



NOTICE

Notice is hereby given that the 46th Annual General Meeting of the Company will be held at Hotel Narmada Jacksons, South Civil Lines, Jabalpur (M.P.) on Monday, the 24th day of September, 2007 at 12:30 p.m. to transact the following business :

ORDINARY BUSINESS

1. To approve and adopt the Audited Profit & Loss Account for the year ended 31st March, 2007 and the Balance Sheet as at that date and the Report of Directors' and Auditors' thereon.
2. To declare dividend on 9% Cumulative Redeemable Preference Shares.
3. To declare dividend on Equity Shares.
4. To appoint Director in place of Mr. Deepak Chaudhuri who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Director in place of Mr. R.K. Raje who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

7. As a Special Resolution

“RESOLVED THAT subject to approval of the Securities & Exchange Board of India, Stock Exchanges concerned and any other Statutory Authorities concerned and pursuant to the provisions of the Securities & Exchange Board of India (De-listing of Securities) Guidelines 2003 and subject to the completion of necessary formalities as may be imposed while granting such approval in this regard, consent of the Company be and is hereby accorded to de-list the Ordinary shares of the Company from the Madhya Pradesh Stock Exchange Ltd., Indore (M.P.).

RESOLVED FURTHER THAT the Board of Directors of the Company or any Committee thereof be and is hereby authorized to do all such acts and take all such steps as may be necessary to de-list the Ordinary Shares of the Company from the aforesaid Stock Exchange concerned.”

By Order of the Board

Place : Jabalpur
Date : 10th August, 2007

Mahesh Verma
Company Secretary

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 17th September to 24th September 2007 (both days inclusive).
- b) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto.
- c) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy, however, need not be a member of the company. Proxies in order to be effective must be received at the registered office of the company not less than forty-eight hours before the commencement of the meeting.
- d) Members and proxy holders are requested to bring their copies of Annual Report to the Meeting.
- e) Dividend on 9% Cumulative Preference Shares and Equity Shares as recommended by the Directors for the financial year ended 31st March, 2007 when declared at the 46th Annual General meeting will be paid on or after 24th September, 2007 to those members whose names appear on the Company's Register of members as on 24th September, 2007 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.
- f) 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 folios.
- g) 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 Meeting.
- h) The particulars of Directors, retiring by rotation and eligible for re-appointment, are given in the Report of the Directors to the Members and also in the Report on Corporate Governance.
- i) 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.
- j) 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, 1999 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. No claim shall, therefore, lie against the Fund or the Company in respect of individual amounts, which shall remain unclaimed during such period. The Company has already transferred the unclaimed dividend and debenture interest for the year ended 31st March, 1999 to IEPF.



- k) 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.

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

As required under Section 173(2) of the Companies Act, 1956, the Explanatory Statement set out all material facts relating to business mentioned under Item No. 7:

Item No. 7

The Equity Shares of the Company are presently listed on the Stock Exchanges at Mumbai, Indore and Kolkata (already applied for de-listing)

Except on The Stock Exchange, Mumbai the shares of the Company are rarely traded on other Stock Exchanges. Further, the shares of the company are compulsorily traded in electronic mode, which enables the investors to trade in shares in the Company from any where in the Country. Further, de-listing of shares will entails savings in annual listing fees and other administrative costs which are disproportionate to the volume of trade in securities of the company on such Stock Exchanges.

In view of the above, your Directors at the meeting held on 22nd June, 2007 decided to voluntarily de-list the shares from the Stock Exchange situated at Indore , subject to the approval of the shareholders at this Annual General meeting and after completion of necessary formalities in this regards.

However, the shares of the Company will continue to be listed on the Bombay Stock Exchange Limited, Mumbai.

The Directors recommend that the Resolution as set out at item No. 7 be adopted.

None of the Directors of the Company except to the extent of their shareholdings in the Company, is concerned or interested in this Resolution.

By Order of the Board

Place: Jabalpur
Date : 10th August, 2007

Mahesh Verma
Company Secretary

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

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

Dear Members,

Your Directors are pleased to present the 46th Annual Report and the audited accounts for the year ended March 31, 2007.

Rs. Lacs

	Year ended 31st March, 2007	Year ended 31st March, 2006
Profit before Tax	414.00	107.23
Provision for Taxation		
Current	157.14	40.00
Earlier Year Tax	4.52	7.14
Deferred Tax	12.01	(38.61)
Fringe Benefit Tax	2.38	5.76
Profit after Tax	<u>237.95</u>	<u>92.94</u>
Profit brought forward from last year	<u>852.88</u>	<u>830.74</u>
Profit available for appropriation	<u>1090.83</u>	<u>923.69</u>
Transfer to General Reserves	120.40	5.00
Proposed Dividends on 9% Cumulative Preference Shares	10.49	13.38
Proposed Equity Dividend 15%	60.49	44.36
Tax on proposed dividends	<u>12.06</u>	<u>8.10</u>
Profit Carried to Balance Sheet	<u>995.75</u>	<u>852.85</u>

Operations

The total turnover of the company for the year under review increased to Rs. 5286 lacs from Rs. 5033 lacs in the previous year. Profit after tax and prior period adjustments increased to Rs. 237.95 lacs from Rs. 92.95 lacs. The significant improvement in profitability was achieved primarily as a result of cost efficiencies resulting in lower cost of production and reduction in manufacturing & other overheads.

Redemption of 9% Cumulative Preference Shares

Pursuant to the Scheme of Arrangement approved by the Hon'ble High Court of Calcutta on 6th May, 2003, the company has redeemed 1/3rd of the face value of 9% Cumulative Redeemable Preference Shares, amounting to Rs. 49.54 Lacs, on 7th August 2006.

Dividends

The Directors recommend dividend on pro-rata basis on the outstanding 9% Cumulative Redeemable Preference shares @ 9% per share. The total outflow on account of dividend and dividend distribution tax on the preference shares will be 12.27Lacs.



Your Directors also recommend a dividend of 15% on Equity Shares of Rs. 10/- each for the financial year ended 31st March, 2007, which, if approved at the ensuing Annual General Meeting, will be paid to all those Members whose names appear in the Register of Members as on 24th September, 2007 and all those Members whose names appears on that date as Beneficial Owners as may be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The total outflow on account of dividend and dividend distribution tax on the equity shares will be Rs. 70.77 Lacs.

Industry Structure and Developments

Gelatine industry in India is characterised by the manufacturers supplying to a limited number of bulk industrial customers. With one manufacturer remaining closed during this year also, the mismatch between demand and supply earlier witnessed by the industry has been removed. Around 85% of use of gelatine in the country is in the pharmaceutical industry; gelatine for edible use comes a distant second. In the developed countries, however, the scenario is different where use of gelatine is predominantly for edible and entertainment purposes.

During the year your plant has been accredited by HACCP certification from Det Norske Veritas, Netherlands.

Opportunities and Threats

With India continuing to remain at level II as regards GBR (Geographical BSE Risks), exports from the country have improved. The exercise of GBR rating has been undertaken during the year for all countries by OIE Paris [Office International des Epizooties] and the industry as well as various government bodies are putting all efforts so that India's rating can be improved.

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

Performance

The capacity utilisation of gelatine production by your Company was 94% against the industry average of around 81%.

Outlook

The company has taken steps to improve the productivity and enhance the production capacity which should yield better results in future years. Barring any unforeseen circumstances, your company should perform well on business development so as to increase sales and profitability and consequently increase stakeholder value.

Risks and Concerns

Since gelatine is intended for human consumption, checks and controls of the supply chain of basic raw materials are becoming more and more stringent. This is restricting availability of suitable raw materials and the situation is likely to continue in future also.

