

**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 re-appointment.
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. Mevani**  
(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.





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### 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)

<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
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 acumen 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



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shareholders by passing Special Resolution and after obtaining approval of Central Government, he shall be paid a remuneration as proposed above.

Your directors recommend the resolutions as they consider the same as in the interests of the Company.

The above details may be treated as abstract of terms and conditions of the re-appointment of Managing Director Mr. Viren C. Mirani as required in Section 302 of the Companies Act, 1956.

Mr. Viren C. Mirani, the Managing Director of the Company, is deemed as concerned and interested in the above resolution in so far as it relates to his re-appointment and remuneration payable to him, and Mr. Nayan C. Mirani, the Director, being a relative of Mr. Viren C. Mirani, is interested.

The Draft Agreement to be entered into with the Managing Director is open for inspection by Members on any working day between 3.00 p.m. to 5.00 p.m. at the Registered Office 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.

## DIRECTORS' REPORT

The Directors of your Company have pleasure to present 41<sup>st</sup> Annual Report with the Audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2013.

	2012-13 ₹ lacs	2011-12 ₹ lacs
<b>FINANCIAL RESULTS</b>		
<b>Total Revenue</b>	<b>12,010.91</b>	<b>10,689.58</b>
Profit for the year after deducting all the charges and expenses but before interest, depreciation and taxation (EBIDTA)	<b>2,216.56</b>	<b>1,433.41</b>
<b>FROM WHICH ARE DEDUCTED</b>		
Interest & Financial Charges	<b>25.03</b>	<b>18.77</b>
Depreciation	<b>487.77</b>	<b>447.04</b>
Provision for Taxation		
Current	<b>480.00</b>	<b>249.00</b>
Deferred	<b>83.57</b>	<b>11.38</b>
	<b>1,076.37</b>	<b>726.19</b>
<b>NET PROFIT FOR THE YEAR</b>	<b>1,140.19</b>	<b>707.22</b>
<b>TO WHICH IS ADDED :</b>		
Surplus Brought Forward	<b>355.05</b>	<b>320.95</b>
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>	<b>1,495.24</b>	<b>1,028.17</b>
<b>APPROPRIATION FOR</b>		
Proposed Dividend	<b>282.00</b>	<b>235.00</b>
Corporate Dividend Tax	<b>47.93</b>	<b>38.12</b>
General Reserve	<b>500.00</b>	<b>400.00</b>
Surplus Carried to next year's account	<b>665.31</b>	<b>355.05</b>
	<b>1,495.24</b>	<b>1,028.17</b>

### Operations :

Your company continues to strengthen the sale of its products in markets as well as applications which have a greater potential of growth and better realizations. It also greatly focuses on control of raw material cost which has resulted in the better performance of your company during the year. The turnover of the company increased by about 13.12% over the previous year.

Gelatine sales were marginally lower in volume by 14% as compared to the previous year, however, due to higher realizations in the export and domestic markets your company achieved higher turnover on Gelatine sales to the extent of about 5%. Ossein sales have increased by 19% due to increased demand from customers.

Overall demand for Gelatine in the domestic market has increased and your company strives further to expand its customer base. DCP sales remain strong as sales of poultry products increased at a consistent growth of 15-20% annually.

With the pollution control laws becoming stringent over time, your company has had to invest into newer technologies as well as systems to overcome the challenges of waste water and solids disposal. Steps towards making our Effluent Treatment Plant as a revenue source remain successful and your company is also looking at bettering the systems and improving the efficiency of this process.

Energy costs are a large cost component for our company's products and with the Natural Gas prices moving up by almost 43% over the previous year, our company continues to identify & implement alternate mechanisms which are likely to lower the cost of production of our company's products.

Our company is making all round efforts for improving the quality of raw material, at the same time implementing processes & solutions for a superior quality finished product which will allow a healthy growth for the company.

### Dividend :

Your directors recommend dividend @ 30% i.e. ₹ 3.00 per share (previous year 25% i.e. ₹ 2.50 per share) on Equity Shares of ₹ 10/- each of the company for the year ended 31<sup>st</sup> March, 2013. The proposed dividend (including Corporate Dividend Tax) will absorb ₹ 329.93 lacs.

### Taxation :

The Company has made a provision of ₹ 480 lacs towards current year's Income Tax & Wealth Tax.

### Finance :

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



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### **Industrial Relations :**

Industrial relations continued to remain cordial and satisfactory.

### **Directors :**

Mr. N. C. Mirani and Mr. P. P. Madhavji retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

### **Directors' Responsibility Statement :**

As stipulated in Section 217(2AA) of the Companies Act, 1956, your Directors adhere 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 the year;
- 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., Firm Registration No: 105775W, Chartered Accountants, the Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

They have furnished a certificate to the effect that the re-appointment if made will be in accordance with Section 224 (1B) of the Companies Act, 1956.

### **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 under 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 31<sup>st</sup> March, 2013 is annexed hereto.

### **Management Discussion and Analysis Report :**

Report on Management Discussion and Analysis is annexed herewith.

### **Corporate Governance :**

A report on Corporate Governance along with the certificate from the auditors is 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, forming part of the Directors' Report is annexed hereto.

### **Cost Compliance Report :**

The Company had appointed M/s. B. F. Modi & Associates, Cost Accountants, to certify the Cost Compliance Report and Annexures thereto of the company for the financial year ending 31<sup>st</sup> March, 2012. The due date for filing the Cost Compliance Report with the Ministry of Corporate Affairs was 31.01.2013. The Cost Compliance Report was filed with the Ministry of Corporate Affairs on 28.12.2012.

### **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, 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 : 30.05.2013

**Viren C. Mirani**  
Managing Director



## INDIA GELATINE & CHEMICALS LTD.

### ANNEXURE TO DIRECTORS' REPORT

Information under Section 217 (2A) of Companies Act, 1956 in respect of the Employees who draw remuneration of ₹ 60 lacs or more during the year or ₹ 5 lacs or more per month, if employed for part of the year.

Name	Designation	Remuneration ₹ lacs	Qualification	Age Years	Experience year	Date of Commencement of employment	Last Employment and Designation
Mr.Viren C. Mirani	Managing Director	97.76	B.Com	48	28	21.07.2000	Sr. Executive in India Gelatine & Chemicals Ltd.

**Note :**

1. **Nature of Employment :** The above employment is contractual.
2. **The Remuneration** also includes retirement benefits like contribution to Provident Fund, Gratuity, Unavailed Leave etc. payable to the Managing Director.

For and on behalf of the Board of Directors

Place : Mumbai  
Date : 30.05.2013

**Viren C. Mirani**  
Managing Director

### ANNEXURE TO DIRECTORS' REPORT

Information under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules - 1988 in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo.

#### (A) CONSERVATION OF ENERGY

**a) Measures taken for Conservation of Energy :**

- i) Advanced Control System is deployed for Plant Automation for increasing efficiencies and reducing wastage to conserve energy.
- ii) Automatic Power Factor Control Systems installed for conservation of energy.
- iii) New efficient Air Agitation System installed for improvement in quality of intermediate and final product with reduced energy.
- iv) Installation of New Energy Efficient blowers and radiators for drying our product.
- v) Localized Air Compressors installed to conserve energy and reduce downtime.
- vi) Installation of Plate Heat Exchanger instead of direct steam injection.

**b) Additional investments and proposals :**

- i) Study use of membrane technology for recycle/recovery of potable water.
- ii) Study of alternative fuel boiler for saving on energy cost.
- iii) Further improvement of our ETP equipment for cost efficient treatment of effluent.
- iv) Ultrafiltration system being installed in place of high energy consuming steam operated evaporator.
- v) New Raw Material Conveying system to reduce dependence on manpower.
- vi) Revamp of cooling systems to improve efficiency of process.
- vii) Power Trading vide National Power Exchange to save on energy cost.
- viii) Installation of RO system to improve quality of water being used in process and utilities.

**c) Impact of measures in the above :**

On implementation of the above, the Company expects better yield and substantial benefit in energy/water consumption.



## INDIA GELATINE & CHEMICALS LTD.

d) Total energy consumption and energy consumption per unit of production

### FORM – A

I		Power & Fuel Consumption			
	1	Electricity		2012-13	2011-12
	a)	Purchased			
		Unit (KWH)		13875400	5234575
		Total Amount (₹ lacs)		956.60	367.07
		Rate / Unit (₹)		6.89	7.01
	b)	Own Generation			
	1)	Through Diesel Generator			N.A.
		Units (KWH)		28056	-
		Unit per Ltr. Of Diesel		2.68	-
		Cost / Unit (₹)		17.5	-
	2)	Through FO Base Generator			
		Units (KWH)		N.A.	N.A.
		Unit per Ltr. of F.O.		N.A.	N.A.
		Cost / Unit (₹)		N.A.	N.A.
	3)	Through Steam Turbine Generator		N.A.	N.A.
	4)	Through Gas Base Generator			
		Units (KWH)		N.A.	7950100
		Unit per sm <sup>3</sup> of Gas		N.A.	3.50
		Cost / Unit (₹)		N.A.	7.56
II	a)	Furnace Oil / LSHS			
		Quantity (Kgs.)		-	-
		Total Amount (₹ lacs)		-	-
		Average Rate per Kgs. (₹)		-	-
	b)	Natural Gas (CNG) /sm <sup>3</sup>			
		Quantity (sm <sup>3</sup> )		4001586	6400444
		Total Amount (₹ lacs)		1,341.11	1,569.86
		Average Rate per sm <sup>3</sup> (₹)		33.51	24.52

e) Consumption per unit of production :

Product-Unit	Standards	2012-2013		2011-2012	
		Ossein	Gelatine	Ossein	Gelatine
Electricity	Unit	1241.93	4649.72	1398.69	3940.69
Furnace Oil	Kgs.	0.00	---	0.00	---
Natural Gas (CNG)	SM <sup>3</sup>	268.32	1928.84	426.97	1856.20



## **INDIA GELATINE & CHEMICALS LTD.**

### **(B) TECHNOLOGY ABSORPTION :**

#### **FORM 'B'**

##### **Research and Development :**

- i. For quality improvement of the main products viz. Ossein and Gelatine, Research and Development is carried out by the Company.
- ii. The quality of the products manufactured by the company has been accepted by our buyers. There is no rejection in the goods exported. However, there is ample scope for further improvement in the quality.
- iii. Research is being done to establish how our waste can be used as raw material input for other industries.

