

ANNUAL REPORT 2011-2012



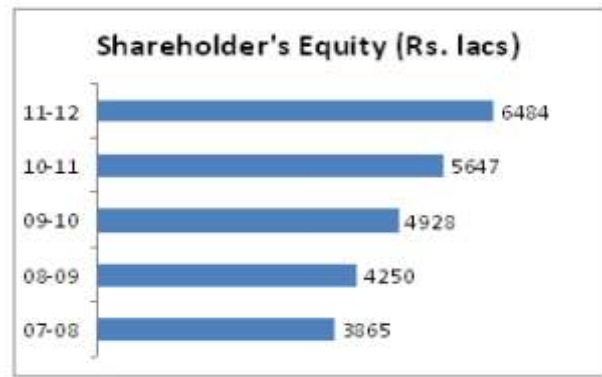
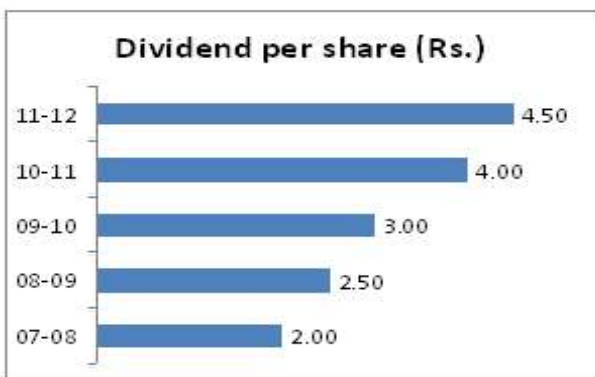
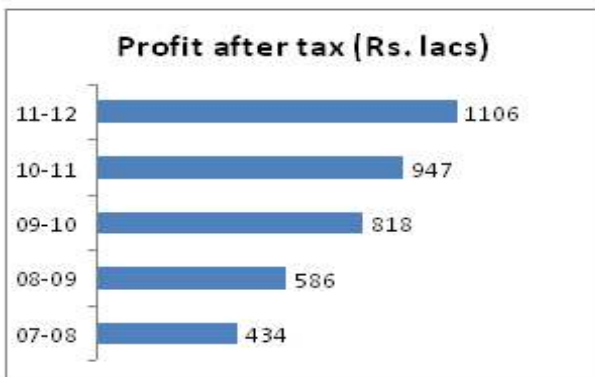
Narmada Gelatines Limited

**FINANCIAL HIGHLIGHTS**

	07-08	08-09	09-10	10-11	11-12
Turnover	6252	7340	8753	9648	11314
Profit before tax	682	992	1224	1408	1541
Profit after tax	434	586	818	947	1106
Earnings per Share (Rs.)	10.60	14.47	20.28	23.48	27.43
Dividend per equity share (Rs.)	2.00	2.50	3.00	4.00	4.50*
Shareholder's Equity	3865	4250	4928	5647	6484

(Rs. lacs)

*Proposed





COMPANY INFORMATION

BOARD OF DIRECTORS

Justice Gulab Gupta

Deepak Chaudhuri

Mohan Chandra Pant

Sanjeev Jain

Ravindra K. Raje

Ashok K. Kapur - Whole Time Director

AUDIT COMMITTEE

Justice Gulab Gupta - Chairman

Deepak Chaudhuri

Mohan Chandra Pant

Ravindra K. Raje

REMUNERATION COMMITTEE

Justice Gulab Gupta - Chairman

Deepak Chaudhuri

Mohan Chandra Pant

INVESTORS' GRIEVANCE COMMITTEE

Mohan Chandra Pant - Chairman

Justice Gulab Gupta

Ashok K. Kapur

COMPANY SECRETARY & COMPLIANCE OFFICER

Mahesh Verma

STATUTORY AUDITORS

T.R. Chadha & Co.
Mumbai

REGISTERED OFFICE

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

FACTORY

Meerganj, Bheraghat Road
Jabalpur (M.P.)

BANKERS

Allahabad Bank
IDBI Bank Ltd.
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

LISTING

Bombay Stock Exchange Ltd.



CONTENTS

<i>Directors Report & Management Discussion and Analysis</i>	<i>1-5</i>
<i>Report on Corporate Social Responsibility</i>	<i>6</i>
<i>Report on Corporate Governance</i>	<i>7-18</i>
<i>Certificate on Corporate Governance</i>	<i>19</i>
<i>Auditors Report</i>	<i>20-22</i>
<i>Financial Statements</i>	<i>23-26</i>
<i>Notes on Financial Statements</i>	<i>27-43</i>
<i>Notice of Annual General Meeting</i>	<i>44-48</i>

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

Dear Shareholders,

The Directors have pleasure in presenting the 51st Annual Report of your Company and the Audited Accounts for the financial year ended 31st March, 2012.

Particulars	Rs. Lacs	
	Year ended 31st March, 2012	Year ended 31st March, 2011
Profit before Tax	1593.13	1407.66
Provision for Taxation:		
Current Year Tax	459.87	464.09
Deferred Tax	<u>26.81</u> <u>486.68</u>	<u>(3.66)</u> <u>460.43</u>
Profit after Tax	1106.45	947.23
Balance brought forward from last year	<u>2962.86</u>	<u>2298.46</u>
Amount available for appropriation	4069.31	3245.69
Transfer to General Reserve	105.45	94.72
Proposed Dividend on Equity Shares	181.49	161.32
Tax on proposed dividends	<u>29.44</u>	<u>26.79</u>
Balance carried forward	3752.93	2962.86

Economy and Company Overview

Indian economy has had an estimated growth of 6.9% in 2011-12 as compared to 8.4% in 2010-11. The manufacturing sector is likely to show a growth of only 3.9% in GDP during 2011-12 as against the growth of 7.6% in 2010-11. High inflation due to persistently high crude petroleum prices throughout the year played spoilsport, oscillating within a band of 8% to 9%. This led to several rounds of interest rate hikes by the Reserve Bank to curb inflation and prevent overheating of the economy.

On the operational front, the company was able to maintain profit margins amidst rising input costs as a result of comprehensive planning and forecasting strategy for procurement of raw materials. The company managed to mitigate the impact of this increase in costs through proactive dialogue and price negotiation with the customers. Overall, the year was very challenging in terms of input cost inflation and managing it.

Financial Highlights

Your Company recorded another year of growth, both in revenue and profits. Gross sales increased to Rs. 113.14

crores from Rs 96.48 crores in the previous year registering a growth of 17.3%. Earnings before interest, taxes and depreciation increased to Rs 17.32 crores from 15.81 crores in 2010-11, an increase of 9.6%. Profit after tax was at Rs 11.06 crores for 2011-12 as compared to Rs 9.47 crores in the previous year, up by 16.8%. Consequently, the Earnings per share increased to Rs 27.43 as compared to Rs 23.48 in 2010-11.

The strength of Company's business strategies and competence in execution were demonstrated in its performance during 2011-12, when it not only weathered the storm unleashed by the global economic meltdown and inflationary Indian economy but successfully delivered consistent growth.

Dividends

Your Directors recommend a dividend of Rs. 4.50 per Equity Share (last year Rs. 4/- per Equity Share) for the financial year ended March 31, 2012.

The total outflow on account of the proposed dividend including dividend distribution tax will be Rs. 210.93 lacs, (previous year Rs. 188.11 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 14th August, 2012 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. 105.45 lacs to the General Reserve. An amount of Rs. 790.07 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

The rapid growth of the Pharmaceutical industry in India and across the world has resulted in stable demand for Gelatine in Domestic Market. The demand for exports was also stable due to raw material shortage persisting in South America and other regions.

Opportunities and Threats

The Office International des Epizooties, Paris [OIE], continued the status of India as "Negligible Risk" as far as BSE categorisation is concerned which is a good opportunity for the industry.

The level of awareness about environmental hazards has increased among the general public and the state authorities are upgrading 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 these challenges effectively. This also resulted in reduction of production or temporary stoppages in some of our competitor plants.

Capacity Utilization

The capacity utilisation of gelatine production by your Company was 98% against an estimated industry average of around 72%.

Outlook

The company's actions to improve productivity and quality of its products are in process. Barring any unforeseen

circumstances, your company should continue to perform well.

To meet the increased demand, your company has enhanced the annual installed capacity of gelatine plant from 2400 MT to 3000 MT. The enhanced production has come into effect from January 2012.

Risks and Concerns

Continuous increase in fuel and electricity prices is a major concern and this could impact margins.

The upgradation of pollution control norms regularly by the statutory authorities can affect production and result in higher cost of production.

The proposed setting up of new units in near future may also lead to a situation of increased competition and pressure on raw material availability and margins.

Segment-wise or product-wise performance

The company is engaged in the business of manufacture and sale of gelatin and ossein and the by-product 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 Notes on Accounts under the disclosure as required under Accounting Standard 17 - Segment Reporting and form part of the Directors' Report.

Internal Control System

The Company has a well placed, proper and adequate internal control system, comprising supervision, checks and balances, policies, procedures and internal audit which ensures that all assets are safeguarded and protected and that the transactions are authorised, recorded and reported correctly. The system is reviewed and updated on an ongoing basis. The Group Internal Audit team continues to support the internal audit function.

The Company's internal control system comprises audit and compliance of observations made by the Internal Auditors.



The Internal Auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions in value terms. Independence of the audit and compliance is ensured by direct reporting of Internal Audit Division and Internal Auditors to the Audit Committee of the Board.

Fixed Deposits

During the year under review, the Company has not accepted any fixed deposits from the public, and as on March 31, 2012 the Company had no unclaimed deposits or interest thereon due to any depositor.

Subsidiary Company

The Company does not have any subsidiary company.

Directors

During the year Ms. Kiran Chhabria retired as a Director at the Annual General Meeting held on 19th September 2011.