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

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

Internal Control System

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

The Audit Committee and the Management have reviewed the recommendations of Internal Auditors and suitable steps have been taken to implement their recommendations.

Human Resources

Quality norms of our products are stringent and hence without the active participation of our employees we will not be able to meet the requirement of our customers. This participation is required at every level of the operations. The Company firmly believes that blending values and spirit to the business, helps convert a good company to a great one. Employees are encouraged to progressively take up entrepreneurial and leadership roles which ultimately results in achieving the corporate goal. Leadership and technical courses give employees opportunity to improve their skills leading to consistent improvements in systems and practices.

A long term agreement for seven years effective from July 1st, 2004 was signed with the union and implemented during the year.

Fixed Deposits

During the year Fixed Deposits to the tune of Rs.6,20,000/- became due for repayment under the provisions of section 58A of the Companies Act, 1956, and the same was repaid on due dates. The Company did not accept any fresh Fixed Deposits during the year ended 31st March, 2007.

Subsidiary Company

Global Gelatines Limited, subsidiary of the Company, has applied to the Registrar of Companies, West Bengal for striking off its name under Simplified Exit Scheme. The name of the Company has been struck off with effect from 27th January, 2006.

Directors

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Mr. Deepak Chaudhuri and Mr. R.K. Raje, Directors will retire by rotation at the ensuing Annual General Meeting of the Company and, being eligible, offer themselves for re-election.



Your Board of Directors recommends their re-election.

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

Brief resume of the Directors proposed to be 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.

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 2007, the applicable accounting standards 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 judgements and estimates that were reasonable and prudent so far as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit and loss of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2007 on a 'going concern' basis.

Auditors

M/s T.R. Chadha & Co., Chartered Accountants, who hold office upto the conclusion of ensuing Annual General Meeting, have signified their willingness to be reappointed as Statutory Auditors and have confirmed that their reappointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956 and that they are not disqualified for such appointment / reappointment within the meaning of Section 226 of the said Act.

Corporate Governance

The Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance as prescribed by the amended Listing Agreements of the Stock Exchanges on which the Company is listed are complied with.

Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges forms part of the Annual Report. Certificate from the Practicing Company Secretaries M/s P.Lamba & Associates, confirming compliance of conditions of aforesaid Corporate Governance, is annexed and forms part of Directors' Report.

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

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

Employees

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

Industrial Relations

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

Acknowledgement

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

For and on behalf of the Board

R.K. Raje
Director

A.K. Kapur
Wholetime Director

Place : Jabalpur
Date : June 22nd, 2007



Annexure to Directors' Report

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

(A) RESEARCH & DEVELOPMENT

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

Modification in the process parameters for energy saving.

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

Savings in energy cost. No furnace oil used for steam generation during the year.

3. Future Plan of Action :

To get necessary certifications from various agencies enabling the Company to start exports to EU countries.

4. Expenditure on R & D

Recurring Rs. 6,41,401, Capital NIL

Total R&D expenditure as a % of Total Turnover - 0.11%

(B) TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

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

Innovation in process technology and parameters for gelatine manufacture to save energy cost.

2. Benefits derived as a result of above efforts :

Improvement in saving of energy cost.

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 408.49 lacs against Rs 474.01 lacs in the previous year. Other income includes Rs. 0.42 lacs gain from foreign currency fluctuations.

The expenditure in foreign exchange comprises, travel for export promotion Rs. 0.98 lacs and other expenditure Rs. 30.54 lacs.



II. Statement as per Section 271(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended and forming part of the Directors' Report for the period ended March, 31, 2007 (Particulars of Employees in receipt of remuneration of more than Rs. 24,00,000/- per annum if employed for the whole year or Rs. 2,00,000/- per month if employed for part of the year)

Name	Age (in years)	Designation / nature of duties	Remuneration	Qualification	Experience (in years)	Date of Commence - ment of employment	Previous Employ- ment
Mr. Ashok K Kapur	59	Whole Time Director	Rs. 25.35 lacs	B.E. (Mechanical)	38	20.02.1970	P. Leiner & Sons (U K)

The above appointment is contractual.

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

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

Mr. Ashok K. Kapur is a Mechanical Engineer having 38 years of experience in Gelatine industry. He is Ex-Chairman of Ossein & Gelatine Manufactures' Association of India and Director of Gelatine Manufactures Association of Asia Pacific and Ex-Chairman Ossein and Gelatine Penal CAPEXIL.

Mr. Ashok K. Kapur holds 300 Equity Shares and 200 9% Cumulative Redeemable Preference Share in the Company

For and on behalf of the Board

R.K. Raje
Director

A .K. Kapur
Wholetime Director

Place : Jabalpur
Date : June 22nd, 2007



REPORT ON CORPORATE GOVERNANCE

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges in India, the compliance by the Company with the provisions of Clause 49 are as under:

1. Company's Philosophy on Corporate Governance

The Company has been following sound Corporate Governance practices right since its inception. The Company has all along believed in, fair business and corporate practices. The company's philosophy on corporate governance is to attain the highest level of transparency, accountability and equity, in all facets of its operations, and in all its interactions with its stakeholders including shareholders, employees, government and the lenders. The Board of Directors has adequate number of independent Directors. For effective discharge of its functions and proper deliberations, Board has constituted various business committees from time to time. Adequate disclosures and information are provided to the Board as well as its committees. Active participation of its independent Directors at the Board and Committee Meetings has always been the norm.

The Company follows the Code of Conduct approved by the Board of Directors, which are applicable to Members of the Board and Senior Management Cadre comprising of CEOs, Vice Presidents, General Managers and Department Heads. 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 Management Staff regarding compliance annually.

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 has a Non-Executive Chairman. It has an optimum combination of Non Executive and Independent Directors, which is in conformity with the requirement of Clause 49 of the Listing Agreement entered into with the Stock Exchanges.
- (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, across all the companies in which he/she is a Director. Necessary disclosures regarding Committee positions in other public companies as at March 31, 2007 have been made by the Directors.
- (iii) 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. Other directorships do not include alternate directorships, directorships of private limited companies and of companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit and Shareholders / Investors Grievance Committees.



Name of Director	Category	No. of other Directorships	Committees of which he/she is a member	Committees of which he/she is Chairperson	Attendance	
					Board Meetings	Last AGM (28.9.2006)
Mrs. Vidya M. Chhabria	NED	4	-	-	-	No
Ms. Kiran M. Chhabria	NED	2	-	-	-	No
Mr. Deepak Chaudhuri	NED(I)	-	1	-	3	No
Justice Gulab Gupta	NED(I)	-	2	1	4	Yes
Mr. M.C. Pant	NED(I)	-	1	1	4	Yes
Mr. R. K. Raje	NED	8	2	-	5	No
Mr. A.K. Kapur	ED	2	1	-	5	Yes

Note: NED - Non Executive Director, ED - Executive Director and NED(I) - Non Executive Independent Director

Brief Resume of the Directors being appointed / reappointed, nature of their expertise in specific functional areas and names of companies in which they hold directorship and the membership of the committee of the Board are furnished hereunder:

- (i) Mr. Ravindra K Raje is Fellow member of the Institute of Chartered Accountants of India and also cleared Company Secretary Final Examination and LLB. He has an experience of 30 years in industry and Consultancy Assignments. He is presently on the Board of GWL Properties Limited, Gordon Woodroffe Distilleries Limited, Harshit Finlease & Investments Limited, Jumbo World Holdings (India) Limited, Jerom Trading & Investment Ltd., MPIL Corporation Ltd., Tullis Woodroffe Ltd., Narmada Gelatines Limited, SMN Engineers Limited, Jumbo Electronics Corporation Pvt. Ltd., Gordon Woodroffe Agencies Pvt. Ltd., Linytron Electronics Pvt. Ltd., L'Aquila Investments Co. Pvt. Ltd., Primo Enterprises Pvt. Ltd., Phonegarage.com (India) Pvt. Ltd., Wizer Advertising Pvt. Ltd. He holds 100 equity shares in the company as on 31st March, 2007.
- (ii) Mr. Deepak Chaudhuri is graduate from India's premier institution St. Stephens College, New Delhi and has subsequently completed a Strategic Management course from Havard University Graduate School of Business Management in U.S.A. He has around 30 years of experience in sale and marketing in India and global market. He is presently on the Board of following companies, viz. Sunny Megabrands Exim (Pvt.) Ltd. and Imperial Cropcare (Pvt.) Ltd.

