

**COMPANY INFORMATION****Board of Directors**

Kiran M. Chhabria	- Director
Sanjeev Jain	- Director
Ravindra K. Raje	- Director
Justice Gulab Gupta	- Independent Director
Deepak Chaudhuri	- Independent Director
Mohan Chandra Pant	- Independent Director
Ashok K. Kapur	- Whole Time Director

**Board Committees****Audit committee**

Justice Gulab Gupta	- Chairperson
Deepak Chaudhuri	
Mohan Chandra Pant	
Ravindra K. Raje	

**Compensation committee**

Justice Gulab Gupta	- Chairperson
Deepak Chaudhuri	
Mohan Chandra Pant	

**Investors' Grievance Committee**

Mohan Chandra Pant	- Chairperson
Justice Gulab Gupta	
Mr. Ashok K. Kapur	

**Company Secretary &  
Compliance Officer**

Mahesh Verma

**Auditors**

T.R. Chadha & Co.  
Mumbai

**Registered Office**

CARAVS", Room No. 28  
15, Civil Lines, Jabalpur (M.P.)

**Factory**

Meergunj, Bheraghat Road  
Jabalpur (M.P.)

**Bankers**

Allahabad Bank  
IDBI Bank  
Union Bank of India  
ICICI Bank Ltd.  
State Bank of India  
HDFC Bank Ltd.  
Axis Bank Ltd.

**Registrars and Share Transfer Agents**

CB Management Services Pvt. Ltd  
P-22, Bondel Road,  
Kolkata 700019

**Depositories**

National Securities Depository Limited  
Central Depository Services (I) Limited

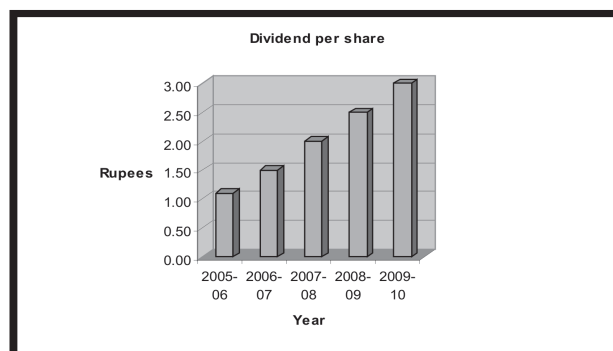
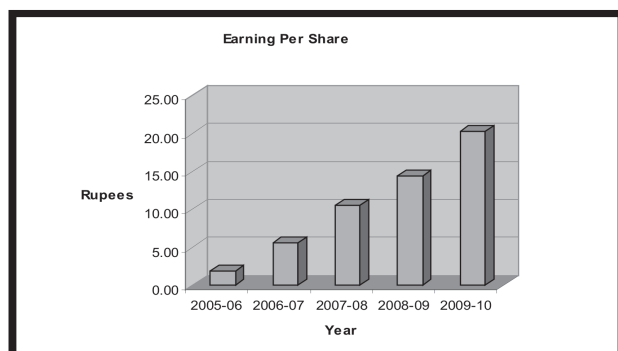
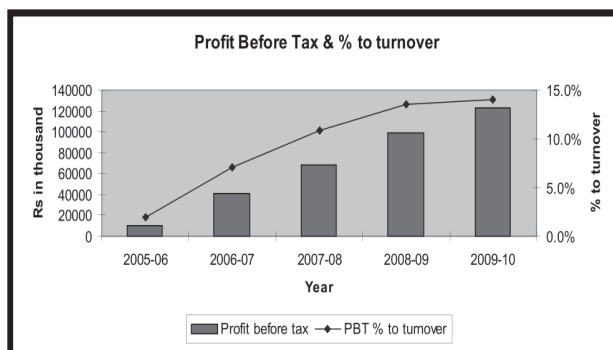
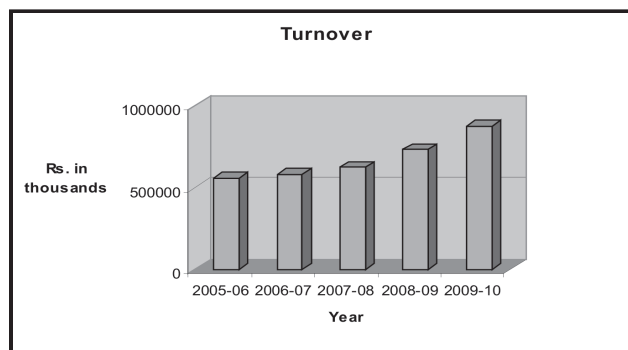
**Listed with**

Bombay Stock Exchange Ltd.



## COMPANY'S PERFORMANCE AND FINANCIAL TREND

Some of the key financial and operational data for the last five years are provided in the table below:



(Rs.'000) Amount

	2005-06	2006-07	2007-08	2008-09	2009-10
<b>Financial Performance</b>					
Turnover	557823	583495	625242	733986	875294
Profit before tax	10724	41400	68236	99201	122439
PBT % to turnover	1.9%	7.1%	10.9%	13.5%	14.0%
Profit after tax	9295	23795	43447	58562	81788
Basic and Diluted Earnings per Share (Rs.)	1.93	5.60	10.60	14.47	20.28
Dividend per equity share (Rs.)	1.10	1.50	2.00	2.50	3.00

### Financial Position

	2005-06	2006-07	2007-08	2008-09	2009-10
Fixed Assets (Net Block)	147895	135672	165001	201902	208401
Capital Expenditure (WIP)	1370	10183	32819	12225	1657
Investments	3	3	3	3	55003
Cash and Bank Balances	85945	93900	86899	89654	74597
Net Current Assets	227368	242585	229037	269171	262815
Total Assets	376636	388443	426860	483301	537876
Shareholder's Fund	353826	361669	386515	424984	490435



## NOTICE

Notice is hereby given that the Forty Ninth Annual General Meeting of the Members of Narmada Gelatines Limited will be held on Tuesday, September 21<sup>st</sup>, 2010 at 12:30 p.m., at Hotel Satya Ashoka, Wright Town, Jabalpur - 482001, to transact the following businesses:

### A. ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 2010, Profit & Loss Account for the year ended on that date and the Report of the Directors' and the Auditors' thereon.
2. To declare dividend for the financial year ended March 31, 2010 .
3. To appoint a director in place of Mr. Deepak Chaudhuri, who retires by rotation and, being eligible, seeks re-appointment.
4. To appoint a director in place of Mr. Mohan C. Pant, who retires by rotation and, being eligible, seeks re-appointment.
5. Appointment of Auditors

To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s T.R.Chadha & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors, including service tax, out-of-pocket and travelling expenses."

### B. SPECIAL BUSINESS

6. Re-Appointment of Mr. Ashok K Kapur as the Whole Time Director of the Company.

To consider and if thought fit, to pass with or without modification(s) the following resolution as an Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 ("Act"), as amended or re-enacted from time to time read with Schedule XIII to the Act and subject to such sanctions and approvals as may be necessary, approval of the Company be and is hereby accorded to the re-appointment of Mr. Ashok K. Kapur as the Whole Time Director of the Company for a further period of three years, with effect from 1st June, 2010, as per the terms and conditions as stated in the explanatory statement annexed to the Notice convening this Annual General Meeting, including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year, with liberty to the



Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mr. Ashok K Kapur. RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board of Directors  
For Narmada Gelatines Limited

Mahesh Verma  
Company Secretary

Place : Jabalpur  
Date : 12<sup>th</sup> August, 2010

Registered Office : CARAVS, Room No. 28  
15, Civil Lines, Jabalpur - 482001

**Notes :**

- a) The Register of Members and the Share Transfer Register will remain closed from 13<sup>th</sup> September to 21<sup>st</sup> September, 2010 (both days inclusive).
- b) A member entitled to attend and vote at the Annual General Meeting (the meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.
- c) Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
- d) Members and proxy holders are requested to bring their copies of Annual Report to the Meeting.
- e) Members who hold shares in dematerialised form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
- f) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- g) Dividend on Equity Shares as recommended by the Board of Directors for the financial year ended 31<sup>st</sup> March, 2010 if declared at the meeting will be paid on or after 21<sup>st</sup> September, 2010 to those members whose names appear on the Company's Register of members as on 21<sup>st</sup> September, 2010 (Record date) subject however to the provisions of Section 206A of the Companies Act, 1956. In respect of shares held in electronic mode dividend will be paid on the basis of beneficial ownership as per details furnished by NSDL and CDSL for this purpose.



- h) Members are requested to notify immediately any change of address and also particulars of their Bank Accounts viz. Name of Bank, Branch, complete address of the Bank and Account Number for printing the same on the Dividend Warrants to avoid fraudulent encashment:
- to their Depository Participants (DP) in respect to their Electronic Share Account; and
  - to the Company at its Registered Office or to the Registrars and Share Transfer Agents of the Company in respect of their physical share holdings.
- i) Any Member desirous of obtaining any information on the Accounts of the Company, may please forward such queries in writing to the Company Secretary at the Registered Office, at least ten days prior to the date of the Meeting.
- j) As required under clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, the relevant details of persons seeking appointment/ re-appointment as directors / whole time director are furnished in the Corporate Governance section of this Annual Report.
- k) Members having multiple ledger folio in identical name or joint names in identical order, are requested to intimate to the Company or its Registrars such ledger folio(s) for consolidating such multiple holdings into single account.
- l) Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, (the Act), the unclaimed dividend / debenture interest / debenture redemption amount for the year ended 31<sup>st</sup> March, 2003 and thereafter, which remain unclaimed for seven years will be transferred by the company to the Investor Education and Protection Fund (IEPF) established under Section 205C of the Act. Members are requested to note that no claims shall lie against the Company or the IEPF in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claim. The Company has already transferred the unclaimed dividend and debenture interest and principal money for the year ended 31<sup>st</sup> March, 2002 to IEPF.
- m) In terms of the provisions of Section 109A read with 109B of the Companies Act, 1956, a Member may nominate, at any time, in the prescribed manner in Form No. 2B (vide Rules 4CCC and 5D of the Companies (Central Government's General Rules and Forms, 1956), a person to whom his/her shares in the Company shall vest in the event of his/her death. This may be sent to the Company Secretary at the Registered Office, duly completed.
- n) Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number ("PAN") by every participant in the securities market. Members holding shares in electronic form are therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Share Transfer Agents, M/s. CB Management Services Pvt. Ltd.



- o) Non-Resident Indian members are requested to inform the company's Registrar and transfer agents M/s CB Management Services Pvt. Ltd immediately of:
- change in the residential status on return to India for permanent settlement; and
  - particulars of their Bank account maintained in India with complete name, branch, account type, account no. and address of the bank, if not furnished earlier.

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

As required under Section 173(2) of the Companies Act, 1956, the Explanatory Statement set out all material facts relating to business mentioned under Item No. 6 :

##### **Item No. 6**

Mr Ashok K Kapur is a Mechanical Engineer having 40 years of experience in Gelatine industry. He has contributed immensely to the growth of the Company and his vast and rich experience in Gelatine Industry will be beneficial to the company. He has been the Chairman of Ossein & Gelatine Manufactures' Association of India and a Director of Gelatine Manufacturers Association of Asia Pacific and the Chairman of Ossein and Gelatine Panel of CAPEXIL. He is overall in-charge of the Company embracing the whole gamut of operations.

Mr. Kapur's previous term as the Whole-time director of the Company expired on May 31, 2010. The Board of Directors of the Company, at their meeting held on May 18, 2010, resolved to re-appoint Mr. Ashok K. Kapur as the whole-time director of the Company for a further period of three years, commencing from June 1, 2010.

The appointment is subject to the approval of members. The terms and conditions of his appointment are as follows:

1. Period of appointment Three years from June 1, 2010 to May 31, 2013.
2. Nature of Duties: Mr. Kapur shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and exercise such powers as may be assigned to him, subject to the superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company.
3. Remuneration, perquisites, allowances and benefits:
  - (i) Remuneration:
    - (a) Salary per month Rs. 95,638/-.
    - (b) Bonus Rs. 5,00,000/- for the year 2009-10.



(ii) Perquisites and allowances:

- (a) House Rent Allowance per month Rs. 47,819/-
- (b) Conveyance Allowance per month Rs. 800/-
- (c) Medical reimbursement : Reimbursement of actual expenses for self and family and / or allowance will be paid as decided by the Board from time to time subject to a limit of Rs. 12,000/- per month.
- (d) Special Allowance per month Rs. 20,000/-
- (e) Leave travel concession / allowance - For self and family once in year, subject to a maximum of Rs. 50400/- per annum

(iii) Other benefits:

- (a) Earned / privilege leave - As per the rules of the Company
- (b) Company's contribution to provident fund and superannuation fund - As per the rules of the Company
- (c) Gratuity - As per the rules of the Company
- (d) Encashment of leave - As per the rules of the Company
- (e) Company telephone - Use of the Company's telephone at the residence for official purposes, as per the rules of the Company

(iv) Minimum Remuneration: Notwithstanding anything to the contrary herein contained, where in any financial year closing on and after March 31, 2011, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Ashok K Kapur the remuneration by way of salary, performance bonus and other allowances not exceeding the limits specified under Paragraph 2 of Section II, Part II of Schedule XIII of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force), or such other limits as may be prescribed by the government from time to time as minimum remuneration.

