, reasonably fair performance of the Company during the year under review, the Directors have pleasure in recommending a dividend 20% on the Equity Share Capital, subject to the approval of Industrial Investment Bank of India, the Term Lending Institution and Allahabad Bank, the Leader of the Consortium of Bankers of the Company.

This amounts to a total outlay of Rs.116.53 lac inclusive of tax, against a total outlay of R9. 291.59 lac in the previous year.

Operations and Future Outlook

The operations of your Company for the year under review is considered fairly satisfactory considering the adverse conditions prevailing in the Industry. With the current eight players operating in the country, gelatine manufacturing capacity far exceeded the domestic demand and your Company has made strategic thrusts to further improve on exports. Exports to the EU countries however, continue to be severely restricted due to the BSE issue in those countries. Your Company has embarked on continuous quality improvement and cost reduction measures.

It is a matter of great pride that your Company had been invited to and subsequently become a member of the GMAP, the association of gelatine manufacturers in the Asia-Pacific region.

The directors are confident that your Company will substantially increase its export turnover and will continue to maintain its leadership status in the industry.

As projected In the last year, the export turnover of your Company has increased by 103% in the year under review. Your Company's efforts to explore the potential export market are in progress.

There has not been any significant changes in the status of the subsidiary Company, viz., Global Gelatine Limited, as reported in the last year.

SHAW WALLACE GELATINES LIMITED**Directors**

Industrial Investment Bank of India Limited, vide its letter dated 9th November, 1999, had withdrawn the nomination of the erstwhile nominee Director Ms.R. Guha and re-nominated Mr.B.K. Mazumder as a nominee Director, not liable to retire by rotation, effective from 20th January, 2000. The Board placed on record its appreciation for the valuable services rendered by Ms.Guha during her tenure in the office of Director.

Mr.R. K. Jain, having absented in the three consecutive Board Meetings held on 16th February, 16th March and 27th April, 2000 (without seeking leave of absence) vacated his office of Directorship in terms of Section 283(1)(g) of the Companies Act, 1956. In the casual vacancy caused by the vacation of office by Mr. Jain, Mr. Krishna V. Angara was appointed a Director, liable to retire by rotation, with effect from 9th June, 2000, in terms of the provisions of Article 120 of the Articles of Association, read in the Section 262(2) of the Companies Act, 1956. Mr. Angara shall hold office only upto the date, which Mr. Jain would have held office, if it had not been vacated as aforesaid. Mr. Angara brings with him rich and varied industrial experience in the fields of managerial, functional and operational activities of different varieties.

Mr. Satya Prakash Chaudhary, resigned his office of directorship with effect from 16th February, 2000. The Board placed on record its appreciation for the valuable service rendered by Mr. Chaudhary during his tenure of directorship.

Mr. Sat Pal Chaudhry was appointed a Director, liable to retire by rotation, with effect from 16th February, 2000 in the casual vacancy caused the resignation of Mr. Satya Prakash Chaudhary, in terms of the provisions of Article 120 of the Articles of Association, read with Section 262 (2) of the Companies Act, 1956. Mr. Sat Pal Chaudhry shall hold office only upto the date, which Mr. Satya Prakash Chaudhary would have held office, if it had been vacated as aforesaid. Mr. Chaudhry has been holding various important portfolios in the Group nearly for a decade now. He has to his credit for commendable exposure in the various facets of management.

Messrs G. C. Singha Roy and A.C. Mukherjee retire by rotation and are eligible for re-appointment.

Mr. A.K. Kapur was re-appointed by the Members on 28th November, 1999 at the 38th Annual General Meeting on the recommendation of the Board of Directors, as a Whole-time Director, for a tenure of 5 years with effect from 1st April, 1999. Meanwhile, the Board has proposed to revise the terms of appointment of Mr. Kapur as more specifically set out in the form of an Ordinary Resolution recommended for adoption by the Members.

Auditors' Report**Para 3(ii)**

Rs. 1,58,16,000 was received by the Company from individuals / non-corporate entities by way of security deposits, in consideration of their agreeing to procure raw materials / contracts for the Company. Appropriate agreements have been entered into by and between the parties in order to adequately safeguard the interest of the Company. However, your Directors are of the opinion that these are not in the form of a loan and these security deposits are refundable / renewable upon termination of the respective agreements, as the case may be.

Auditors

Messrs Lovelock & Lewes & Chartered Accountants, retire and are eligible for re-appointment.

Valuation of Inventories

In view of the Guidance Notice on Accounting Treatment for Excise Duty issued by the Institute of Chartered Accountants of India, the Company in the year under review has provided Excise Duty on the unblended stock of finished goods.

Y2K Preparedness

The Company has successfully ensured a smooth transition into the Year 2000. As a result, no part of its function or operation has been affected by the Y2K problem. All the hardware and software in use in the Company, have been tested for determining compliance. In the opinion of the management, the problem of Year 2000 has not vitiated the assumption of going concern.

SHAW WALLACE GELATINES LIMITED**Conservation of Energy & Technology Absorption**

The information required under Section 217(1)(e) of the Companies Act, 1956, is given in the statement appearing hereinafter.

Employees

The information required under Sub-Section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975, forms a part of this Report and is appearing hereinafter.

Industrial Relations

Industrial relations remained cordial throughout the year. Your Directors wish to place on record their appreciation of the sincerity, hard working and co-operation extended by all the employees.

Acknowledgements

Your Directors wish to place on record their gratitude to the various Government Agencies, Allahabad Bank, Canara Bank and Industrial Investment Bank of India Limited for their continued support to the Company.

Registered Office:

4, Bankshall Street
Calcutta - 700001.

5th August, 2000

For and on behalf of the Board

G.C. Singha Roy
Director

K. Angara
Director

Statement of Particulars on Research & Development, Technology Absorption, Foreign Exchange earnings and outgo pursuant to Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2000.