(b) Board Meetings held during the year

- (i) During the year ended 31st March, 2007 the Company has held five meetings of the Board of Directors. The details of the meetings held are as under:



Sl. No.	Date	Board Strength	No. of Directors Present
1	27 th May, 2006	5	3
2	27 th June, 2006	7	5
3	29 th July, 2006	7	4
4	17 th November, 2006	7	4
5	29 th January, 2007	7	5

3. Audit Committee

The Audit Committee comprises of three Non Executive Directors viz., Justice Gulab Gupta, Mr. Deepak Chaudhuri and Mr. R.K. Raje. An Independent Non-Executive Director is the Chairman of the Committee.

Mr. R.K. Raje possesses financial and accounting knowledge as he is a Fellow member of the Institute of Chartered Accountants of India and also cleared Company Secretary Final Examination and LLB.

The Whole Time Director, Head of Finance, representatives of Internal Auditors and representatives of Statutory Auditors are invitees to meetings of the Audit Committee.

Mr. Mahesh Verma, Company Secretary acts as Secretary to the Audit Committee.

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

Sl. No.	Name	No. of meetings attended
1	Mr. Deepak Chaudhuri	3
2	Justice Gulab Gupta	4
3	Mr. R.K. Raje	5

Five 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	27 th May, 2006	3	2
2	27 th June, 2006	3	3
3	29 th July, 2006	3	2
4	17 th November, 2006	3	2
5	29 th January, 2007	3	3

4. Remuneration Committee

The Remuneration Committee has been constituted to recommend / review remuneration of the Managing / Whole Time Director based on performance and Company's assessment criteria.

The Remuneration Committee comprises of the following Directors:

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



During the year the Remuneration Committee has met once on 27th June, 2006, where all the members were present.

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, 2007 to the Whole Time Director is Rs. 25.35 lacs. Besides this, the Whole Time Director is also entitled to Company's Contribution to Provident Fund, and Gratuity and encashment of leave at the end of tenure. The 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 are paid sitting fee at the rate of Rs. 1000/- for attending each meeting of the Board.

5. Shareholders Committee

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

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

Mr. Mahesh Verma, Company Secretary is designated as Compliance Officer who at present is 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 a total of 28 complaints were received by the Company. As on 31st March, 2007 there were no complaints pending reply.

6. General Body Meetings

Venue, date and time of the Annual General Meeting held during the preceding three years are as follows:

Year	Day, Date and Time	Venue
2004	43rd Annual General Meeting held on Thursday, 16th September, 2004 at 12:00 noon	Hotel Satya Ashoka, Wright Town, Jabalpur
2005	44th Annual General Meeting held on Monday, 29th August, 2005 at 1:00 p.m.	Hotel Narmada Jackson South Civil Lines, Jabalpur
2006	45th Annual General Meeting held on Thursday, 28th September, 2006 at 1:00 p.m.	Hotel Satya Ashoka, Wright Town, Jabalpur

In addition to the Annual General Meeting, the Company holds Extraordinary General Meeting of the Shareholders as and when need arises.



There were Special Resolutions also passed at the Annual General Meetings.

During the year ended 31st March, 2007, there were no resolutions passed by the Company's members through Postal Ballot. At the ensuing Annual General Meeting also there is no resolution proposed to be passed through Postal Ballot.

7. Disclosures

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

None of the transactions with any of the related parties were in conflict with the interest of the Company, as all the related party transactions are on arms length basis and in the best interest of the Company. Attention of the Shareholders is drawn to the disclosures of transactions with the related parties set out in Notes to Accounts Schedule 18, forming part of the Annual Report.

b. The Whole Time Director (CEO) and the Head of Finance have certified to the Board in accordance with Clause 49 (V) of the Listing Agreement pertaining to CEO/CFO certification for the year ended 31st March 2007.

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

! During the year 2004-05, the trading of shares of the Company was suspended for around one month from the Stock Exchange, Mumbai due to non-compliance of Clause 51 of the Listing Agreement i.e. relating to EDIFAR filing.

Besides the above, there were no other instances of non-compliance in the last three years.

8. Means of Communication

The quarterly, half-yearly and yearly financial results of the Company are sent to Stock Exchanges immediately after they are approved by the Board. These are widely published in leading financial / non-financial newspapers generally in Financial Express / Hitvada and Pratidin/ Navbharat/ Dainik Bhaskar having all India coverage. The Company is in the process of developing its own web site.

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

SEBI EDIFAR: Annual report, quarterly results, shareholding pattern etc. of the Company are also posted on the SEBI EDIFAR website www.sebiedifar.nic.in.

Management Discussion and Analysis Report forms part of the Annual Report.



9. General Shareholder's Information

! **Annual General Meeting**

Day & Date : Monday, 24th September, 2007
Time : 12:30 p.m.
Venue : Hotel Narmada Jacksons
South Civil Lines, Jabalpur

! **Financial Calendar 2007-2008**

First Quarterly Result	By the end of July 2007.
Second Quarterly Results	By the end of October, 2007.
Third Quarterly Results	By the end of January, 2008
Annual Results for the year ending on 31/03/2008	By the end of June 2008.

! **Book Closure period** : 17th September to 24th September 2007
(both days inclusive)

! **Dividend payment date** : On Preference / Equity Shares (if any)
within statutory period.

! **Listing of Shares and other Securities**

Name of Stock Exchanges

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

The Calcutta Stock Exchange Association Ltd. (Applied for de-listing -confirmation awaited)
7, Lyons Range, Kolkata 700 001

Madhya Pradesh Stock Exchange Association Ltd.
201, Palika Plaza II, M T H Compound,
Indore, Madhya Pradesh

! **Stock Code**

Scrip Code : Bombay Stock Exchange (BSE) "526739"
Company Symbol : NARMADA GELA

**! Stock Market Data**

The High/ low market prices of the shares during the year 2006-2007 at the Bombay Stock Exchange (BSE) were as under:- (Source BSE website) (Rs. per share)

	Month's High Price	Month's Low Price
April 2006	72.55	65.10
May 2006	70.00	60.50
June 2006	63.00	48.95
July 2006	61.80	49.30
August 2006	57.65	52.00
September 2006	59.45	48.10
October 2006	60.95	52.00
November 2006	63.00	52.10
December 2006	62.00	52.45
January 2007	68.50	55.10
February 2007	73.90	57.25
March 2007	63.50	58.00

! Share price performance compared with broad based indices

		BSE
Company's Share price	As on 1.04.2006	69.70
	As on 31.03.2007	59.00
	Change	(15.35%)
BSE Sensex	As on 1.04.2006	11342.96
	As on 31.03.2007	13072.10
	Change	15.24%

! 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
Mail : cbmsl1@cal2.vsnl.net.in

! Dividend declared in earlier years

Year	On 9% Cum. Preference Shares	On Equity Shares
2004-05	9%	Nil
2005-06	9%	11%
2006-07	9%	15% (Proposed)

**! Share Transfer System :**

Shares sent for transfer in physical form are registered and returned by our 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 Investor's Grievance Committee of the Board at its meeting.