In accordance with the provisions of the Companies Act, 1956, and Article 115 of the Articles of Association of the Company, Justice Gulab Gupta and Mr. Sanjeev Jain, Directors, retire by rotation at the ensuing Annual General Meeting of the Company.

Justice Gulab Gupta, being eligible, has offered himself for re-appointment. The Board of Directors recommends his re-appointment.

Mr. Sanjeev Jain, being eligible, has offered himself for re-appointment. The Board of Directors recommends his re-appointment.

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:

- i That in the preparation of accounts for the financial year ended 31st March 2012, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed along with proper explanation relating to material departures, if any;
- ii That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so far as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit and loss of the Company for the year under review;
- iii That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
- iv That the Directors have prepared the accounts for the financial year ended 31st March, 2012 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 confirmation 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.

During the year the Company transferred Rs. 73,570/- to the Investor Education and Protection Fund, being the unclaimed dividend on 9% Cumulative Redeemable Preference Shares for the year 2003-04

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 Agreement with the Stock Exchange 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 the 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

None of the employee of the Company is in receipt of remuneration exceeding the limit prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975.

Industrial Relations / Human Resources

Industrial relations remained cordial. During the year the Company entered into a fresh wage agreement with the Union. Your Directors 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
28th June, 2012



Annexure to Directors' Report

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

A. RESEARCH & DEVELOPMENT

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

Recovery of Calcium Chloride from effluent.

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

The R&D efforts on the above continue to be pursued.

3. Future Plan of Action :

Based on the outcome on the above project, the Company may consider investment for large scale recovery of calcium chloride and sale.

4. Expenditure on R&D

Recurring Expenditure - Rs. 30.28 lacs; Capital Expenditure - Rs. 0.09 lacs

Total R&D Expenditure as a % of Total Turnover: 0.28%

B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

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

- (a) Disposal of lime waste as per environmental norms at lower cost.
- (b) Increase in capacity of by-product drying at a nominal cost.

2. Benefits derived as a result of above efforts:

- (a) Better environmental conditions.
- (b) Better output / production.

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. 416.16 lacs against Rs 228.07 lacs in the previous year.

The expenditure in foreign exchange comprises import of raw materials Rs. 42.11 lacs, travel for export promotion Rs. 0.38 lacs and other expenditure Rs. 37.36 lacs.

For and on behalf of the Board

R.K. Raje
Director

A .K. Kapur
Wholetime Director

Place : Jabalpur
28th June, 2012



REPORT ON CORPORATE SOCIAL RESPONSIBILITY

Social welfare and community development is at the core of the Company's Corporate Social Responsibility (CSR) philosophy and this continues to be a top priority. We believe that an organisation's true worth lies beyond its business, and is best reflected by the service it renders to the community and the Society. The Company has a responsibility to subserve larger societal goals as they have the ability to contribute for the welfare of the society.

The Company's contributions to the community are in the areas of health, education, infrastructure development (drinking water, improving village infrastructure, tree plantation, relief and assistance in the event of a natural disaster) and contributions to other social development organisations. The Company also supports and partners with several NGOs in community development and health initiatives. Some of the social activities carried out by the Company are as under:

Environment

The Company remains fully compliant with various environmental protection, health and safety laws and regulations. The Company has instituted a compliance management system, which ensures full compliance to all applicable legal requirements.

Keeping harmony with nature as a guiding principle, plantation of trees, maintenance of green belts and gardens in and around the manufacturing unit, mangrove plantation in the factory premises, vermi-compost of waste and its use as manure, recycling of treated water in cooling water system and in horticulture activities, etc. are regular activities undertaken by the Company.

The Company and its employees regularly promote and participate in projects for cleanliness of river Narmada through cleaning banks, putting up flex, banners and wall painting messages.

Health

All employees undergo regular periodic medical examinations. The company has a tie-up with local Hospitals wherein employees receive medical treatment as and when required.

The company maintains First Aid facility and a dispensary

within the factory premises.

Social Responsibility and Community Development

The Company arranges for supply of drinking water in the surrounding villages and has for the purpose, arranged for installed drinking water connections.

In addition, the Company provides drinking water at various locations around the factory during the summer season.

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 and Ekal Vidyalaya. The Ekal Vidyalaya movement aims to help eradicate illiteracy from rural and tribal India.

The Company supports academics and education at all levels, provides scholarships to poor girls of the locality. The company also provides educational support to various poor children through contributions to "Pahel Sanstha" Charitable Institution and Hamara Jabalpur for "Balika Prothshahan Yojana". The Company has also aided the repairs and maintenance of schools located in the near by villages.

Religious and cultural programs

The Company has contributed to various local religious and cultural programmes.

During the traditional Navratri Garba festival, the Company contributed to various programs. Financial assistance and support was given to community festivals.

Community Health Care

The Company conducts regular health check-ups and medical diagnostic camps. Cataract cases are operated free of cost. The Company distributes medicines and spectacles to large number of patients in the neighbouring villages of Jabalpur. The Company arranges for sprinkling of medicines and insecticides in the surrounding villages to prevent diseases and to promote cleanliness.



REPORT ON CORPORATE GOVERNANCE

Corporate Governance is commitment to values and ethics in business conduct which stems from the culture, policies, practices, traditions, voluntary adherence to ethical standards and mindset of an organisation. Strong governance standards focusing on fairness, transparency, accountability and responsibility are vital not only for a healthy and vibrant corporate sector but also for growth of the economy. The global financial crisis during the recent past along with incidences of some of the large scale corporate failures and frauds have reinforced the importance of good governance.

This report sets out the compliance status for the Company with the requirements of corporate governance, as set out in Clause 49 of the Listing Agreement, for the financial year 2011-12.

1. Company's Philosophy on Corporate Governance

Corporate Governance is essentially a system by which companies are directed and controlled by the management in the best interest of the stakeholders and others. Corporate Governance ensures fairness, transparency and integrity of the management and is a way of life, rather than a mere legal compulsion.

The Company believes that good Corporate Governance is critical to enhance and retain investors' trust. The Board of Directors exercises its fiduciary duties in the widest sense of the term. The Company endeavors to enhance long term shareholder value and respects minority rights in all its business decisions.

Our disclosures always seek to attain the best practices in Corporate Governance. Our actions are governed by our values and principles, which are reinforced at all levels within the Company. We are committed to doing things in the right way which means taking business decisions and acting in a way that is ethical and is in compliance with the applicable legal requirements. We acknowledge our individual and collective responsibilities to manage our business activities with integrity.

In addition to complying with the statutory requirements, effective governance systems and practices towards improving transparency, disclosures, internal control and promotion of ethics at work place have been institutionalized. The Company recognizes that good governance is a continuing exercise.

The Board of Directors of the Company has an optimum combination of Executive and Independent Non-Executive Directors who have an in-depth knowledge of business, in addition to the expertise in their areas of specialization. The Board provides leadership, strategic guidance and an independent view to the Company's management.

The Company has adopted a Code of Conduct for its employees including the Executive Director. 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 a total of 6 Directors of which five are Non-Executive Directors and out of which three are Independent Directors.



Composition of the Board of Directors is as follows:

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

- (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 is a Director. Necessary disclosures regarding Committee positions in other public companies as at 31st March, 2012 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 is a member	Committees of which he is Chairman	Attendance	
				Board Meetings	Last AGM (19.09.2011)
Justice Gulab Gupta	-	2	1	4	Yes
Mr. Deepak Chaudhuri	-	1	-	4	No
Mr. M.C. Pant	-	2	1	4	Yes
Mr. Sanjeev Jain	2	3	-	3	Yes
Mr. R. K. Raje	3	5	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

A brief resume of Director(s) being reappointed, nature of their expertise in specific functional areas and names of companies in which they hold directorships, memberships/ chairmanships of Board Committees and their shareholding in the Company are provided below:

- (1) Justice Gulab Gupta is a B.A., L.L.B from Allahabad University and L.L.M. from U.S.A. He became Judge of M P High Court, Jabalpur in the year 1985. Later on, he became Chief Justice of Himachal Pradesh High Court. He held the post of Governor, Rotary Club and was Chairman, Human Rights Commission, Madhya Pradesh. He was Vice Chancellor of Rani Durgawati University, Jabalpur for two years. Presently, he is practicing as a Supreme Court Lawyer. He does not hold any shares in the company as on 31st March, 2012.
- (2) Mr. Sanjeev Jain is a Chartered Accountant. He is on the Board of Dandvati Investments & Trading Co. Pvt. Ltd.,



Firestorm Electronic Corporation Pvt. Ltd., MPIL Corporation Limited, GWL Properties Limited, Jerom Trading & Investment Pvt. Ltd. Harshit Finlease & investments Pvt. Ltd., Jumbo Electronics Corporation Pvt. Ltd., Jumbo World Holdings (India) Pvt. Ltd., Primo Enterprises Pvt. Ltd., Viman Investments Pvt. Ltd. and Orson Video Pvt. Ltd.

He does not hold any shares in the company as on 31st March, 2012.

B. Board Meetings

During the year ended 31st March, 2012 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	30 th May 2011	7	5
2	3 rd August, 2011	7	6
3	14 th November, 2011	6	6
4	7 th February, 2012	6	6

Information placed before Board of Directors

The Board of Directors 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

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. Justice 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.



The composition of the Audit Committee meets with the requirements of Section 292A of the Companies Act, 1956 and Clause 49.

The objective of the Audit Committee is to assist the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors, the performance of internal auditors and the Company's risk management policies.

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.

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.



The previous Annual General Meeting of the Company was held on 19th September, 2011. The Chairman of the Audit Committee, Justice Gulab Gupta attended the Meeting.