RESEARCH & DEVELOPMENT

1. **Specific areas in which R&D carried out by the Company:**
 - i) Process re-engineering in the area of gelatine manufacture to improve manufacturing efficiencies.
 - ii) Modification in process parameters.
 - iii) Formation of energy cell.
2. **Benefits derived as a result of the above R&D:**
 - i) Improvement in the clarity of liquor.
 - ii) Reduction in consumptions in lime and chemicals.
 - iii) Reduction in energy cost.
3. **Future Plan of Action**
 - i) Improvement in lime recovery system with filter press.
 - ii) Improvement in gelatine quality parameter to export more value added product.
4. **Expenditure on R&D**
 Recurring Rs.7,45,344, Capital Rs.11,32,602
 Total R&D expenditure as a % of Total Turnover -0.3%.

TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

1. **Efforts in brief, made towards technology absorption, adaption and innovation:**
 Innovation in process technology for gelatine manufacture with increased usage of cheaper Raw Materials in the manufacture of gelatine.

SHAW WALLACE GELATINES LIMITED

2. **Benefits derived as a result of the above efforts:**
Gelatine production with an alternative cheaper Raw Material.
3. **In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year following information may be furnished:**
- | | | |
|---|---|--|
| <p>(a) Technology</p> <p>(b) year of import</p> <p>(c) has technology been fully absorbed</p> <p>(d) if not fully absorbed, areas where this has not taken place, reasons therefore and future plan of action</p> | } | Not applicable as no technology imported |
|---|---|--|
4. **Foreign Exchange Earning and Outgo:**
The F.O.B. value of exports amounted to Rs.894.41 lac against Rs.441.12 lac last year.
Gain on exchange for the year stood at Rs.2.54 lac

The C.I.F. value of imports of capital goods and spares for which payments were made in foreign exchange amounted to Rs.10.40 lac. The expenditure on travel in foreign exchange for export promotion amounted to Rs.4.06 lac

Statement of particulars of Employees pursuant to Section 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, 2000.

Name	Qualification	Designation Nature of Duties	Gross Remun- eration Received	Net Remun- eration Received	Age in Years	Years of Ex- perience	Date of Comm- encement of Employ- ment	Previous Employ- ment
A. Kapur	B.E. (Hons)	Whole-time Director	23,92,982	14,80,532	52	30	26.2.1970	Trainee P Leiner & Sons
K.S. Salooja	B.E. (Elec)	General Manager Project	7,40,810	4,68,370	47	22	4.3.1995	Manager Engg. Ranbaxy Laboratory
Y. Dave	B.E. (Chem)	General Manager Factory	7,30,012	4,49,012	52	30	27.11.1969	-
M.T. Joseph	B.Tech (Chem Engg), M.I.E. M.A.M.	General Manager Sales	7,23,692	4,50,396	46	24	1.7.1975	-

- 1) All appointments are contractual and terminable upon notices varying up to six months as provided in their service agreements.
- 2) None of the employees names above is a relative of any of the Directors.
- 3) Gross remuneration received included salary, allowances, bonus, leave travel assistance, accommodation and other facilities and Company's contribution to Provident, Superannuation and Gratuity Funds.
- 4) Net remuneration received means gross remuneration including value of perquisites as reduced by taxation and retire benefit contribution.

Registered Office :

4, Bankshall Street
Calcutta 700 001

5th August, 2000

For and on behalf of the Board

G.C.Singha Roy
Director

K.V. Angara
Whole Time Director

SHAW WALLACE GELATINES LIMITED

AUDITORS' REPORT TO THE MEMBERS

1. We report that we have audited the attached Balance Sheet of Shaw Wallace Gelatines Limited as at 31st March, 2000 and the annexed Profit & Loss Account for the year ended on that date, which are in agreement with the books of account.
2. As required by the Manufacturing and Other Companies (Auditors Report) Order, 1988, issued by the Central Government of India and on the basis of such checks of the books and records of the Company as we considered appropriate and the information and explanations given to us during the course of our audit, we report that, in our opinion:
 - (i) The Company has maintained proper records to show all full particulars including quantitative details and location of its fixed assets excepting for furniture, fittings and equipment acquired prior to 1st January, 1982 for which quantitative details only have been incorporated in the fixed assets register on the basis of physical verification made by the management. The management has physically verified the fixed assets of the company at reasonable intervals and no material discrepancies were noticed on such verification.
 - (ii) The fixed assets of the Company have not been evaluated during the year.
 - (iii) Physical verification of the finished goods, stores, spares and raw materials excluding finished goods in transit, which have been verified with documentary evidence, was conducted by the management during the year at reasonable intervals.
 - (iv) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (v) The discrepancies noticed, on physical verification of stocks as compared to book record, which were not material have been properly dealt with in the books of account.
 - (vi) The valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in earlier years.
 - (vii) The Company has not taken/granted any loans, secured or unsecured, from/to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 of India (the Act). In terms of Section 370 of the Act, the provisions of Section 370(1)(B) of the Act are no longer applicable to this Company with effect from 31.10.99.
 - (viii) The parties including employees, to whom loans and advances in the nature of loans have been given by the company, are repaying the principal amounts as per stipulation/re-stipulation, wherever applicable and are also regular in payment of interest, wherever applicable.
 - (ix) There are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
 - (x) According to the information and explanation provided to us, there are no transactions for purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered, in the register maintained under Section 301 of the Act aggregating during the year to Rs.50,000/- or more in respect of each party.
 - (xi) The Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods and necessary adjustments for the loss have been made in the accounts.
 - (xii) The Company has not accepted any deposit from the public under Section 58A of the Act, and the rules framed thereunder.