### **(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on Foreign Exchange Earnings and outgo is contained in Note No. 13, 14, 15 & 16 of Notes to the Financial Statements.

For and on behalf of the Board of Directors

Place : Mumbai  
Date : 30.05.2013

**Viren C. Mirani**  
Managing Director





## **Management Discussion & Analysis Report**

### **GENERAL :**

In recent years, the healthcare industry has been globally gaining unprecedented prominence. In addition to the increasing emphasis on the traditional pharmaceutical industry, there is a significant growth in the nutraceutical sector as well. While this growth is fueled by the increase in percentage of the ageing population in developed countries as well as owing to the buying power of the large young workforce in developing nations like India, the pharmaceutical/nutraceutical industry has propelled to new heights.

The growth in the pharmaceutical/nutraceutical industry has largely trickled down to the Gelatine industry, as there has been an increase in the overall consumption of Gelatine.

In the midst of such favourable circumstances, the company continued to make inroads into the global markets, with increase in value of exports of both Ossein & Gelatine.

### **EXPORT :**

During the year in review, in revenue terms, the company's export grew by almost 12% further, given the deficiencies for the major raw materials around the world for Gelatine, the pressure on availability is likely to prevail in the coming year. In spite of these challenges the export sales of Ossein increased by 44% during the year. Whereas the revenue from Gelatine increased by about 2%

### **DOMESTIC :**

With the accruing demand for Gelatine in pharmaceutical/nutraceutical industry, as well as that for DCP in the poultry feed industry, the domestic sales for all the products remained robust. Revenue from domestic sales increased by almost 15%. Moreover, future trends for both, Gelatine and DCP markets, appear to be buoyant.

### **THREATS :**

Although the supply of the Crushed Bones, which is the primary raw material for Gelatine, has been fairly steady, potential challenges could be encountered in future. The cost of Crushed Bones increased by 4.5% during the year.

The detection of new diseases in animals continues to have a negative impact on the global consumption of Gelatine.

As the company primarily focuses on export sales, any further deterioration in the already fragile world economy, could lead to a setback of sales.

### **OPPORTUNITIES :**

Investments aimed at increasing production are being made by the company and the results thereof are likely to be seen during the Financial Year 2013-14; the company endeavors to take advantage of the buoyant market conditions of Gelatine.

Amidst the shortages in global supply, as well as challenges associated with the traceability issues of Gelatine produced from other/competing raw materials around the world such as Bovine Hides and Pig skin, Bovine Bone Gelatine is gaining market share with the potential consumers of Gelatine.

### **OUTLOOK :**

With the domestic as well as Global Gelatine market remaining relatively bullish, barring any unforeseen circumstances, the sales of Ossein and Gelatine are expected to be robust.

With the steady escalation in consumption of poultry products, the DCP market is likely to remain healthy during the coming year.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The company has proper and adequate internal control systems to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorized, recorded and reported correctly.



## **INDIA GELATINE & CHEMICALS LTD.**

The internal control is supplemented by an extensive programme of internal audit, review by management and documented policies, guidelines and procedures. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of assets. The management is committed to a regular review of this aspect.

### **FINANCIAL AND OPERATIONAL PERFORMANCE:**

Turnover increased by 13.12% to ₹ 113.23 Crores during the year ended 31<sup>st</sup> March, 2013 as compared to ₹ 100.10 Crores during the previous year.

EBIDTA (Earning before Interest, Depreciation, Taxes and Extra Ordinary Item) for the Current year is ₹ 22.17 Crores as against ₹14.33 Crores in the previous year.

Directors recommended dividend @ 30% as against @ 25% in the previous year.

### **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:**

The Company recognises the importance and contribution of its Human Resources for its growth and development and is committed to the development of its people. The Company has implemented various methods and practices for Human Resources Development.

The Company has 77 Employees on its roll as on 31<sup>st</sup> March, 2013.

### **CAUTIONARY STATEMENTS:**

Statements in the Management's Discussion and Analysis describing the Company's projections, estimates, expectations or predictions may be "forward looking predictions" within the meaning of applicable securities laws and regulations. Actual results may differ from such estimates, projections, etc., whether expressed or implied. Factors which would make a significant difference to the Company's operations include achievement of better quality and good market price in domestic and overseas market, changes in Government regulations and tax laws, economic conditions affecting demand / supplies and other environmental factors over which the Company does not have any control.



**CORPORATE GOVERNANCE REPORT**

In pursuance of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement, the Company has complied with the requirements of Corporate Governance.

Good Corporate Governance makes excellent business sense. It augments superior Corporate Performance. It is often the distinguishing factor between companies that progress rapidly and companies that stagnate. Good Corporate Governance is a continuous process and is achieved through an optimum mix of regulatory compliance, disclosures and practices, transparent and fair conduct that enhances the trust of various interest groups like shareholders, employees, suppliers, creditors, customers and society at large.

**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :**

For IGCL, Corporate Governance is an important corner stone which creates shareholders' value on a sustainable basis. As stated in the past, your company reiterates its commitment to the concept of Trusteeship. The creed of Trusteeship, the backbone of good Corporate Governance is pursued by your company with consistent and effective adherence to the philosophy of transparency, adequate disclosure, fairness to all and independent monitoring and supervision in the conduct of its business operation.

**2. BOARD OF DIRECTORS :**

**A. Composition of the Board :**

It is well recognized that there should be an optimum combination of Executive and Non-Executive Directors. IGCL's Board meets this requirement as it is consisting of 4 Independent Directors, out of the total 6 directors as on 31.03.2013

Sr. No.	Name of the Directors	Category	Number of Directorship in Companies	Number of Chairmanship / membership in Board Committees
1.	Mr. Nalin K. Vissanji (Resigned on 06.11.12)	Chairman/ Non Exe. Director	1	2
2.	Mr. M. D. Vora	Non Exe. Director	2	2
3.	Mr. N. C. Mirani	Non Exe. Director	4	2
4.	Mr. V. C. Mirani	Exe. Director	1	1
5.	Mr. K. C. Dalal	Non Exe. Director	1	1
6.	Mr. S. N. Pittie	Non Exe. Director	2	3
7.	Mr. P. P. Madhavji (Appointed on 08.02.13)	Non Exe. Director	3	2

**B. Details of numbers, dates and attendance of the Board Meetings :**

Sr. No.	Name of the Directors	Number of Board meetings held while holding the office	Number of Board meetings attended while holding the office	Attendance at last AGM
1.	Mr. Nalin K. Vissanji	4	* 0	NO
2.	Mr. M. D. Vora	5	5	YES
3.	Mr. N. C. Mirani	5	4	YES
4.	Mr. V. C. Mirani	5	5	YES
5.	Mr. K. C. Dalal	5	5	YES
6.	Mr. S. N. Pittie	5	3	NO
7.	Mr. P. P. Madhavji	1	1	N.A.

\* Leave of absence due to ill health.

Total 5 Board meetings were held in the year 2012-2013.

The dates on which the said meetings were held are as follows :

- |                |               |
|----------------|---------------|
| (1) 09.05.2012 | 4) 09.11.2012 |
| (2) 01.08.2012 | 5) 08.02.2013 |
| (3) 28.09.2012 |               |



## INDIA GELATINE & CHEMICALS LTD.

### 3. AUDIT COMMITTEE :

#### A. Terms of Reference :

The Audit Committee is to oversee the Company's financial reporting process and disclosure of its financial information, to recommend the appointment of Statutory Auditors and fixation of their fees, to review and discuss with the Auditors about internal control systems, the scope of Audit including the observations of the Auditors, adequacy of the internal audit system, major accounting policies, practices and entries, compliances with accounting standards and Listing Agreement entered into with the Stock Exchange and other legal requirements concerning financial statements and related party transactions, if any, to review the Company's financial and risk management policies and discuss with the Internal Auditors any significant findings for follow-up thereon, to review the quarterly, half yearly and Annual Financial Statements before they are submitted to the Board of Directors.

The Committee also meets the operating Management personnel and reviews the operations, new initiatives and performance of the business units. Minutes of the Audit Committee meetings are circulated to the Members of the Board, discussed and taken note of.

#### B. Composition :

The Audit Committee of the Board of Directors was formed in 2001 and as on today it comprises of 4 Non-Executive Directors. The Committee met 4 times during the year and the attendance of Members at the Meeting was as follows :

Sr. No.	Name of Member	Status	No. of meetings attended
1.	Mr. K. C. Dalal	Chairman	4
2.	Mr. M. D. Vora	Member	4
3.	Mr. N. C. Mirani	Member	3
4.	Mr. S. N. Pittie	Member	3

The Company Secretary is the Secretary of the Committee.

Statutory Auditors and Internal Auditors were invited and they attended almost all the meetings.

### 4. REMUNERATION COMMITTEE :

#### A. Composition :

Remuneration committee consists of :

- Mr. Nalin K. Vissanji - Chairman (Resigned on 06.11.12)
- Mr. S. N. Pittie - Member (Appointed on 08.02.13)
- Mr. N. C. Mirani - Member
- Mr. M. D. Vora - Member

#### B. Remuneration Policy :

Remuneration of employees largely consists of basic remuneration and perquisites.

The components of the total remuneration vary for different cadres and are governed by industry pattern, qualifications and experience of the employee, responsibilities handled individual performance etc.

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution, and retain talent in the organization and reward merit.

#### C. Details of Directors' remuneration paid for the year ended 31.03.2013 :

##### A. Managing Director :

(₹ lacs)

Name	Salary	Comm.	Perks	Retirement Benefits	Total
Mr. V. C. Mirani Managing Director	60.00	Nil	23.71	14.05	97.76

- The Company has received Central Government approval on 08.02.2012<sup>1</sup> for remuneration, for the period of 3 years, from 01.04.2011 to 31.03.2014
- Notice period for termination of appointment of Managing Director is six months on either side.
- No severance pay is payable on termination of appointment.



## INDIA GELATINE & CHEMICALS LTD.

### B. Others :

1. All Indian Non Executive Directors are paid sitting fees of ₹ 5,000/- for attending Board and Audit Committee meetings.
2. Professional Fees of ₹ 84,270/- has been paid to M/s. C. C. Dalal & Co., a firm in which Mr. K. C. Dalal, a Non- Executive Director, is a partner.