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	30 th May 2011	4	4
2	3 rd August, 2011	4	4
3	14 th November, 2011	4	4
4	7 th February, 2012	4	4

The composition of the Audit Committee and particulars of meetings attended by the members of the Audit Committee are given below:

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

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

Date	Committee Strength	No. of Members Present
14 th November, 2011	3	3
7 th February, 2012	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 31st March, 2012 to the Whole-Time Director was Rs. 30.87 lacs. Besides this, the Whole Time Director is entitled to Gratuity and encashment of leave at the end of tenure of service. 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 for attending each meeting of the Board and Committee Meeting of the Directors as detailed here under:

Meetings	before 07.02.2012	w.e.f. 07.02.2012
Board Meeting	Rs. 4000/-	Rs. 8000/-
Audit Committee Meeting	Rs.1000/-	Rs.3000/-
Remuneration Committee Meeting	Rs.1000/-	Rs.2000/-

Sitting fees paid to the Non-Executive Directors, for 2011-12 are as detailed below:

S.No.	Director's Name	(Rs. in lacs)
1	Justice Gulab Gupta	0.29
2	Mr. M.C. Pant	0.29
3	Mr. Deepak Chaudhuri	0.29
4	Mr. R. K. Raje	0.26
5	Mr. Sanjeev Jain	0.16
	Total	1.29

5. Shareholders' Grievances Committee

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

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

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, six investor complaints were received by the Company. As on 31st March, 2012 there were two complaints pending reply.

6. Code of Business Conduct & Ethics

The Code of Business Conduct & Ethics ('the Code') adopted by the Board, is a comprehensive Code applicable to all Directors and Senior management personnel. The Code while laying down, in detail, the standards of business conduct, ethics and governance, centres on the following theme:

The Company's Board of Directors and Senior Management Personnel are responsible for conduct of the business, and are committed to setting the standards of conduct contained in this Code and for updating these standards, as appropriate, to ensure their continuing relevance, effectiveness and responsiveness to the needs of local and



international investors and all other stakeholders as also to reflect corporate, legal and regulatory developments. The Code has been circulated to all the members of the Board and management personnel and the compliance of the same is affirmed by them annually. A declaration signed by the Whole time Director of the Company to confirm that the Company has adopted a Code of Conduct for its Directors and employees of the Company is given below:

Compliance with the Code of Conduct

I confirm that the Company has, in respect of the financial year ended March 31, 2012, 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.

Ashok K Kapur
Whole Time Director

7. 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:

AGM	Year	Venue	Date & Time	Special Resolutions
48 th	2008-09	Hotel Narmada Jacksons South Civil Lines, Jabalpur	Tuesday, 8 th September, 2009 at 12:30 p.m.	For re-appointment of Shri Ashok K. Kapur as the Whole Time Director of the Company.
49 th	2009-10	Hotel Satya Ashoka, Wright Town, Jabalpur	Tuesday, 21 st September, 2010 at 12.30 p.m.	For re-appointment of Shri Ashok K. Kapur as the Whole Time Director of the Company.
50 th	2010-11	Hotel Narmada Jacksons, South Civil Lines Jabalpur	Monday, 19 th September, 2011 at 12 Noon	None

During the year ended 31st March, 2012, 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.

8. 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, 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, 2012.
- c. Details of non-compliance by the Company, penalties or strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

There have 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.

9. Means of Communication

The quarterly, half-yearly and yearly financial results of the Company are sent to Stock Exchange 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 and regional 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.

Annual reports, quarterly results, shareholding pattern, etc. of the Company are also posted on the SEBI website corpfilings.co.in and company's website : www.narmadagelatines.com

Management Discussion and Analysis forms part of the Annual Report.

10. General Shareholders' Information

+ Annual General Meeting

Day & Date	:	Tuesday, 14 th August, 2012
Time	:	1:00 p.m.
Venue	:	Hotel Narmada Jacksons, South Civil Lines, Jabalpur

+ Financial Calendar 2012-2013

First Quarter Result	:	1 st August to 14 th August, 2012
Second Quarter Results	:	1 st November to 15 th November, 2012
Third Quarter Results	:	1 st February to 15 th February, 2013
Annual Results for the year ending on 31 st March, 2013	:	15 th May to 30 th May, 2013

+ **Book Closure period** : 3rd August, 2012 to 14th August, 2012 (both days inclusive)

+ **Dividend payment date** : Dividends as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on or after 14th August, 2012 to those shareholders, whose names appear on the Company's Register of Members on 14th August, 2012.

**+ Listing of Shares and other Securities**

Name of Stock Exchange

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

+ 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 2011-12 at the Bombay Stock Exchange Limited (BSE) were as under:

(Rs. per share)

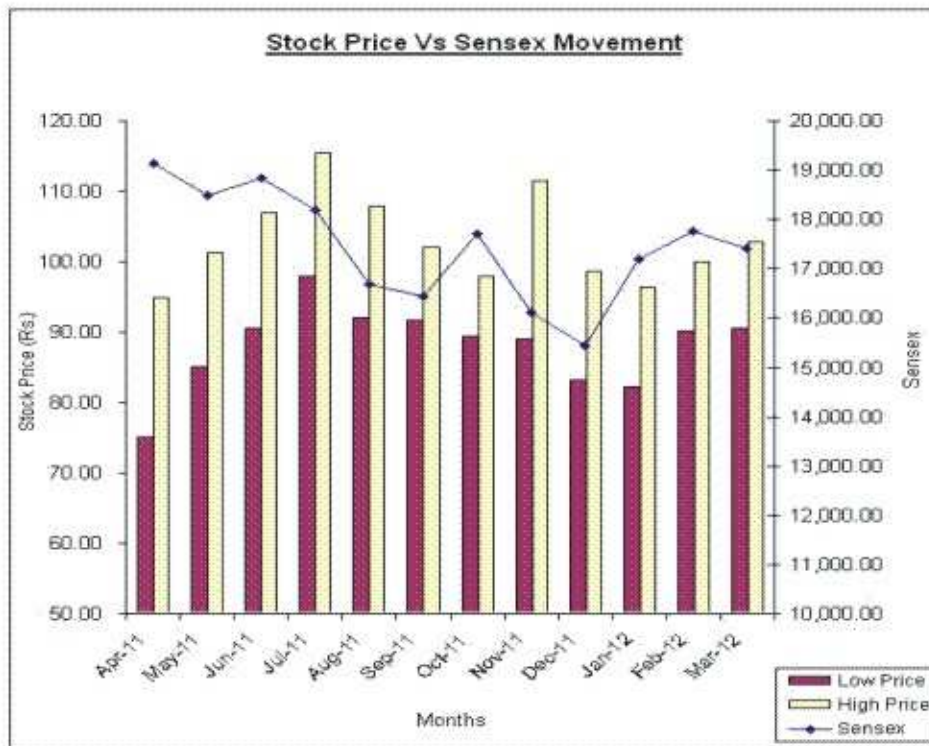
Months	High Price	Low Price
Apr 11	95.00	75.10
May 11	101.40	85.05
Jun 11	107.00	90.50
Jul 11	115.50	98.00
Aug 11	108.00	92.10
Sep 11	102.00	91.75
Oct 11	98.00	89.50
Nov 11	111.55	89.00
Dec 11	98.75	83.25
Jan 12	96.50	82.35
Feb 12	100.00	90.15
Mar 12	102.90	90.50

*(Source BSE website)***+ Share price performance compared with broad based indices**

		<u>BSE</u>
Company's Share Price	As on 01.04.2011	83.50
	As on 31.03.2012	96.20
	Change	15.21%
BSE Sensex	As on 01.04.2011	19,463.11
	As on 31.03.2012	16,292.98
	Change	-16.29%



+ **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

+ **Dividend declared for the last five years**

Year	On 9% Cumulative Preference Shares	On Equity Shares
2007-08	9%	20%
2008-09	9% (Pro-rata)	25%
2009-10	NA	30%
2010-11	NA	40%
2011-12	NA	45% (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 :

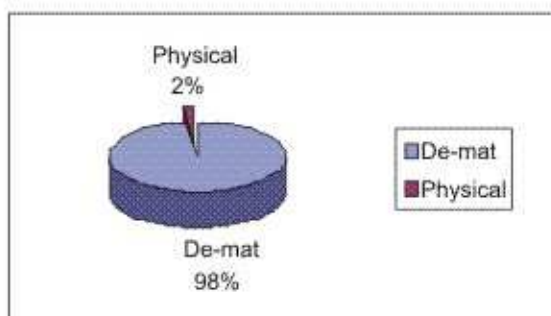
The distribution of shareholding as on 31st March 2012 is given below:

Range	Shareholders		Shares	
	No. of shares	Number	% of Total Holders	Numbers
Upto 500	1509	85.25	207319	5.14
501 - 1000	116	6.55	92125	2.28
1001 - 2000	59	3.33	90207	2.24
2001 - 3000	46	2.60	116508	2.89
3001 - 4000	11	0.62	38679	0.96
4001 - 5000	6	0.34	27942	0.69
5001 - 10000	10	0.57	68439	1.70
10001 and above	13	0.74	3391839	84.10
TOTAL	1770	100.00	4033058	100.00

+ Dematerialisation of shares as on 31st March , 2012

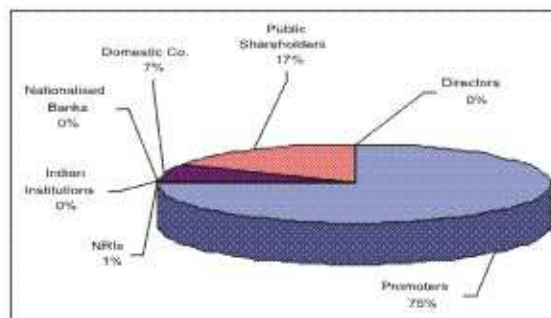
Nearly 98% of total Equity Share Capital is held in Dematerialised form with NSDL & CDSL.

