

ANNUAL
REPORT
2000-2001



SHAW WALLACE GELATINES LTD.

Board of Directors

K.V. Angara
S.P. Choudhary
A.K. Kapur
B.K. Mazumder (Nominee of IIBI)
T.S. Shettigar
P.M. Nene
L.K. Gupta
G.C. Singha Roy
A.C. Mukherjee

Secretary & Compliance Officer

P.K. Arora

Auditors

Lovelock & Lewes
Calcutta

Registered Office

4, Bankshall Street
Calcutta- 700 001

Factory

Bheraghat Road
Jabalpur (M.P.)

Term Leading 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, Calcutta- 700 032

Depositories

National Securities Depositories Limited
Central Depositories (India) Limited

Listed with

The Calcutta Stock Exchange Association Limited
Delhi Stock Exchange Association Limited
The Stock Exchange, Mumbai
The Stock Exchange, Ahmedabad
Madhya Pradesh Stock Exchange Ltd.

SHAW WALLACE GELATINES LIMITED**NOTICE**

Notice is hereby given that the 40th Annual General Meeting of the Company will be held at St. Xavier's Auditorium, 30 Park Street, Calcutta, on Thursday, the 27th Day of September 2001 at 11.30 a.m. to transact the following business :

A. ORDINARY BUSINESS

1. To approve and adopt the Audited Profit & Loss Account for the year ended 31st March, 2001 and the Balance Sheet as at that date and the Report of Directors' and Auditors' thereon.
2. To declare Dividend.
3. To appoint Director in place of Mr. A. C. Mukherjee, who retires by rotation, being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

B. SPECIAL BUSINESS

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

5. As a Special Resolution

RESOLVED THAT subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956, and the Rules framed thereunder. Listing Agreements, and all other applicable laws, rules, regulations and guidelines and subject to such approvals and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approval, sanctions, which may be agreed to by the Board of Directors (herein after called the Board), the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from all or any of the Stock Exchanges at Ahmedabad, New Delhi and Indore."

6. As an Ordinary Resolution

"RESOLVED THAT in partial modification to the Supplemental Agreement dated 6th October 1999 entered into 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, the consent of the Company be and is hereby accorded to the payment of revised remuneration to Mr. Kapur with effect from 1.04.2000 to 31.03.2001 and with such revision as more specifically setout in the Second Supplemental Agreement proposed to be entered between the Company and Mr. Kapur, a Draft whereof tabled at the meeting and the same be and is hereby approved."

7. As an Ordinary Resolution

"RESOLVED THAT Mr. K.V. Angara who was appointed as a director to fill casual vacancy under section 262 of the Companies Act, 1956 read with Article 120 of the Article of Association of the Company and in respect of whom the company has received a notice under section 257 of the Companies Act , 1956 , in writing , proposing his candidature for the office of director , be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Article of Association of the Company."

8. As an Ordinary Resolution

"RESOLVED THAT Mr. S.P. Choudhary, who was appointed as a director to fill casual vacancy under Section 262 of the Companies Act, 1956 read with Article 120 of the Article of Association of the Company and in respect of whom the company has received a notice under section 257 of the Companies Act , 1956 , in writing , proposing his candidature for the office of director , be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Article of Association of the Company."

9. As an Ordinary Resolution

"RESOLVED THAT Mr. Lalit Kumar Gupta who was appointed as an additional director under section 260 of the Companies Act, 1956 read with Article 104 of the Article of Association of the Company and in respect of whom the company has received a notice under section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Article of Association of the Company."

10. As an Ordinary Resolution

"RESOLVED THAT Mr. T.S. Shettigar who was appointed as an additional director under section 260 of the Companies Act, 1956 read with Article 104 of the Article of Association of the Company and in respect of whom the company has received a notice under section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Article of Association of the Company."

11. As an Ordinary Resolution

"RESOLVED THAT Mr. P.M. Nene who was appointed as an additional director under section 260 of the Companies Act, 1956 read with Article 104 of the Article of Association of the Company and in respect of whom the company has received a notice under section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Article of Association of the Company."

12. As an Ordinary Resolution

"RESOLVED THAT Mr. A.K. Kapur, who was appointed as an additional director under section 260 of the Companies Act, 1956 read with Article 104 of the Article of Association of the Company and in respect of whom the company has received a notice under section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Article of Association of the Company."