- 4. The agreement, executed between the Company and Mr. Ashok K Kapur, may be terminated by either party by giving three months' notice in writing of such termination.
- 5. The terms and conditions of the appointment may be altered and varied from time to time by the Board as it may, in its discretion deem fit, subject to such approvals as may be required.
- 6. The terms and conditions of the appointment of Mr. Kapur also include clauses pertaining to adherence with the Code of Conduct, no conflict of interest with the Company and maintenance of confidentiality.
- 7. Mr. Kapur shall not become interested or otherwise concerned, directly or through his spouse and/or children, in any selling agency of the Company.



No director, except Mr. Ashok K Kapur, is deemed to be interested or concerned in his re-appointment and remuneration payable to him as a director in whole-time employment. The terms of re-appointment of Mr. Ashok K. Kapur, as stated in this notice, may be treated as the abstract of terms and conditions of re-appointment and memorandum of interest under Section 302 of the Companies Act, 1956. The copies of relevant resolutions of the Board and agreement with respect to the re-appointment is available for inspection by members at the registered office of the Company during working hours on any working day till the date of this AGM.

The Directors are of the view that the re-appointment of Mr. Ashok K. Kapur as Wholetime Director will be beneficial to the operations of the company. The Board accordingly recommends the resolution as set out in Item 6 of the Notice for approval of the members.

By Order of the Board of Directors  
For Narmada Gelatines Limited

**Mahesh Verma**  
Company Secretary

Place : Jabalpur  
Date : 12 August, 2010

Registered Office:  
CARAVS, Room No. 28  
15, Civil Lines,  
Jabalpur 482001



**DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS**

Dear Shareholders,

We are delighted to present the report on our business and operations for the year ended March 31, 2010.

	Rs. Lacs	
	Year ended 31st March, 2010	Year ended 31st March, 2009
Profit before Tax	1224.39	992.14
Provision for Taxation:		
Current	407.40	213.00
Earlier Year Tax	Nil	56.78
Deferred Tax	(0.89)	133.47
Fringe Benefit Tax	Nil	3.14
Profit after Tax	817.88	585.62
Balance brought forward from last year	1703.45	1296.21
Amount available for appropriation	2521.33	1881.87
Transfer to General Reserve	81.79	58.57
Dividend and tax on Preference Shares	Nil	1.85
Proposed Dividend on Equity Shares	120.99	100.83
Tax on proposed dividends	20.09	17.14
Balance carried forward	2298.46	1703.48

**Operations**

The gross turnover of the company increased to Rs. 87.53 crores from Rs. 73.40 crores in the previous year, a growth of 19%. During the year, revenue from exports increased to Rs. 4.59 crores as compared to Rs. 2.75 crores in the previous year.

The Profit before tax improved to Rs. 12.24 crores as compared to Rs. 9.92 crores in the previous year. Net profit after tax increased to Rs. 8.18 crores as compared to Rs. 5.86 crores in the previous year, an increase of 39.6%.

The increased production capacity enabled the Company to reap benefits of economies of scale resulting in improved profitability despite increasing input costs. The Company has invested significantly in modernizing plant, machinery and equipment in recent years to improve operational efficiency.

The Company's primary focus has been to develop long-term relationship with customers and provide total customer satisfaction by manufacturing products to International quality and food safety standards through continuous improvements.

**Dividends**

Based on the Company's performance, the Directors are pleased to recommend a dividend of Rs. 3/- per equity share for the financial year 2009-10.



The total outflow on account of the proposed dividend including dividend distribution tax will be Rs. 141.08 lacs, (previous year Rs. 117.97 lacs).

The dividend on equity shares, if approved at the ensuing Annual General Meeting, will be paid to Members whose names appear in the Register of Members as on 21<sup>st</sup> September, 2010 and to Members whose names appear on that date as Beneficial Owners as furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

### **Transfer to Reserves**

It is proposed to transfer an amount of Rs. 81.79 lacs (10% of the net profits for the year) to the General Reserve. An amount of Rs. 595.01 lacs out of the profits for the year under review is proposed to be retained in the Profit and Loss account.

### **Industry Structure and Developments**

Gelatine industry in India is characterised by the manufacturers supplying to a limited number of bulk industrial customers. Around 85% of the use of gelatine in the country is in the pharmaceutical industry while the balance is for edible and other uses. The impact of the economic meltdown on your company's business was marginal as the demand of gelatine remained at a steady level.

During the year your company has been certified by Det Norske Veritas for ISO 22000:2005 Standard.

### **Opportunities and Threats**

Till recently, India had been graded as "Undetermined BSE Risk" status, which has been a cause of concern to the industry. The Government bodies and the industry have been making serious efforts to satisfy the concerned authorities in Office International des Epizooties, Paris [OIE] for proper gradation of India as a BSE-free country. Following the representations made to OIE, the status of India has now been upgraded to "Negligible Risk". This will help the Indian gelatine industry to export products worldwide.

The level of awareness about environmental hazards has increased among the general public and the state authorities are maintaining pollution control norms regularly. The industry is now required to address the issue of environment with more commitment. Your company has taken necessary steps to meet this challenge effectively.

### **Performance**

The capacity utilisation of gelatine production by your Company was 98% against the industry average of around 83%.

### **Outlook**

The company's actions to improve productivity and enhance the production capacity has started yielding better results. Barring any unforeseen circumstances, your company should continue to perform well.



### **Risks and Concerns**

Since gelatine is intended for human consumption, checks and controls in the supply chain of basic raw materials are stringent. This is restricting availability of suitable raw materials and the situation is likely to continue in future also. The replacement of the by-product Di-calcium Phosphate by enzymes in poultry feeds as an alternative, needs to be closely monitored.

### **Segment-wise or product-wise performance**

The company is engaged in the business of manufacture and sale of gelatine, ossein and di-calcium phosphate which broadly form part of one product group and hence a single business segment. However, based on geographical factors, reportable segment have been identified as exports sales and domestic sales. The segment revenue information is given separately in Schedules to Accounts under the disclosure as required under Accounting Standard 17 - Segment Reporting and form part of the Directors' Report.

### **Internal Control System**

Your Company believes in transparency in systems and controls. The Company has a robust system of internal control comprising supervision, checks and balances, policies, procedures and internal audit. The system is reviewed and updated on an ongoing basis. The Group Internal Audit team continues to support the internal audit function.

The Audit Committee and the Management review the recommendations of Internal Auditors and suitable steps are taken to implement their recommendations on regular basis.

### **Human Resources**

Retaining high performing talent has been the prime focus. The Company has made a concerted effort to match industry compensation norms in order to retain dedicated and skilled employees.

As in the past, industrial relations continued to remain cordial.

### **Fixed Deposits**

The Company has not accepted any fixed deposit during the year under review.

### **Subsidiary Company**

The Company does not have any subsidiary company.

### **Directors**

Pursuant to the provisions of the Companies Act, 1956, and Article 115 of the Articles of Association of the Company, Mr. Deepak Chaudhuri and Mr. Mohan C. Pant Directors, retire by rotation at the ensuing Annual General Meeting of the Company and, being eligible, offer themselves for re-election.

Your Board of Directors recommends their re-election.

Mr. Ashok K Kapur's term as a Whole Time Director is expired on 31<sup>st</sup> May, 2010.

Mr. Kapur's continuity would be of benefit to the Company and accordingly your Board of Directors recommend his reappointment as a Whole Time Director for a period of 3 years with effect from 1<sup>st</sup> June, 2010.



Attention of Shareholders is invited to the relevant items of the Notice of the Annual General Meeting and the Notes thereto.

Brief resume of the Directors proposed to be appointed / reappointed, nature of their expertise in specific functional areas and names of companies in which they hold directorship and membership / chairmanship of committees of the Board, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are given in the section on Corporate Governance elsewhere in the Annual Report.

All the appointments of the Directors of the Company are in compliance with the provisions of Section 274(1)(g) of the Companies Act, 1956.

### **Directors' Responsibility Statement**

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

- That in the preparation of accounts for the financial year ended 31<sup>st</sup> March 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so far as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit and loss of the Company for the year under review;
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
- That the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2010 on a 'going concern' basis.

### **Auditors and Audit Report**

M/s T.R. Chadha & Co., Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of ensuing Annual General Meeting and are eligible for reappointment.

The Company has received letter from them to the effect that their reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the said Act.

The Notes on Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

### **Transfer of Unpaid and Unclaimed amounts to IEPF**

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the declared dividends and interest on debentures which remained unpaid or unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the said Act.



### **Corporate Governance**

Your Company is committed to maintain the highest standards of Corporate Governance and adhere to the requirements set out by the Securities and Exchange Board of India's Corporate Governance practices.

Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges forms part of the Annual Report. The Whole-Time Director's declaration regarding compliance with the Company's Code of Business Conduct and Ethics for Directors and Management Personnel forms part of Report on Corporate Governance. The requisite certificate from M/s T.R. Chadha & Co., Chartered Accountants, Statutory Auditors of the Company confirming compliance with the conditions of Corporate Governance, as stipulated under the aforesaid Clause 49, is annexed to this Report.

### **Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo**

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed 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 are provided in the Annexure to this Report.

### **Employees**

A statement, as required under section 217(2A) of the Companies Act, 1956, as amended, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is annexed hereto and forms part of this Report.

### **Industrial Relations**

Industrial relations remained cordial throughout the year. Your Directors also place on record their sincere appreciation of the significant contributions made, and the continued support extended, by all employees at all levels to the Company's operations during the year.

### **Acknowledgement**

Your Directors take this opportunity to thank the Central and the State Governments, statutory authorities, bankers, vendors and business associates and the shareholders for their continued interest and valued support.

For and on behalf of the Board

**R.K. Raje**  
Director

**A .K. Kapur**  
Wholetime Director

Place : Jabalpur  
Date : 12<sup>th</sup> August, 2010



## Annexure to Directors' Report

### I. Particulars required under The Companies (Disclosure of Particulars in the Report of Board of Directors), Rules, 1988

#### A. RESEARCH & DEVELOPMENT

##### 1. Specific Area in which R&D carried out by the Company :

- (a) Processing of Gel Bones
- (b) Improved yield of crushed bones from raw bones.

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

Improved product mix and yield of gelatine.

##### 3. Future Plan of Action :

- (a) Tie up with Gel bone manufacturers for consistent and committed supplies of raw material.
- (b) Improve yield of gelatine.

##### 4. Expenditure on R&D

Recurring Rs.8,59,516; Capital Expenditure 4,19,087  
Total R&D Expenditure as a % of Total Turnover : 0.15%

#### B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

##### 1. Efforts in brief made towards technology absorption, adoption and innovation:

- (a) Co-processing of lime waste for environmental improvement
- (b) Usage of coal dust for generation of steam.

##### 2. Benefits derived as a result of above efforts:

- (a) Better environmental conditions.
- (b) Saving in coal consumption.

##### 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year following information may be furnished :

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



Not applicable as no  
technology imported

**4. Foreign Exchange Earnings and Outgo**

The F.O.B. value of exports amounted to Rs. 459.41 lacs against Rs 274.87 lacs in the previous year.

Expenses includes Rs. 3.13 lacs loss on foreign currency fluctuations.

The expenditure in foreign exchange comprises import of raw materials Rs. 42.57 lacs, travel for export promotion Rs. 0.75 lacs and other expenditure Rs. 21.45 lacs.

**II. Statement as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended and forming part of the Directors' Report for the period ended March, 31, 2010 (Particulars of Employees in receipt of remuneration of more than Rs. 24,00,000/- per annum if employed for the whole year or Rs. 2,00,000/- per month if employed for part of the year)**

Name	Age (in years)	Designation / nature of duties	Remuneration	Qualification	Experience (in years)	Date of Commence - ment of employment	Previous Employ- ment
Mr. Ashok K. Kapur	63	Whole Time Director	Rs. 27.06 lacs	B.E. (Mechanical)	40	20.02.1970	P. Leiner & Sons (U.K.)

The above appointment is contractual.

Remuneration includes salary, bonus, allowances, leave encashment, company's contribution to provident fund and monetary value of other perquisites computed on the basis of the Income Tax Act and Rules and excludes gratuity benefits which are paid as per company's policy, subject to the maximum amount as prescribed in Income Tax rules.

Mr. Ashok K Kapur is not related to any employee of the company.

Mr. Kapur is a Mechanical Engineer having 40 years of experience in Gelatine industry. He has been the Chairman of Ossein & Gelatine Manufactures' Association of India and Director of Gelatine Manufactures Association of Asia Pacific and Chairman of the Ossein and Gelatine Panel of CAPEXIL.

Mr. Kapur holds 600 Equity Shares in the Company.