Category	No. of shares	%
Demat	3948754	97.91
Physical	84304	2.09
Total	4033058	100.00



+ Shareholding pattern of the Company as on 31st March , 2012

Category	No. of shares	% holding
Promoters	3024793	75.00%
NRIs	28451	0.62%
Indian Institutions	350	0.01%
Nationalised Banks	Nil	Nil
Domestic Companies	295399	7.32%
Public Shareholders	686912	17.03%
Directors	753	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

+ 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, 2012 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 2004-05 to 2010-11 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 2011-12 the Company has remitted the unclaimed Dividend for the year 2003-04 on 9% Cumulative Redeemable Preference Shares amounting to Rs.73,570/- to the Investor Education and Protection Fund.

11. Compliance Certificate of the Auditors

Certificate from the Auditors of the Company, M/s. T.R. Chadha & Co. confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49, is attached to the Directors' Report forming part of the Annual Report.

On behalf of the Board of Directors

Place : Jabalpur
Date : 28th June, 2012

Ravindra K. Raje
Director

Ashok K. Kapur
Whole-time Director



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 31st March, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company, with the Stock Exchanges.

The Compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to review procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 Notes 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 investors grievances remaining unattended / pending for more than 30 days as on 31.03.2012.

We further state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For T.R. Chadha & Co.
Chartered Accountants
Firm Regn. No. 006711N

Pravin Jabade
(Partner)
M.No.107196

Dated : 28th June, 2012
Place : Jabalpur



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, 2012 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, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 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, 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, 2012;
 - (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

Pravin Jabade
(Partner)
M. N. 107196
Firm Registration No. 006711N

Date: 22nd May, 2012
Place: Jabalpur



Annexure to the Auditors' Report for the year ended 31st March, 2012 (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 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

The Company has maintained cost records as prescribed by the Central Government under clause (d) of sub section (1) of Section 209 of the Companies Act, 1956, for all the 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 31.03.2012 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	High Court
	35.22	Commissioner Appeals
Excise Duty	388.78	High Court
	132.62	CESTAT
	540.09	Commissioner / Additional Commissioner
	2.70	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**

**Pravin Jabade
(Partner)
M. N. 107196
Firm Registration No. 006711N**

Date: 22nd May, 2012
Place: Jabalpur

**BALANCE SHEET AS AT 31st MARCH 2012**

Particular	Note	Amount (Rs.in lacs)	
		As at 31st March 2012	As at 31st March 2011
<u>EQUITY & LIABILITIES</u>			
Shareholders' Funds			
Share Capital	3	403.38	403.38
Reserves & Surplus	4	<u>6081.00</u>	<u>5243.82</u>
6484.38			5647.20
Non-Current Liabilities			
Deferred Tax Liabilities (Net)	5	358.13	331.33
Current Liabilities			
Short- term borrowings	6	225.30	65.64
Trade Payables	7	657.68	477.17
Other Current Liabilities	8	201.43	150.21
Short-term Provisions	9	404.43	346.77
TOTAL		<u>8331.35</u>	<u>7018.32</u>
<u>ASSETS</u>			
Non-Current Assets			
Fixed Assets			
Tangible Assets	10	2250.82	2054.18
Capital Work in Progress		82.17	5.77
Intangible Assets under development		4.34	1.50
Long Term Loans & Advances	11	73.54	110.81
Current Assets			
Current Investments	12	450.00	650.03
Inventories	13	2559.48	1739.80
Trade Receivable	14	1408.49	1328.42
Cash and cash equivalents	15	1218.86	846.51
Short-term loans and advance	16	233.92	255.10
Other Current Assets	17	49.73	26.20
TOTAL		<u>8331.35</u>	<u>7018.32</u>

NOTES ON FINANCIAL STATEMENTS

1 to 32

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

T.R.CHADHA & CO.
Chartered Accountants
Firm Reg. No. 006711N

For and on behalf of the Board

Pravin Jabade
Partner
M.No.107196

M.Verma
Company Secretary

R.K.Raje
Director

A.Kapur
Wholetime Director

Jabalpur

22nd May, 2012

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2012**

Particulars	Note	Amount (Rs.in lacs)	
		Year ended 31st March 2012	Year ended 31st March 2011
INCOME			
I Revenue from Operations	18	10671.46	9097.56
II Other Income	19	219.02	130.33
III Total Revenue (I+II)		<u>10890.48</u>	<u>9227.89</u>
IV EXPENDITURE			
Cost of Materials Consumed	20	6073.19	4874.95
Change in Inventories of Finished goods and Work-in Progress	21	(637.16)	(176.93)
Employees benefits expense	22	901.90	805.65
Finance cost	23	17.11	11.07
Depreciation and amortization expense	24	174.14	172.85
Other expenses	25	2820.11	2132.84
Total expenses		<u>9349.29</u>	<u>7820.43</u>
V Profit before exceptional and extraordinary items and tax (III-IV)		1541.19	1407.46
VI Exceptional Items		-	-
VII Profit before extraordinary items and tax (V-VI)		1541.19	1407.46
VIII Extraordinary Item [refer Note 4(i)]		(51.94)	0.00
IX Profit before tax (VII-VIII)		1593.13	1407.46
X Tax Expense			
Current Year Tax		459.87	464.09
Deferred Tax		<u>26.81</u>	<u>(3.66)</u>
Profit after taxation		<u>1106.45</u>	<u>947.03</u>
Earning per Equity Share of Face Value of Rs. 10 each.			
Basic and Diluted Earnings per Share (Rs.)	30	27.43	23.48

SIGNIFICANT ACCOUNTING POLICIES
NOTES ON FINANCIAL STATEMENTS

1 to 32

The notes 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.

T.R.CHADHA & CO.
Chartered Accountants
Firm Reg. No. 006711N

For and on behalf of the Board

Pravin Jabade
Partner
M.No.107196
Jabalpur 22nd May, 2012

M.Verma
Company Secretary

R.K.Raje
Director

A.Kapur
Wholetime Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012**

Amount (Rs.in lacs)

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
A. Cash Flow from Operating Activities :		
Net profit before tax	1541.19	1407.69
Adjustments for :		
Depreciation	174.14	172.85
Interest Income	(77.92)	(44.82)
Profit on sale of Investments	(67.45)	(11.74)
Interest Expenses	17.11	1.31
Loss/(Profit) on Impairment/sale of fixed assets	10.36	0.00
Sundry Debit Balances Written off	0.42	1.32
Provision / Balances written back	(6.24)	(3.63)
Net unrealised exchange (gain) / loss	1.28	(0.14)
Operating profit before working capital changes	1592.89	1522.84
Adjustments for :		
(Increase)/Decrease in Trade and other receivables	(80.07)	(71.99)
(Increase)/Decrease in Inventories	(819.68)	(558.67)
(Increase)/Decrease in Long Term loans & advances	37.26	(52.36)
(Increase)/Decrease in Short Term loans & advances	21.18	8.78
(Increase)/Decrease in other Current Assets	(23.54)	(7.66)
Increase/(Decrease) in Trade Payables	175.98	25.57
Increase/(Decrease) in Short Term provisions	34.19	(3.41)
Increase/(Decrease) in Other Current Liabilities	51.22	22.16
Cash generated from operations	989.43	885.26
Direct Taxes paid	(459.21)	(453.51)
Net Cash from operating activities (A)	528.94	431.75
B. Cash Flow from Investing Activities :		
Sale of Fixed Assets	0.00	0.00
Purchase of Fixed Assets & Capital WIP	(456.40)	(171.56)
Profit on sale of Investments	67.45	11.74
Investment in Mutual Funds	200.03	(100.00)
Interest received	77.92	44.82
Net Cash used in Investing Activities (B)	(111.00)	(215.00)

continued...

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012 (Continued)

Particulars	Amount (Rs.in lacs)	
	Year ended 31st March 2012	Year ended 31st March 2011
C. Cash Flow from Financing Activities:		
Dividend including tax thereon paid	(188.11)	(141.09)
Net Increase/(Decrease) in Short term borrowings	159.66	26.22
Interest Paid	(17.11)	(1.31)
	<u>(45.56)</u>	<u>(116.18)</u>
Net Cash used in Financing Activities (C)	<u>(45.56)</u>	<u>(116.18)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	<u>372.35</u>	<u>100.56</u>
Cash and Cash Equivalents (Opening Balance)	846.51	745.95
Cash and Cash Equivalents (Closing Balance)	<u>1218.86</u>	<u>846.51</u>

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 31.03.2012	As at 31.03.2011
Cash and Cheques in Hand	3.69	6.09
Remittance in Transit	12.57	29.71
Balance with Scheduled Banks	1202.60	810.71
(Includes Rs.649.91 lacs (Previous year Rs.416.80 lacs) 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.

T.R.CHADHA & CO.
Chartered Accountants
Firm Reg. No. 006711N

For and on behalf of the Board

Pravin Jabade
Partner
M.No.107196
Jabalpur 22nd May, 2012

M.Verma
Company Secretary

R.K.Raje
Director

A.Kapur
Wholetime Director



NOTES ON FINANCIAL STATEMENTS

NOTE 1: CORPORATE INFORMATION

Narmada Gelatines Ltd. (Erstwhile Shaw Wallace Gelatines Ltd) a member of Jumbo Group was set up in 1961. Narmada Gelatines Ltd., is into manufacturing and sales of ossein and gelatin. The company is strategically located in the Central Indian State of Madhya Pradesh and has convenient access to its main and essential inputs of crushed bones, acid, lime and good quality water.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

1 Basis of Accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention except Income on investments in shares of companies and Mutual Funds. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2 Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

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 use. 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 and 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 continuous 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.