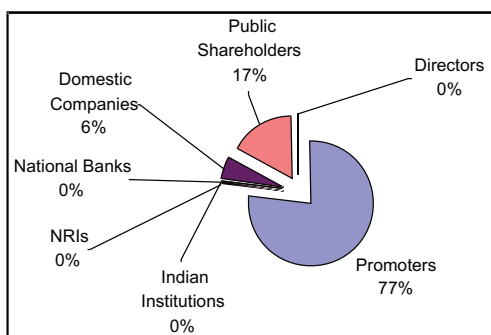
In compliance with the Listing Agreement / SEBI Guidelines -

- ! Practising 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 annual Report annually.
- ! Practising 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 Share holding :

The Distribution as on 31st March 2007 is given below:-

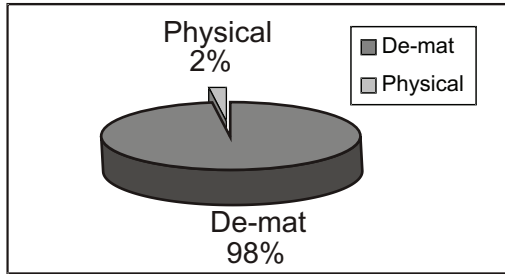
Category	No. of Share holders	% holding	No. of shares	% holding
From 1 to 500	1127	82.02	183070	4.54
Between 501 to 1000	101	7.35	81933	2.03
Between 1001 to 2000	59	4.29	90060	2.23
Between 2001 to 3000	42	3.06	109876	2.72
Between 3001 to 4000	11	0.80	37420	0.93
Between 4001 to 5000	10	0.73	46851	1.16
Between 5001 to 10000	12	0.87	84740	2.10
10001 and above	12	0.87	3399108	84.28
Total	1374	100.00	4033058	100.00



Category	No. of share holders	% holding
Promoters	3089840	76.61%
NRIs	11710	0.29%
Indian Institutions	350	0.01%
National Banks	0	0.00%
Domestic Companies	235750	5.85%
Public Shareholders	694608	17.22%
Directors	800	0.02%
Total	4033058	100.00%

**! Dematerialisation of Shares**

Nearly 97% of total Equity Share Capital is held in Dematerialised form with NSDL & CDSL



Form	No. of Shares
De-mat	3941339
Physical	91719

! 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

Meerganj, Bheraghat Road, Jabalpur, M.P.

! Transfer of Unclaimed amounts to Investor Education and Protection Fund

The Investors are advised to claim the unencashed dividends/ preference dividend / debenture interest / preference redemption money/ debenture redemption money lying in the unpaid 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 under review the Company has credited a sum of Rs.201,619/- (Unpaid Dividend for the year 1998-99) and Rs.170,028/- (Unpaid Interim Dividend for the year 1998-99) to the Investor Education and Protection Fund pursuant to Section 205C of the Companies Act, 1956.

On behalf of the Board of Directors

Ravindra K. Raje
Director

Ashok K. Kapur
Wholetime Director

Place : Jabalpur
Date : June 22nd, 2007



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

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

I confirm that the Company has, in respect of the financial year ended March 31, 2007, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

On behalf of the Board of Directors

Ashok K Kapur
Whole Time Director

Place: Jabalpur
Date : June 22nd, 2007



CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
NARMADA GELATINES LIMITED
Caravs, Room No. 28,
Jabalpur (M.P.)

We have examined the compliance of conditions of Corporate Governance by NARMADA GELATINES LIMITED, for the year ended 31st March, 2007, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of Management. Our examination has been limited to a review of the procedure and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. 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 based on the representation made by the Directors, and the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

Place : Jabalpur
Dated : 22nd June, 2007

For P. LAMBA & ASSOCIATES
COMPANY SECRETARIES

(P.K. Lamba)
Proprietor C.P. No. 2217
J K COMPLEX,
OPP: PETROL PUMP,
GORAKHPUR,
JABALPUR (MP)

**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, 2007 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 matter 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 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2007 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 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 2007;
- (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

Place : Jabalpur
Date : 22.06.2007

Vikas Kumar
Partner
Membership No. 75363



**Annexure to the Auditors' Report for the year ended March 2007
(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.
- 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 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 not observed any continuing failure to correct major weakness in internal control system.

V Transactions under Section 301

- a) According to the information and explanation given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been generally made at prices which are reasonable having regard to prevailing market prices at the relevant time.

**VI Public Deposit**

The Company has accepted fixed deposits under Section 58A of the Companies Act, 1956. In our opinion and according to the explanations given to us, the Company has complied with the provisions of section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed thereunder and directives issued by the Reserve Bank of India with regard to deposits accepted from public.

VII Internal Audit System

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

VIII Cost Records

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

IX Statutory Dues

- a) The Company has generally been regular in depositing its undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Income Tax, Sales 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 31.03.2007 for a period of more than six months from the date they became payable.
- b) The details of dues of Income Tax / sales tax / wealth tax / service tax / excise duty / custom duty / cess 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 Lac	Forum at which pending
Income Tax	142.80	Commissioner (Appeals)
Excise Duty	0.75	High Court
	497.17	CESTAT
	63.31	Commissioner (Appeals)
	10.12	Dy. 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 or Debenture holders.
- 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. However, the Company is holding certain investments for which the records are properly maintained and the same are held by the company in its own name.
- 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

Place : Jabalpur
Date : 22.06.2007

Vikas Kumar
Partner
Membership No. 75363

**BALANCE SHEET AS AT 31st MARCH 2007**

	Schedule	As at		Amount (Rs.'000)	
		31st March 2007		31st March 2006	
<u>SOURCES OF FUNDS</u>					
SHAREHOLDERS' FUNDS					
Capital	1	50245		55199	
Reserves & Surplus	2	<u>311424</u>	361669	<u>298627</u>	353826
LOAN FUNDS					
Secured Loans	3		8034		4651
Unsecured Loans	4		0		620
DEFERRED TAX LIABILITY (Net)			18740		17539
TOTAL			<u>388443</u>		<u>376636</u>
<u>APPLICATION OF FUNDS</u>					
FIXED ASSETS					
Gross Block	5	400848		398764	
Less : Depreciation		<u>265176</u>		<u>250869</u>	
Net Block			135672		147895
Capital Work in Progress			10183		1370
INVESTMENTS	6		3		3
CURRENT ASSETS, LOANS & ADVANCES					
Interest Accrued on Deposits		2970		1024	
Inventories	7	116804		132384	
Sundry Debtors	8	86314		69642	
Cash and Bank Balances	9	93900		85945	
Loans and Advances	10	<u>15705</u>		<u>16045</u>	
		315693		305040	
Less : Current Liabilities and Provisions					
Current Liabilities	11	60578		60788	
Provisions	12	<u>12530</u>		<u>16884</u>	
		73108		77672	
NET CURRENT ASSETS			242585		227368
TOTAL			<u>388443</u>		<u>376636</u>
NOTES ON ACCOUNTS	18				