## 5. SHAREHOLDERS' GRIEVANCE /SHARETRANSFER COMMITTEE :

### A. Terms of reference :

The committee deals with various matters relating to :

- Transfer / Transmission / Transposition of Shares.
- Consolidation / splitting of Folios
- Issue of Share Certificates for Lost, Subdivided, Consolidated, Rematerialized, Defaced etc.
- Investors grievances and redressed mechanism and recommend measures to improve the level of investor services.

### B. Composition :

The Shareholders' Grievance Committee comprises of the Chairman and two Directors.

During the year, the Committee held 18 meetings and the attendance of Members was as follows :

Sr.No.	Name of Member	Status	No. of Meetings Attended
1.	Mr. Nalin K. Vissanji	Chairman	7 (Resigned on 06.11.12)
2.	Mr. V. C. Mirani	Member	18
3.	Mr. S. N. Pittie	Member	18

The Company Secretary is the Compliance Officer.

## 6. CODE OF CONDUCT :

The code of conduct for the Directors and Senior Management Personnel has been laid down by the Board in the meeting held on 19.07.2006.

The Company has refined its Code of Conduct and Business Ethics, at the Board meeting held on 09.05.2012, as per the modified requirements of the Listing Agreement and SEBI, and the same is available on the website of the Company.

Annual declaration of the Code has been taken from all the Directors and Senior Management Personnel of the Company.

## 7. INSIDER TRADING :

The Securities and Exchange Board of India (SEBI) has introduced amendments to the existing Insider Trading Regulations of 1992 which requires new action steps by corporate and other market intermediaries for the purposes of prevention of Insider Trading.

Pursuant to the above requirements of SEBI (Prohibition of Insider Regulations, 1992) as amended from time to time, the Company has adopted a 'Code of Conduct for Prevention of Insider Trading' (The Code) with effect from October 1, 2002. The Code is applicable to all Directors and such Designated Employees who are expected to have access to unpublished price sensitive information relating to the Company.

Ms. P. P. Mepani, Company Secretary has been appointed as the Compliance Officer for monitoring adherence to these Regulations.

## 8. DISCLOSURES :

### A. Disclosure on materially significant related party transactions that may have potential conflict with the interest of the Company at large.

There are no materially significant related party transactions made by the Company with its Promoters, Directors in Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

Transactions with related parties as per requirements of Accounting Standard (AS-18) – 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India are disclosed in No. 25(B)10 B&C of Notes to the Financial Statements in the Annual Report.



## INDIA GELATINE & CHEMICALS LTD.

### B. Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies which are consistently applied are set out in the annexure to Notes to the Financial Statements.

### C. Risk Management

Business risk evaluation and management is an ongoing process within the Company. During the year under review, a detailed exercise on 'Risk Assessment and Management' was carried out covering the entire gamut of business operations and the Board was informed of the same.

### D. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years;

The Company has complied with all requirements of the Listing Agreements entered into with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three years.

### E. Non-mandatory requirements

Adoption of non-mandatory requirements of Clause 49 of the Listing Agreement is being reviewed by the Board from time to time.

## 9. MEANS OF COMMUNICATION :

- A. The Board of Directors of the Company approves and takes on record the quarterly, half yearly and yearly financial results in the proforma prescribed by Clause 41 of the Listing Agreement within the prescribed time limit.
- B. The approved financial results are forthwith sent to the Listed Stock Exchanges and are published in the national English newspapers namely "Indian Express (English and Gujarati editions) and Financial Express".
- C. Pursuant to Clause 51 and newly inserted Clause 52 of the Listing Agreement all data related to quarterly financial results, shareholding pattern etc., are filed with the Stock Exchange within time.
- D. No formal presentations were made to the Institutional investors and analysts during the year under review.
- E. Management Discussion and Analysis forms part of this Annual Report, which is posted to the shareholders of the Company.

## 10. GENERAL BODY MEETINGS :

Details of the location of the last three AGMs and the details of the resolutions passed or to be passed by Postal Ballot are as under;

Details of the last three AGMs are given below:

Consecutive Year	No. of AGM	Held at	Date	Time
2009-2010	38 <sup>th</sup>	GICEA (Nirman Bhavan) Gajjar Hall, Nr. Law Garden, Ellisbridge, Ahmedabad-380006	28.09.2010	11.00 am
2010-2011	39 <sup>th</sup>	GICEA (Nirman Bhavan) Gajjar Hall, Nr. Law Garden, Ellisbridge, Ahmedabad-380006	28.09.2011	11.00 am
2011-2012	40 <sup>th</sup>	GICEA (Nirman Bhavan) Gajjar Hall, Nr. Law Garden, Ellisbridge, Ahmedabad-380006	28.09.2012	11.00 am

Whether special resolutions were put through postal ballot last year? N.A

Are polls proposed to be conducted through postal ballot this year? N.A



## INDIA GELATINE & CHEMICALS LTD.

### 11. SHAREHOLDERS INFORMATION :

1. 41<sup>st</sup> Annual General Meeting  
Date : Friday 23<sup>rd</sup> August, 2013  
Time : 11.00 a.m.  
Venue : GICEA, Nirman Bhavan, (Gajjar Hall),  
Near Law Garden, Ellisbridge, Ahmedabad - 380006.
2. Date of Book Closure : 15.08.2013 to 23.08.2013  
(Both days inclusive)
3. Listing of Shares
  - Bombay Stock Exchange
  - Ahmedabad Stock Exchange

#### 4. Stock Code :

##### Stock Exchange

Ahmedabad Stock Exchange Ltd.  
Bombay Stock Exchange Ltd.  
Demat ISIN in NSDL and CDSL  
Website

##### Stock Code

25710  
531253  
INE342D01012  
www.indiagelatine.com

Market Price Data (Bombay Stock Exchange) for the year 2012-13 (₹)

MONTH	HIGH	LOW
April	35.90	31.80
May	57.75	30.60
June	49.95	43.20
July	74.30	43.00
August	75.00	59.00
September	79.50	60.05
October	94.20	72.00
November	107.85	81.70
December	92.00	78.00
January	86.90	74.00
February	97.55	72.00
March	81.70	65.00

#### 5. Address for investor correspondence :

##### **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. No. (022) 67720300, Fax No. (022) 28591568  
E-mail ID : sharepro@shareproservices.com

##### **INDIA GELATINE & CHEMICALS LTD.**

703/704, "Shilp", 7<sup>th</sup> floor,  
Near Municipal Market,  
C.G. Road, Navrangpura,  
Ahmedabad – 380 009

Tel. No. (079) 26469514  
E-Mail : ppm@indiagelatine.com



## INDIA GELATINE & CHEMICALS LTD.

### 6. Distribution of Shareholding as at 31.03.2013

No. of Equity Shares held	No. of Shareholders	No. of Shares Held	Share Holding %
1 to 1000	4,142	9,90,447	10.54
1001 to 5000	419	9,17,992	9.77
5001 to 10000	53	3,73,394	3.97
10001 and above	62	71,18,167	75.72
	4,676	94,00,000	100.00

7. Equity Shares of the company are traded in Demat.
8. Outstanding GDRs/Warrants : Not Applicable.
9. Plant Location : Manufacturing Plant of the Company is situated at Plot No.1A, GIDC, Vapi-396 195, Gujarat.
10. **Green Initiative for Paperless Communications :**

The Ministry of Corporate Affairs, Government of India (MCA) has, vide Circular No. 18/2011 dated 29<sup>th</sup> April, 2011, undertaken a 'Green Initiative in Corporate Governance' allowing companies to send the Annual Report and other documents to their shareholders electronically.

The Securities and Exchange Board of India has, vide Circular No. CIR/CFD/DIL/7/2011 directed listed companies to supply soft copies of Annual Reports to all those shareholders who have registered their e-mail addresses for the purpose.

Keeping in view the underlying theme and the circulars issued by MCA and SEBI, the Company proposes to send various communications and documents like notice calling general meetings, audited financial statements, directors' report, auditor's report etc., henceforth, in electronic form, to the e-mail address provided by the Members to the Depositories or to the Company.

Please note that you will continue to be entitled to received, upon your request, free of cost, a copy of the Annual Report and all other communication that may be sent to you electronically. The Annual Report will also be available on the Company's website [www.indiagelatine.com](http://www.indiagelatine.com)

This is also a golden opportunity for every shareholder of India Gelatine & Chemicals Limited to contribute to this Corporate Social Responsibility initiative of the company. To support this green initiative in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses.

### **DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT**

The Board of Directors of the company have approved and adopted the code of conduct for the Directors and the Senior Management Personnel. The Directors and Senior Management Personnel have affirmed compliance of the same for the year ended 31.03.2013 as stipulated in sub-Clause 1(D)(ii) of Clause 49 of the Listing Agreement with the Stock Exchange.

For and on behalf of the Board of Directors

Place : Mumbai  
Date : 30.05.2013

**Viren C. Mirani**  
Managing Director





## INDIA GELATINE & CHEMICALS LTD.

### CEO/CFO CERTIFICATE

The Board of Directors,  
INDIA GELATINE & CHEMICALS LTD.

We certify that :

1. We have reviewed the Financial Statements, read with the Cash Flow Statement of India Gelatine & Chemicals Limited (the Company) for the year ended 31<sup>st</sup> March, 2013 and to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements and other financial information included in this report present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting.
4. We have disclosed to the Company's Auditors, the Audit Committee, and the Board of Directors all significant deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify the deficiencies.
5. We have indicated to the Auditors and the Audit Committee:
  - a) significant changes if any in the Company's internal control over financial reporting during the year;
  - b) significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements;
  - c) that to the best of our knowledge, no fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control system over financial reporting existed during the period under review.

Place : Mumbai  
Date : 30.05.2013

**K. P. Vagadia**  
(Financial Controller)

**Viren C. Mirani**  
(Managing Director)

### **Auditors' Certificate on Compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement.**

To,  
The Members of  
INDIA GELATINE & CHEMICALS LTD.