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 Investments

Income from Investments (other than investments in shares of companies and Mutual Funds), is accounted on an accrual basis. Income from investment in shares of companies is recognised as and when the right to receive such income is established.

10 Foreign Currency Transactions

(i) 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.

(ii) Non-monetary items denominated in foreign currency are stated at the rate prevailing on the date of the transaction.

11 Employee 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 Voluntary Retirement Scheme Expenses

Voluntary Retirement Scheme Expenses are fully charged off in the year of payment

13 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 losses, 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.

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.



NOTES ON FINANCIAL STATEMENTS

Particulars	Amount (Rs.in lacs)	
	As at 31st March 2012	As at 31st March 2011
Authorised		
1,00,00,000 Equity Shares of Rs.10/- each	1000.00	1000.00
1,00,00,000 9% Cumulative Redeemable Preference Shares of Rs.10/- each.	1000.00	1000.00
	2000.00	2000.00
Issued, Subscribed and Paid up		
40,33,058 Equity Shares of Rs.10/- each, fully paid	403.31	403.31
Forfeited Shares	0.07	0.07
Total	403.38	403.38

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 6th May, 2003.

(2) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	31st March 2012		31st March 2011	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares with voting rights - Number of shares (Rs. 10/- per share)	4033058	40330580	4033058	40330580

(3) Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended 31 March 2012, the amount of per share dividend recognized as distributions to equity shareholders was Rs.4.50 (31 March 2011: Rs.4.00).

(4) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	Equity shares with voting rights and Numbers of Shares	
	31st March 2012	31st March 2011
Alfamont (Mauritius) Limited, the holding company	3024793	
Jumbo World Holdings Ltd., the ultimate holding company	Nil	
Dandvati Investments & Trading Co. Pvt. Ltd., the holding company		3024793
Jumbo World Holdings Ltd., the ultimate holding company		Nil

(5) Equity shareholders holding more than 5% of equity shares along with the number of equity shares held is as given below:

Name of the Shareholder	31st March 2012		31st March 2011	
	%	Number of Shares	%	Number of Shares
Alfamont (Mauritius) Limited Dandvati Investments & Trading Co. Pvt. Ltd.	75	3024793	75	3024793



NOTES ON FINANCIAL STATEMENTS

Particulars	Amount (Rs.in lacs)	
	As at 31st March 2012	As at 31st March 2011
NOTE - 4 : RESERVES AND SURPLUS		
Capital Reserve	7.51	7.51
Securities Premium Account	478.41	478.41
Revaluation Reserve		
As per last Balance Sheet	157.59	173.93
Less: Deduction on account of depreciation / impairment / sale of certain assets (Refer Note 4(i) & 4(ii) below)	<u>58.34</u>	<u>16.34</u>
	99.25	157.59
Capital Redemption Reserve		
As per last Balance Sheet	148.61	148.61
General Reserve		
As per last Balance Sheet	1488.77	1394.04
Add: Transferred from Profit & Loss Account	<u>105.45</u>	<u>94.73</u>
	1594.22	1488.77
Surplus		
Opening Balance	2962.93	2298.74
Add: Net profit / (loss) for the current period	<u>1106.45</u>	<u>947.03</u>
Amount available for appropriation	4069.38	3245.77
Appropriations:		
Transfer to general reserve	105.45	94.73
Proposed Dividend on Equity Shares	181.49	161.32
Tax on proposed dividend	<u>29.44</u>	<u>26.79</u>
Closing Balance	<u>3753.00</u>	<u>2962.93</u>
Total	<u>6081.00</u>	<u>5243.82</u>

4(i) Deductions from Revaluation Reserve comprises of Rs.6.40 lacs (Prev. Year Rs. 16.34 lacs) on account of depreciation and Rs.51.94 lac relates to depreciation on revalued assets charged to Profit & Loss account in prior years, now adjusted with Revaluation Reserves.

4(ii) Cumulative amount withdrawn on account of depreciation on Revaluation is Rs.1010.42 lacs



NOTES ON FINANCIAL STATEMENTS

Particulars	Amount (Rs.in lacs)	
	As at 31st March 2012	As at 31st March 2011
NOTE - 5 : DEFERRED TAX LIABILITIES (NET)		
Deferred tax liability comprises of following:		
Deferred Tax Liability		
Unabsorbed Depreciation on Fixed Assets	376.39	343.58
Deferred Tax Assets		
Disallowance as per Section 43B and Section 40(a) of the Income Tax Act, 1961	12.75	9.65
VRS to be allowed under IT Act in future years	0.16	0.58
Provision for doubtful debts	5.34	2.02
	<u>18.25</u>	<u>12.25</u>
Net Deferred Tax Liability	<u>358.13</u>	<u>331.33</u>
NOTE - 6 : BORROWINGS		
Short-term Borrowing		
Bank Overdraft	225.30	65.64
Secured against Fixed Deposits		
Total	<u>225.30</u>	<u>65.64</u>
NOTE - 7 : TRADE PAYABLE		
Micro, Small and Medium Enterprises	71.98	61.75
Trade Payable	585.70	415.42
Total	<u>657.68</u>	<u>477.17</u>

7(i) The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under:

Particulars		
Principal Amount due and remaining unpaid	-	-
Interest due on above and the unpaid interest	-	-
Interest paid	-	0.01
Payment made beyond appointed date during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable in succeeding years	-	-



NOTES ON FINANCIAL STATEMENTS

Particulars	Amount (Rs.in lacs)	
	As at 31st March 2012	As at 31st March 2011
NOTE - 8: OTHER CURRENT LIABILITIES		
Unclaimed Dividend*	13.44	12.53
Unclaimed 9% Preference Share Redemption Account*	22.93	23.18
Capital Creditors	10.24	3.78
Statutory remittances	28.13	24.82
Trade & Security Deposits received	3.08	2.53
Advance from Customers	113.06	73.33
Other Liabilities**	10.55	10.04
Total	<u>201.43</u>	<u>150.21</u>

*These amounts will be transferred to the Investor Education and Protection Fund upon the same becoming due after seven years in terms of section 205A and 205C of the Companies Act, 1956.

** Includes Retention Money and Group Insurance Premium payable

NOTE - 9 : PROVISIONS

Short-Term Provisions

(a) Provision for employee benefits:

Provision for Gratuity	45.84	44.78
Provision for Leave Encashment	39.31	29.05
Provision for Bonus	23.92	24.34

(b) Provision - Others

Provision for Income tax (net of Advance Tax Rs.2156 lacs, Previous year 1697 lacs)	43.62	42.97
Provision for Excise Duty*	37.36	17.52
Provision for Custom Duty	3.45	0.00
Proposed Dividend on Equity Shares	181.49	161.32
Tax on Dividend	29.44	26.79

Total	<u>404.43</u>	<u>346.77</u>
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* Includes Provision made for Excise duty reversal for earlier periods Rs.12.98 Lac, (Previous Year Rs.12.98 Lac)



NOTES ON FINANCIAL STATEMENTS

NOTE - 10 : FIXED ASSETS

Assets	Gross Block at cost / Revalued value				Depreciation			Net Block	
	As at 1st Apr-11	Additions	Disposals/ Impairment	As at 31st Mar-12	As at 1st Apr-11	Disposals/ Impairment For the Year	As at 31st Mar-12	As at 31st Mar-12	As at 31st Mar-11
Tangible:									
Freehold Land	119.28	0.00	0.00	119.28	0.00	0.00	0.00	119.28	119.28
Buildings	544.05	0.00	0.00	544.05	353.47	12.69	366.16	177.89	190.58
Plant and Machinery	4221.02	363.39	0.00	4584.41	2500.96	161.87	2662.83	1921.58	1720.06
Furniture and Fittings	14.92	0.35	0.00	15.27	14.14	0.27	14.41	0.86	0.78
Computer & Office Equipments	62.23	2.51	0.00	64.74	50.69	3.85	54.54	30.20	11.54
Electrical Installations	31.23	10.93	0.00	42.16	19.65	1.86	21.51	20.65	11.58
Vehicles	7.76	0.00	0.00	7.76	7.40	0.00	7.40	0.36	0.36
Total	5000.49	377.18	0.00	5377.67	2946.31	180.54	3126.85	2250.82	2054.18
Previous Year	4841.16	180.85	21.52	5000.49	2757.16	189.19	2946.30	2055.00	

(i) Freehold Land, Buildings, Plant & Machinery and Electrical Installations were revalued on 31.3.1990 and 31.3.1993 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. Gross Block includes Rs.159.38 lacs added to Revaluation of Land & Building as at 31.03.1990 and Rs. 950.29 lacs of Land, Building, Plant & Machinery and Electrical Installations as at 31.03.1993 based on the reports issued by the Valuer.

(ii) The company has identified the Gelatine manufacturing division as its cash-generating unit (CGU) as required by Accounting Standard AS-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. During the year ended 31st March 2012, the company does not consider any item of fixed assets as obsolete and impaired and therefore there is no charge to Profit and Loss Account on account of the same (Previous Year - Nil).