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

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

For and on behalf of the Board

Vikas Kumar
Partner

M. Verma
Company Secretary

R.K. Raje
Director

A. Kapur
Director

Jabalpur, 22nd June, 2007

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2007**

	Schedule	Year ended 31st March 2007	Amount (Rs.'000) Year ended 31st March 2006
INCOME			
Sales		583495	557823
Less: Excise Duty		<u>54848</u>	<u>54492</u>
Net Sales		528647	503331
Other Income	13	11911	12609
Total		<u>540558</u>	<u>515940</u>
EXPENDITURE			
Raw Materials Consumed	14	255789	255359
Manufacturing, Administrative & Other Overheads	15	223066	226765
Interest	16	2701	4149
Depreciation		15720	19947
Less: Transfer from Revaluation Reserve		<u>2697</u>	<u>4178</u>
(Increase) / Decrease in Stocks	17	2541	(9907)
Total		<u>497120</u>	<u>492134</u>
Profit for the Year before prior period & extraordinary items		43438	23806
Voluntary Retirement Scheme Cost		1202	11219
Loss on account of Impairment of Fixed Assets		<u>836</u>	<u>1862</u>
Profit before taxation		41400	10725
Provision for Taxation			
Current Tax		15714	4000
Earlier Year Tax		452	715
Deffered Tax		1201	(3861)
Fringe Benefit Tax		<u>238</u>	<u>576</u>
PROFIT AFTER TAXATION		<u>23795</u>	<u>9295</u>
Balance brought forward from previous year		85288	83077
Profit available for appropriation		<u>109083</u>	<u>92372</u>
Appropriations :			
Transfer to General Reserve		1204	500
Proposed Dividend on Equity Shares		6049	4436
Proposed Dividend on Preference Shares		1049	1338
Tax on proposed dividend		1206	810
Balance carried to Balance Sheet		<u>99575</u>	<u>85288</u>
		<u>109083</u>	<u>92373</u>
Basic and Diluted Earnings per Share (Rs.)		5.60	1.93

NOTES ON ACCOUNTS

18

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

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

For and on behalf of the Board

Vikas Kumar
Partner
Jabalpur, 22nd June, 2007

M. Verma
Company Secretary

R.K. Raje
Director

A. Kapur
Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2007**

	Amount (Rs.'000)	
	Year ended 31st March 2007	Year ended 31st March 2006
A. Cash Flow from Operating Activities :		
Net profit before tax and after extraordinary items	41400	10723
Adjustments for :		
Depreciation	13023	15770
Interest Income	(5810)	(5440)
Interest Expenses	2701	4149
Loss/(Profit) on Impairment/sale of fixed assets	829	1862
Provision for doubtful debts / investment	0	739
Sundry Debit Balances Written off	158	0
Provision no longer required for Doubtfuldebts/bonus	(257)	(721)
VRS Cost written off	1202	11219
Operating profit before working capital changes	53246	38302
Adjustments for :		
(Increase)/Decrease in Trade and other receivables	(16794)	(7500)
(Increase)/Decrease in Inventories	15580	(36258)
Increase/(Decrease) in Trade and Other Payables	(6242)	10487
Cash generated from operations	45789	5031
Direct Taxes paid	(17828)	(4148)
Voluntary Retirement Scheme Cost paid	(1202)	(11219)
Net Cash from operating activities (A)	26759	(10336)
B. Cash Flow from Investing Activities :		
Sale of Investments	0	77500
Sale of Fixed Assets	9	0
Purchase of Fixed Assets	(13148)	(1983)
Interest received	5810	5440
Inter Corporate Deposit Received back	0	50000
Net Cash used in Investing Activities (B)	(7329)	130957

Contd.....

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

Dividend including tax thereon paid	(6584)		(1525)	
Long term loan repaid	0		(5650)	
9% Pref Shares Redeemed / ICD received	(4954)		Nil	
Net Increase/(Decrease) in Bank borrowings	3383		(26028)	
Fixed Deposit received/(repaid)	(620)		(4415)	
Interest Paid	<u>(2701)</u>	<u>(11476)</u>	<u>(4149)</u>	<u>(41767)</u>
Net Cash used in Financing Activities (C)		<u>(11476)</u>		<u>(41767)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		<u>7955</u>		<u>78854</u>
Cash and Cash Equivalents (Opening Balance)		85945		7091
Cash and Cash Equivalents (Closing Balance)		<u>93900</u>		<u>85945</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 31.03.2007	As at 31.03.2006
Cash and Cheques in Hand	470	393
Remittance in Transit	4691	8611
Balance with Scheduled Banks	88739	76941
(includes 2155 (2005-2006 - 1,555) which are not available for use by the Company)		

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

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

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

For and on behalf of the Board

Vikas Kumar
Partner

M.Verma
Company Secretary

R.K.Raje
Director

A.Kapur
Director

Jabalpur 22nd June, 2007

**SCHEDULES TO ACCOUNTS**

	Amount (Rs.'000)
	As at
	31st March 2007
	As at
	31st March 2006
SCHEDULE - 1: SHARE CAPITAL	
Authorised	
1,00,00,000 Equity Shares of Rs.10/- each	100000
1,00,00,000 9% Cumulative Redeemable Preference Shares of Rs.10/- each	100000
	<u>200000</u>
	<u>200000</u>
Issued, Subscribed and Paid up	
40,33,058 Equity Shares of Rs.10/- each, fully paid	40331
14,86,124 9% Cumulative Redeemable Preference Shares of Rs.6.67/- (previous year Rs.10/-) each, fully paid	9907
	14861
Forfeited Shares	7
	7
Total	<u>50245</u>
	<u>55199</u>

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 mentioned in note 3 below.
- (2) 30,89,840 Equity Shares of Rs. 10/- each are held by Dandavati Investments Trading Co. Pvt. Ltd., holding company (Previous year 31,89,840 Equity Shares held by holding company)
- (3) The terms of redemption of Preference Shares are as follows:

At the end of the fourth year from effective date, i.e. on 07.08.2007 - Rs.3.33 each preference share

At the end of the fifth year from effective date, i.e. on 07.08.2008 - Balance of the amount together with accumulated dividend, if any.
- (4) On 07.08.2006 1/3rd of the Face Value of Preference Shares were redeemed, w.e.f. 08.08.2006 the Face Value of 9% Cumulative Preference Shares shall be Rs. 6.67/- per share.

SCHEDULES TO ACCOUNTS
SCHEDULE - 2 : RESERVES AND SURPLUS

	Amount (Rs.'000)			
	As at 1st April 2006	Additions during the Year	Deductions during the Year	As at 31st March 2007
Capital Reserve	751	0	0	751
Securities Premium Account	47841	0	0	47841
Revaluation Reserve	28982	0	2697	26285
Capital Redemption Reserve	0	4954	0	4954
General Reserve	135768	1204	4954	132018
Profit & Loss Account	85285	99575	85285	99575
Total	298627	105733	92936	311424
Previous year	300590	85785	87747	298627

Note:

1. Deductions from Revaluation Reserve comprise depreciation of Rs.26,96,862 for the Year 2006-07.
2. The amount of redemption of preference share capital during the year amounting to Rs.49,53,747 has been transferred from General Reserve to Capital Redemption Reserve.