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Registered Office :

4, Bankshall Street
Calcutta-70000

20th July, 2001

By Order of Board

P.K. Arora
Secretary

SHAW WALLACE GELATINES LIMITED**Notes:**

- a) The Register of Members and the Share Transfer Register will remain closed from 18th to 27th September, 2001 (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 27th, September 2001, 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 27th, September, 2001 and to those Shareholders, whose names shall be appearing as Beneficial owners as at the close of the business hours on 27th, September, 2001 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 27th September, 2001.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

As required under Section 173(2) of the Companies Act, 1956, the following Explanatory Statements set out all material facts relating to business mentioned under Item Nos. 5 to 12.

Item No. 5

At present the securities of the Company are listed on the following Stock Exchanges

- a) The Calcutta Stock Exchange Association Limited (The Regional Stock Exchange)

SHAW WALLACE GELATINES LIMITED

- b) The Stock Exchange, Mumbai
- c) The Delhi Stock Exchange Association Limited
- d) The Stock Exchange, Ahmedabad
- e) The Madhya Pradesh Stock Exchange Association Limited

The Company's Equity Shares are one of the Strips which the Securities and Exchange Board of India (SEBI) has specified for the settlement on in dematerialised form from all investors. The bulk of trading in company's securities takes place on BSE and the Calcutta Stock Exchange, the Regional Stock Exchange. The listing fee paid to other stock exchanges is disproportionately higher with reference to the parameters of trading volumes.

As a part of cost reduction measures, the Company has proposed this resolution, which will enable it to delist its securities from all or any of the following stock exchanges : The stock Exchange, Ahmedabad; The Delhi Stock Exchange Association Limited, M.P. Stock Exchange Association Limited, Indore at an appropriate time in the future. The proposed delisting from the aforementioned stock exchanges will not adversely affect the investors. The Company's Securities will continue to be listed on BSE and Calcutta Stock Exchange Association Limited as the Regional Exchange to the Company. The delisting will take effect after all approvals and sanctions are received. The exact date on which delisting will take effect will be suitably notified at that time.

Your Directors recommend the Special Resolution for approval of members.
None of the Directors of the Company are concerned or interested in the resolution.

Item No. 6

The shareholders at the 38th Annual General Meeting held on 28th September, 1999 approved the appointment of Mr. A.K. Kapur (Mr. Kapur) as Whole-time Director for a period of five years with effect from 1st April, 1999 on the terms and conditions 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.

The Board of Directors, at its meeting held on 30th October, 2000 proposed to revise the terms of appointment of Mr. Kapur. The Department of Company Affairs vide its Letter No. 2/5/2001/ CL VII Dated 30/04/2001 accorded the requisite approval for the payment of higher remuneration under section 301,198(4)/ 309(3) of the Companies Act, 1956. The particulars of revision of the terms of appointment of Mr. Kapur will be embodied in the Second Supplemental Agreement proposed to be entered into between the Company and Mr. Kapur, subject to approval of the Members in this Annual General Meeting in terms of the Letter of approval of the Department of Company Affairs as aforementioned.

Letter of Approval referred to herein above is available for inspection by the members at the Registered Office of the Company between the hours 10.00 a.m. to 12.00 noon on any working day, except Saturday.

The above explanation formed part of the abstracts of variation in terms of appointment of Mr. Kapur and Memorandum of interest under Section 302 of the Companies Act, 1956, sent to every member of the Company.
Except Mr. Kapur, none of the Directors are, in any way, concerned or interested in this resolution.

Item No. 7

Mr. K.V. Angara (Mr. Angara) was appointed as a Director by the Board of Directors with effect from 9th June, 2000 to fill the casual vacancy caused by vacation of office by Mr. R. K. Jain (Mr. Jain). Pursuant to section 262 of the Companies Act, 1956, Mr. Angara will hold office up to the date of the remaining tenure of Mr. Jain. The Company has received a notice in writing from a member proposing the candidature of Mr. Angara for the office of Director under the provisions of Section 257 of the Companies Act, 1956.

Your Directors, therefore, recommend the resolution for your approval.

Save and except Mr. Angara none of the Directors are, in any way, concerned or interested in this resolution.

Item No. 8

Mr. Sat Pal Choudhary (Mr. Choudhary) was appointed as a Director by the Board of Directors with effect from 16th February 2000 to fill the casual vacancy caused by resignation of Mr. Satya Prakesh Choudhary. Pursuant to Section 262 of the Companies Act, 1956, Mr. Choudhary will hold office up to the date of the remaining tenure of Mr. Satya Prakesh Choudhary. The Company has received a notice in writing from a member proposing the candidature of Mr. Choudhary for the office of Director under the provisions of Section 257 of the Companies Act, 1956.