For and on behalf of the Board

**R.K. Raje**  
Director

**A.K. Kapur**  
Wholetime Director

Place : Jabalpur

Date : 12<sup>th</sup> August 2010



## REPORT ON CORPORATE SOCIAL RESPONSIBILITY

'To give back to the society what we receive from it' has been the constant endeavor at Narmada Gelatines. We believe that every drop counts and every step aimed at helping the community is an important step. Commitment towards excellence in health, safety and environment performance is one of the Company's core values. The Company continuously works for the safety of the people, property, environment and the communities in which it operates. The Company considers these as its responsibilities as a corporate citizen. Some of the social activities carried out by the company are as under:

### Health, Safety & Environment

#### Health

All employees undergo regular periodic medical examinations. The company has a tie-up with a Hospital wherein all the Employees receive medical treatment as and when needed.

The company has also First Aid facility and a dispensary within the factory premises.

#### Safety

The Company gives top priority to the safety of its personnel. Mock drills are conducted from time to time for fire fighting, gas leakage, chemical spillage. Periodic trainings are given to workers for first aid, handling fire fighting equipment and handling chlorine gas. Safety slogans and posters are displayed around the factory for creating safety awareness.

#### Environment

The company celebrated the World Environment Day and created environmental awareness amongst employees and surrounding communities. Plantation in rural areas on a large scale were also undertaken.

Having harmony with nature and in this context, afforestation, maintenance of gardens, vermi-compost of waste and its use as manure, reuse of treated water in horticulture activities are regular features in the company.

The protection of environment is the foremost corporate social responsibility, for which the company has installed one of the most efficient effluent treatment plants to treat effluents in the form of solid waste, water or air.

The effluent generated during the process is organic in nature and is treated utilizing anaerobic and aerobic processes. The company is a pioneer in utilizing anaerobic process for gelatine effluent. The Bio-gas generated is utilized as partial replacement of furnace oil in hot air generator.

Clean Narmada Green Jabalpur programme The Company and its employees regularly promote and participate in projects for cleanliness of river Narmada through cleaning banks, flex, banners and wall paintings. The Company participated in programmes for the cleaning of Gwarighat, Tilwaraghat and Saraswatighat banks of the river Narmada.





### **Social responsibility and Community Development**

The Company from time to time arranges for supply of drinking water in the surrounding villages and has for the purpose, arranged for installed drinking water connections in village Kodan and Bilha.

The Company provides drinking water at various locations around the factory during the summer season. The Company also contributed for the marriage of poor girls of the surrounding villages.

### **Education**

Education continues to be one of the focus areas of social development for the Company. The Company provides assistance to schools such as "Parivartan", Asha School, Akal Vidayala. The Company supports academics and education at all levels, give scholarship etc. to poor girls of the locality.

### **Community Health Care**

For last many years, the Company conducts regular health check-ups, medical diagnostic camps, cataract operative camps, distributes medicines and spectacles to large number of patients in the neighbouring villages.

The company also gets the medicines and insecticides sprinkled in the surrounding villages to prevent diseases and promote cleanliness.

### **Relief Operations**

The company extends donations in the event of natural calamities in the country.



## REPORT ON CORPORATE GOVERNANCE

The Company's shares are listed on the Bombay Stock Exchange. The Corporate Governance Report for the year 2009-10 is in accordance with the provisions of Clause 49 of the Listing Agreement.

### 1. Company's Philosophy on Corporate Governance

Good corporate governance practices enhance companies' value and stakeholders' trust resulting into robust development of capital market, the economy and also help in the evolution of a vibrant and constructive shareholders' participation. The Company adheres to good corporate practices and is constantly striving to better them. The company believes in the principles of integrity, fairness, equity, transparency, accountability and commitment to values in all facets of its operations, and in all its interactions with its stakeholders be it the shareholders, the employees, the government, the lenders. It is also believed that adherence to business ethics and commitment to corporate social responsibility would help the Company achieve its goal of maximizing value for all its stakeholders. Corporate governance is a continuous exercise and the Company is committed to pursuing the highest standards of corporate governance in the overall interest of all the stakeholders.

Timely and accurate disclosure of information is an important part of corporate governance. This improves public relationship with the organization. Consequently, the organization is able to attract investors, and enhance the trust and confidence of the stakeholders.

The Board of Directors has the requisite number of independent Directors. For effective discharge of its functions and proper deliberations, the Board has constituted various business committees from time to time. Adequate disclosures and information are provided to the Board/ Committees. The independent Directors actively participate at the Board and Committee Meetings.

The Company has adopted a Code of Conduct for its employees including the Whole-time Directors. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors. The Code has been circulated to all the members of the Board and senior management and affirmation is received from all the members of Board and the senior management staff regarding its compliance.

### 2. Board of Directors

#### A. Board Composition, attendance of Directors at Board Meetings, Last Annual General Meeting and number of other Directorships and Chairmanships / Memberships of Committees of each Director in various companies:

- (i) The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors, which is in conformity with the requirement of Clause 49 of the Listing Agreement entered into with the Stock Exchanges. The Company has 7 Directors with a Non-Executive Chairman. Of the seven Directors, six are Non-Executive Directors and three are Independent Directors.



Composition of the Board and category of Directors are as follows :

Category	Name of the Directors
Promoter Directors	Ms. Kiran M. Chhabria
Executive Director	Mr. Ashok K. Kapur
Non-Executive Non-Independent Director	Mr. Sanjeev Jain Mr. R.K. Raje
Independent Directors	Justice Gulab Gupta Mr. Deepak Chaudhuri Mr. M. C. Pant

- (ii) None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees as specified in Clause 49 of the Listing Agreement, across all the companies in which he/she is a Director. Necessary disclosures regarding Committee positions in other public companies as at March 31, 2010 have been made by the Directors.

Attendance of Directors at Board Meetings, Last Annual General Meeting and number of other Directorships and Chairmanships / Memberships of Committees of each Director in various companies is given below.

Name of Director	No. of other Directorships	Committees of which he/ she is a member	Committees of which he/ she is Chairperson	Attendance	
				Board Meetings	Last AGM (08.09.2009)
Ms. Kiran M. Chhabria	1	-	-	-	No
Mr. Sanjeev Jain	2	5	-	2	Yes
Mr. Deepak Chaudhuri	-	1	-	3	No
Justice Gulab Gupta	-	3	1	4	Yes
Mr. M.C. Pant	-	3	1	4	Yes
Mr. R. K. Raje	6	7	1	4	Yes
Mr. A.K.Kapur	1	1	-	4	Yes

Notes:

*The Directorships held by Directors as mentioned above, do not include Alternate Directorships and Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.*

*In accordance with Clause 49, Memberships / Chairmanships of only the Audit Committees and Shareholders'/ Investors' Grievance Committees of all Public Limited Companies have been considered.*

### **Directors' Profile**

Brief resume of the Directors being reappointed, nature of their expertise in specific functional areas and names of companies in which they hold directorships, memberships/ chairmanships of Board and Committees and their shareholding in the Company, if any, are provided below :

- (i) Mr. Deepak Chaudhuri is a graduate from St. Stephens College, New Delhi, one of India's premier institution, and has subsequently completed a Strategic Management course from Harvard University Graduate School of Business Management in U.S.A. He has around 30 years of experience in sales and marketing.



He is presently on the Board of Directors of M/s Sunny Megabrands Exim (Pvt.) Ltd. and M/s Imperial Cropcare (Pvt.) Ltd. He does not hold any shares in the company as on 31st March, 2010.

- (ii) Mr. Mohan C. Pant is a B.Sc., BE (Hons) - 1961 from Govt. Engg. College, Jabalpur. After a long stint of 36 years with MP State Electricity Board (MPSEB), he retired as a Board Member (Generation) in 1997. At present, he provides consultancy to MPSEB for trouble-shooting in Generating Plants. He is also a member of Arbitration Panel for MPSEB.

Mr Pant is not a director in any other company. He does not hold any shares in the company as on 31st March, 2010.

- (iii) Mr. Ashok K. Kapur is a Mechanical Engineer having 40 years of experience in Gelatine industry. He is Ex-Chairman of Ossein & Gelatine Manufactures' Association of India and Director of Gelatine Manufacturers Association of Asia Pacific and Ex-Chairman Ossein and Gelatine Penal CAPEXIL.

At present, he is also on the Board of Directors of M/s GWL Properties Limited. He holds 600 equity shares of the company as on 31st March, 2010.

#### **B. Board Meetings held during the year**

During the year ended 31<sup>st</sup> March, 2010 the Company held four Board meetings. The Company has held at least one Board meeting in every three months and the maximum time gap between any such two meetings was not more than four months. The details of the Board meetings held are as under:

Sl.No.	Date	Board Strength	No. of Directors Present
1	26 <sup>th</sup> May, 2009	7	5
2	28 <sup>th</sup> July, 2009	7	5
3	31 <sup>st</sup> October, 2009	7	6
4	25 <sup>th</sup> January, 2010	7	5

#### **Information placed before Board of Directors**

The Board of Director are provided with all the information and update on the subjects detailed under and have complete access to any information within the Company.

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the company.
- Minutes of meetings of audit committee and other committees of the board.
- Show cause, demand, prosecution notices and penalty notices, which are materially important
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.



- Sale of material nature, of investments, assets, which is not in the normal course of business.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfers, etc.

### 3. Audit Committee

- i) The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.
- ii) The terms of reference of the Audit Committee are broadly as under:
  - Reviewing the financial reports and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information as disclosed in the reports.
  - Recommending the appointment and removal of external auditors, fixation of audit fee and other payments.
  - Reviewing the financial statements and draft audit report, including quarterly / half yearly financial information.
  - Reviewing with management the quarterly and annual financial statements before submission to the Board focusing primarily on:
    - ✦ any changes in accounting policies and practices;
    - ✦ major accounting entries based on exercise of judgment by management;
    - ✦ qualifications in draft audit report;
    - ✦ significant adjustments arising out of audit;
    - ✦ the going concern assumption;
    - ✦ compliance with accounting standards;
    - ✦ compliance with stock exchange and legal requirements concerning financial statements;
    - ✦ any related party transactions as per Accounting Standard 18.
    - ✦ Reviewing the Company's financial and risk management policies.
    - ✦ Disclosure of contingent liabilities.
  - Reviewing with the management, and internal auditors, the adequacy of internal control systems.
  - Reviewing the adequacy of internal audit function, including the audit charter, approval of the audit plan and its execution, coverage and frequency of internal audit.
  - Discussion with internal auditors of any significant findings and follow-up thereon.
  - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.



- Looking into the reasons for substantial defaults in payments to the shareholders (in case of non-payment of declared dividends) and creditors.
- iii) The Audit Committee Meetings are usually attended by the Whole Time Director, Head of Finance & Accounts Department, and representatives of the Statutory Auditors and Internal Auditors. The Company Secretary acts as Secretary of the Audit Committee.
- iv) The previous Annual General Meeting of the Company was held on September 08<sup>th</sup>, 2009. The Chairman of the Audit Committee, Justice Gulab Gupta attended the Meeting.
- v) The composition of the Audit Committee and particulars of meetings attended by the members of the Audit Committee are given below:

The Audit Committee comprises of four Non-Executive Directors viz., Justice Gulab Gupta, Mr. Deepak Chaudhuri, Mr. R.K. Raje and Mr. M.C. Pant. Mr. Gulab Gupta, an Independent Non-Executive Director is the Chairman of the Audit Committee.

Mr. R.K. Raje possesses expert financial and accounting knowledge and is a Fellow member of the Institute of Chartered Accountants of India. He is also a qualified Company Secretary and a Bachelor of Law.

Attendance of each Member at the Audit Committee meetings held during the year:

S.No.	Name	No. of meetings attended
1	Mr. Deepak Chaudhuri	3
2	Justice Gulab Gupta	4
3	Mr. R.K. Raje	4
4	Mr. M.C. Pant	4

Four Audit Committee meetings were held during the year. The details of the meetings are as under:

Sl.No.	Date	Committee Strength	No. of Members Present
1	26 <sup>th</sup> May, 2009	4	3
2	28 <sup>th</sup> July, 2009	4	4
3	31 <sup>st</sup> October, 2009	4	4
4	25 <sup>th</sup> January, 2010	4	4

#### 4. Remuneration Committee

- i) The Company has constituted a Remuneration Committee of Directors.
- ii) The broad terms of reference of the Remuneration Committee are as under:
  - a) To approve the remuneration and incentive remuneration payable to the Whole Time Director for each financial year;



- b) To approve any change in Director's Sitting fees for attending the Board / Committee Meetings and such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend/approve.
- iii) The composition of the Remuneration Committee and the details of meetings attended by the members of the Remuneration Committee are given below:

The Remuneration Committee comprises of the following Directors:

Mr. Deepak Chaudhuri	- Chairman
Justice Gulab Gupta	- Member
Mr. M.C. Pant	- Member

Two Remuneration Committee meetings were held during the year. The details of the meetings are as under:

Sl.No.	Date	Committee Strength	No. of Members Present
1	26 <sup>th</sup> May, 2009	3	2
2	28 <sup>th</sup> July, 2009	3	3

#### **Details of Remuneration and other terms of appointment of Directors:**

The aggregate value of the salary and perquisites paid for the year ended 31<sup>st</sup> March, 2010 to the Whole Time Director is Rs. 27.06 lacs. Besides this, the Whole Time Director is also entitled to Gratuity and encashment of leave at the end of tenure. The current agreement with the Whole Time Director is for a period of 3 years from the date of appointment and can be terminated by either party by giving three months' notice in writing.