1. We have examined the compliance of conditions of Corporate Governance by India Gelatine & Chemicals Ltd. (the Company) for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Mahendra N. Shah & Co.**,  
Chartered Accountants  
FRN 105775W

Place : Ahmedabad  
Dated : 31.05.2013

**Chirag M. Shah**  
Partner  
M. No.F-45706



## **INDIA GELATINE & CHEMICALS LTD.**

### **AUDITORS' REPORT**

To the Members of  
**INDIA GELATINE & CHEMICALS LTD.**

We have audited the accompanying financial statements of INDIA GELATINE & CHEMICALS LTD ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For Mahendra N. Shah & Co.,**  
Chartered Accountants  
FRN 105775W

**Chirag M. Shah**  
Partner  
M. No.F-45706

Place : Ahmedabad  
Dated : 31.05.2013



## **INDIA GELATINE & CHEMICALS LTD.**

### **ANNEXURE TO THE AUDITORS' REPORT**

Referred to in Paragraph 3 of the Auditors' Report of even date to the members of India Gelatine & Chemicals Ltd. on the Financial Statements for the year ended 31<sup>st</sup> March, 2013

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of Fixed Assets.
  - (b) There is a regular programme of verification which in our opinion, reasonable having regard to the size of the Company and the nature of its fixed assets. As informed, no material discrepancies were noticed on such verification.
  - (c) During the year, the company has not disposed off substantial part of Fixed Assets.
2. (a) Inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
  - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company has maintained proper records of inventory and no material discrepancies were noticed on physical verification.
3. (a) The Company has granted Loans to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
  - (i) The Company has granted loan to associate concern and maximum amount outstanding at any time is aggregating to ₹ 500 lacs during the year.
  - (ii) In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions are not prima-facie prejudicial to the interest of the Company.
  - (iii) The payment of Principal Amount as well as Interest thereof are also regular.
  - (iv) In respect of loans granted by the Company, the same are repayable on demand and ₹ 500 lacs is outstanding at the end of the year.

(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly the provisions of Clauses iii(e), iii(f) and iii(g) of the Order are not applicable.
4. In our opinion, there are adequate internal control systems commensurate with the size of the Company and the nature of its business, with regard to the purchase of inventory, fixed assets and sale of goods and services. During the course of our audit, no major weaknesses have been noticed in internal control system.
5. (a) The particulars of contracts or arrangements referred to in Section 301 of the Act, have been entered in the register maintained under that section.
  - (b) The transactions in excess of ₹ 500 lacs made in pursuance of contracts or arrangements referred to in Section 301 of the Act are, in our opinion, at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Section 58A and 58AA any other relevant provisions of the Act.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under Clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) The Company is generally regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Value Added Tax, Wealth-Tax, Service-Tax, Custom Duty, Excise Duty, Cess and other material statutory dues as applicable with the appropriate authorities. No undisputed amounts payable in respect of such taxes, duties, cess were outstanding, as at 31<sup>st</sup> March, 2013 for a period of more than six months from the date they became payable.



## INDIA GELATINE & CHEMICALS LTD.

- b) According to the information and explanations given to us, the following demands as on 31.03.2013 have not been deposited since appeals are pending before the relevant authorities.

Name of the Statute	Nature of dues	Amount (₹ lacs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty & Service Tax	23.56	1980-81 to 1983-84	Dy. Commissioner of CEGAT Excise

10. The Company has no accumulated losses as at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to the bank during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of Clause (xii) of the Order are not applicable to the Company.
13. The Company is not a Chit Fund or a Nidhi/Mutual Benefit Fund/ Society. Accordingly, the provisions of Clause (xiii) of the Order are not applicable to the company.
14. The Company has maintained proper records of transactions and contracts in respect of trading in securities and other investments and timely entries have been made therein. All securities & other investments have been held by the Company in its own name.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly, the provisions of clause (xv) of the Order are not applicable to the Company.
16. In our opinion and according to the information and explanation given to us the Company has applied the term loans prima facie for the purpose for which the loans were obtained.
17. According to information and explanations given to us on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. The Company has not made any preferential allotment to parties or companies covered in the register maintained under Section 301 of the Act.
19. The Company has not raised any funds through debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. Based on audit procedure performed and as per the information and explanations given by the Management, no fraud on or by the Company was noticed or reported during the year.

For **Mahendra N. Shah & Co.**,  
Chartered Accountants  
FRN 105775W

Place : Ahmedabad  
Dated : 31.05.2013

**Chirag M. Shah**  
Partner  
M. No.F-45706

**INDIA GELATINE & CHEMICALS LTD.****BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2013**

(₹ lacs)

	Note No.	As at 31.03.2013	As at 31.03.2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share capital	1	940.00	940.00
(b) Reserves and surplus	2	9,890.86	9,080.60
		<b>10,830.86</b>	<b>10,020.60</b>
<b>2 Non-current Liabilities</b>			
(a) Long-term borrowings	3	1.63	10.12
(b) Deferred tax liabilities (Net)	4	935.92	852.35
(c) Other Long term liabilities	5	4.84	4.49
(d) Long-term provisions	6	1,412.56	1,096.87
		<b>2,354.95</b>	<b>1,963.83</b>
<b>3 Current Liabilities</b>			
(a) Trade payables		470.93	512.81
(b) Other current liabilities	7	71.30	146.94
(c) Short-term provisions	8	1,229.25	1,011.73
		<b>1,771.48</b>	<b>1,671.48</b>
<b>TOTAL</b>		<b>14,957.29</b>	<b>13,655.91</b>
<b>II. ASSETS</b>			
<b>Non-current Assets</b>			
<b>1 (a) Fixed assets</b>			
(i) Tangible assets	9(a)	5,156.32	4,370.83
(ii) Intangible assets	9(b)	67.05	83.40
(iii) Capital work-in-progress	9(c)	200.46	168.72
(b) Non-current investments`	10	1,374.41	1,414.69
(c) Long-term loans and advances	11	1,504.02	1,691.72
		<b>8,302.26</b>	<b>7,729.36</b>
<b>2 Current Assets</b>			
(a) Current investments	12	7.93	0.00
(b) Inventories	13	2,296.65	1,586.26
(c) Trade receivables	14	781.22	850.48
(d) Cash and cash equivalents	15	1,463.53	2,209.71
(e) Short-term loans and advances	16	2,023.81	1,230.03
(f) Other current assets	17	81.89	50.07
		<b>6,655.03</b>	<b>5,926.55</b>
<b>TOTAL</b>		<b>14,957.29</b>	<b>13,655.91</b>

Significant Accounting Policies and the accompanying Notes are an integral part of the Financial Statements.

As per our attached report of even date.

For **MAHENDRA N. SHAH & CO.**

Chartered Accountants

FRN105775W

**CA Chirag M. Shah**

Partner

M. No.: F-45706

Place : Ahmedabad

Date : 31.05.2013

**Viren C. Mirani**

Managing Director

**Preetal P. Mepani**

Company Secretary

Place : Mumbai

Date : 30.05.2013

**K. C. Dalal****N. C. Mirani****M. D. Vora****S. N. Pittie****P. P. Madhavji**

Directors

**INDIA GELATINE & CHEMICALS LTD.****STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

( ₹ lacs)

	Note No.	2012-2013	2011-2012
I. Revenue from operations	18	11,712.44	10,330.61
II. Other income	19	298.47	358.97
III. <b>Total Revenue (I + II)</b>		<b>12,010.91</b>	<b>10,689.58</b>
IV. Expenses:			
Cost of materials consumed	20	4,940.21	4,485.88
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	21	(439.78)	(50.32)
Employee benefit expense	22	373.02	371.95
Finance costs	23	25.03	18.77
Depreciation and amortization expense		487.77	447.04
Other expenses	24	4,920.90	4,448.66
<b>Total expenses</b>		<b>10,307.15</b>	<b>9,721.98</b>
V. <b>Profit before exceptional items and tax (III-IV)</b>		<b>1,703.76</b>	<b>967.60</b>
VI. Exceptional items		0.00	0.00
VII. <b>Profit before tax (V - VI)</b>		<b>1,703.76</b>	<b>967.60</b>
VIII. Tax expense:			
(1) Current tax		480.00	249.00
(2) Deferred tax		83.57	11.38
IX. <b>Profit for the year (VII-VIII)</b>		<b>1,140.19</b>	<b>707.22</b>
X. Earnings per equity share:			
(1) Basic		12.13	7.52
(2) Diluted		12.13	7.52
Weighted average number of Equity Shares (face value of ₹ 10 each)		94,00,000	94,00,000

Significant Accounting Policies and the accompanying Notes are an integral part of the Financial Statements.

As per our attached report of even date.

For **MAHENDRA N. SHAH & CO.**  
Chartered Accountants  
FRN105775W  
**CA Chirag M. Shah**  
Partner  
M. No.: F-45706  
Place : Ahmedabad  
Date : 31.05.2013

**Viren C. Mirani**  
Managing Director  
  
**Preetal P. Mepani**  
Company Secretary  
  
Place : Mumbai  
Date : 30.05.2013

**K. C. Dalal**  
**N. C. Mirani**  
**M. D. Vora**  
**S. N. Pittie**  
**P. P. Madhavji**  
Directors



**NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

**Note 1 Share Capital**

	As at 31 <sup>st</sup> March, 2013		As at 31 <sup>st</sup> March, 2012	
	Number	₹ lacs	Number	₹ lacs
<b>Authorised</b>				
Equity Shares of ₹ 10/- each	1,25,00,000	1,250.00	1,25,00,000	1,250.00
<b>Issued</b>				
Equity Shares of ₹ 10/- each	94,00,000	940.00	94,00,000	940.00
<b>Subscribed &amp; Paid up</b>				
Equity Shares of ₹ 10/- each fully paid	94,00,000	940.00	94,00,000	940.00
<b>Total</b>	94,00,000	940.00	94,00,000	940.00

**(a) Particulars of Share Holders holding more than 5% shares in the Company**

Name of Shareholder	As at 31 <sup>st</sup> March, 2013		As at 31 <sup>st</sup> March, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Divyaprabha C. Mirani	5,49,534	5.85	5,61,358	5.97
Manorama N. Mirani	5,64,580	6.00	5,64,580	6.00
Nippi Incorporated	9,20,000	9.79	9,20,000	9.79
Olive Finance & Investment Pvt Ltd	18,74,599	19.94	18,74,599	19.94

**(b) Terms and Rights attached to Equity Shares:**

The company has only one class of equity shares having at par value of ₹ 10/-each per share. Each Equity shareholder is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