NOTES ON FINANCIAL STATEMENTS

Particulars	Amount (Rs.in lacs)	
	As at 31st March 2012	As at 31st March 2011
NOTE - 11 : LONG TERM LOANS AND ADVANCES (Unsecured)		
Considered Good		
Capital advances	-	47.68
Security Deposits with Government and other bodies	0.08	1.90
Electricity and other deposits	73.46	61.23
Total	73.54	110.81

NOTE - 12 : INVESTMENTS

Current Investments

Long Term at Cost, unless otherwise specified

In Government Securities - NSC	-	0.03
Total (a)	-	0.03
Other Investments - (Quoted) - Non-trade		
Investment in Mutual Funds*		
HDFC FMP- Series XVIII - 13M August 2011 (1) - Growth (2400000 Units of Rs. 10/- each)	240.00	
HDFC FMP- Series XVIII - 13M August 2011 (1) - Growth (1000000 Units of Rs. 10/- each)	100.00	
IDFC -FMP Series - 50 (1099990 Units of Rs. 10/- each)	110.00	
Templeton India Income Opportunities Fund - Growth (3317844 Units of Rs. 10/- each)		340.00
BSL Fixed Term Plan Series CP -Growth (1100000 units @ Rs. 10.00 each)		110.00
Kotak FMP Series 43 - Growth (2000000 units @ Rs. 10.00 each)		200.00
Total (b)	450.00	650.00
Total Investments (a) + (b)	450.00	650.03
(i) Aggregate amount of quoted investments	450.00	650.03
(ii) Market Value of quoted investments	467.74	675.87

NOTE - 13 : INVENTORIES

(at lower of cost and net realisable value)

Raw Materials	897.76	706.12
Stock in Process	1004.35	581.53
Finished Goods	416.70	202.36
[includes in transit Rs. 99.69 lacs (Prev. Year: Rs.103.14 lacs)]		
Stores & Spare Parts	240.67	249.79
Total	2559.48	1739.80



NOTES ON FINANCIAL STATEMENTS

Particulars	Amount (Rs.in lacs)	
	As at 31st March 2012	As at 31st March 2011
NOTE - 14 : TRADE RECEIVABLES (Unsecured)		
Debtors outstanding for a period exceeding six months		
Considered good	0.43	10.49
Considered doubtful	16.45	6.09
Other Debts (Considered Good)	<u>1408.06</u>	<u>1317.93</u>
	1424.94	1334.51
Less: Provision for doubtful debts	16.45	6.09
Total	<u><u>1408.49</u></u>	<u><u>1328.42</u></u>

NOTE - 15 : CASH & CASH EQUIVALENTS

Cash and Cheques in Hand	3.69	6.09
Balances with Banks in		
Current Account	299.34	52.54
Cash Credit Account	0.00	51.37
Margin Deposit	21.42	21.42
Fixed Deposit (<i>Refer Note i & ii below</i>)	845.47	649.67
Unpaid Dividend Account	13.44	12.53
9% Preference Shares Redemption Account	22.93	23.18
Others - Remittances in Transit	<u>12.57</u>	<u>29.71</u>
Total	<u><u>1218.86</u></u>	<u><u>846.51</u></u>

15(i) Fixed Deposit with banks include Rs.592.12 lacs (Prev. Year Rs.359.67 lacs) on which charge has been created for availing overdraft facility from a bank.

15(ii) Fixed deposits with banks include deposits of Rs.251.79 lacs (Previous Year Rs.50.00 lacs) with maturity of more than 12 months

NOTE - 16 : SHORT- TERM LOANS AND ADVANCES (Unsecured)

Considered Good		
Loans and advances to employees	15.55	13.45
Prepaid expenses	7.75	7.49
Balance with government authorities	51.14	27.26
Other loans and advances	159.48	206.90
Total	<u><u>233.92</u></u>	<u><u>255.10</u></u>

16(i) In the opinion of the Board 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.

NOTE - 17 : OTHER CURRENT ASSETS

Interest Accrued on Deposits	49.73	26.20
Total	<u><u>49.73</u></u>	<u><u>26.20</u></u>



NOTES ON FINANCIAL STATEMENTS

Amount (Rs.in lacs)

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
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NOTE - 18 : REVENUE FROM OPERATIONS

(i) Sale of Products	Year ended 31st March 2012		Year ended 31st March 2011	
	Quantity (MT)	Value	Quantity (MT)	Value
Manufactured Goods				
Gelatine	2519	7,204.56	2,470	6,020.73
DCP - Animal Feed Grade	11629	3,287.67	10,783	2,774.40
Ossein	730	760.54	883	801.55
Bone Meal Products	449	60.81	365	50.88
Total		<u>11,313.58</u>		<u>9,647.56</u>
Less: Excise Duty*		<u>642.12</u>		<u>550.00</u>
Net Sales		<u>10,671.46</u>		<u>9,097.56</u>
(ii) Earning in Foreign Exchange				
Export of goods on F.O.B. basis		416.16		228.07

*Excise Duty deducted from Gross sales represents the Excise Duty paid on Goods removed from the Factory and is net of provisions of Excise duty on closing stock at factory.

NOTE - 19 : OTHER INCOME

(i) <u>Operating Income</u>				
Sale of Scrap / Coal Ash		22.59		32.88
Export incentives (DEPB / Duty Drawback)		13.48		9.07
Others Income		37.58		31.67
(ii) <u>Non-Operating Income</u>	Total	<u>73.65</u>		<u>73.62</u>
Interest Income (Gross)				
From Banks	74.12		41.43	
From Others	<u>3.80</u>	77.92	<u>3.40</u>	44.83
[Tax Deducted at source Rs.8.96 lacs (Previous Year Rs.6.51 lacs)]				
Net gain on sale of Investments		67.45		11.74
Foreign Exchange Gain		-		0.14
Total	Total	<u>145.37</u>		<u>56.70</u>
		<u>219.02</u>		<u>130.33</u>

NOTE - 20 : COST OF MATERIAL CONSUMED

Opening Stock of Raw Material	706.12	421.32
Add : Purchases	<u>6,264.83</u>	<u>5,159.75</u>
	6,970.95	5,581.07
Less : Closing Stock	897.76	706.12
Total	<u>6,073.19</u>	<u>4,874.95</u>



NOTES ON FINANCIAL STATEMENTS

Amount (Rs.in lacs)

Particulars	Year ended		Year ended	
	31st March 2012		31st March 2011	
20.1 Particulars of Raw Materials Consumed	Quantity (MT)	Value	Quantity (MT)	Value
Raw Bones	2025	250.34	1,928	199.41
Crushed Bones	22616	4537.59	20,481	3663.4
Hydrochloric Acid	26397	523.2	24,510	480.53
Others		762.06		531.61
Total		6073.19		4874.95

NOTE - 21 : CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

Closing Stocks				
Finished Goods	416.70		202.36	
Stock in Process	1,004.35	1,421.05	581.53	783.89
Opening Stocks				
Finished Goods	202.36		155.03	
Stock in Process	581.53	783.89	451.93	606.96
Net (Increase) / decrease		(637.16)		(176.93)

21.1 Particulars of Finished Goods Stock

	Quantity		Quantity	
	(MT)	Value	(MT)	Value
Gelatine	181	357.48	115	161.33
Ossein	42	42.31	16	14.84
Di-calcium Phosphate	131	16.86	165	23.28
Bone Meal	1	0.50	32	2.91
Total		416.70		202.36

NOTE - 22 : EMPLOYEE BENEFIT EXPENSE

Salaries, Wages and Bonus	774.73	685.95
Contribution to Provident & Other Funds	95.68	90.94
Workmen & Staff Welfare	31.49	28.76
Total	901.90	805.65

22.1 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:

Particulars	Year ended	
	31st March 2012	31st March 2011
Contribution to Provident Fund	49.84	45.37

**NOTES ON FINANCIAL STATEMENTS**

Amount (Rs.in lacs)

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.

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

Particulars	Year ended 31st March 2012	Year ended 31st March 2011
Discount Rate per annum (Compound)	8.00%	8.00%
Rate of increase in Salaries	7.00%	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 -12.19 Staff - 8.27	Officers -12.81 Staff - 9.11

Summary of Key Information - Gratuity**i. Changes in Defined Benefit Obligation:**

Particulars		
Present Value of obligation 01.04.2011	337.23	304.43
Interest Cost	26.35	22.85
Current Service Cost	44.99	37.84
Actuarial (Gain) / Loss	4.13	9.65
Benefits paid	(15.70)	(37.55)
Present Value of obligation as at 31.3.2012	397.00	337.23

ii. Changes in Fair Value of Plan Assets:

Particulars		
Fair Value of Plan Assets as at 1.4.2011	292.45	257.08
Adjustment in opening balance	Nil	Nil
Expected Return on Plan Assets	28.40	24.24
Employer Contribution	44.78	47.45
Actuarial Gain/Loss	1.24	1.23
Benefits Paid	(15.70)	(37.55)
Fair Value of Plan Assets as at 31.3.2012	351.16	292.45

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

Particulars	As at 31st March 2012	As at 31st March 2011
Present Value of obligations as at 31.3.2012	397.00	337.23
Fair Value of Plan Assets as at 31.3.2012	351.16	292.45
Present Value of unfunded obligation as at 31.3.2012	45.84	44.78
Unrecognised Past Service	-	-
Unrecognised Actuarial (Gain) / Loss	-	-
Unfunded Net Liability recognised in Balance Sheet	45.84	44.78

**NOTES ON FINANCIAL STATEMENTS**

iv. Expenses recognised in Profit and Loss Account:

Particulars	Amount (Rs.in lacs)	
	Year ended 31st March 2012	Year ended 31st March 2011
Current Service Cost	44.99	37.84
Interest Cost	26.35	22.85
Net Actuarial (Gain) / Loss	2.89	8.42
Actual Return on Plan Assets	(28.40)	(24.24)
Others	-	-
Total Expenses recognised in Profit and Loss A/c	45.84	44.88
Expected Employer contribution for next year	45.84	44.88

LEAVE ENCASHMENT

Particulars		
Discount Rate per annum (Compound)	8.00%	8.00%
Rate of increase in Salaries	7.00%	5.00%
Expected Rate of Return on Plan Assets	NA	NA
Expected Average remaining working lives of employees in no. of years	Officers -12.19 Staff 8.27	Officers -12.79 Staff 8.75

Summary of Key Information

i. Changes in Defined Benefit Obligation:

Particulars		
Present Value of obligation as at 1.4.2011	29.05	29.89
Interest Cost	2.28	2.08
Current Service Cost	16.26	13.16
Actuarial (Gain) / Loss	(18.67)	(13.69)
Benefits paid	(1.10)	(2.39)
Present Value of obligation as at 31.3.2012	27.82	29.05

ii. Changes in Fair Value of Plan Assets:

Particulars		
Fair Value of Plan Assets as at 1.4.2011	-	-
Actual Return on Plan Assets	-	-
Employer Contribution	1.10	2.39
Benefits Paid	(1.10)	(2.39)
Fair Value of Plan Assets as at 31.3.2012	-	-

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

Particulars	As at 31.03.2012	As at 31.03.2011
Present Value of obligations as at 31.3.2012	27.82	29.05
Fair Value of Plan Assets as at 31.3.2012	-	-
Funded Liability Recognised in Balance Sheet	(27.82)	(29.05)
Present Value of unfunded obligation as at 31.3.2012	-	-
Unfunded Net Liability recognised in Balance Sheet	(27.82)	(29.05)



NOTES ON FINANCIAL STATEMENTS

iv. Expenses recognised in Profit and Loss Account

Particulars	Amount (Rs.in lacs)	
	Year ended 31.03.2012	Year ended 31.03.2011
Current Service Cost	16.26	13.16
Interest Cost	2.28	2.08
Net Actuarial (Gain) / Loss	(18.67)	(13.69)
Others	-	-
Net	(0.13)	1.56
Others - Short Term Compensated Absence Liability	11.49	-
Total Expenses recognised in Profit and Loss A/c	11.36	-
Expected Employer contribution for next year	11.36	1.56

NOTE - 23 : FINANCE COST

Interest to Bank	10.25	1.31
Other Borrowing cost	6.86	9.76
Total	<u>17.11</u>	<u>11.07</u>

NOTE - 24 : DEPRECIATION AND AMORTISATION EXPENSE

Depreciation and Amortisation	180.54	189.19
Less: Transfer from Revaluation Reserve	6.40	16.34
Total	<u>174.14</u>	<u>172.85</u>

NOTE - 25 : OTHER EXPENSES

Consumption of stores and spare parts (Refer Note 25.1 below)	129.33	120.71
Excise Duty on Closing Stock of finished goods	24.38	4.54
Rates & Taxes	2.94	3.46
Power & Fuel	2015.97	1486.54
Effluent Expenses	20.06	25.33
Insurance	9.96	8.52
Repairs		
Building	18.81	1.50
Machinery (Refer Note 25.2 below)	<u>205.96</u>	<u>162.38</u>
Audit fees & Expenses (Refer Note 25.5 below)	7.22	6.17
Freight and Delivery Charges	94.92	82.52
Selling Agents' Commission	44.31	32.23
Rent	6.47	6.04
Travelling	18.36	14.45
Directors' Fees	1.29	0.89
Rebate & Discount	11.48	9.16
Advertisement	5.32	5.88
Research & Development Expenses	7.53	8.78
Sundry Balances written off	0.42	1.32
Provision for Baddebts	10.36	0.00
Interest paid/payable to SMEs	0.00	0.01
Foreign Exchange loss	1.28	0.00
Miscellaneous Expenses	183.74	152.41
Total	<u>2820.11</u>	<u>2132.84</u>



NOTES ON FINANCIAL STATEMENTS

Amount (Rs.in lacs)

25.1 Value of stores, spare parts and components consumed:

	Year ended 31st March 2012		Year ended 31st March 2011	
	Amount	%	Amount	%
Indigenous	109.04	84.31	120.3	99.66
Imported	20.59	15.69	0.41	0.34
Total	129.33	100.00	120.71	100.00

25.2 Stores consumed included under Repairs to Machinery Rs.151.07 lacs (2010-11: Rs.100.95 lacs), Miscellaneous Expenses Rs.7.97 lacs (2010-11: Rs.7.50 lacs), Workmen and Staff Welfare Rs.3.85 lacs (2010-11: Rs.3.37 lacs) and Repairs to Buildings Rs. Nil (2010-11:- Nil).

25.3 Value of Imports on CIF basis:

	Year ended 31st March 2012	Year ended 31st March 2011
Raw Materials	21.52	57.24
Spares / components	20.59	-
Total	42.11	57.24

25.4 Expenditure in Foreign Currency :

	Year ended 31st March 2012	Year ended 31st March 2011
Travelling	0.38	0.63
Others	37.36	35.36
Total	37.74	35.99

25.5 Payment to Auditors

	Year ended 31st March 2012	Year ended 31st March 2011
Audit Fees	4.75	4.18
Tax Audit Fees	0.90	0.77
Other matters	0.65	0.31
Reimbursement of out of pocket expenses	0.92	0.91
Total	7.22	6.17

	As at 31 st March, 2012	As at 31 st March, 2011
NOTE - 26 : Estimated amount of contract remaining to be executed on capital account not provided for	24.48	295.21
NOTE - 27 : Contingent liability not provided for in respect of :		
(a) Counter Guarantees to Bank	6.00	6.50
(b) Claims not acknowledged as debts :		
(i) Excise Duty	1064.19	1038.81
(ii) Income Tax	106.49	71.27

**NOTES ON FINANCIAL STATEMENTS****NOTE - 28 : 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 31st March, 2012 is as follows:

Particulars	(Rs. in Lacs)		
	Exports	Domestic	Total
Segment Revenue	429.62 (205.67)	10460.85 (8965.92)	10890.47 (9171.59)
Segment Results	69.46 (-47.57)	1488.67 (1466.37)	1558.16 (1418.80)
Unallocated Expenditure			17.11 (11.07)
Profit Before Tax			1541.05 (1407.73)

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 segments.

NOTE - 29 : Related Party Disclosure as per Accounting Standard (AS - 18)

(a) Enterprises where control exists:

Jumbo World Holdings Limited	Ultimate Holding Company
Alfamont (Mauritius) Limited	Holding Company

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

MPIL Corporation Ltd.

(c) Other group companies:

Aasman Management Services Pvt. Ltd., Camry International FZE, Dandvati Investments & Trading Co Pvt. Ltd., Derby Electricals (India) Pvt. Ltd., GWL Properties Ltd., Harshit Finlease & Investments Pvt. Ltd., Jerom Trading & Investment Pvt. Ltd., Jumbo Electronics Company Ltd. (LLC), Jumbo Electronics Corporation Pvt. Ltd., Jumbo Investments Ltd., Jumbo World Holdings (India) Pvt. Ltd., Firestorm Electronics Corporation Pvt. Ltd., MPIL Corporation Ltd., Orson Video (P) Ltd., Phonegarage.com India Pvt. Ltd., Primo Enterprises Pvt. Ltd., SMN Engineers Ltd., Solvin International Ltd., Starfire Investments Limited, Wizer Advertising Pvt. Ltd.

All the Companies as 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.

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.

**NOTES ON FINANCIAL STATEMENTS**

(d) Key Management Personnel : Mr. Ashok Kapur, Whole Time Director

Particulars of transactions with related parties during the year ended 31st March, 2012:

(Rs.in lacs)

Nature of transactions	Holding / Ultimate Holding Company	Key Management Personnel	Associate/ Group Companies	Total
Fee & Other payments	Nil (Nil)	Nil (Nil)	10.41 (6.78)	10.41 (6.78)
Dividend paid	120.99 (90.74)	Nil (Nil)	Nil (Nil)	120.99 (90.74)
Remuneration	Nil (Nil)	30.87 (28.35)	Nil (Nil)	30.87 (28.35)
Outstanding as at year end	Nil (Nil)	Nil (Nil)	0.63 (0.29)	0.63 (0.29)

Note: Figures in brackets represent the amount pertaining to previous year.**NOTE - 30 : Earnings per Share (EPS) as per Accounting Standard (AS)-20:**

	Year ended 31.3.2012	Year ended 31.3.2011
Profit available for equity shareholders (A)	Rs.1106.45 Lacs	Rs.947.23 Lacs
Weighted average number of equity shares (B)	40,33,058	40,33,058
Nominal value of equity share	Rs 10	Rs 10
Earnings per share Basic / Diluted (A/B)	Rs. 27.43	Rs. 23.48

NOTE - 31 : Production capacity

With effect from January 2012, the Company has enhanced the installed capacity of Gelatine from 2400 MT to 3000 MT per annum. The production details are as under: (In MT)

Particulars	2011-12	2010-11
Capacity	2550 (proportionate basis)	2400
Production	2492	2376
Purchase of Gelatines	93	103

NOTE - 32 : The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure. Figures in bracket indicate previous year's figures.

For T.R. CHADHA & Co.
Chartered Accountants
Firm Reg. No.006711N

Pravin Jabade
Partner
M.No.107196
Jabalpur, 22nd May, 2012

Mahesh Verma
Company secretary

For and on behalf of the Board

R.K. Raje
Director

Ashok K Kapur
Wholetime Director

**NOTICE**

Notice is hereby given that the Fifty-first Annual General Meeting of the Members of Narmada Gelatines Limited will be held on Tuesday, August 14th, 2012 at 01:00 p.m., at Hotel Narmada Jacksons, South Civil Lines, Jabalpur - 482001, to transact the following businesses:

A. ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 2012, the 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, 2012.
3. To appoint a director in place of Justice Gulab Gupta, who retires by rotation and, being eligible, seeks re-appointment.
4. To appoint a director in place of Mr. Sanjeev Jain, 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. Revision of Remuneration payable to 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 a Special Resolution:

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310, 311 and all other applicable provisions of the Companies Act, 1956 ("the Act") (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule XIII of the Act and subject to approval of the Central Government, if necessary, and such other approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities in granting such approvals, permissions and sanctions, approval of the Company be accorded to the revision in remuneration payable to Mr. Ashok K. Kapur as the Whole Time Director of the Company from 1st April, 2011 for the remainder of his term of office i.e. upto 31st May, 2013 as follows:

Particulars	Remuneration per month (Rs.) till 31.03.2011	Remuneration per month (Rs.) w.e.f. 01.04.2011
Basic Pay	95,638.00	1,26,000.00
HRA/Company Accommodation	47,819.00	63,000.00
Conveyance Allowance	800.00	1,150.00
Medical Reimbursement	12,000.00	15,000.00
Special Allowance	20,000.00	25,000.00
Leave Travel Allowance	4,200.00	5,000.00
Total	180,457.00	2,35,150.00
Retiral Benefits:		
Companys Cont to Provident Fund	12% of Basic Pay	12% of Basic Pay
Gratuity	As per IT Act	As per IT Act
Performance Bonus (Annual)	5,00,000 (paid for 2009-10)	Nil

Others benefits:

- Use of Company's telephone at the residence for official purpose, as per the rules of the Company.
- Leave and Leave encashment as per the rules of the Company.