The Non-Executive Directors were paid sitting fee at the rate of Rs. 4000/- for attending each meeting of the Board and Rs. 1000/- is paid as sitting fees to Committee members for attending each Committee Meeting of the Directors.

#### **5. Shareholders' Grievances Committee**

The Shareholders' Grievances Committee of the Company consists the following Directors:

Mr. M.C. Pant (Chairman)  
Justice Gulab Gupta  
Mr. A. K. Kapur

Mr. Mahesh Verma, Company Secretary is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchanges in India and overseeing the investors' grievances. The Board has delegated the power of approving transfer of shares / issue of duplicate certificates etc. to the Whole Time Director and Company Secretary.

During the year, eight investor complaints were received by the Company. As on 31<sup>st</sup> March, 2010 there were no complaints pending reply.

**6. General Body Meetings**

Location, date and time of the Annual General Meetings held during the preceding 3 years and the Special Resolutions passed thereat are as follows:

<b>AGM</b>	<b>Year</b>	<b>Venue</b>	<b>Date &amp; Time</b>	<b>Special Resolutions</b>
46 <sup>th</sup>	2006-07	Hotel Narmada Jackson South Civil Lines, Jabalpur	Monday, 24 <sup>th</sup> September, 2007 at 12:30 p.m.	For De -listing of Ordinary shares of the company from The Madhya Pradesh Stock Exchange Ltd., Indore.
47 <sup>th</sup>	2007-08	Hotel Narmada Jackson South Civil Lines, Jabalpur	Friday, 19 <sup>th</sup> September, 2008 at 12:30 p.m.	None
48 <sup>th</sup>	2008-09	Hotel Narmada Jackson South Civil Lines, Jabalpur	Tuesday, 8 <sup>th</sup> September, 2009 at 12:30 p.m.	For re-appointment of Shri Ashok K. Kapur as the Whole Time Director of the Company.

During the year ended 31<sup>st</sup> March, 2010, there were no resolutions passed by the Company's members through Postal Ballot. At the ensuing Annual General Meeting also, there is no resolution proposed to be passed through Postal Ballot.

**7. Disclosures**

- a. **Disclosure on materially significant transactions with the related parties viz. Promoters, Directors or Management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of the Company at large :**

There are no materially significant related party transactions of the Company which have potential conflict with the interest of the Company, as all the related party transactions are on arms length basis and in the best interest of the Company. Attention of the Shareholders is drawn to the disclosures of transactions with the related parties set out in Notes to Accounts Schedule 18, forming part of the Annual Report.

- b. The Whole Time Director (CEO) and the Head of Finance have certified to the Board in accordance with Clause 49 (V) of the Listing Agreement for the year ended 31st March 2010.
- c. **Details of non-compliance by the Company, penalties or 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**

There has been no instances of non-compliance with any legal requirements nor have been any strictures imposed by the Stock Exchange, SEBI etc, on any matters relating to the capital market over the last three years.

**8. Means of Communication**

The quarterly, half-yearly and yearly financial results of the Company are sent to Stock Exchanges immediately after they are approved by the Board. These are widely published in leading financial





/ non-financial newspapers generally in Financial Express / Hitvada and Navbharat / Dainik Bhaskar / Raj express / Nai Duniya / Hari Bhoomi having all India coverage.

Annual Results: Annual Report containing inter alia, Audited Annual Accounts, Directors' Report, Auditors' Report, Notice of Annual General Meeting with explanatory notes and other important annexure / information is circulated to members and other entitled thereto.

SEBI EDIFAR: Annual reports, quarterly results, shareholding pattern, etc. of the Company are also posted on the SEBI website [corpfilings.co.in](http://corpfilings.co.in)

Management Discussion and Analysis forms part of the Annual Report.

## **9. General Shareholders' Information**

- **Annual General Meeting**

Day & Date	:	Tuesday, 21 <sup>st</sup> September 2010
Time	:	12:30 p.m.
Venue	:	Hotel Satya Ashoka, Wright Town Jabalpur

- **Financial Calendar 2010-2011**

First Quarter Result	:	By 15 <sup>th</sup> August 2010
Second Quarter Results	:	By 15 <sup>th</sup> November, 2010.
Third Quarter Results	:	By 15 <sup>th</sup> February, 2011
Annual Results for the year ending on 31 <sup>st</sup> March, 2011	:	By 30 <sup>th</sup> May 2011.

- **Book Closure period** : 13<sup>th</sup> September, 2010 to 21<sup>st</sup> September 2010 (both days inclusive)

- **Dividend payment date** : The dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on or after 21<sup>st</sup> September, 2010 to those shareholders, whose names appear on the company's Register of Members on 21<sup>st</sup> September, 2010.

- **Listing of Shares and other Securities**

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Name of Stock Exchanges

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Bombay Stock Exchange Limited (BSE)  
Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai - 400 001

Note: The Company's shares were delisted from the Madhya Pradesh Stock Exchange Association Ltd. w.e.f. 21<sup>st</sup> August, 2009.

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● **Stock Code**

**Scrip Code :** Bombay Stock Exchange (BSE) “526739”

**Company Symbol:** NARMADA GELA

● **Stock Market Data**

The monthly high/ low market prices of the shares during the year 2009-2010 at the Bombay Stock Exchange Limited (BSE) were as under: (Source BSE website)

(Rs. per share)

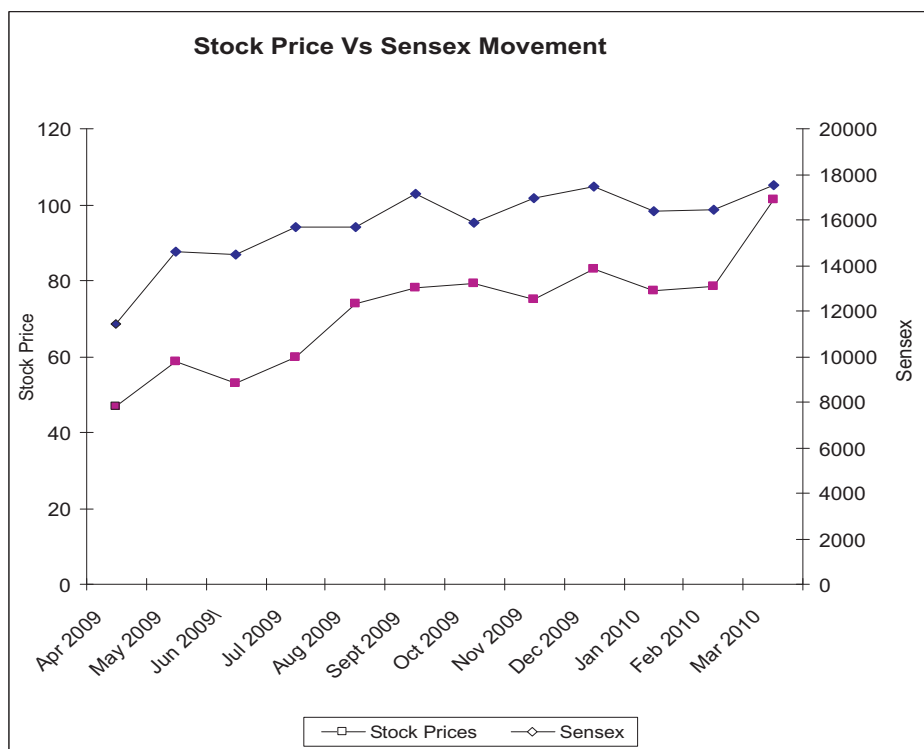
Months	Low Price	High Price
April 2009	33.70	47.15
May 2009	48.95	59.50
June 2009	61.45	62.90
July 2009	54.45	65.80
August 2009	61.00	80.35
September 2009	71.00	82.15
October 2009	76.05	82.00
November 2009	79.30	79.30
December 2009	76.10	84.40
January 2010	84.25	94.50
February 2010	84.00	87.00
March 2010	81.00	114.45

● **Share price performance compared with broad based indices**

		BSE
Company's Share price	As on 1.04.2009	33.70
	As on 31.03.2010	101.25
	Change	200%
BSE Sensex	As on 1.04.2009	9,745.77
	As on 31.03.2010	17,527.77
	Change	80%



● Performance of Share price in comparison to the BSE Sensex



● Registrar & Share Transfer Agents

C B Management Services Pvt. Ltd.  
P-22, Bondel Road, Kolkata 700 019.  
Phone: (033) 2280 6692-93-94  
Fax : (033) 2287 0263  
Email : [cbmsl1@cal2.vsnl.net.in](mailto:cbmsl1@cal2.vsnl.net.in)

● Dividend declared for the last five years

<u>Year</u>	<u>On 9% Cumulative Preference Shares</u>	<u>On Equity Shares</u>
2005-06	9%	11%
2006-07	9%	15%
2007-08	9%	20%
2008-09	9% (Pro-rata)	25%
2009-10	NA	30% (proposed)

● Share Transfer System :

Shares sent for transfer in physical form are registered and returned by the Company's Registrar and Share Transfer Agent in about 20-25 days of the receipt of documents, provided documents are found in order. Shares under objections are returned within two weeks. The Board has delegated the authority for approving transfer, transmission of shares to the Whole Time Director and Company Secretary, which is approved on regular basis by the Shareholders' Grievances Committee of the Board at its meeting.



In compliance with the Listing Agreement / SEBI Guidelines -

- a Practicing Company Secretary carries out Secretarial Audit on “Dematerialised shares and shares in Physical form” every quarter and the necessary reports issued by him are filed with the Stock Exchanges. The shares in Dematerialised form and Physical form tally with the issued/paid-up capital of the Company.
- Shareholding pattern and financial results are being uploaded in “Electronic Data Information Filing and Retrieval” (EDIFAR) quarterly and the Annual Report annually.
- a Practicing Company Secretary carries out a Due Diligence survey, pertaining to share transfers, transmissions etc., every six months and necessary certificates to that effect are issued and the same are filed with the Stock Exchanges in compliance with clause 47(c) of the Listing Agreement.

● **Distribution of Shareholding :**

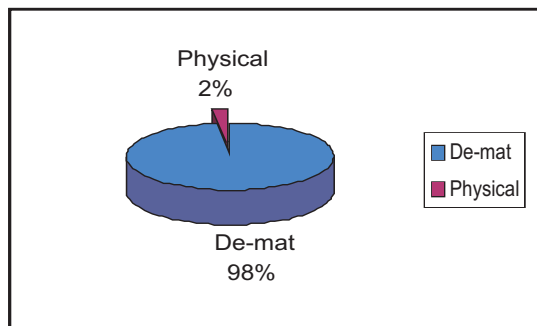
The Distribution as on 31<sup>st</sup> March 2010 is given below:

Range		Shareholders		Shares	
No. of shares		Numbers	% To Total Holders	Numbers	% To Total Capital
Upto	500	1342	83.82%	191803	4.76%
501 -	1000	118	7.37%	93328	2.31%
1001 -	2000	64	4.00%	100810	2.50%
2001 -	3000	34	2.12%	88510	2.19%
3001 -	4000	14	0.88%	49751	1.23%
4001 -	5000	8	0.50%	36561	0.91%
5001 -	10000	8	0.50%	54654	1.36%
10001 and	above	13	0.81%	3417641	84.74%
TOTAL		1601	100.00%	4033058	100.00%

● **Dematerialisation of shares as on 31<sup>st</sup> March , 2010**

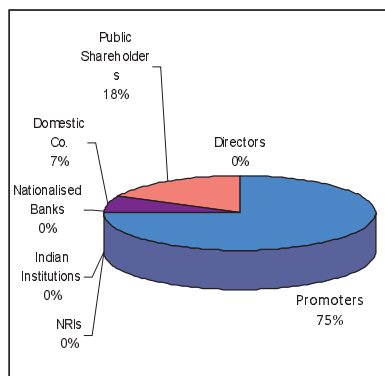
Nearly 98% of total Equity Share Capital is held in Dematerialised form with NSDL & CDSL.

Category	No. of shares	%
Demat	3947654	97.88
Physical	85404	2.12





- **Shareholding pattern of the Company as on 31st March , 2010**



Category	No. of shares	% holding
Promoters	3024793	75.00%
NRIs	5563	0.14%
Indian Institutions	350	0.01%
Nationalised Banks	Nil	Nil
Domestic Companies	283612	7.03%
Public Shareholders	717956	17.80%
Directors	784	0.02%
Total	4033058	100.00%

- **Registered Office**

'Caravs', Room No. 28,  
15, Civil Lines, Jabalpur (M. P.) 482 001.  
Ph. : (0761) 2678627

- **Address for Correspondence**

- (a) 'Caravs', Room No. 28,  
15, Civil Lines, Jabalpur (M. P.) - 482 001.
- (b) P.O. Box No. 91,  
Jabalpur (M.P.) 482001
- (c) C B Management Services Pvt. Ltd.  
P-22, Bondel Road,  
Kolkata 700 019.  
Phone : (033) 2280 6692-93-94  
Fax : (033) 2287 0263  
Email : [cbmsl1@cal2.vsnl.net.in](mailto:cbmsl1@cal2.vsnl.net.in)

- **Plant Location**

Meergunj, Bheraghat Road, Jabalpur, M.P.