**Note 2 Reserves & Surplus**

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
	(₹ lacs)	(₹ lacs)
<b>a. Capital Reserves</b>	630.26	630.26
<b>b. Securities Premium Account</b>	1,363.40	1,363.40
<b>c. General Reserves</b>		
Opening Balance	6,731.89	6,331.89
(+) Transferred from Statement of Profit and Loss :	500.00	400.00
Closing Balance	<u>7,231.89</u>	<u>6,731.89</u>
<b>d. Surplus in Statement of Profit and Loss :</b>		
Opening balance	355.05	320.95
(+) Net Profit for the current year	1,140.19	707.22
(-) Proposed Dividend	282.00	235.00
(-) Dividend Distribution Tax	47.93	38.12
(-) Transfer to Reserve	500.00	400.00
Closing Balance	<u>665.31</u>	<u>355.05</u>
<b>Total</b>	<b>9,890.86</b>	<b>9,080.60</b>



**NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

**Note 3 Long Term Borrowings**

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
	₹ lacs	₹ lacs
<b>Secured Loan :</b>		
<b>Term loan :</b>		
From ICICI Bank Ltd (Secured against Vehicles)	1.63	10.12
<b>Total</b>	<b>1.63</b>	<b>10.12</b>

**Note 4 Deferred Tax Liabilities (Net)**

Opening Balance	852.35	840.97
Add/(Less) : Provided /(written back) during the year	83.57	11.38
<b>Total</b>	<b>935.92</b>	<b>852.35</b>

**Note 5 Other Long Term Liabilities**

Security Deposit	4.84	4.49
<b>Total</b>	<b>4.84</b>	<b>4.49</b>

**Note 6 Long Term Provisions**

(a) <b>Provision for employee benefits</b>		
Leave Encashment (unfunded)	65.14	68.48
(b) <b>Others :</b>		
Provisions for Tax & Disputed Matters	1,347.42	1,028.39
<b>Total</b>	<b>1,412.56</b>	<b>1,096.87</b>

**Note 7 Other Current Liabilities**

(a) Current maturities of Long term borrowings (Secured)	10.50	11.94
(b) Advance from Customers	35.84	115.14
(c) Unpaid dividends	15.11	12.98
(d) Other Current Liabilities	9.85	6.88
<b>Total</b>	<b>71.30</b>	<b>146.94</b>

**Note 8 Short Term Provisions**

(a) <b>Provision for employee benefits</b>	8.32	8.57
(b) <b>Others :</b>		
(i) Proposed Dividend	282.00	235.00
(ii) Tax on Dividend	47.93	38.12
(iii) Provision for income tax	891.00	730.04
<b>Total</b>	<b>1,229.25</b>	<b>1,011.73</b>





NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

**Note 9 Fixed Assets**

Particulars	₹ lacs										
	Gross Block			Depreciation / Amortisation				Net Block		Balance as at 31 <sup>st</sup> March, 2012	Balance as at 31 <sup>st</sup> March, 2013
	Balance as at 1 <sup>st</sup> April, 2012	Additions	Sale / Adjustment	Balance as at 31 <sup>st</sup> March, 2013	Up to 31 <sup>st</sup> March, 2012	Depreciation for the year	Adjustment due to Sale etc.	Balance as at 31 <sup>st</sup> March, 2013	Balance as at 31 <sup>st</sup> March, 2012		
<b>a. Tangible Assets</b>											
Land (Freehold)	4.46	0.00	0.00	4.46	0.00	0.00	0.00	0.00	0.00	4.46	4.46
Land (Leasehold)	21.55	0.00	0.00	21.55	3.31	0.22	0.00	3.53	0.00	18.02	18.24
Buildings	1,673.78	33.94	0.00	1,707.72	599.18	40.46	0.00	639.64	0.00	1,068.08	1,074.60
Plant and Equipment	7,369.63	1,198.03	0.00	8,567.66	4,506.48	379.02	0.00	4,885.50	0.00	3,682.16	2,863.15
Furniture, Fixtures and Office Equipment	185.27	12.78	0.00	198.05	119.69	7.07	0.00	126.76	0.00	71.29	65.58
Vehicles	457.18	33.33	37.93	452.58	121.92	42.83	15.20	149.55	0.00	303.03	335.26
Laboratory Equipment	34.50	1.56	0.00	36.06	24.96	1.82	0.00	26.78	0.00	9.28	9.54
<b>Total</b>	<b>9,746.37</b>	<b>1,279.64</b>	<b>37.93</b>	<b>10,988.08</b>	<b>5,375.54</b>	<b>471.42</b>	<b>15.20</b>	<b>5,831.76</b>	<b>15.20</b>	<b>5,156.32</b>	<b>4,370.83</b>
<b>b. Intangible Assets</b>											
Technical Know How	309.74	0.00	0.00	309.74	226.34	16.35	0.00	242.69	0.00	67.05	83.40
<b>Total</b>	<b>309.74</b>	<b>0.00</b>	<b>0.00</b>	<b>309.74</b>	<b>226.34</b>	<b>16.35</b>	<b>0.00</b>	<b>242.69</b>	<b>0.00</b>	<b>67.05</b>	<b>83.40</b>
<b>c. Capital Work In Progress</b>											
	168.72	160.00	128.26	200.46	0.00	0.00	0.00	0.00	0.00	200.46	168.72
<b>Total</b>	<b>168.72</b>	<b>160.00</b>	<b>128.26</b>	<b>200.46</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>200.46</b>	<b>168.72</b>
<b>Total</b>	<b>10,224.83</b>	<b>1,439.64</b>	<b>166.19</b>	<b>11,498.28</b>	<b>5,601.88</b>	<b>487.77</b>	<b>15.20</b>	<b>6,074.45</b>	<b>15.20</b>	<b>5,423.83</b>	<b>4,622.95</b>



NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

Note 10 Non-Current Investments

	As at 31st March, 2013	As at 31st March, 2012
	₹ lacs	₹ lacs
<b>Investments (Non Trade)</b>		
(a) Investment in Equity Shares	890.05	716.63
(b) Investment in Preference Shares	0.00	0.14
(c) Investments in Debentures or Bonds	323.62	323.62
(d) Investments in Mutual Funds	160.68	374.24
(e) Other non-current investments - National Savings Certificate	0.06	0.06
<b>Total</b>	<b>1,374.41</b>	<b>1,414.69</b>
Aggregate amount of quoted investments (Market value of ₹ 388.49 lacs) (Previous Year ₹ 591.99 lacs)	392.62	588.21
Aggregate amount of unquoted investments at cost ₹ 981.79 lacs (Previous Year ₹ 826.48 lacs)	981.79	826.48


**NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**
**Note 10 Non-Current Investments**

Details of Non-Current Investments (At Cost)								
Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Amount (₹ lacs)	
			As at 31 March 2013	As at 31 March 2012			As at 31 March 2013	As at 31 March 2012
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>(a)</b>	<b>Investment in Equity Shares</b>							
1	Tamilnadu Jaibharat Mills Ltd.	Others	50,000	50,000	Quoted	Fully Paid	5.00	5.00
2	Aulolite (India) Ltd.	Others	100	100	Quoted	Fully Paid	0.09	0.09
3	Lakshmi Machines Works Ltd.	Others	525	525	Quoted	Fully Paid	9.70	9.70
4	Alpha Geo (India) Ltd.	Others	950	950	Quoted	Fully Paid	2.01	2.01
5	Bharat Forge Ltd.	Others	5,300	4,300	Quoted	Fully Paid	18.12	15.37
6	Centum Electronics Ltd.	Others	7,000	7,000	Quoted	Fully Paid	8.98	8.98
7	Carborundum Universal Ltd.	Others	0	6,400	Quoted	Fully Paid	0.00	7.38
8	EID Parry (India) Ltd.	Others	7,160	7,160	Quoted	Fully Paid	16.05	16.05
9	JSW Steel Ltd.	Others	1,075	0	Quoted	Fully Paid	7.11	0.00
10	The Orissa Minerals Development Co.Ltd.	Others	25	0	Quoted	Fully Paid	0.94	0.00
11	K.V. Cottom Gin. & Press. Co. Pvt. Ltd.	Associates	9,700	9,700	Unquoted	Fully Paid	97.00	97.00
12	Supreme Yarn Spinners Ltd.	Others	6,000	6,000	Unquoted	Fully Paid	0.60	0.60
13	Shri Vigneshwara Cotton Mills Ltd.	Others	6,000	6,000	Unquoted	Fully Paid	0.60	0.60
14	SCIL Capital India Ltd.	Associates	55,00,000	55,00,000	Unquoted	Fully Paid	552.85	552.85
15	SKM Engg. Products Export (I) Ltd.	Others	10,000	10,000	Unquoted	Fully Paid	1.00	1.00
16	Ugam Solutions Pvt. Ltd.	Associates	10,000	0	Unquoted	Fully Paid	170.00	0.00
<b>(b)</b>	<b>Investments in Preference Shares</b>							
1	K.S. Reality Construction Pvt. Ltd.	Others	0	1,375	Unquoted	Fully Paid	0.00	0.14
<b>(c)</b>	<b>Investments in Debentures/Bonds</b>							
1	National Highway Authorities of India	Others	12,362	12,362	Quoted	Fully Paid	123.62	123.62
2	Cholamandalam Invesement & Finance Co. Ltd.	Others	20	20	Quoted	Fully Paid	100.00	100.00
3	Religare Finvest Ltd.	Others	10,000	10,000	Quoted	Fully Paid	100.00	100.00
<b>(d)</b>	<b>Investments in Mutual Funds</b>							
1	Kotak India Growth Fund	Others	11,384	13,228	Unquoted	Fully Paid	110.05	118.74
2	Kotak India Growth Fund - II	Others	100	100	Unquoted	Fully Paid	50.63	55.50
3	Reliance Fixed Horixon Fund XIX Series 4 Growth	Others	0	20,00,000	Quoted	Fully Paid	0.00	200.00
<b>(e)</b>	<b>Other non-current Investments</b>							
1	National Savings Certificate	Others	-	-	Unquoted	Fully Paid	0.06	0.06
	<b>Total</b>						<b>1,374.41</b>	<b>1,414.69</b>



**NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

**Note 11 Long Term Loans and Advances**

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
	₹ lacs	₹ lacs
<b>Unsecured, considered good</b>		
(a) Security Deposits	77.49	77.13
(b) Staff Loan	1.58	0.42
(c) Other Loans & Advances	1,424.95	1,614.17
<b>Total</b>	<b>1,504.02</b>	<b>1,691.72</b>

**Note 12 Current Investments**

Investment (Non-Trade)		
Investments in Ratio Spread Scheme	7.93	0.00
<b>Total</b>	<b>7.93</b>	<b>0.00</b>