**SCHEDULES TO ACCOUNTS**

	As at 31st March 2007	Amount (Rs.'000) As at 31st March 2006
SCHEDULE - 3 : SECURED LOANS		
Cash Credit facility from banks	8034	4651
Secured by hypothecation of all stock, stores & spares and receivables, claims, contracts, cash in hand and cash at bank, present and future and also hypothecation charge on Land and Building and other immovable and movable Fixed Assets of the Company.		
Total	<u><u>8034</u></u>	<u><u>4651</u></u>
SCHEDULE - 4 : UNSECURED LOANS		
Fixed Deposits	0	620
Total	<u><u>0</u></u>	<u><u>620</u></u>

SCHEDULES TO ACCOUNTS

SCHEDULE - 5 : FIXED ASSETS

Amount (Rs.'000)

Assets	Gross Block at cost / Revalued at cost				Depreciation			Net Block		
	As at 1st Apr-06	Additions	Disposals	Impairment to assets	As at 31st Mar-07	As at 1st Apr-06	Disposals/ Impairment	During the Year	As at 31st Mar-07	As at 31st Mar-06
Freehold Land	9814	2114	0	0	11928	0	0	0	11928	9814
Buildings	50340	0	0	0	50340	29573	0	1254	19513	20767
Plant and Machinery	330339	1776	0	2212	329903	214118	1376	14104	103057	116221
Furniture and Fittings	5508	445	0	0	5953	4757	0	269	5026	751
Electrical Installations	1948	0	0	0	1948	1788	0	19	1807	160
Vehicles	815	0	39	0	776	633	37	74	106	182
Total	398764	4335	39	2212	400848	250869	1413	15720	265176	147895
Previous Year	400509	613	0	2358	398764	230921	0	19947	250869	147895

Notes : Freehold Land and Buildings were revalued in 1990. The said assets together with Plant & Machinery and Electrical Installations were revalued again on 31.03.93 by an approved valuer at the then net replacement cost, resulting in further increase in value of these assets. The appreciation in value of these assets over their book value has been credited to Revaluation Reserve.

**SCHEDULES TO ACCOUNTS**Amount (Rs.'000)
As at
31st March 2006**As at**
31st March 2007**SCHEDULE - 6: INVESTMENTS****Long Term :**

In Government Securities - NSC

Total

3	3
<u>3</u>	<u>3</u>

SCHEDULE - 7 : INVENTORIES

(As per stocks taken, valued and certified by management)

Stores & Spare Parts	11985	11954
Loose Tools	55	65
Raw Materials	24970	38030
Stock in Process	50495	49857
Finished Goods (including in transit)	29299	32478
Total	<u>116804</u>	<u>132384</u>

SCHEDULE - 8 : SUNDRY DEBTORS (Unsecured)**Debts outstanding for a period exceeding six months**

Considered good	1298	1988
Considered doubtful	1306	1836
Other Debts (Considered Good)	<u>85016</u>	<u>67653</u>
	87620	71478
Less: Provision for doubtful debts	1306	1836
Total	<u>86314</u>	<u>69642</u>

SCHEDULE - 9 : CASH & BANK BALANCES

Cash and Cheques in Hand	470	393
Remittances in Transit	4691	8611
Balances with Scheduled Banks in		
Current Account	4429	353
Margin Deposit Account	2153	3184
Other Deposit Account	80002	71848
Unpaid Dividend Account	908	1030
Unpaid Debenture Interest Account	191	192
Unpaid Debenture Redemption Account	314	333
9% Preference Shares Redemption Account	742	0
Total	<u>93900</u>	<u>85945</u>

**SCHEDULES TO ACCOUNTS**

	As at 31st March 2007	Amount (Rs.'000) As at 31st March 2006
--	----------------------------------	--

SCHEDULE - 10 : LOANS AND ADVANCES (Unsecured)**Considered Good**

Advances Recoverable in cash or in kind or for value to be received	5304	7947
Advance Income Tax (net of provision Rs.62263559, Previous year Rs.46097710)	3822	2401
Deposits with Government and other bodies	6579	5697
Total	<u>15705</u>	<u>16045</u>

SCHEDULE - 11 : CURRENT LIABILITIES

Sundry Creditors	35488	40544
Other Liabilities	22935	18689
Unclaimed Dividend*	908	1030
Unclaimed Debenture Interest*	191	192
Unclaimed Debenture Redemption Account*	314	333
Unclaimed 9% Preference Share Redemption Account*	742	0
Total	<u>60578</u>	<u>60788</u>

Note : Based on available information, there are no dues outstanding with any small scale undertaking as defined under section 3(j) of Industries (Development and Regulation) Act, 1951.

*Amount not due for credit to the Investor Education and Protection fund

SCHEDULE - 12 : PROVISIONS

Provision for Fringe Benefit Tax	0	43
Provision for Gratuity and leave encashment	4226	10258
Proposed Dividend on 9% Cumulative Preference Shares	1049	1338
Proposed Dividend on Equity Shares	6049	4436
Tax on Dividend	1206	810
Total	<u>12530</u>	<u>16884</u>



SCHEDULES TO ACCOUNTS

	Amount (Rs.'000)	
	Year ended 31st March 2007	Year ended 31st March 2006
SCHEDULE - 13 : OTHER INCOME		
Miscellaneous Income	5514	7186
Gain / (Loss) on exchange	42	(17)
Bad debts recovered	545	0
Interest Income (Gross)		
(Tax Deducted at source Rs.10,50,900/- (2005-06 - Rs.12,98,509/-)		
From Banks	5470	4546
From Others	<u>340</u> 5810	<u>894</u> 5440
(Net of TDS Rs. 72545/-)		
Total	<u><u>11911</u></u>	<u><u>12609</u></u>

SCHEDULE - 14 : RAW MATERIALS CONSUMED

Opening Stock	38030	14652
Add : Purchases	<u>242729</u>	<u>278737</u>
	280759	293389
Less : Closing Stock	24970	38030
Total	<u><u>255789</u></u>	<u><u>255359</u></u>



SCHEDULES TO ACCOUNTS

	Amount (Rs.'000)	
	Year ended 31st March 2007	Year ended 31st March 2006
SCHEDULE - 15 : MANUFACTURING, ADMINISTRATIVE & OTHER OVERHEADS		
Staff Costs		
Salaries, Wages and Bonus	52914	52470
Contribution to Provident & Other Funds	8971	18465
Workmen & Staff Welfare	<u>4058</u>	<u>4206</u>
Consumption of stores and spare parts	65943	75141
Rates & Taxes	8401	6918
Power & Fuel	841	755
Effluent Expenses	98663	99003
Insurance	2051	1824
Repairs	596	620
Building	3049	2363
Machinery	<u>15877</u>	<u>14119</u>
Audit fees & Expenses (see note below)	500	567
Freight and Delivery Charges	7777	8222
Selling Agents' Commission	2710	2917
Travelling	1225	1252
Directors' Fees	16	11
Rebate & Discount	1414	1481
Advertisement	363	408
Provision for doubtful debts and advances	0	739
Research & Development Expenses - Revenue	641	292
Sundry Balances written off	158	624
Miscellaneous Expenses	12841	9508
Total	<u>223066</u>	<u>226765</u>
Note : Audit Fees & Expenses		
Audit Fees	330	330
Tax Audit Fees	60	60
Other matters	76	138
Reimbursement of out of pocket expenses	<u>34</u>	<u>39</u>
	500	567
SCHEDULE - 16 : INTEREST		
On Fixed Loans	0	450
On Others	2701	3699
Total	<u>2701</u>	<u>4149</u>



SCHEDULES TO ACCOUNTS

	Year ended		Amount (Rs.'000)	
	31st March 2007		31st March 2006	
SCHEDULE - 17 : (INCREASE) / DECREASE IN STOCKS				
Closing Stocks				
Finished Goods	29299		32478	
Stock in Process	<u>50495</u>	79794	<u>49857</u>	82335
Opening Stocks				
Finished Goods	32478		28889	
Stock in Process	<u>49857</u>	82335	<u>43539</u>	72428
Total		<u><u>2541</u></u>		<u><u>(9907)</u></u>

**SCHEDULES TO ACCOUNTS**
SCHEDULE 18- NOTES ON ACCOUNTS**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDED 31.03.2007****A SIGNIFICANT ACCOUNTING POLICIES****1 Basis of Accounting**

The financial statements have been prepared in accordance with the applicable Accounting Standards in India. The financial statements have been prepared on accrual basis, except otherwise stated, in accordance with normally accepted accounting principles.