- **Transfer of Unclaimed amounts to Investor Education and Protection Fund**

Pursuant to Sections 205A and 205C of the Companies Act, 1956, all unclaimed / unpaid dividend, debenture interest as well as principal amount of debentures as at March 31, 2010 remaining unpaid or unclaimed for a period of seven years from the date they became due for payment, have been transferred to the Investor Education & Protection Fund (IEPF) established by the Central Government.

Shareholders/ debentureholders are hereby informed that the Company is statutorily required to transfer to the IEPF all unclaimed/unpaid dividend, debenture interest and interest on debentures as well as principal amount of debentures remaining unpaid/unclaimed for a period of seven years from the date they became due for payment and once such amounts are transferred to the IEPF, no claim



of the shareholder/ debentureholder shall lie against the Company or the IEPF.

The Investors are advised to claim the unencashed equity dividend / preference dividend / preference redemption money for the years 2002-03 to 2008-09 lying in the unclaimed accounts of the Company before the due dates (as indicated in the Notes to the Notice) for crediting the same to the Investor Education and Protection Fund.

During the financial year 2009-10 the Company has remitted the unclaimed debenture interest for the period Jan'02 Dec.'02 amounting to Rs. 33,550/- to the Investor Education and Protection Fund.

On behalf of the Board of Directors

Place : Jabalpur  
Date : 12<sup>th</sup> August 2010

Ravindra K. Raje  
*Director*

Ashok K. Kapur  
*Wholetime Director*



**Declaration regarding Compliance by Board Members and Senior Management Personnel with the Company's Code of Conduct**

This is to confirm that the Company has adopted a Code of Conduct for its Directors and employees of the Company.

I confirm that the Company has, in respect of the financial year ended March 31, 2010, received from the senior management team of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

On behalf of the Board of Directors

***Ashok K Kapur***  
***Whole Time Director***

Place : Jabalpur  
Date : 12 August 2010



**CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Members of  
**NARMADA GELATINES LIMITED**

We have examined the compliance of the conditions of Corporate Governance by Narmada Gelatines Limited (the company) for the year ended 31<sup>st</sup> March 2010, as stipulated in clause 49 of the Listing Agreement of the said company, with stock exchanges.

The compliance of the 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.

In our opinion and to the best of our information and according to the explanations given to us and the representations made, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

As required by the Guidance Note on Certificate of Corporate Governance issued by the Institute of Chartered Accountants of India, we state that as per the records maintained by the company, there were no investor's grievances remaining unattended / pending for more than 30 days as on 31.03.2010.

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 T.R. Chadha & Co.  
Chartered Accountants**

Date: May 18, 2010  
Place: Jabalpur

**Vikas Kumar  
(Partner)  
M. N. 75363  
Firm Registration No. 006711N**





## AUDITORS' REPORT

To,  
The Members of Narmada Gelatines Limited

1. We have audited the attached Balance Sheet of **Narmada Gelatines Limited** as at 31st March, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of the Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the company.
4. Further to our comments in the Annexure referred to above, we report that :
  - 4.1 We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - 4.2 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.
  - 4.3 The Balance Sheet, Profit and Loss Account and Cash Flow Statements dealt with by this report are in agreement with the books of account.
  - 4.4 In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report have been prepared in compliance with the applicable Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - 4.5 On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act 1956;
  - 4.6 In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Notes on Accounts as per Schedule 17, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:



- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- (ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For T.R. Chadha & Co.**  
Chartered Accountants

Date : May 18, 2010  
Place : Jabalpur

**Vikas Kumar**  
(Partner)  
M. N. 75363  
Firm Registration No. 006711N



**Annexure to the Auditors' Report for the year ended 31<sup>st</sup> March, 2010  
(Referred to in Paragraph 3 of our Report of even date)**

**I. Fixed Assets**

- a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
- b) As per the information and explanation given to us, the company has physically verified its assets during the previous year, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verifications. As explained to us, the management verifies the fixed assets once in three years as per the program.
- c) The assets discarded / sold during the year are not substantial and are not affecting the operations of the Company as a going concern.

**II. Inventories**

- a) The inventory (except inventory in transit, the subsequent confirmation of which has been obtained) 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 inventories followed by the Company is reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and records were not material in relation to the operation of the company and the same have been properly dealt with in the books of account.

**III. Loans given / taken**

As informed to us, the company has neither granted nor taken any Loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses 3 (b) to 3 (g) of Para 4 of the Companies (Auditor's Report) Order are not applicable to the Company.

**IV. Internal Control**

In our opinion, there is an adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have neither observed nor have been informed of any continuing failure to correct major weakness in internal control system.

**V. Transactions under Section 301**

According to the information and explanation given to us, there are no contracts or arrangements entered during the year which needs to be entered in the register required to be maintained under Section 301 of the Companies Act, 1956.

**VI. Public Deposit**

The Company has not accepted any fixed deposits under Section 58A of the Companies Act, 1956.

**VII. Internal Audit System**

In our opinion, the Company's internal audit system is generally commensurate with the size and nature of its business.

**VIII. Cost Records**

As explained to us, the maintenance of cost records has not been prescribed by the Central Government under clause (d) of subsection (1) of Section 209 of the Companies Act, 1956, for any of its products.

**IX. Statutory Dues**

- a) The Company has generally been regular in depositing its undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues as applicable with the appropriate authorities during the year. We have been informed that the employees of the Company is not covered under Employees' State Insurance Scheme. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investors Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues were in arrears as at 31.03.2010 for a period of more than six months from the date they became payable.
- b) The details of dues of Income Tax / excise duty not deposited on account of dispute alongwith the amounts involved and the forum where dispute is pending is given as under:

Nature	Amount Rs. in Lacs	Forum at which pending
Income Tax	71.27	ITAT
Excise Duty	241.63	High Court
	277.03	CESTAT
	477.32	Commissioner
	3.13	Asst. Commissioner

- X. The Company has not incurred any cash losses during the financial year and in the immediately preceding financial year, nor does it have any accumulated losses.
- XI. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Financial Institutions or Banks.
- XII. The Company has not granted any loans and advances on the basis of any security by way of pledge of shares, debentures and other securities.



- XIII.** As explained, the company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, the provisions of clauses 13 (a) to (d) of Para 4 of the Companies (Auditor's Report) Order are not applicable to the company.
- XIV.** As explained and verified, the Company is not engaged in dealing or trading in shares, securities, debentures and other investments.
- XV.** As explained and verified, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
- XVI.** The Company has not obtained any term loan during the year. Accordingly, the provisions of clauses 16 of Para 4 of the Companies (Auditor's Report) Order are not applicable to the company.
- XVII.** According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- XVIII.** According to the information and explanations given to us and verified by us, the Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under section 301 of Companies Act, 1956.
- XIX.** According to the information and explanations given to us the Company has not issued any Debentures during the year.
- XX.** According to the information and explanations given to us the Company has not raised any money from the public during the year through public issue.
- XXI.** According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

**For T.R. Chadha & Co.**  
Chartered Accountants

Date : May 18, 2010  
Place : Jabalpur

**Vikas Kumar**  
(Partner)  
M. N. 75363  
Firm Registration No. 006711N



# NARMADA GELATINES LIMITED

## BALANCE SHEET AS AT 31st MARCH 2010

Amount (Rs.'000)

	Schedule		As at 31st March 2010	As at 31st March 2009
<b><u>SOURCES OF FUNDS</u></b>				
<b>SHAREHOLDERS' FUNDS</b>				
Share Capital	1	40338		40338
Reserves & Surplus	2	<u>450097</u>	490435	<u>384646</u>
				424984
<b>LOAN FUNDS</b>				
Secured Loans	3		3942	24729
<b>DEFERRED TAX LIABILITY (Net)</b>				
			33499	33588
<b>TOTAL</b>			<b>527876</b>	<b>483301</b>
<b><u>APPLICATION OF FUNDS</u></b>				
<b>FIXED ASSETS</b>				
Gross Block	4	484116		467170
Less : Depreciation		<u>275715</u>		<u>265268</u>
Net Block			208401	201902
Capital Work in Progress			1657	12225
<b>INVESTMENTS</b>				
	5		55003	3
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
Inventories	6	118113		143883
Sundry Debtors	7	123336		106522
Cash and Bank Balances	8	74597		89655
Other Current Assets - Interest Accrued on Deposits		1853		3998
Loans and Advances	9	<u>32232</u>		<u>12861</u>
		350131		356919
<b>Less : Current Liabilities and Provisions</b>				
Current Liabilities	10	60951		67345
Provisions	11	<u>26365</u>		<u>20403</u>
		87316		87748
<b>NET CURRENT ASSETS</b>			262815	269171
<b>TOTAL</b>			<b>527876</b>	<b>483301</b>

### NOTES ON ACCOUNTS

17

The schedules referred to above form an integral part of the Balance Sheet. This is the Balance Sheet referred to in our Report of even date.

for, T.R.CHADHA & CO.  
Chartered Accountants

For and on behalf of the Board

Vikas Kumar  
Partner

M.Verma  
Company Secretary

R.K.Raje  
Director

A.Kapur  
Director

Jabalpur

18th May, 2010



## NARMADA GELATINES LIMITED

### PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

	Schedule	Year Ended 31st March 2010	Year Ended 31st March 2009
Amount (Rs.'000)			
<b>INCOME</b>			
Sales		875294	733986
Less: Excise Duty		37832	48201
Net Sales		837462	685785
Other Income	12	14007	14267
<b>Total</b>		<b>851469</b>	<b>700052</b>
<b>EXPENDITURE</b>			
Raw Materials Consumed	13	391254	309196
Manufacturing, Administrative & Other Overheads	14	287540	262911
Interest	15	995	4598
(Increase) / Decrease in Stocks	16	33492	9383
Depreciation	17701		17099
Less: Transfer from Revaluation Reserve	1952	15749	2336
<b>Total</b>		<b>729030</b>	<b>600851</b>
<b>Profit before taxation</b>		122439	99201
<b>Provision for Taxation</b>			
Current Year Tax	40740		21300
Earlier Year Tax	0		5678
Deferred Tax	(89)		13347
Fringe Benefit Tax	0	40651	314
<b>PROFIT AFTER TAXATION</b>		<b>81788</b>	<b>58562</b>
Balance brought forward from previous year		170345	129621
<b>Profit available for appropriation</b>		<b>252133</b>	<b>188183</b>
<b>Appropriations :</b>			
Transfer to General Reserve		8179	5856
Proposed Dividend on Equity Shares		12099	10083
Dividend & tax paid on Preference Shares		0	185
Tax on proposed dividend		2009	1714
Balance carried to Balance Sheet		229846	170345
		<b>252133</b>	<b>188183</b>
Basic and Diluted Earnings per Share (Rs.) (Refer Note No. 11 of Notes to Accounts)		20.28	14.47

#### NOTES ON ACCOUNT

17

The schedules referred to above form an integral part of the Profit & Loss Account.  
This is the Profit & Loss Account referred to in our Report of even date.

for, T.R.CHADHA & CO.  
Chartered Accountants

For and on behalf of the Board

Vikas Kumar  
Partner

M.Verma  
Company Secretary

R.K.Raje  
Director

A.Kapur  
Director

Jabalpur

18th May, 2010



**Cash Flow Statement for the Year ended 31st March 2010**

Amount (Rs.'000)

	Year Ended 31st March 2010	Year Ended 31st March 2009
<b>A. Cash Flow from Operating Activities :</b>		
Net profit before tax	122439	99201
Adjustments for :		
Depreciation	15749	14763
Interest Income	(7709)	(8891)
Interest Expenses	995	4598
Loss/(Profit) on Impairment/sale of fixed assets	402	2159
Sundry Debit Balances Written off	86	53
Provision / Balances written back	(387)	(386)
Voluntary Retirement Scheme Cost written off	0	248
<b>Operating profit before working capital changes</b>	<b>131575</b>	<b>111745</b>
<b>Adjustments for :</b>		
(Increase)/Decrease in Trade and other receivables	(32943)	(17882)
(Increase)/Decrease in Inventories	25770	(2085)
Increase/(Decrease) in Trade and Other Payables	(4843)	(17961)
<b>Cash generated from operations</b>	<b>119559</b>	<b>73817</b>
Direct Taxes paid	(39459)	(28108)
Voluntary Retirement Scheme Cost paid	0	(248)
<b>Net Cash from operating activities (A)</b>	<b>80100</b>	<b>45461</b>
<b>B. Cash Flow from Investing Activities :</b>		
Sale of Fixed Assets	300	0
Purchase of Fixed Assets & Capital WIP	(14588)	(36280)
Investment in Mutual Funds	(55000)	0
Interest received	7709	8652
<b>Net Cash used in Investing Activities (B)</b>	<b>(61579)</b>	<b>(27628)</b>

cont....2





cont...2

**C. Cash Flow from Financing Activities:**

Dividend including tax thereon paid	(11797)		(10142)
9% Pref Shares Redeemed	0		(4959)
Net Increase/(Decrease) in Bank borrowings	(20787)		4625
Interest Paid	(995)		(4598)
		(33579)	(15074)
<b>Net Cash used in Financing Activities (C)</b>		<b>(33579)</b>	<b>(15074)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>			
(A+B+C)		(15058)	2759
<b>Cash and Cash Equivalents (Opening Balance)</b>		<b>89655</b>	<b>86896</b>
<b>Cash and Cash Equivalents (Closing Balance)</b>		<b>74597</b>	<b>89655</b>

**Notes:**

(a) The above Cash Flow Statement has been prepared in accordance with the Accounting Standard on Cash Flow Statement (AS-3), issued by the Institute of Chartered Accountants of India.