Your Directors, therefore, recommend the resolution for your approval.

SHAW WALLACE GELATINES LIMITED

Save and except Mr. Choudhary none of the Directors are, in any way, concerned or interested in this resolution.

Item No. 9

Mr. Lalit Kumar Gupta (Mr. Gupta) was appointed as an Additional Director with effect from 30th October 2000 by the Board of Directors. Pursuant to Section 260 of the Companies Act, 1956, Mr. Gupta will hold office up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Gupta for the office of Director under the provisions of Section 257 of the Companies Act, 1956.

Mr. Gupta, is a Law Graduate, having rich experience. Keeping in view his vast experience and knowledge, it will be in the interest of the Company that Mr. Gupta is appointed as Director of the Company.

Your Directors, therefore, recommend the resolution for your approval.

Save and except Mr. Gupta none of the Directors are, in any way, concerned or interested in this resolution.

Item No. 10

Mr. T. S. Shettigar (Mr. Shettigar) was appointed as an Additional Director with effect from 26th April, 2001 by the Board of Directors. Pursuant to section 260 of the Companies Act, 1956, Mr. Shettigar will hold office up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Shettigar for the office of Director under the provisions of Section 257 of the Companies Act, 1956.

Mr. Shettigar is having wide experience in corporate management. Keeping in view his vast experience and knowledge, it will be in the interest of the Company that Mr. Shettigar is appointed as Director of the Company.

Your Directors, therefore, recommend the resolution for your approval.

Save and except Mr. Shettigar none of the Directors are, in any way, concerned or interested in this resolution.

Item No. 11

Mr. P.M. Nene (Mr. Nene) was appointed as an Additional Director with effect from 26th April, 2001 by the Board of Directors. Pursuant to Section 260 of the Companies Act, 1956, Mr. Nene will hold office up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Nene for the office of Director under the provisions of Section 257 of the Companies Act, 1956.

Mr. Nene, is having a wide experience in corporate management. Keeping in view his vast experience and knowledge, it will be in the interest of the Company that Mr. Nene is appointed as Director of the Company.

Your Directors, therefore, recommend the resolution for your approval.

Save and except Mr. Nene none of the Directors are, in any way, concerned or interested in this resolution.

Item No. 12

Mr. A.K. Kapur (Mr. Kapur) was appointed as an Additional Director with effect from 20th July, 2001 by the Board of Directors. Pursuant to Section 260 of the Companies Act, 1956, Mr. Kapur will hold office up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Kapur for the office of Director under the provisions of Section 257 of the Companies Act, 1956.

Mr. Kapur, is having a wide experience in corporate management. Keeping in view his vast experience and knowledge, it will be in the interest of the Company that Mr. Kapur is appointed as Director of the Company.

Your Directors, therefore, recommend the resolution for your approval.

Save and except Mr. Kapur none of the Directors are, in any way, concerned or interested in this resolution.

Registered Office :

4, Bankshall Street
Calcutta-70000

20th July, 2001

By Order of Board

P.K. Arora
Secretary

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, 2001.

	Year ended 31 st March 2001 Rs. Lacs	Year ended 31 st March 2000 Rs. Lacs
Profit before Tax	38.38	611.23
Provision for Taxation	9.46	192.89
Profit after Tax	28.92	418.34
Profit brought forward from Last year	575.70	509.89
Surplus available for appropriation	604.62	928.23
Appropriations:		
Debenture redemption Reserve	Nil	36.00
General Reserve	Nil	200
Recommended Dividend on equity Shares	47.76	95.52
Income Tax on proposed Dividend	4.87	21.01
Balance Carried to Balance Sheet	551.99	575.70

Dividend

In spite of modest performance during the year, your Directors felt that the company has sufficient accumulated Reserves available for appropriation and keeping in view the expectation of General Investors, the Directors have pleasure in recommending a Dividends of 10% on the Equity Share Capital.

This amounts to a total outlay of Rs. 52.63 lacs, inclusive of Tax, against total outlay of Rs. 116.53 lacs in the previous year.