2 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.

Subsequent acquisitions of these assets and other fixed assets are stated at their purchase cost inclusive of inward freight, duties, taxes and incidental expenses related to acquisition. 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.

3 Depreciation

- 3.1 Depreciation is provided at the rates specified in Schedule XIV to the Companies Act, 1956, except in the case of Para 3.6 below, which is charged at the rates higher than as stipulated.
- 3.2 Depreciation on certain Buildings acquired prior to 1st July 1986 is charged under Written Down Value method and on others under Straight Line method.
- 3.3 Depreciation on Plant and Machinery being a continuous process plant has been charged @ 5.28% under Straight Line method on single shift basis excepting certain items acquired before 1st July, 1986, which are charged under Written Down Value method. Diesel Generator sets are charged under Straight Line Method.
- 3.4 Electrical Installations and Furniture & Fixtures are charged under Written Down Value method.
- 3.5 Motor Vehicles are charged under Straight Line method.
- 3.6 Depreciation is charged @ 3.34% on the Executive Quarters and Union Office on Straight line method.
- 3.7 In respect of revalued assets the incremental depreciation on account of revaluation is recouped from Revaluation Reserve.
- 3.8 Profit or Loss on disposal of fixed assets is recognised in Profit & Loss Account and calculated as the difference between the realised and the book value.

**SCHEDULES TO ACCOUNTS**
SCHEDULE 18- NOTES ON ACCOUNTS**4 Investments**

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

5 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.

6 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 indicated above.

7 Revenue Recognition

- 7.1 Sales represents invoiced value of goods supplied including excise duty but excluding sales tax.
- 7.2 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.

8 Income from Investment

Income from Investment, other than investment in shares of companies, is included together with related tax deducted at source in the Profit and Loss Account on an accrual basis. Income from investment in shares of companies is recognised on actual realisation.

9 Foreign Currency Transactions

Transactions in foreign currency are recorded in Rupee by applying the rate of exchange prevailing on the date of transaction. Gain or loss on settled transactions is recognised in Profit & Loss Account. Unsettled transactions at the year end are translated to the closing rate and gain or loss is recognised in Profit & Loss Account except for liabilities incurred for purchase of fixed assets which are adjusted to the carrying amount of fixed assets.

10 Retirement benefits

Contributions towards pension scheme for eligible employees and provident fund for all employees are provided in the books of account and payments are made to respective funds administered by independent Board of Trustees and Regional Provident Fund Commissioner. The Company has taken out gratuity policies with Life Insurance Corporation of India (LIC) for future payment of retirement gratuity to its employees and pays annual

**SCHEDULES TO ACCOUNTS**
SCHEDULE 18- NOTES ON ACCOUNTS

- 4 Management is of the opinion that all the Current Assets are realisable at the stated value in the normal course of business and provisions are made for all the expected liabilities.
- 5 Certain Debit and Credit balances are subject to confirmation. Adjustments in this respect, if any, will be carried out as and when ascertained.
- 6 Excise Duty deducted from Gross sales represents the Excise Duty paid on the Goods removed from the Factory and net of provisions of Excise duty on closing stock at factory.
- 7 Global Gelatines Limited (GGL), a subsidiary of Narmada Gelatines Limited has applied for striking off its name to ROC, West Bengal. The Assets and Liabilities of GGL were nil as on 31.03.2005. The Company's name has been deleted from the records of ROC as per notification dated 27.01.2006. Accordingly the name of Global Gelatines Limited has been deleted as subsidiary of Narmada Gelatines Limited.
- 8 AXC Computers Private Limited, Company's former Registrar and Share Transfer Agent has suddenly closed their operation with effect from August 18, 2003 and kept all the documents in their custody. The matter has been taken up with SEBI for retrieving the records from the former Registrar. The Company has appointed CB Management Services (P) Ltd. as its new Registrar and Share Transfer Agent with effect from October 1, 2003. The share holders and stock exchanges were informed about such change in Registrar.
- 9 Wages Agreement with Factory Workers Union has been renewed on 16/09/2006 w.e.f. 01/07/2004 and shall be valid till 30.06.2011. Arrears of Rs.41.81 Lac (including Rs.32.85 Lac pertaining to earlier years) is included in Staff Cost.
- 10 The shares of the Company have been delisted from Stock Exchanges of Delhi and Ahemadabad. The application for delisting of shares from Kolkata Stock Exchange is still pending.

11 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, 2007 is as follows:

**SCHEDULES TO ACCOUNTS**
SCHEDULE 18- NOTES ON ACCOUNTS

	Export	Domestic	(Rs. '000)
Segment Revenue	42060 (48589)	492688 (461911)	534748 (510500)
Segment Results	32 (-4815)	39461 (27370)	39493 (22555)
Unallocated Expenditure			2701 (6051)
Unallocated Income			5810 (5440)
Extra Ordinary Items			-1202 (-11219)
Profit Before Tax			41400 (10725)

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

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

(a) Enterprises where control exists:

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

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

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

(c) Other group companies:

- 1 Alfamont (Mauritius) Ltd.
- 2 Alfamont Limited
- 3 Camry International Limited
- 4 Derby Electricals (India) Pvt Ltd
- 5 Gordon Woodroffe Agencies Pvt Ltd
- 6 Gordon Woodroffe Distilleries Ltd.
- 7 GWL Properties Ltd (formerly Gordon Woodroffe Ltd)
- 8 Harshit Finlease & Investments Ltd.
- 9 Jerom Trading & Investment Ltd
- 10 Jumbo Electronics Company Ltd (LLC)
- 11 Jumbo Electronics Corporation Pvt Ltd (formerly Firestorm Finance & Trading Pvt Ltd)
- 12 Jumbo Investments Ltd



SCHEDULES TO ACCOUNTS
SCHEDULE 18- NOTES ON ACCOUNTS

- 13 Jumbo World Holdings (India) Ltd
- 14 L'Aquila Investments Company Pvt Ltd
- 15 Linytron Electronics Pvt Ltd
- 16 MPIL Corporation Ltd
- 17 Orson Video (P) Ltd
- 18 Phonegarage.com India Pvt Ltd
- 19 Primo Enterprises Pvt Ltd.
- 20 SMN Engineers Ltd
- 21 Supra (Middle East) Ltd LLC
- 22 Supra Industrial Co Ltd LLC
- 23 Tullis Woodroffe & Company Ltd

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

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

Particulars of transactions during the year ended 31st March, 2007: Rs.'000

Nature of transactions	Holding / Ultimate Holding Company	Key Management Personnel	Fellow Sub-sidiaries / Group Joint Venture	Associated / Group Companies	Total
Sale of Goods			Nil		Nil
			(1,491)		(1,491)
Expenses Reimbursed	1,797			Nil	1,797
	(Nil)			(Nil)	(Nil)
Dividend paid	3,509		Nil		3,509
	(Nil)		(Nil)		(Nil)
Interest received	Nil		Nil		Nil
	(822)		(26)		(851)
Investments redeemed			Nil		Nil
			(77,500)		(77,500)
Loan given			Nil		Nil
			(5,000)		(5,000)
Loan / Advances Received Back	Nil		Nil		Nil
	(50,000)		(5024)		(55,024)
Remuneration		2,535			2,535
		(2,288)			(2,288)
Outstanding as at year end					
Debit	Nil		Nil		Nil
	(Nil)		(Nil)		(Nil)
Credit	Nil		Nil		Nil
	(Nil)		(Nil)		(Nil)