**Details of Current Investments**

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Amount (₹ lacs)		Basis of Valuation
			As at 31 March 2013	As at 31 March 2012			As at 31 March 2013	As at 31 March 2012	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(a)	Investments in Margin Money of Ratio Spread Scheme								
1	SMC Global F.D.	Others	Nil	Nil	N.A.	N.A.	7.93	0.00	At Cost
	<b>Total</b>						7.93	0.00	—

**Note 13 Inventories**

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
	₹ lacs	₹ lacs
(Valued at cost or net realisable value whichever is lower)		
a. Raw Materials and components	565.30	324.34
b. Work-in-progress	630.31	507.25
c. Finished goods	878.46	561.74
d. Stores and spares	220.23	190.28
e. Loose Tools	2.35	2.65
<b>Total</b>	<b>2,296.65</b>	<b>1,586.26</b>



**NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**  
**Note 14 Trade Receivables (Unsecured)**

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
	₹ lacs	₹ lacs
(a) Outstanding for a period exceeding six months from the date they are due for payment considered good	3.28	1.09
(b) Others (considered good)	777.94	849.39
<b>Total</b>	<b>781.22</b>	<b>850.48</b>

**Note 15 Cash and Cash Equivalents**

	As at 31 <sup>st</sup> March, 2013		As at 31 <sup>st</sup> March, 2012	
	₹ lacs	₹ lacs	₹ lacs	₹ lacs
(a) Cash on hand		0.92		0.91
(b) Balances with banks				
(i) In Current Accounts	1,164.33		1,866.30	
(ii) Earmarked Balances (unpaid dividend accounts)	15.12	1,179.45	12.98	1,879.28
(iii) In Deposit Accounts :				
(a) Margin money Deposit	148.16		194.52	
(b) Bank deposits with more than 12 months maturity	135.00	283.16	135.00	329.52
<b>Total</b>		<b>1,463.53</b>		<b>2,209.71</b>

**Note 16 Short Term Loans and Advances**

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
	₹ lacs	₹ lacs
Unsecured, considered good		
a. Loans and advances to related parties	500.92	500.00
b. Other Loans and Advances	1,522.89	730.03
<b>Total</b>	<b>2,023.81</b>	<b>1,230.03</b>

**Note 17 Other Current Assets**

Interest Receivable	81.89	50.07
<b>Total</b>	<b>81.89</b>	<b>50.07</b>

**NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013****Note 18 Revenue From Operations**

	2012-2013	2011-2012
	₹ lacs	₹ lacs
<b>(a) Sale of products</b>		
Gross Sales	11,434.29	10,090.88
Less:		
Excise duty	111.28	81.28
Net Sales	11,323.01	10,009.60
Details of finished goods sold :		
Ossein	2,558.60	1,998.74
Gelatine	5,598.16	5,346.50
Di-calcium Phosphate	3,166.25	2,664.36
<b>Total Sales</b>	<b>11,323.01</b>	<b>10,009.60</b>
<b>(b) Other Operating Revenue</b>		
(i) Miscellaneous Sales	112.45	104.40
(ii) SHIS Licence Incentive	60.68	148.78
(iii) Duty Drawback	110.15	67.83
(iv) Service Tax Refund	6.80	0.00
(v) HCL Lifting charges	99.35	0.00
	389.43	321.01
<b>Total</b>	<b>11,712.44</b>	<b>10,330.61</b>

**Note 19 Other Income**

Interest Income	185.36	58.65
Dividend Income	85.37	60.91
Profit on sale of investments	22.69	170.45
Settlement of claim for Price Variation	0.00	58.26
Miscellaneous Income	5.05	10.70
<b>Total</b>	<b>298.47</b>	<b>358.97</b>



**NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

**Note 20 Raw Materials Consumed**

	2012-2013		2011-2012	
	₹ lacs	₹ lacs	₹ lacs	₹ lacs
Opening Stock		324.34		404.75
Add: Purchase during the year				
i) Crushed Bones	4,834.52		4,017.05	
ii) Lime	318.18		256.61	
iii) Hydrochloric Acid	28.47	5,181.17	131.81	4,405.47
		5,505.51		4,810.22
Less: Closing Stock		565.30		324.34
Consumption of materials which includes		4,940.21		4,485.88
Consumption of				
i) Crushed Bones		4,594.49		4,097.38
ii) Lime		318.00		255.58
iii) Hydrochloric Acid		27.72		132.92

**Note 21 Changes in Inventories**

	2012-2013	2011-2012
	₹ lacs	₹ lacs
<b>Closing Stock</b>		
Finished	878.46	561.74
Work in Process	630.31	507.25
	1,508.77	1,068.99
Less :		
<b>Opening Stock</b>		
Finished	561.74	575.18
Work in Process	507.25	443.49
	1,068.99	1,018.67
<b>(Increase) / Decrease</b>	<b>(439.78)</b>	<b>(50.32)</b>

**Note 22 Employee Benefit Expenses**

Salary, Wages & Bonus	337.36	319.33
Staff Welfare Expenses	8.61	8.08
Contribution to Provident Fund	10.75	11.58
Contribution to ESI Scheme	1.53	5.37
Gratuity - Contribution to LIC Scheme	14.77	27.59
<b>Total</b>	<b>373.02</b>	<b>371.95</b>

**Note 23 Finance Cost**

Interest expense	5.46	3.94
Other borrowing costs	19.57	14.83
<b>Total</b>	<b>25.03</b>	<b>18.77</b>



**NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

**Note 24 Other Expenses**

	2012-2013		2011-2012	
	₹ lacs	₹ lacs	₹ lacs	₹ lacs
Packing Materials Consumed		88.10		83.87
Stores, Spares & Tools Consumed		536.89		581.51
Power & Fuel		2,304.95		1,976.13
Gas Equipment Lease rentals & Man Power supply charges		0.00		135.26
Labour Charges		230.80		193.13
CETP, Water and Effluent Treatment Charges		334.47		352.34
Repairs				
Machinery	200.34		116.89	
Building	106.47		168.54	
Others	12.72	319.53	11.62	297.05
Export Expenses		195.06		133.56
Freight and Cartage		81.89		66.38
Insurance		20.22		16.37
Rent, Rates & Taxes		41.00		13.20
Postage and Telephone		18.54		21.74
Stationery & Printing		7.42		7.46
Advertisement & Sales Promotion Expenses		32.88		23.92
Commission and Discount on Sales		147.63		117.12
Legal & Professional Fees		133.80		113.17
Director's Sitting Fees		1.60		1.60
Donation		14.12		14.47
Travelling Expenses		185.03		118.32
Loss on Sale of Fixed Assets		12.51		0.00
General Expenses		143.00		136.01
Sales Tax		71.46		46.05
<b>Total</b>		<b>4,920.90</b>		<b>4,448.66</b>





## INDIA GELATINE & CHEMICALS LTD.

### Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2013.

#### Note 25(A)

#### SIGNIFICANT ACCOUNTING POLICIES :

##### 1) Basis of Accounting :

The financial statements are prepared under the historical cost convention as a going concern and on accrual basis accordance with the generally accepted accounting principles, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 (The Act).

##### 2) Use of Estimates:

The presentation of financial statements require estimates and disclosure of contingent liabilities assumptions to be made that affect the reported amount of Assets and Liabilities on the date of the Financial Statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

##### 3) Fixed Assets :

Fixed Assets are stated at cost of acquisition or construction, net of cenvat credit, including incidental expenses related to acquisition and installation and financing costs till the commencement of commercial production and adjustments arising from exchange rate variation relating to borrowings attributable to fixed assets, less accumulated depreciation.

Free hold land is stated at cost.

##### 4) Depreciation :

The Company has continued to provide depreciation on straight line method at the revised rates on the original cost of the assets as per circular dated 20.12.93. In respect of other assets for which rates are not revised, the Company has continued to provide depreciation on straight line method as specified in schedule XIV of the Companies Act, 1956.

Leasehold Land is amortized over the period of lease.

##### 5) Inventories :

Items of inventories are valued on the FIFO/Specific Weighted Average Cost and on the basis given below :

a) Stores and Spares, Packing Materials, Fuel & Loose tools	-	At cost or net realizable value, whichever is lower
b) Raw Materials	-	At cost or net realizable value, whichever is lower
c) Work-in-Process	-	At cost or net realizable value, whichever is lower
d) Finished Goods	-	At cost or net realizable value, whichever is lower

Costs of inventories comprise of all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

##### 6) Borrowing Costs :

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

##### 7) Investments :

Long Term Investments are carried at cost less provision for permanent diminution, if any, in value of such investments.

##### 8) Employees Benefits:

Short term employee benefits (which are payable within 12 months after the end of the period in which the employees render service) are measured at cost.

Long term employee benefits (which are payable after the end of 12 months from the end of the period in which the employees render service) and post employment benefits (benefits which are payable after completion of employment) are measured on a discounted basis by the Projected Unit Credit Method on the basis of Actuarial Valuation.



## INDIA GELATINE & CHEMICALS LTD.

### Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2013.

Contribution to provident fund a defined contribution plan is made in accordance with the statute.

The cost of providing leave encashment and gratuity defined benefit plans are determined using Projected Unit Credit Method on the basis of Actuarial Valuation.

#### 9) Impairment of Assets :

The company on an Annual basis makes an assessment of any indicator that may lead to impairment of Assets. If any such indication exists, the company estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount by creating the difference as impairment loss & is charged to the Statement of Profit & Loss.

#### 10) Excise duty and Cenvat Credit :

Excise Duty payable on finished goods is accounted for on clearance of goods. Cenvat credit on Capital goods and Inputs is accounted for on the date of actual receipt of the same, respectively.

#### 11) Foreign Currency Transactions :

##### (a) Initial recognition :

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency of the date of the transaction.

##### (b) Conversion :

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate of the date of the transaction; and non-monetary items which are carried of fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

##### (c) Exchange differences :

Exchange difference arising on the settlement of monetary items or on reporting Company's monetary items of rates different from those of which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

##### (d) Forward Exchange Contracts not intended for trading :

The premium or discount arising of the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

#### 12) Revenue Recognition :

Income and Expenditure are recognized and accounted on Accrual Basis. Revenue from sale of goods is recognized on delivery of the goods, when all significant contractual obligations have been satisfied, the property in the goods is transferred for a price, significant risks and rewards of ownership are transferred to customers and no effective ownership is retained. However;

- (a) Revenue in respect of insurance/other claims etc., is recognized only when it is reasonably certain that the ultimate collection will be made.
- (b) Export Incentives in respect of exports made under the Duty Entitlement Pass Book Scheme is being accounted for on transfer.
- (c) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable rate of interest.