RESOLVED FURTHER THAT the remuneration payable to the Whole Time Director by way of salary, perquisites and other allowances and benefits does not exceed the limits laid down in sections 198 and 309 of the Act, including any statutory modifications or re-enactment thereof.

RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of the Whole Time Director, the Company has no profits or its profits are inadequate in any financial year, the Board of Directors has liberty 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."

7. Alteration of Articles of Association

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the regulations contained in the printed documents submitted to the meeting, and for the purpose of identification signed by the Chairman, be and are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all existing Articles thereof.

RESOLVED FURTHER THAT any Director of the Company or Mr. Mahesh Verma, Company Secretary be and are hereby severally authorized to sign and file E-forms, make application, represent the Company and to do all such acts, deeds, matters and things as may be necessary to give effect to the above resolution."

By Order of the Board of Directors
For Narmada Gelatines Limited

Mahesh Verma
Company Secretary

Place : Jabalpur
Date : 28th June, 2012

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 3rd August to 14th August 2012 (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) Brief resume of all Directors proposed to be re-appointed/appointed, nature of their expertise in specific functional areas, names of the companies in which they hold directorships, memberships / chairmanships for Board / Committees, shareholding and relationship between directors inter-se as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges in India, are provided in the annexure.
- e) Members and proxy holders are requested to bring their copies of Annual Report to the Meeting.
- f) 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.
- g) 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.
- h) Relevant documents referred in accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m.



up to the date of the Meeting.

- i) Dividend on Equity Shares as recommended by the Board of Directors for the financial year ended 31st March, 2012 if declared at the meeting will be paid on or after 14th August, 2012 to those members whose names appear on the Company's Register of members as on 14th August, 2012 (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.
- ii) 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.
- k) 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.
- l) 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 annexed to this notice.
- m) 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.
- n) 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 31st March, 2005 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 31st March, 2004 to IEPF.
- o) 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.
- p) 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.
- q) The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government, members who have



not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to send their e-mail addresses to the Company / Registrar and Share Transfer Agents, M/s. CB Management Services Pvt. Ltd.

- r) 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 sets out all material facts relating to business mentioned under Item Nos. 6 and 7:

Item No. 6

Mr. Ashok K. Kapur was appointed as Whole Time Director for a term of three years with effect from 1st June, 2010, by the members at the Annual General Meeting held on 21st September, 2010. The Board of Directors of the Company at its Meeting held on 7th February, 2012, as recommended by the Remuneration Committee and subject to the approval of the Members of the Company, approved revision of the remuneration payable to Mr. Ashok K Kapur, Whole Time Director with effect from 1st April, 2011 for the remainder of his term of office i.e. upto 31st May, 2013 as per the details given in the resolution.

Copies of the Resolution passed by the Remuneration Committee and Board of Directors at their meetings held on 7th February 2012 are available for inspection by members during business hours on all working days at the registered office of the Company.

This may also be treated as an abstract of the terms of revised remuneration of Mr. Ashok K. Kapur, Director

under section 302 of the Companies Act, 1956.

Pursuant to the provisions of Sections 198, 269, 309, 310, 311 and all other applicable provisions of the Companies Act, 1956 ("the Act"), including Schedule XIII to the Act, the revised remuneration of Mr. Ashok K Kapur, Whole Time Director is now placed before the Members for their approval by way of a Special Resolution.

Your Directors recommend this Resolution as a Special Resolution for approval of the Members. Apart from Mr. Ashok K Kapur, none of the other Directors is concerned or interested in this item of business.

Item No. 7

The amendments in Companies Act, 1956 has brought into operation a number of modifications and new provisions making it necessary to extensively amend certain provisions of the existing Articles of Association of the Company to bring it in line with the requirements of the amended Companies Act, 1956.

The Ministry of Corporate Affairs, as part of its Green Initiative in the Corporate Governance, has also permitted use of electronic modes in convening and conducting the Board and Shareholders meetings by companies. With a view to implement the Green Initiative in the Company and in order to ensure maximum participation of shareholders and Board of Directors in the General and Board Meetings respectively, the Board of Directors of the Company has decided to make enabling provisions in the Articles of Association of the Company for adopting electronic modes like video conferencing and other modern electronic systems in conducting Board and General Meetings of the Company.

Further, as per the existing Articles, certain rights are vested with an erstwhile principal shareholder so long as they continue to hold shares of the minimum value of 20% of the paidup share capital. The controlling shareholding in the company has undergone several changes. It is proposed to replace the erstwhile principal shareholder, wherever they appear in the Articles of Association, with the current principal shareholder viz. Alfamont (Mauritius) Ltd.

Certain other clauses are also no longer applicable or have no relevance in the context of the Company's current operations and are proposed to be deleted.



The Board considers that instead of amending the existing Articles substantially, which would be very cumbersome, a new set of Articles of Association be adopted.

A Copy of the proposed Articles of Association will be available at the Registered office of the Company for inspection by any member during the Company's working hours on any day excepting Saturdays, Sundays and Public Holidays. Copies of the proposed set of Articles of Association will also be available at the General Meeting.

The Directors recommend this resolution set forth in Item No.7 as above for the approval of the shareholders by way of a Special Resolution. None of the Directors of the

Company are in any way directly or indirectly concerned or interested in this Resolution.

By Order of the Board of Directors
For Narmada Gelatines Limited

Mahesh Verma
Company Secretary

Place : Jabalpur
Date : 28th June, 2012

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

Annexure

Details of Directors seeking re-appointment/appointment at the 51st Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)

Particulars	Justice Gulab Gupta	Mr. Sanjeev Jain
Date of Birth	01.03.1933	05.12.1961
Appointed on	27.05.2006	29.01.2009
Qualification	B.A., L.L.B from Allahabad University and L.L.M. from U.S.A.	B.Com, ACA
Expertise in specific functional areas and past experience	Appointed Judge of MP High Court, Jabalpur in 1985. Subsequently appointed Chief Justice of Himachal Pradesh High Court. Held the post of Governor, Rotary Club and was the Chairman, Human Rights Commission, Madhya Pradesh. He was Vice Chancellor of Rani Durgawati University, Jabalpur for two years. Presently, he is a practising Supreme Court Lawyer.	Chartered Accountant with over 25 years experience in the field of Corporate Finance, Taxation, Accounting, Company Law and FEMA matters.
Directorship in other companies	Nil	Dandvati Investments & Trading Co. Pvt. Ltd., Firestorm Electronics Corporation Pvt. Ltd., MPIL Corporation Limited, GWL Properties Limited, Jerom Trading & Investment Pvt. Ltd., Harshit Finlease & investments Pvt. Ltd., Jumbo Electronics Corporation Pvt. Ltd., Jumbo World Holdings (India) Pvt. Ltd., Primo Enterprises Pvt. Ltd., Viman Investments Pvt. Ltd. Orson Video Pvt. Ltd.
Memberships / Chairmanships or committees across public companies	Audit Committee - Chairman •Narmada Gelatines Ltd Remuneration Committee •Narmada Gelatines Ltd Investors' Grievance Committee •Narmada Gelatines Ltd	Investors' Grievance Committee • MPIL Corporation Limited • GWL Properties Limited Audit Committee • GWL Properties Limited
Shareholding	Nil	Nil

ATTENDANCE

Narmada Gelatines Limited

Registered Office : Room No. 28, CARAVS , 15, Civil Lines, Jabalpur 482 001 (M.P.)

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE ENTRANCE OF THE MEETING HALL, Joint shareholder may obtain additional slip at the venue of the meeting.

DP Id+ []

Master Folio No. []

Client Id+ []

NAME AND ADDRESS OF THE SHAREHOLDER :

No of Share (s) held :

I hereby record my presence at the 51st ANNUAL GENERAL MEETING of the Company held on Tuesday the 14th August 2012 at 1:00 pm at Hotel Narmada Jacksons, South Civil lines, Jabalpur.

Signature of the Shareholder or Proxy

* Applicable for investors holding shares in electronic form

Narmada Gelatines Limited

PROXY FORM

Registered Office : Room No. 28, CARAVS, 15, Civil Lines, Jabalpur 482 001 (M.P.)

DP Id+ []

Master Folio No. []

Client Id+ []

I/Weof being a member / members of Narmada Gelatines Limited here by appointor failing him appoint of as my / our proxy to vote for me / us and on my / our behalf at the 51st ANNUAL GENERAL MEETING of the Company to be held on Tuesday the 14th August 2012 at 1:00 pm at Hotel Narmada Jacksons, South Civil lines, Jabalpur, or at any adjournment thereof.

Signed this day of 2012

* Applicable for investors holding shares in electronic form

- Note :-
- 1 The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding aforesaid meeting. The Proxy need not be a member of the Company.
 2. Members holding shares under more than one folio may use photocopy of this Proxy form for other folios. The Company shall provide additional forms on request.