(b) Cash and Cash Equivalents represent :

	As at 31.03.2010	As at 31.03.2009
Cash and Cheques in Hand	663	504
Remittance in Transit	91	2512
Balance with Scheduled Banks	73843	86639
(Includes Rs.18060 (Previous year Rs.12315) which are not available for use by the Company)		

(c) Previous year's figures have been regrouped / rearranged, wherever necessary.

This is the Cash Flow Statement referred to in our Report of even date.

**for, T.R.CHADHA & CO.**

*Chartered Accountants*

**For and on behalf of the Board**

**Vikas Kumar**

*Partner*

**M. Verma**

*Company Secretary*

**R.K.Raje**

*Director*

**A.Kapur**

*Director*

Jabalpur

18th May, 2010



## SCHEDULES TO ACCOUNTS

	Amount (Rs.'000)	
	As at 31st March 2010	As at 31st March 2009
<b>SCHEDULE - 1: SHARE CAPITAL</b>		
<b>Authorised</b>		
1,00,00,000 Equity Shares of Rs.10/- each	100000	100000
1,00,00,000 9% Cumulative Redeemable Preference Shares of Rs.10/- each	100000	100000
	<b>200000</b>	<b>200000</b>
<b>Issued, Subscribed and Paid up</b>		
40,33,058 Equity Shares of Rs.10/- each, fully paid	40331	40331
Forfeited Shares	7	7
<b>Total</b>	<b>40338</b>	<b>40338</b>

**Notes :**

(1) Of the above Equity Shares :

(a) 5,96,020 Equity Shares were allotted as fully paid up by way of bonus shares by capitalisation of Capital Redemption Reserve and General Reserve in 1994-95.\*

(b) 46,650 Equity Shares were allotted as fully paid up for consideration other than cash, pursuant to a contract.\*

\*some of these shares (numbers not ascertainable since shares are in demat form) stand cancelled as per the Scheme of arrangement approved by Calcutta High Court on 06th May, 2003.

(2) 30,24,793 ( Previous year 30,24,793) Equity Shares of Rs. 10/- each are held by Dandavati Investments Trading Co. Pvt. Ltd., the holding company



**SCHEDULES TO ACCOUNTS**

		Amount (Rs.'000)	
		As at 31st March 2010	As at 31st March 2009
<b>SCHEDULE - 2 : RESERVES AND SURPLUS</b>			
<b>Capital Reserve</b>		751	751
<b>Securities Premium Account</b>		47841	47841
<b>Revaluation Reserve</b>			
As per last Balance Sheet	19623		22775
Less: Deduction on account of depreciation / impairment / sale of certain assets	<u>2229</u>	<u>17393</u>	<u>3152</u>
			19623
<b>Capital Redemption Reserve</b>			
As per last Balance Sheet	14862		9903
Add: Transferred from General Reserve	<u>0</u>	<u>14862</u>	<u>4959</u>
			14862
<b>General Reserve</b>			
As per last Balance Sheet	131224		130327
Less: Transferred to Capital Redemption Reserve	0		4959
Add: Transferred from Profit & Loss Account	<u>8179</u>	<u>139404</u>	<u>5856</u>
			131224
<b>Profit &amp; Loss Account</b>		229846	170345
<b>Total</b>		<b>450097</b>	<b>384646</b>

Note: 1. Deductions from Revaluation Reserve comprises of Rs.1,952 (Prev. Year Rs. 2,336) thousands on account of depreciation and Rs. 277 (Prev. Year Rs. 816) thousands on account of Impairment / sale of certain assets (Plant & Machineries) during the year.

2. The amount of redemption of preference share capital during the year Nil (Prev. Year Rs.4,959 thousands) has been transferred from General Reserve to Capital Redemption Reserve.



## SCHEDULES TO ACCOUNTS

Amount (Rs.'000)

	As at 31st March 2010	As at 31st March 2009
<b>SCHEDULE - 3 : SECURED LOANS</b>		
<b>Cash Credit facility from banks</b>	3942	22619
Secured by hypothecation charge over entire current assets, stock of raw material, finished goods, work in progress and receivable of the company, both present and future and also mortgage / hypothecation charge on Land and Building and other immovable and movable Fixed Assets of the Company.		
<b>Overdraft facility from Bank</b>	0	2110
Secured against Fixed Deposit Receipt		
<b>Total</b>	<b>3942</b>	<b>24729</b>

## SCHEDULE - 4 : FIXED ASSETS

Assets	Gross Block at cost / Revalued value				Depreciation				Net Block	
	As at 1st Apr-09	Additions	Disposals/ Impairment	As at 31st Mar-10	As at 1st Apr-09	Disposals/ Impairment	For the Year	As at 31st Mar-10	As at 31st Mar-10	As at 31st Mar-09
Freehold Land	11928	0	0	11928	0	0	0	0	11928	11928
Buildings	50182	1791	0	51973	33045	0	1113	34158	17815	17137
Plant and Machinery	395249	23219	8210	410258	223945	7254	16472	233163	177095	171304
Furniture and Fittings	7087	146	0	7233	5706	0	106	5812	1421	1381
Electrical Installations	1948	0	0	1948	1835	0	10	1845	103	113
Vehicles	776	0	0	776	737	0	0	737	39	39
<b>Total</b>	<b>467170</b>	<b>25156</b>	<b>8210</b>	<b>484116</b>	<b>265268</b>	<b>7254</b>	<b>17701</b>	<b>275715</b>	<b>208401</b>	<b>201902</b>
Previous Year	438440	56975	28245	467170	273440	25270	17099	265269	201902	

Notes : Freehold Land, Buildings, Plant & Machinery and Electrical Installations were revalued on 31.03.93 by an approved valuer at the then net replacement cost. The appreciation in value of these assets over their book value has been credited to Revaluation Reserve.



## SCHEDULES TO ACCOUNTS

Amount (Rs.'000)

	As at 31st March 2010	As at 31st March 2009
<b>SCHEDULE - 5: INVESTMENTS</b>		
<b>Long Term :</b>		
In Government Securities - NSC	3	3
Investment in Mutual Funds (Unquoted)*	55,000	0
<b>Total</b>	<b>55,003</b>	<b>3</b>

\*Investment in Mutual Fund:

Name of Mutual Fund	Balance As at 01.04.2009		Purchases during the year		Sold during the year		Balance As at 31.03.2010		
	No. of units	Amount	No. of units	Amount	No. of units	Amount	No. of units	Amount	Market Value
Reliance Regular Saving Fund - Debt - Growth Option	-	-	878,861.00	11,000	-	-	878,861.00	11,000	11,112
Templeton India Income Opportunities Fund - Growth	-	-	2,357,957.62	24,000	-	-	2,357,957.62	24,000	24,333
ICICI Prudential Long Term Plan - Growth option	-	-	1,017,811.71	20,000	-	-	1,017,811.71	20,000	20,060
<b>Total</b>		-		55,000		-		55,000	55,505

## SCHEDULE - 6 : INVENTORIES

Stores & Spare Parts	15284	20670
Loose Tools	0	63
Raw Materials	42132	28961
Stock in Process	45194	45575
Finished Goods (including in transit)	15503	48614
<b>Total</b>	<b>118113</b>	<b>143883</b>



## SCHEDULES TO ACCOUNTS

	Amount (Rs.'000)	
	As at 31st March 2010	As at 31st March 2009
<b>SCHEDULE - 7 : SUNDRY DEBTORS (Unsecured)</b>		
<b>Debts outstanding for a period exceeding six months</b>		
Considered good	0	310
Considered doubtful	1528	1306
<b>Other Debts (Considered Good)</b>	123336	106212
	124864	107828
Less: Provision for doubtful debts	1528	1306
<b>Total</b>	<b>123336</b>	<b>106522</b>
<b>SCHEDULE - 8 : CASH &amp; BANK BALANCES</b>		
Cash and Cheques in Hand	663	504
Remittances in Transit	91	2512
Balances with Scheduled Banks in		
Current Account	9504	2833
Cash Credit Account (Dr.)	4176	0
Margin Deposit Account	2153	2153
Other Deposit Account*	53407	77947
Unpaid Dividend Account	2058	1059
Unpaid Debenture Interest Account	0	34
Unpaid Debenture Redemption Account	170	195
9% Preference Shares Redemption Account	2375	2418
<b>Total</b>	<b>74597</b>	<b>89655</b>

\* includes a Fixed Deposit of Rs.159.07 lacs (Prev. Year Rs.64.56 lacs) on which charge has been created for availing overdraft facility from a bank.

**SCHEDULES TO ACCOUNTS**

Amount (Rs.'000)

	As at 31st March 2010	As at 31st March 2009
<b>SCHEDULE - 9 : LOANS AND ADVANCES (Unsecured)</b>		
<b>Considered Good</b>		
Advances Recoverable in cash or in kind or for value to be received	26387	6358
Deposits with Government and other bodies	5845	6503
<b>Total</b>	<b>32232</b>	<b>12861</b>
<b>SCHEDULE - 10 : CURRENT LIABILITIES</b>		
Dues to Micro and Small Enterprise (Refer Note no.7 of Notes to Accounts)	5688	13298
Dues to creditors other than Micro and Small Enterprise	25582	25075
Other Liabilities	25078	25266
Unclaimed Dividend*	2058	1059
Unclaimed Debenture Interest*	0	34
Unclaimed Debenture Redemption Account*	170	195
Unclaimed 9% Preference Share Redemption Account*	2375	2418
<b>Total</b>	<b>60951</b>	<b>67345</b>
*Amount not due for credit to the Investor Education and Protection Fund		
<b>SCHEDULE - 11 : PROVISIONS</b>		
Provision for Income tax (net of Advance Tax Rs.12,43,75/-, Previous year 8,29,21/-)	3235	1528
Provision for Gratuity	4735	3185
Provision for Leave Encashment	2989	2565
Provision for Cenvat Credit Reversal	1298	1298
Proposed Dividend on Equity Shares	12099	10083
Tax on Dividends	2009	1714
Provision for Fringe Benefit Tax	0	29
<b>Total</b>	<b>26365</b>	<b>20403</b>



**SCHEDULES TO ACCOUNTS**

	Amount (Rs.'000)	
	Year ended 31st March 2010	Year ended 31st March 2009
<b>SCHEDULE - 12 : OTHER INCOME</b>		
Miscellaneous Income	6298	5017
Foreign Exchange Gain	0	359
Interest Income (Gross)		
[Tax Deducted at source (Net) Rs.1,039/- (2008-09 - Rs.1,770/-) thousands]		
From Banks	7385	8317
From Others	324	574
<b>Total</b>	<b>14007</b>	<b>14267</b>
<b>SCHEDULE - 13 : RAW MATERIALS CONSUMED</b>		
Opening Stock	28961	22666
Add : Purchases	404425	315491
	433386	338157
Less : Closing Stock	42132	28961
<b>Total</b>	<b>391254</b>	<b>309196</b>





**SCHEDULES TO ACCOUNTS**

		Year ended 31st March 2010	Year ended 31st March 2009
Amount (Rs.'000)			
<b>SCHEDULE - 14 : MANUFACTURING, ADMINISTRATIVE &amp; OTHER OVERHEADS</b>			
Staff Costs :			
Salaries, Wages and Bonus	64907		58970
Contribution to Provident & Other Funds	8871		7007
Workmen & Staff Welfare	4676	78454	3721
Consumption of stores and spare parts		10957	8699
Excise Duty on Stock		367	2400
Rates & Taxes		376	255
Power & Fuel		135668	121624
Effluent Expenses		1847	2357
Insurance		1024	948
Repairs :			
Building	1085		1771
Machinery	22137	23222	21389
Audit fees & Expenses (see note below)		579	616
Freight and Delivery Charges		9579	7298
Selling Agents' Commission		4540	3353
Travelling		1324	1399
Directors' Fees		88	40
Rebate & Discount		2378	2617
Advertisement		511	453
Research & Development Expenses		1279	691
Sundry Balances written off		86	53
Impairment Loss		402	2159
Interest paid/payable to SMEs		6	33
Miscellaneous Expenses		14853	15058
<b>Total</b>		<b>287540</b>	262911
Note : Audit Fees & Expenses			
Audit Fees	418		418
Tax Audit Fees	77		77
Other matters	30		35
Reimbursement of out of pocket expenses	54	579	86
			616
<b>SCHEDULE - 15 : FINANCE CHARGES</b>			
Interest to Bank		995	3026
Bill Discounting Charges		0	1572
<b>Total</b>		<b>995</b>	4598

**NARMADA GELATINES LIMITED****SCHEDULES TO ACCOUNTS**

Amount (Rs.'000)

		<b>Year ended 31st March 2010</b>	<b>Year ended 31st March 2009</b>
<b>SCHEDULE - 16 : (INCREASE) / DECREASE IN STOCKS</b>			
Closing Stocks			
Finished Goods	15503		48614
Stock in Process	<u>45194</u>	60697	<u>45575</u> 94189
Opening Stocks			
Finished Goods	48614		48411
Stock in Process	<u>45575</u>	94189	<u>55161</u> 103572
<b>Total</b>		<b>33492</b>	<b>9383</b>

**SCHEDULE 17 - NOTES ON ACCOUNTS****SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDED 31.03.2010****A Significant Accounting Policies****1 Basis of Accounting**

The financial statements are prepared on an accrual basis of accounting and in accordance with the generally accepted accounting principles in India, provisions of the Companies Act, 1956 (the Act) and comply in material aspects with the accounting standards notified under Section 211 (3C) of the Act, read with Companies (Accounting Standards) Rules, 2006.