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



SCHEDULES TO ACCOUNTS
SCHEDULE 18- NOTES ON ACCOUNTS

13 Earning per Share (EPS) as per Accounting Standard (AS)-21:

Profit available for equity shareholders (Rs.237.95 Lac less Rs.12.27 Lac for Preference Dividend including dividend tax on preference dividend)	(A)	Rs.225.68 Lac
Weighted average number of equity shares	(B)	40,33,058
Nominal value of equity share		Rs 10
Earning per share (A/B)		Rs. 5.60

14 The major components of deferred tax assets / liabilities, based on the tax effect of the timing differences are as under :

	As at 31.03.2007 Rs.	As at 31.03.2006 Rs.
Deferred Tax Assets		
Expenses not allowed as per Income Tax Act	19,72,494	39,57,853
VRS to be allowed under IT Act in future years	26,35,484	41,89,867
Provision for doubtful debts	4,43,923	6,18,106
	<u>50,51,901</u>	<u>87,65,826</u>
Deferred Tax Liability		
Depreciation difference	2,37,91,676	2,63,04,836
Net Deferred Tax Liability	<u>1,87,39,775</u>	<u>1,75,39,010</u>

The net increase in deferred tax liability of Rs.12,00,765 has been recognized during the year as deferred tax expense.

15 The company has identified the Gelatine manufacturing division as its cash-generating unit (CGU) as required by Accounting Standard 28 "Impairment of Assets" issued by The Institute of Chartered Accountants of India.

During the year ended 31st March 2007, the company has impaired certain items of fixed assets and resultant loss of Rs.8,36,104 has been charged to Profit and Loss Account. The impairment of fixed assets relates to various items of Plant and Machineries that have been brought down to their recoverable value upon evaluation of future economic benefits from their use.

16 **Details of Provisions as per AS-29 is as follows:**

Particulars	Opening as on 1.4.2006	Addition	Reduction	Closing as on 31.03.2007
Gratuity	84,40,000	23,29,000	84,40,000	23,29,000
Leave Encashment	18,18,326	2,00,202	1,21,590	18,96,938
Fringe Benefit Tax	42,508	2,37,838	2,83,263	(2,917)
Doubtful Debts	18,36,322	NIL	5,30,281	13,06,041



SCHEDULES TO ACCOUNTS
SCHEDULE 18- NOTES ON ACCOUNTS

17 Capacity and Production

	Licensed Capacity (Tonnes)		Installed Capacity** (Tonnes)		Actual Production* (Tonnes)	
	Year ended 31.03.2007	Year ended 31.03.2006	Year ended 31.03.2007	Year ended 31.03.2006	Year ended 31.03.2007	Year ended 31.03.2006
Gelatine	3,000	3,000	2,750	2,750	2,149	2,117
Ossein	5,000	5,000	4,200	4,200	113	63
Dicalcium Phosphate	12,000	12,000	10,500	10,500	8,455	8,268
Bone Meal	3,600	3,600	2,500	2,500	602	649

* Exclusive of production for captive consumption of :
Di-calcium Phosphate - 23 (2005-06 - 43)

Other Bone Products and after adjustment for crushing losses etc. - 2,217 (2005-06-1,602)

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

18 Raw Material Consumed

	Year ended 31st March, 2007		Year ended 31st March, 2006	
	Quantity (Tonnes)	Value Rs.'000	Quantity (Tonnes)	Value Rs.'000
Raw Bones	2,847	21,124	2,036	15,788
Crushed Bones	12,566	1,62,390	12,377	1,67,318
Hydrochloric Acid	17,598	29,171	16,851	32,146
Others	-	43,105	-	40,107
		2,55,790		2,55,359

19 Sales (Gross)

	Year ended 31st March, 2007		Year ended 31 st March, 2006	
	Quantity (Tonnes)	Value Rs.'000	Quantity (Tonnes)	Value Rs.'000
Gelatine	2,144	4,31,032	2,107	4,25,692
Ossein	111	8,499	63	5,473
Dicalcium Phosphate	8,455	1,38,586	8,222	1,21,855
Bone Meal	605	3,619	661	3,811
Others	-	1,759	-	992
		5,83,495		5,57,823



SCHEDULES TO ACCOUNTS
SCHEDULE 18- NOTES ON ACCOUNTS

20 Stocks

	Stock as on 1st April, 2005		Stock as on 1st April, 2006		Stock as on 31st March, 2007	
	Quantity Tonnes	Value Rs. '000	Quantity Tonnes	Value Rs. '000	Quantity Tonnes	Value Rs. '000
Gelatine	177	28,081	187	31,563	192	28,147
Ossein	Nil	Nil	Nil	Nil	2	92
Dicalcium Phosphate	38	261	84	582	84	762
Bone Meal	82	393	70	333	67	298
Others	-	154	-	Nil	Nil	Nil
Total		28,889		32,478		29,299

		Year ended 31.3.2007 Rs.'000	Year ended 31.3.2006 Rs.'000
21	Value of imports (C.I.F. basis)		
	-- Raw Materials	Nil	Nil
	-- Components and spare parts	Nil	Nil
22	Expenditure in foreign currency		
	-- Travelling	98	37
	-- Interest	Nil	Nil
	-- Others	3,054	2,179
23	Value of raw materials, stores, spare parts, components consumed during the period.	Year ended 31.3.2007 Rs.000	Year ended 31.3.2006 Rs.000
	(a) Raw Materials	%	%
	Indigenous	2,55,790 100	2,55,359 100
	Imported	Nil 0	Nil 0
		2,55,790 100	2,55,359 100
	(b) Stores, spare parts and components	%	%
	Indigenous	14,358 100	13,554 100
	Imported	Nil 0	Nil 0
		14,358 100	13,554 100
24	Earning in foreign exchange : Export of goods on F.O.B. basis	40,849	47,401

**SCHEDULES TO ACCOUNTS**
SCHEDULE 18- NOTES ON ACCOUNTS

	Year ended 31.3.2007 Rs.'000	Year ended 31.3.2006 Rs.'000
25 Managerial Remuneration :		
Salary	1,147	1,094
HRA	574	547
Allowances (excluding leave encashment)	444	381
Company's contribution to Provident and Superannuation Funds	138	172
Leave Encashment	32	30
Total	<u>2,335</u>	<u>2,224</u>
Other Benefits	200	64

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

26 Previous year's figures have been regrouped / rearranged wherever necessary.



Balance Sheet Abstract and Company's General Business Profile (Contd.)

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

Net Turnover										Total Expenditure									
			5	2	8	6	4	7				4	9	9	1	5	8		
Other Income										Profit/(Loss) Before Tax									
				1	1	9	1	1					4	1	4	0	0		
Profit/(Loss) After Tax										Earning per share in Rs.									
				2	3	7	9	5						5	.	6	0		
Dividend on Preference Shares Rate %										Dividend on Equity Shares Rate %									
									9								1	5	

V. Genetic Names of Products / Services of the Company

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

For and on behalf of the Board

Mahesh Verma
Company Secretary

R.K. Raje
Director

A.Kapur
Director

Jabalpur

22nd June, 2007