#### 13) Segment Accounting :

The Company deals in only one product segment i.e. Chemical Products and hence requirements of AS-17 "Segment Reporting" issued by ICAI are not applicable.

#### 14) Earnings Per Share :

The earnings considered in ascertaining the Company's EPS comprises of the net profit after tax (and includes the post tax effect of any extra ordinary item). The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year.



## INDIA GELATINE & CHEMICALS LTD.

Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2013.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders by the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### 15) Taxation :

#### (a) Direct Taxes :

Tax expense for the year, comprising of Current Tax and Deferred Tax is included in determining the net profit for the year.

A provision is made for the current tax based on tax liability computed in accordance with relevant tax rates and tax laws. A provision is made for deferred tax for all timing differences arising between taxable income and accounting income at currently enacted tax rates.

Deferred tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

#### (b) Indirect Taxes :

The liabilities are provided or considered as contingent depending upon the merit of each case and/or receiving the actual demand from the department.

### 16) Cash Flow Statement :

The Cash Flow Statement is prepared by the "indirect method" set out in Accounting Standard 3 on "Cash Flow Statement" and presents the cash flows by operating, Investing and financing activities of the Company.

Cash and Cash Equivalents presented in the Cash Flow Statement consist of cash on hand and demand deposits with banks.

### 17) Provisions and Contingent Liabilities :

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. A contingent liability is disclosed when the company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed in the Financial Statements.

### Note 25(B)

1. Previous year's figures have been regrouped, re-arranged, re-casted wherever necessary to make them comparable with those of the current year.
2. Deficit of ₹ 36.04 lacs (Previous year surplus of ₹ 14.79 lacs) & surplus of ₹ 2.27 lacs (Previous year deficit of ₹ 0.08 lacs) being the impact of foreign exchange fluctuation has been included in the turnover and purchase of Stores, Spares & Machinery respectively.
3. There are no Micro and Small Enterprise, to whom company owes dues, which are outstanding for more than 45 days as at 31<sup>st</sup> March, 2013. This information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act (MSMED Act), 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.



## INDIA GELATINE & CHEMICALS LTD.

Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2013.

4. Contingent liabilities :		(₹ lacs)
i) Bank Guarantees issued		
	<u>2012-2013</u>	<u>2011-2012</u>
GSPC Gas Company Ltd.	139.81	161.35
Pollution Control Board	-	28.00
Quippo Infrastructure Equipment Ltd.	-	34.73
Dakshin Gujarat Vij Company Ltd.	59.09	59.09
	<u>198.90</u>	<u>283.17</u>
ii) In respect of claims against the Company not acknowledged as debts		
	<u>2012-2013</u>	<u>2011-2012</u>
Excise Duty	8.15	8.15
Service Tax	15.41	15.41
	<u>23.56</u>	<u>23.56</u>

### 5(a) Defined Benefit Plan in respect of Gratuity as per Actuarial valuations on 31<sup>st</sup> March, 2013 :

		(₹ lacs)
<b>1. Assumption</b>		<b>As on 31/03/2013</b>
Rate of Interest		8.10%
Salary Growth		6.00%
<b>2. Changes in present value of Obligation</b>		<b>As on 31/03/2013</b>
Present Value of obligation as at beginning of year		140.28
Interest cost		10.25
Current Service Cost		7.21
Benefits paid		(27.56)
Actuarial (gain)/loss on obligations		19.95
Present value of obligations as at end of year		150.14
<b>3. Changes in the fair value of plant assets</b>		<b>As on 31/03/2013</b>
Fair value of plan assets at beginning of year		126.81
Expected return on plan assets		12.37
Contributions		41.36
Benefits paid		(27.56)
Actuarial Gain/(Loss) on Plan assets		1.22
Fair value of plan assets at the end of year		154.20
<b>4. Fair value of plan assets</b>		
Fair value of plan assets at beginning of year		126.81
Actual return on plan assets		12.37
Contributions		41.36
Benefits paid		(27.56)
Fair value of plan assets at the end of year		154.20
Funded status		4.07
Excess of actual over estimated return on plan Assets (Actual rate of return = Estimated rate As ARD falls on 31 <sup>st</sup> March)		Nil



## INDIA GELATINE & CHEMICALS LTD.

Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2013.

<b>5. Actuarial Gain/Loss recognized</b>	
Actuarial (gain)/loss on obligation	19.95
Actuarial (gain)/loss for the year – plan assets	Nil
Actuarial (gain)/loss on obligations	19.95
Actuarial (gain)/loss recognized in the year	19.95
<b>6. The amounts to be recognized in the Balance Sheet and Statement of Profit And Loss</b>	
Present value of obligations as at the end of year	150.14
Fair value of plan assets as at the end of the year	154.21
Funded status	4.07
Net Asset/(Liability) recognized in Balance Sheet	4.07
<b>7. Expenses Recognized in Statement of Profit &amp; Loss</b>	
Current service cost	7.21
Interest cost	10.25
Expected return on plan assets	(12.37)
Net Actuarial (gain)/Loss recognized in the year	18.73
Expenses recognized in Statement of Profit & Loss	23.82

- 5(b)** In respect of liability of leave encashment up to 31.12.2012 the company has obtained actuarial valuation and has reversed for ₹ 3.34 lacs in the books.
- 6.** In respect of appeal filed by the company in Income Tax Appellate Tribunal regarding the treatment of receipt of Capital Compensation of ₹ 1,253.00 lacs which the company has claimed as exempt has been decided in favour of the Revenue treating the receipt as "Business Income". However, the company has already paid the entire tax of ₹ 384.00 lacs in the respective year. The company has preferred appeal in Gujarat High Court against the impugned order of the ITAT. The company has been legally advised that it has a good case in appeal and hence no provision thereof has been made in the accounts.
- 7.** In terms of Accounting Standard 28 – Impairment of Assets issued by ICAI, the management has reviewed its Fixed Assets and arrived at the conclusion that Impairment Loss which is difference between the carrying amount and recoverable value of Assets, was not material and hence no provision is required to be made.
- 8.** The Sales Tax Assessments of the company are completed up to accounting year 2008-2009.
- 9.** Earnings per share

	Year Ended 31 <sup>st</sup> March, 2013	Year Ended 31 <sup>st</sup> March, 2012
Net profit attributable to Shareholders (₹ lacs)	1,140.19	707.22
Weighted average number of Equity Shares	94,00,000	94,00,000
Basic earnings per share of ₹ 10/- each (₹)	12.130	7.524

The company does not have any outstanding dilutive potential equity shares, consequently the basic and diluted earning per share of the company remain the same.

- 10.** Disclosure in respect of related parties pursuant to Accounting Standard 18;

**A. List of Related parties :**

- |   |   |  |
|---|---|--|
| 1) Parties where control exists   | : | --   |
| 2) Other parties with whom company entered into transactions during the year                          |   |  |
| i) Joint Ventures   | : | --   |
| ii) Associates  | : | (a) SCIL Capital India Ltd.<br>(b) Ugam Solutions Pvt. Ltd |
| 3) Key Management Personnel and Enterprises having common Key Management Personnel or their Relatives |   |  |



## INDIA GELATINE & CHEMICALS LTD.

Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2013.

### Key Management Personnel :

Mr. Viren C. Mirani - Managing Director

### Enterprises having common Key Management Personnel and/or their Relatives:

- 1) KVS Software Pvt. Ltd.
- 2) Khimji Visram & Sons (Guj) Pvt. Ltd.
- 3) Olive Finance & Investment Pvt. Ltd.
- 4) Khimji Visram & Sons (Partnership Firm)
- 5) Khimji Visram & Sons (Commission Dept) (Partnership Firm)
- 6) Khimji Visram & Company (Partnership Firm)
- 7) S.E. International
- 8) K.V. Logistics Pvt. Ltd.
- 9) K.V. Cotton Ginning & Pressing Co. Pvt. Ltd.

### Relatives of Key Management Personnel :

Mr. Nayan C. Mirani, brother of Mr. Viren C. Mirani

### B. During the year following transactions were carried out with related parties in the ordinary course of business and at Arms Length.

( ₹ lacs)

Sr. No.	Nature of Trans.	Associates	Key Managerial Personnel	Enterprises/Relatives of Key Management Personnel
1.	Managerial Remuneration	—	97.76	—
2.	Loans Given	—	—	500.00
3.	Interest Received	—	—	20.77
4.	Reimbursement of Expenses	—	—	3.58

### C. Outstanding balances as on 31.03.2013

( ₹ lacs)

Sr. No.	Nature of Trans.	Associates	Key Managerial Personnel	Enterprises/Relatives of Key Management Personnel
1.	Loans given	—	—	500
		(--)	(--)	(500)
2.	Investment in Shares	819.85	—	—
		(649.85)	(--)	(--)

Figures of previous years are shown in brackets.

### 11. General Expenses Include

#### Auditor's Remuneration (Including Service Tax)

- a) Audit Fees
- b) For Tax Audit
- c) Out of pocket expenses

	2012-2013	2011-2012
	2.25	2.25
	0.84	0.84
	0.67	0.60
	3.76	3.69

12. The company has entered into forward exchange contracts / options which are not intended for trading or speculative purposes, but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.



# INDIA GELATINE & CHEMICALS LTD.

Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2013.

a) **Forward Contracts**

**Receivables**

Currency	31 <sup>st</sup> March, 2013		31 <sup>st</sup> March, 2012	
	Quantity	₹ lacs	Quantity	₹ lacs
USD	20,65,000	1,159.63	16,30,000	821.59
EURO	NIL	NIL	1,75,000	117.85

**Payable**

Currency	31 <sup>st</sup> March, 2013		31 <sup>st</sup> March, 2012	
	Quantity	₹ lacs	Quantity	₹ lacs
	NIL	NIL	NIL	NIL

b) **Un hedged Foreign Currency Exposures at Balance Sheet date :**

**Receivables**

Currency	31 <sup>st</sup> March, 2013		31 <sup>st</sup> March, 2012	
	Quantity	₹ lacs	Quantity	₹ lacs
USD	8,11,870	440.72	9,30,441	473.36
EURO	NIL	NIL	57,500	39.02

<b>13. Value of Imports calculated on C.I.F. Basis in respect of :</b>		( ₹ lacs)
	<b>2012-2013</b>	<b>2011-2012</b>
i) Components - Spare parts	46.38	13.97
ii) Capital Goods	163.55	15.61
<b>14. Expenditure of Foreign Currency on account of :</b>		
a) Revenue Expenditure		
i) Travelling	85.66	59.03
ii) Subscription	4.84	4.55
iii) Commission	121.19	49.21
<b>15. Earning in Foreign Exchange</b>		
Export of goods (FOB)	6,053.97	5,536.24
<b>16. The amount remitted during the year in Foreign Currency</b>		
Payment of Dividend :		
Dividend Paid	23.00	18.40
No. of non-resident shareholders	1	1
Year to which it relate	2011-2012	2010-2011

As per our attached report of even date.