**2 Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon Managements best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

**3 Fixed Assets**

Freehold land, buildings, Plant and Machinery and Electrical Installations were revalued as at 31.3.93 by an approved valuer at the then net replacement cost and were stated accordingly.

The gross block of Fixed Assets is stated at cost of acquisition or construction (except revalued assets), including any cost attributable to bringing the assets to their working condition for their intended. Borrowing costs that are directly attributable to acquisition or construction of an asset that necessarily takes a substantial period of time till such assets are ready for the intended use are capitalized.

**4 Depreciation**

**4.1** Depreciation is provided at the rates ad in the manner prescribed under Schedule XIV of the Companies Act, 1956.

**4.2** Depreciation on certain Buildings acquired prior to 1st July 1986 is charged under Written Down Value method and on others under Straight Line method.

**4.3** Being a continous plant, Depreciation on Plant and Machinery has been charged @ 5.28% under Straight Line method on single shift basis excepting certain items acquired before 1st July, 1986, on which depreciation is charged under Written Down Value method. Depreciation on Diesel Generator sets is charged under Straight Line Method.

**4.4** Depreciation on Electrical Installations and Furniture & Fixtures is charged under Written Down Value method.

**4.5** Depreciation on Motor Vehicles is charged under Straight Line method.

**SCHEDULE 17 - NOTES ON ACCOUNTS**

**4.6** In respect of revalued assets the incremental depreciation on account of revaluation is recouped from Revaluation Reserve.

**5 Investments**

Long term investments are stated at cost. Provision is made for diminution, other than temporary, in the value of investments, wherever applicable.

Current investments are carried at lower of cost and fair / market value.

**6 Inventories**

Inventories are stated at cost (net of CENVAT credit) or net realisable value, whichever is lower. Cost is determined on weighted average basis and comprises of expenditure incurred in the normal course of business in bringing inventories to their present location including appropriate overheads apportioned on a reasonable and consistent basis. Obsolete, slow moving and defective stocks are identified at the time of physical verification of stocks and where necessary, provision is made for such stocks.

**7 Research and Development Expenses**

All revenue expenditure on research and development is written off in the year it is incurred. Capital expenditure on research and development is included in fixed assets and depreciated as per policy.

**8 Revenue Recognition**

**8.1** Sale of goods is recognised when the significant risk and rewards of ownership is transferred to the customers, net of returns. Sales represents invoiced value of goods supplied including excise duty but excluding sales tax.

**8.2** Revenue recognition from sale of "Duty Entitlement Passbook Licence" is made on sale of the licence after receipt of the same from the office of the Director General of Foreign Trade.

**9 Income from Investment**

Income from Investment (other than investment in shares of companies), is accounted on an accrual basis. Income from investment in shares of companies is recognised as and when the right of recovery is established.

**10 Foreign Currency Transactions**

**10.1** Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transactions. Gains and losses, if any, at the year end in respect of monetary assets and monetary liabilities not covered by the forward contracts are recognized in the Profit and Loss Account.

**SCHEDULE 17 - NOTES ON ACCOUNTS**

10.2 Non-Monetary items denominated in foreign currency are stated at the rate prevailing on the date of the transaction.

**11 Retirement benefits**

Contributions to defined contribution schemes such as Pension, Provident Fund, etc. are charged to the Profit and Loss account as and when incurred.

The Company also provides for retirement/post-retirement benefits in the form of gratuity and leave encashment. Such defined benefits are charged to the Profit and Loss account based on valuations made by independent actuaries, as at the balance sheet date.

**12 Accounting for Taxes**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is tax recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future. However, in respect of unabsorbed depreciation or carry forward loss, the deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be realized in future.

**13 VRS Expenditure**

VRS Expenses are fully charged off in the year of payment itself.

**14 Impairment of Assets**

Impairment losses (if any) on fixed assets (including revalued assets) are recognized in accordance with the Accounting Standard 28 "Impairment of Assets" issued in this regard by the Institute of Chartered Accountants of India. If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flows.

**15 Provision and Contingent Liabilities:**

Provisions are recognized when the Company has a present obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

The same is disclosed as contingent liability if no reliable estimate can be made of the amount of obligation or possibility of future cash flow is remote.

**SCHEDULE 17 - NOTES ON ACCOUNTS****B Notes to Accounts**

Amount (Rs.'000)		
	As at 31.03.2010	As at 31.03.2009
<b>1</b> Estimated amount of contract remaining to be executed on capital account not provided for	558	7,906
<b>2</b> Contingent liability not provided for in respect of :		
(a) Counter Guarantees to Bank	650	650
(b) Bills discounted	Nil	5,171
(c) Letter of Credit	25	10,751
(d) Claims not acknowledged as debts :		
(i) Excise Duty	99,911	48,563
(ii) Income Tax	7,127	7,127
<b>3</b> Stores consumed included under Workmen and Staff Welfare Rs.3,73,110 (2008-09 Rs.1,93,300), Repairs to Buildings Rs.385 (2008-09 Rs. Nil), Repairs to Machinery Rs.1,24,25,400 (2008-09 Rs.1,43,20,299) and Miscellaneous Expenses Rs.11,13,048 (2008-09 Rs. 17,08,825).		
<b>4</b> In the opinion of the Bord of Directors, the current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated and provisions are made for all the expected liabilities.		
<b>5</b> Certain Debit and Credit balances are subject to confirmation. Adjustments in this respect, if any, will be carried out as and when ascertained, which in view of the management would not be material.		
<b>6</b> Excise Duty deducted from Gross sales represents the Excise Duty paid on the Goods removed from the Factory and is net of provisions of Excise duty on closing stock at factory.		
<b>7 Dues to Micro &amp; Small Enterprises</b>		
The amount payable to Micro & Small Enterprises has been disclosed in the balance sheet as required under the Micro, Small and Medium Enterprises Development Act, 2006 and has been determined to the extent such parties have been identified on the basis of information available with the Company. The company has provided interest of Rs.0.06 lacs (2008-09 Rs.0.33 lacs) on the delay in payment to the Micro & Small Enterprises, outstanding for more than 45 days.		

**SCHEDULE 17 - NOTES ON ACCOUNTS****8. Employee Benefits**

As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee Benefits as defined in the Accounting Standard are given below:

**Defined Contribution Plans:****PROVIDENT FUND**

The provident fund is operated by the Regional Provident Fund Commissioner. Under the scheme, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits. These funds are recognized by the Income tax authorities. The Company has recognized the following amounts in the Profit and Loss Account for the year:

**Defined Benefit Plans :**

- a. Gratuity
- b. Leave Encashment

Gratuity is payable to employees as per Payment of Gratuity Act. Leave encashment is payable to eligible employees who have earned leaves, during the employment and/or on separation as per the company's policy. The company has funded the Gratuity liability with Group Gratuity Scheme of Life Insurance Corporation of India Ltd. The Leave encashment liability is not funded with any approved authority.

(Rs. in Lac)

	<b>Year ended 31.3.2010</b>	<b>Year ended 31.3.2009</b>
Contribution to Provident Fund	41.36	38.21

Valuations in respect of Gratuity and Leave Encashment have been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

**GRATUITY**

<b>Particulars</b>	<b>Year Ended 31.03.2010</b>	<b>Year Ended 31.03.2009</b>
Discount Rate per annum (Compound)	8.00%	7.00%
Rate of increase in Salaries	5.00%	5.00%
Expected Rate of Return on Plan Assets	9.25%	9.25%
Expected Average remaining working lives of employees in no. of years	Officers - 15 Staff 9	Officers - 16 Staff 10



## SCHEDULE 17 - NOTES ON ACCOUNTS

## Summary of Key Information - Gratuity

## i. Changes in Defined Benefit Obligation:

(Rs.'000)

Particulars	As at 31.03.2010	As at 31.03.2009
Present Value of obligation 01.04.2009	25190	23109
Interest Cost	1688	1733
Current Service Cost	3216	1626
Acturial (Gain) / Loss	2508	1621
Benefits paid	(2159)	(2899)
Present Value of obligation as at 31.3.2010	30443	25190

## ii. Changes in Fair Value of Plan Assets:

(Rs.'000)

Particulars	As at 31.03.2010	As at 31.03.2009
Fair Value of Plan Assets as at 1.4.2009	22005	14455
Adjustment in opening balance	541	Nil
Actual Return on Plan Assets	2129	1695
Employer Contribution	3106	8654
Actuarial Gain/Loss	86	100
Benefits Paid	(2159)	(2899)
Fair Value of Plan Assets as at 31.3.2010	25708	22005

## iii. Reconciliation of the Present value of defined Present Obligations and the Fair Value of Assets:

(Rs.'000)

Particulars	As at 31.03.2010	As at 31.03.2009
Present Value of obligations as at 31.3.2010	30443	25190
Fair Value of Plan Assets as at 31.3.2010	25708	22005
Present Value of unfunded obligation as at 31.3.2010	4735	3185
Unrecognised Past Service	0	0
Unrecognised Acturial (Gain) / Loss	0	0
<b>Unfunded Net Liability recognised in Balance Sheet</b>	<b>4735</b>	<b>3185</b>





## SCHEDULE 17 - NOTES ON ACCOUNTS

## iv. Expenses recognised in Profit and Loss Account

(Rs.'000)

Particulars	As at 31.03.2010	As at 31.03.2009
Current Service Cost	3216	1626
Interest Cost	1688	1733
Net Acturial (Gain) / Loss	2421	1521
Actual Return on Plan Assets	(2129)	(1695)
Others	0	0
<b>Total Expenses recognised in Profit and Loss A/c</b>	<b>5196</b>	<b>3185</b>
<b>Expected Employer contribution for next year</b>	<b>4735</b>	<b>3185</b>

## LEAVE ENCASHMENT

Particulars	As at 31.03.2010	As at 31.03.2009
Discount Rate per annum (Compound)	8.00%	7.00%
Rate of increase in Salaries	5.00%	5.00%
Expected Rate of Return on Plan Assets	NA	NA
Expected Average remaining working lives of employees in no. of years	Officers -15 Staff – 9	Officers -16 Staff – 10

## Summary of Key Information

## i. Changes in Defined Benefit Obligation:

(Rs.'000)

Particulars	As at 31.03.2010	As at 31.03.2009
Present Value of obligation as at 1.4.2009	2565	2599
Interest Cost	195	204
Current Service Cost	1127	937
Acturial (Gain) / Loss	(824)	(1076)
Benefits paid	(74)	(98)
Present Value of obligation as at 31.3.2010	2989	2565

## ii. Changes in Fair Value of Plan Assets:

(Rs.'000)

Particulars	As at 31.03.2010	As at 31.03.2009
Fair Value of Plan Assets as at 1.4.2009	0	0
Actual Return on Plan Assets	0	0
Employer Contribution	74	0
Benefits Paid	(74)	0
Fair Value of Plan Assets as at 31.3.2010	0	0

**SCHEDULE 17 - NOTES ON ACCOUNTS****iii. Reconciliation of the Present value of defined Present Obligations and the Fair Value of Assets:**

(Rs.'000)

Particulars	As at 31.03.2010	As at 31.03.2009
Present Value of obligations as at 31.3.2010	2989	2565
Fair Value of Plan Assets as at 31.3.2010	0	0
Funded Liability Recognised in Balance Sheet	(2989)	(2565)
Present Value of unfunded obligation as at 31.3.2010	0	0
Unfunded Net Liability recognised in Balance Sheet	(2989)	(2565)

**iv. Expenses recognised in Profit and Loss Account**

(Rs.'000)

Particulars	As at 31.03.2010	As at 31.03.2009
Current Service Cost	1127	937
Interest Cost	195	204
Net Acturial (Gain) / Loss	(824)	(1076)
Others	0	756
<b>Total Expenses recognised in Profit and Loss A/c</b>	<b>499</b>	<b>821</b>
<b>Expected Employer contribution for next year</b>	<b>499</b>	<b>833</b>

**9. Segment Information as per Accounting Standard (AS)-17**

The company is engaged in the business of manufacture and sale of gelatine and its by product DCP for industrial applications which form part of one product group and hence a single business segment. However, based on geographical factors, reportable geographic segments have been identified as exports sales and domestic sales. The segment wise information pertaining to the reportable geographical segments for the year ended 31<sup>st</sup> March, 2010 is as follows:

(Rs. '000)

	Export	Domestic	Total
Segment Revenue	47879	795783	843662
	(28574)	(661292)	(689866)
Segment Results	4559	118874	123433
	(-2280)	(106079)	(103799)
Unallocated Expenditure			995
			(4598)
Profit Before Tax			122438
			(99201)

Capital employed as also assets and liabilities of the company are not capable of being stated separately segment wise since all the assets and liabilities are held under composite undertaking for both the geographic segment.