Operations and Future Outlook

The operations of your Company for the year under review is considered satisfactory considering the adverse conditions prevailing in the industry. With the current eight players operating in the country, gelatine manufacturing capacity is in far excess of domestic demand and your Company is making strategic thrusts to improve its exports. Exports to EU countries however, continue to be severely restricted due to BSE issues in those countries. But prospects appear to have improved after India being assessed by EU in level II as regard

GBR (Geographical BSE Risks). Your Company has also applied to European Directorate for Quality of Medicine (EDQM) for (Staining Certificate of Suitability for Gelatine).

Your Company has made all efforts to explore potential export market and succeed in making export to SAARC countries. Your Company is going to make application for registration for EU Compliance and after this approval we will be able to make export to these countries.

There has not been any significant changes in the status of the subsidiary company, viz. Global Gelatines Limited, as repeated in the last year.

Debenture Redemption

During the year the Company has redeemed one third of 12,00,000 - 16% Secured Redeemable Non- convertible Part-B Debentures of the Face value of Rs. 30 each. After such redemption the Debentures the debenture value stands reduced to Rs. 20 each.

Fixed Deposits

The Company has not accepted any fixed deposits during the year.

SHAW WALLACE GELATINES LIMITED**Directors**

Mr. A. K. Kapur has resigned from Directorship with effect from 26.04.01 and consequently ceased to be Whole Time Director.

Mr. Lalit Gupta was appointed as Additional Director with effect from 30.10.2000. He holds the office only up to the ensuing Annual General Meeting. The Company has received a notice under section 257 of the Companies Act, 1956, proposing his appointment as Director, subject to retirement by rotation.

Mr. P.M. Nene and Mr. T.S. Shettigar were appointed as Additional Directors with effect from 26.04.2001. They hold office only up to the ensuing Annual General Meeting. The Company has received respective notices under section 257 of the Companies Act, 1956, proposing their appointment as Directors, subject to retirement by rotation.

Mr. A.K. Kapur was appointed as Additional Director with effect from 20.07.2001.

Mr. A.C. Mukherjee retires by rotation and being eligible offer himself for reappointment.

Directors' responsibility Statement

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

- I. That in the preparation of accounts for the financial year ended 31st March 2001, 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 were reasonable and prudent so far 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 profit and loss of the Company for the year under review;
- III. 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 and preventing and detecting fraud and other irregularities;
- IV. That the Directors have prepared the accounts for the financial year ended 31st March, 2001 on a 'going concern' basis.

Auditors Report**Para 3(ii)**

Rs. 1,45,86,000/- 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 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 reappointment.

Conservation of Energy & Technology Absorption

Information in accordance with the provisions of section 217(1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo given in annexure forming part of this report.

Employees

The information required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, given in annexure forming part of this report.

Industrial Relations

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

Acknowledgement

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

For and on behalf of the Board

Place : Jabalpur
Date : July 20, 2001

G. C. Singha Roy
Director

K. V. Angara
Director

Annexure to Director Report

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. RESEARCH & DEVELOPMENT**1. Specific Area in which R&D carried out by the Company :**

- (a) Modification in the process parameters.
- (b) Formation of energy cell.

2. Benefits derived as a result of above R & D :

- (a) Reduction in consumption in lime and chemicals.
- (b) Reduction in energy cost.

3. Future Plan of Action :

Improvement in gelatine quality parameter to export more value added product.

4. Expenditure on R & D

Recurring Rs. 701634, Capital - NIL

Total R&D expenditure as a % of Total Turnover - 0.2%

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION**1. Efforts in brief made towards technology absorption, adoption and innovation :**

Innovation in process technology for gelatine manufacture with increased usage of cheaper Raw Material in the manufacture of gelatine.

2. Benefits derived as a result of 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 :

- (a) Technology
- (b) Year of import
- (c) Has technology been fully absorbed
- (d) If not fully absorbed, areas where this has not taken place, reasons thereof and future Plan of action.

Not applicable as no technology imported

4. Foreign exchange earnings and outgo

The F.O.B. value of exports amounted to Rs. 845.70 lacs against Rs. 894.41 lacs last year.
Gain on exchange for the year stood at Rs. 5.21 lacs.

The C.I.F value of import of raw materials and spares for which payments were made in foreign exchange amounted to Rs. 6.29 lacs.
The expenditure in foreign exchange comprises on travel for export promotion amounted to Rs. 6.46 lacs. on interest Rs. 4.82 lacs and others Rs. 2.30 lacs.