For **MAHENDRA N. SHAH & CO.**

Chartered Accountants

FRN105775W

**CA Chirag M. Shah**

Partner

M. No.: F-45706

Place : Ahmedabad

Date : 31.05.2013

**Viren C. Mirani**

Managing Director

**Preetal P. Mepani**

Company Secretary

Place : Mumbai

Date : 30.05.2013

**K. C. Dalal**

**N. C. Mirani**

**M. D. Vora**

**S. N. Pittie**

**P. P. Madhavji**

Directors



# INDIA GELATINE & CHEMICALS LTD.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

(₹ lacs)

	2012-13		2011-12	
<b>A) CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net Profit before tax as per Statement of Profit & Loss		1,703.76		967.60
Adjustments :				
Depreciation	487.77		447.04	
Loss on sale of Fixed Assets	12.51		(2.18)	
Investment Income	(270.73)		(119.56)	
Interest Paid	25.03		18.77	
Net Gain on Sale of Investments	(22.69)	231.89	(170.45)	173.62
Operating Profit before working capital		1,935.65		1,141.22
Adjusted for :				
i) Trade & other Receivables	53.48		(188.71)	
ii) Stock	(710.39)		43.76	
iii) Trade Payable	(119.33)	(776.24)	313.96	169.01
Cash generated from operations		1,159.41		1,310.23
Interest Paid	(25.03)		(18.77)	
Direct Tax Paid	(590.30)	(615.33)	(353.21)	(371.98)
Foreign Exchange effects		544.08		938.25
		0		0
<b>Net Cash from Operating Activities</b>		<b>544.08</b>		<b>938.25</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Assets	(1,311.38)		(887.18)	
Foreign exchange effect on Fixed Assets	0.00		0.00	
Sale of Fixed Assets	10.22		61.98	
Purchase of Investments	(5,602.99)		(6,253.33)	
Sale of Investments	5,658.03		7,815.53	
Interest Income	153.54		36.56	
Dividend Income	85.37		60.91	
<b>Net Cash used in Investing Activities</b>		<b>(1,007.21)</b>		<b>834.47</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Borrowing of Funds	0.00		9.21	
Repayment of borrowings	(9.93)		(17.42)	
Proceeds from Issue of shares	0.00		0.00	
Foreign Exchange Effects on L.T. Borrowings	0.00		0.00	
Dividend paid including distribution tax	(273.12)		(219.22)	
<b>Net Cash from Financing Activities</b>		<b>(283.05)</b>		<b>(227.43)</b>
<b>Net Increase in Cash &amp; Cash Equivalents (a+b+c)</b>		<b>(746.18)</b>		<b>1,545.29</b>
Opening Balance of Cash & Cash equivalents		2,209.71		664.42
Closing Balance of Cash & Cash equivalents		1,463.53		2,209.71
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>(746.18)</b>		<b>1,545.29</b>

As per our attached report of even date.

For MAHENDRA N. SHAH & CO.

Chartered Accountants

FRN105775W

CA Chirag M. Shah

Partner

M. No.: F-45706

Place : Ahmedabad

Date : 31.05.2013

Viren C. Mirani

Managing Director

Preetal P. Mepani

Company Secretary

Place : Mumbai

Date : 30.05.2013

K. C. Dalal

N. C. Mirani

M. D. Vora

S. N. Pittle

P. P. Madhavji

Directors





# INDIA GELATINE & CHEMICALS LTD.

703, 'Shilp', C.G. Road, Navrangpura,  
Ahmedabad – 380009 Gujarat  
30.05.2013

Dear Shareholder,

### Subject : MCA's Green Initiative for Paperless Communications

The Ministry of Corporate Affairs, Government of India (MCA) has, vide Circular No. 18/2011 dated 29<sup>th</sup> April, 2011, undertaken a 'Green Initiative in Corporate Governance' allowing companies to send the Annual Report and other documents to their shareholders electronically.

The Securities and Exchange Board of India has, vide Circular No. CIR/CFD/DIL/7/2011 directed listed companies to supply soft copies of Annual Reports to all those shareholders who have registered their e-mail addresses for the purpose.

Our company appreciates the initiative taken by MCA, as it believes strongly in a Greener Environment. This initiative also helps in prompt receipt of communication, apart from helping avoid losses / delays in postal transit.

We therefore propose to send documents, such as the Notice of the Annual General Meeting, Annual Report, half-yearly communications etc. henceforth to shareholders in Electronic Form at the e-mail address provided by them and made available to us by the depositories from time to time. As per our records, your e-mail address is not registered with your Depository Participant / Share Transfer Agent.

In case you wish to receive all the above communications in electronic form; and

- A. hold your shares in dematerialized form, kindly register your e-mail address with your Depository Participant at the earliest, or
- B. hold your shares in physical form, kindly register your e-mail address with our Share Transfer Agent at the following address at the earliest;

Sharepro Services (India) Pvt. Ltd.  
**Laxman Poojary**  
 Asst. Client Manager,  
 13AB Samhita Warehousing Complex, Second Floor,  
 Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road,  
 Andheri (East), Mumbai – 400 072  
 Tel No. : (022) 67720300 Fax No. : (022) 28591568  
 E-mail ID : sharepro@shareproservices.com

You may use the format given below for registering your e-mail address with your Depository Participant / Sharepro Services (India) Pvt. Ltd.

We wish to inform you that in addition to getting the documents through your registered e-mail, you can also have access to the documents through our company website, [www.indiagelatine.com](http://www.indiagelatine.com) The document will also be available to you for inspection at the Registered Office of the company during office hours.

We are sure you would appreciate the "Green Initiative" taken by MCA, just as it is being welcomed by companies like us. Needless to say, you will be, as a member of the company, entitled to be furnished with a copy of the above mentioned documents as required under the provisions of the Companies Act, 1956, free of cost, upon receipt of a requisition from you any time during the year.

We solicit your whole-hearted co-operation in helping the Company implement the e-governance initiatives of the Government in the interest of environment, which is the need of the hour today.

This communication may be ignored, if your e-mail address is already registered with your Depository Participant / Sharepro Services (India) Pvt. Ltd.

Thanking you,  
Yours faithfully,

For **INDIA GELATINE & CHEMICALS LTD.**

**Viren C. MIRANI**  
MANAGING DIRECTOR

-----x-----x-----  
 E-COMMUNICATION REGISTRATION FORM  
 (In terms of circulars dated 21.04.2011 & 29.04.2011  
 Issued by the Ministry of Corporate Affairs)



**India Gelatine & Chemicals Ltd.**  
 703, 'Shilp', C.G. Road,  
 Navrangpura,  
 Ahmedabad – 380009 Gujarat

Folio No./DP ID & Client ID No. : \_\_\_\_\_  
 Name of 1<sup>st</sup> Registered holder : \_\_\_\_\_  
 Name of Joint holder(s) : \_\_\_\_\_  
 \_\_\_\_\_  
 E-mail ID (to be registered) : \_\_\_\_\_

Please register my above e-mail ID in your records for receiving communication in electronic form from company/ies of which I/we am/are shareholder(s).

Date : \_\_\_\_\_

Signature \_\_\_\_\_  
(First holder)



# INDIA GELATINE & CHEMICALS LTD.

77778, Mittal Chambers, 228, Nariman Point, Mumbai - 400 021. INDIA  
Tel.: +91-22 2202 0341 Fax: +91-22 2284 5522  
Email : igclmumbai@indiagelatine.com, Web : www.indiagelatine.com

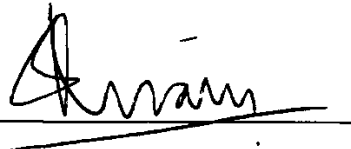
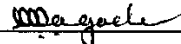
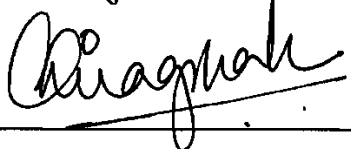
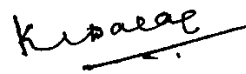
26<sup>th</sup> August, 2013

**Bombay Stock Exchange Ltd.,**  
Corporate Relationship Department,  
1<sup>st</sup> Floor, New Trading Ring,  
Rotunda Building, P. J. Towers,  
Dalal Street, Fort,  
Mumbai - 400 001

dc

## FORM-A Code No. 531253

### Sub: Annual Audit Report

1.	Name of the company	India Gelatine & Chemicals Ltd.
2.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N. A.
5.	To be signed by-	
	<ul style="list-style-type: none"><li>• Managing Director (Mr. V. C. Mirani)</li></ul>	
	<ul style="list-style-type: none"><li>• CFO (Mr. K. P. Vagadia)</li></ul>	
	<ul style="list-style-type: none"><li>• Auditor of the company (For M/s Mahendra N. Shah &amp; Co., Mr. Chirag M. Shah FRN105775W)</li></ul>	
	<ul style="list-style-type: none"><li>• Audit Committee Chairman (Mr. K. C. Dalal)</li></ul>	

We have already forwarded six copies of the signed Annual Report as per the requirements of the Listing Agreement.

Thanking you,

Yours Faithfully,  
For **INDIA GELATINE & CHEMICALS LTD.,**



**COMPANY SECRETARY**

Regd. Office : 703, "SHILP", C.G. Road, Navrangpura, Ahmedabad - 380 009. (Gujarat). INDIA  
Tel.: +91 79 2646 9514 Fax: +91 79 2646 5569.

Factory : Plot No. 1-A, G.I.D.C. Industrial Estate, National Highway, VAPI - 396 195. (Gujarat). INDIA  
Tel.: +91 260 240 1741, 240 1584, 240 1385 Fax: +91 260 240 0795