**SCHEDULE 17 - NOTES ON ACCOUNTS****10. Related Party Disclosure as per Accounting Standard (AS)-18:**

(a) Enterprises where control exists:

Jumbo World Holdings Limited	Ultimate Holding Company
Dandvati Investments & Trading Co Pvt Ltd	Holding Company

All the companies in the group including those disclosed above are controlled directly / indirectly by the heirs of late Mr. M. R. Chhabria through Jumbo World Holdings Limited and its various subsidiary / associate companies.

(b) Other related parties with whom transactions have taken place during the period : NIL

(c) Other group companies:

- 1 AasmanManagement Services Pvt Ltd
- 2 Alfamont (Mauritius) Ltd.
- 3 Alfamont Limited
- 4 Camry International FZE
- 5 GWL Properties Ltd
- 6 Harshit Finlease & Investments Private Ltd.
- 7 Jerom Trading & Investment Private Ltd
- 8 Jumbo Electronics Company Ltd (LLC)
- 9 Jumbo Electronics Corporation Pvt Ltd
- 10 Jumbo Investments Ltd
- 11 Jumbo World Holdings (India) Ltd
- 12 Firestorm Electronics Corporation Pvt Ltd
- 13 MPIL Corporation Ltd
- 14 Orson Video (P) Ltd
- 15 Phonegarage.com India Pvt Ltd
- 16 Primo Enterprises Pvt Ltd.
- 17 SMN Engineers Ltd
- 18 Solvin International Ltd.

The above, though not required in terms of Accounting Standard 18 on "Related Party Disclosures" issued by The Institute of Chartered Accountants of India, has been disclosed in view of the disclosure requirement of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 in relation to inter-se transfer of shares amongst group companies.

(d) Key Management Personnel:

Mr. Ashok Kapur, Whole Time Director



**SCHEDULE 17 - NOTES ON ACCOUNTS**

Particulars of transactions during the year ended 31<sup>st</sup> March, 2010:

(Rs.'000)

Nature of transactions	Holding / Ultimate Holding Company	Key Management Personnel	Associated / Group Companies	Total
Fees & other Payments	Nil	Nil	662	662
	(1555)	(Nil)	(372)	(1927)
Dividend paid	7562	Nil	Nil	7562
	(6050)	(Nil)	(Nil)	(6050)
Remuneration	Nil	2706	Nil	2706
	(Nil)	(2585)	(Nil)	(2585)
Outstanding as at year end	Nil	Nil	32	32
	(Nil)	(Nil)	(Nil)	(Nil)

**Note:** Figures in brackets represent the amount pertaining to previous year.

**11. Earning per Share (EPS) as per Accounting Standard (AS) - 21**

	For the year ended 31.3.2010	For the year ended 31.3.2009
Profit available for equity shareholders (Rs.817.88 (Prev. Year Rs. 585.62) Lac less Rs. Nil (Prev. Year Rs. 1.85) Lac for Preference Dividend including dividend tax) <b>(A)</b>	Rs.817.88 Lac	Rs.583.77 Lac
Weighted average number of equity shares <b>(B)</b>	40,33,058	40,33,058
Nominal value of equity share	Rs 10	Rs 10
<b>Earning per share – Basic / Diluted (A/B)</b>	<b>Rs. 20.28</b>	<b>Rs. 14.47</b>

**12. The major components of deferred tax assets / liabilities based on the tax effect of the timing differences are as under :**

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>Deferred Tax Assets</b>		
Expenses not allowed as per Income Tax Act	10,16,013	8,71,842
VRS to be allowed under IT Act in future years	6,84,438	10,70,240
Provision for doubtful debts	5,19,295	4,43,923
	<u>22,19,746</u>	<u>23,86,005</u>
<b>Deferred Tax Liability</b>		
Depreciation difference	<u>3,57,18,300</u>	<u>3,59,73,688</u>
<b>Net Deferred Tax Liability</b>	<u><b>3,34,98,554</b></u>	<u><b>3,35,87,683</b></u>

The net decrease in deferred tax liability of Rs.89,129 has been recognized during the year as deferred tax income.

**SCHEDULE 17 - NOTES ON ACCOUNTS**

13. The company has identified the Gelatine manufacturing division as its cash-generating unit (CGU) as required by Accounting Standard 28 "Impairment of Assets" issued by The Institute of Chartered Accountants of India. There are no primary indications that the recoverable amount of CGU is less than its carrying cost. Accordingly, no detailed exercise has been done to calculate the amount of impairment loss. However, during the year ended 31st March 2010, the company has identified certain items of fixed assets as obsolete and impaired them and resultant loss of Rs.4.02 Lacs (Previous Year Rs. 21.59 Lac) has been charged to Profit and Loss Account.

**14. Capacity and Production**

	Licensed Capacity		Installed Capacity**		Actual Production*	
	(Tonnes)		(Tonnes)		(Tonnes)	
	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2009
Gelatine	3000	3000	2400	2400	2486 <sup>#</sup>	2308 <sup>#</sup>
Ossein	5000	5000	4200	4200	794	431
Dicalcium Phosphate	12000	12000	10500	10500	10335	9413
Bone Meal	3600	3600	2500	2500	471	443

\* Exclusive of production for captive consumption of :

(a) Di-calcium Phosphate Nil (2008-09 - 31) , (b) Other Bone Products and after adjustment for crushing losses etc.1817 MT (2008-09 - 1,905) and inclusive of purchase of Gelatine of 153 MT (2008-09 -163).

# Actual production includes 42.50 MT (Prev. year 37.20 MT) of Gelatine trading during the year.

\*\* Installed Capacity is as certified by the Management and is based on continuous process in respect of Gelatine, Ossein and Dicalcium Phosphate and on single shift basis in case of Bone Mill.

**15. Raw Material Consumed**

	Year ended		Year ended	
	31st March, 2010		31st March, 2009	
	Quantity (Tonnes)	Value Rs.'000	Quantity (Tonnes)	Value Rs.'000
Raw Bones	2,080	16,988	2,216	17,231
Crushed Bones	19,237	2,81,376	16,110	2,09,662
Hydrochloric Acid	23,319	33,280	20,407	32,412
Others		59,610		49,891
<b>Total</b>		<b>3,91,254</b>		<b>3,09,196</b>



SCHEDULE 17 - NOTES ON ACCOUNTS

16. Sales (Gross)

	Year ended		Year ended	
	31st March, 2010		31 <sup>st</sup> March, 2009	
	Quantity (Tonnes)	Value Rs.'000	Quantity (Tonnes)	Value Rs.'000
Gelatine	2,716	5,75,083	2,296	4,90,316
Ossein	774	57,301	441	30,876
Dicalcium Phosphate	10,440	2,37,504	9,272	2,08,096
Bone Meal	489	3,314	474	2,452
Others		2,093		2,246
<b>Total</b>		<b>8,75,294</b>		<b>7,33,986</b>

17. Finished Goods Stocks

	Stock as on		Stock as on		Stock as on	
	1st April, 2008		1st April, 2009		31st March, 2010	
	Quantity Tonnes	Value Rs. '000	Quantity Tonnes	Value Rs. '000	Quantity Tonnes	Value Rs. '000
Gelatine	324	44,888	336	44,212	106	10,365
Ossein	33	2,009	23	1,545	42	3,215
Di-calcium Phosphate	123	1,264	263	2,720	158	1,894
Bone Meal	56	250	24	110	6	29
Others	Nil	Nil	336	27		0
<b>Total</b>		<b>48,411</b>		<b>48,614</b>		<b>15,503</b>

18. Value of raw materials, stores, spare parts, components consumed during the Year:

	Year ended 31.3.2010		Year ended 31.3.2009	
	Rs.'000	%	Rs.'000	%
(a) Raw Materials				
Indigenous	3,86,997	98.90	3,08,494	99.77
Imported	4,257	1.10	702	0.23
	<b>3,91,254</b>	<b>100</b>	<b>3,09,196</b>	<b>100</b>
(b) Stores, spare parts and Components (Refer Note 3)				
Indigenous	<b>23,181</b>	100	<b>24,921</b>	100
Imported	Nil	0	Nil	0
	<b>23,181</b>	<b>100</b>	<b>24,921</b>	<b>100</b>



## SCHEDULE 17 - NOTES ON ACCOUNTS

			Year ended 31.3.2010 Rs.'000	Year ended 31.3.2009 Rs.'000
19.	Value of imports (C.I.F. basis)	-- Raw Materials	4,257	702
20.	Expenditure in foreign currency	-- Travelling -- Others	75 2,145	65 2,560
21.	Earning in foreign exchange : Export of goods on F.O.B. basis		45,941	27,487

## 22. Managerial Remuneration

	Year ended 31.3.2010 Rs.'000	Year ended 31.3.2009 Rs.'000
Salary	1,147	1,147
HRA	574	574
Allowances (excluding leave encashment)	444	444
Company's contribution to Provident and Superannuation Funds	138	138
Leave Encashment	3	32
<b>Total</b>	<b>2,306</b>	<b>2,335</b>
Other Benefits	400	250

The above amount is exclusive of gratuity benefits which are provided on the basis of annual premium charged by the LIC on an overall basis, subject to the maximum amount as prescribed in Income Tax rules.

23. Figures for the previous year have been regrouped/reclassified/rearranged wherever necessary to make them comparable to those for the current year. Figures in bracket indicate previous year's figures

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

## I. Registration Details

Registration No.	<table border="1"><tr><td></td><td>1</td><td>6</td><td>0</td><td>2</td><td>3</td></tr></table>		1	6	0	2	3	State Code	<table border="1"><tr><td>1</td><td>0</td></tr></table>	1	0
	1	6	0	2	3						
1	0										
Balance Sheet Date	<table border="1"><tr><td>3</td><td>1</td></tr></table> Date	3	1	<table border="1"><tr><td>0</td><td>3</td></tr></table> Month	0	3	<table border="1"><tr><td>2</td><td>0</td><td>1</td><td>0</td></tr></table> Year	2	0	1	0
3	1										
0	3										
2	0	1	0								

## II. Capital raised during the year (Amount in Rs. Thousand)

Public Issue	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L	Rights Issue	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L
						N	I	L													
						N	I	L													
Bonus Issue	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L	Private Placement	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L
						N	I	L													
						N	I	L													

III. Position of Mobilisation and Deployment of Funds  
(Amount in Rs. Thousand)

Total Liabilities	<table border="1"><tr><td>527876</td></tr></table>	527876	Total Assets	<table border="1"><tr><td>527876</td></tr></table>	527876
527876					
527876					
Sources of Funds					
Paid-up Capital	<table border="1"><tr><td>40338</td></tr></table>	40338	Reserves & Surplus	<table border="1"><tr><td>450097</td></tr></table>	450097
40338					
450097					
Secured Loans	<table border="1"><tr><td>3942</td></tr></table>	3942	Unsecured Loans	<table border="1"><tr><td>NIL</td></tr></table>	NIL
3942					
NIL					
Deferred Taxation	<table border="1"><tr><td>33499</td></tr></table>	33499			
33499					
Application of Funds					
Net Fixed Assets	<table border="1"><tr><td>210058</td></tr></table>	210058	Investments	<table border="1"><tr><td>55003</td></tr></table>	55003
210058					
55003					
Net Current Assets	<table border="1"><tr><td>262815</td></tr></table>	262815	Misc. Expenditure	<table border="1"><tr><td>NIL</td></tr></table>	NIL
262815					
NIL					



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (CONTD.)**

## IV. Performance of the Company (Amount in Rs. Thousand)

Net Turnover	Total Expenditure
837462	729030
Other Income	Profit/(Loss) Before Tax
14007	122439
Profit/(Loss) After Tax	Earning per share in Rs.
81788	20.28
Dividend on Preference Shares Rate %	Dividend on Equity Shares Rate %
NA	30%

## V. Genetic Names of Products / Services of the Company

Item Code No. (ITC Code)	3	5	0	3	0	0	2	0	
Product Description	G	E	L	A	T	I	N	E	
Item Code No. (ITC Code)	2	3	0	2	.	0	0		
Product Description	D	I	C	A	L	C	I	U	M
	P	H	O	S	P	H	A	T	E

For and on behalf of the Board

**Mahesh Verma**  
Company Secretary

**R.K. Raje**  
Director

**A. Kapur**  
Director

Jabalpur

18th May, 2010