



(An ISO 9001:2000 Company)

COMPANY INFORMATION

Board of Directors

Vidya M. Chhabria
Kiran M. Chhabria
Justice Gulab Gupta
Deepak Chaudhuri
Mohan Chandra Pant
Ravindra K. Rajee
Ashok K. Kapur (Whole Time Director)

Company Secretary & Compliance Officer

Mahesh Verma

Auditors

T.R. Chadha & Co.
Mumbai

Registered Office

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

Factory

Bheraghat Road
Jabalpur (M.P.)

Bankers

Allahabad Bank
Canara Bank
IDBI Bank
ICICI Bank Ltd.
State Bank of India
HDFC 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 (India) Limited

Listed with

Bombay Stock Exchange Ltd.
Madhya Pradesh Stock Exchange Ltd.
The Calcutta Stock Exchange Association Limited



NOTICE

Notice is hereby given that the Forty Seventh Annual General Meeting of the Members of Narmada Gelatines Limited will be held on Friday, September 19th, 2008 at 12:30 p.m., at Hotel Narmada Jacksons, South Civil Lines, Jabalpur 482001, to transact the following businesses:

ORDINARY BUSINESS

1. To approve and adopt the Audited Profit & Loss Account for the year ended 31st March, 2008 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 Ms. Kiran M. Chhabria who retires by rotation and being eligible offers herself for re-appointment.
5. To appoint Director in place of Mr. M.C. Pant who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

By Order of the Board of Directors

Mahesh Verma
Company Secretary

Place : Jabalpur
Date : 27th May, 2008

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 11th September to 19th September 2008 (both days inclusive).
- b) A member entitled to attend and vote at the Annual General Meeting (the meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.
- c) Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
- d) Members and proxy holders are requested to bring their copies of Annual Report to the Meeting.
- e) Members who hold shares in dematerialised form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
- f) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- g) Dividend on 9% Cumulative Preference Shares and Equity Shares as recommended by the Directors for the financial year ended 31st March, 2008 when declared at the 47th Annual General meeting will be paid on or after 19th September, 2008 to those members whose names appear on the Company's Register of members as on 19th September, 2008 (Record date) subject however to the provisions of Section 206A of the Companies Act, 1956. In respect of shares held in electronic mode dividend will be paid on the basis of beneficial ownership as per details furnished by NSDL and CDSL for this purpose.
- h) Members are requested to notify immediately any change of address and also particulars of their Bank Accounts viz. Name of Bank, Branch, complete address of the Bank and Account Number for printing the same on the Dividend Warrants to avoid fraudulent encashment:

to their Depository Participants (DP) in respect to their Electronic Share Account; and
to the Company at its Registered Office or to the Registrars and Share Transfer Agents of the Company in respect of their physical share holdings.
- i) Any Member desirous of obtaining any information on the Accounts of the Company, may please forward such queries in writing to the Company Secretary at the Registered Office, at least ten days prior to the Meeting.
- j) In terms of Article 155 of the Articles of Association of the Company, Ms. Kiran M. Chhabria and Mr. M. C. Pant, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Brief resume of these Directors, nature of their expertise in specific functional areas and names of companies in which they hold directorships



and memberships / chairmanships of Board Committees, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company recommends their respective re-appointments.

- k) Members having multiple ledger folio in identical name or joint names in identical order, are requested to intimate to the Company or its Registrars such ledger folio(s) for consolidating such multiple holdings into single account.
- l) Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, (the Act), the unclaimed dividend / debenture interest / debenture redemption amount for the year ended 31st March, 2000 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 for the year ended 31st March, 2000 to IEPF.
- m) In terms of the provisions of Section 109A read with 109B of the Companies Act, 1956, a Member may nominate, at any time, in the prescribed manner in Form No. 2B (vide Rules 4CCC and 5D of the Companies (Central Government's General Rules and Forms, 1956), a person to whom his/her shares in the Company shall vest in the event of his/her death. This may be sent to the Company Secretary at the Registered Office, duly completed.
- n) Non-Resident Indian members are requested to inform the company's Registrar and transfer agents M/s CB Management Services Pvt. Ltd immediately of :
 - (a) change in the residential status on return to India for permanent settlement and
 - (b) 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.

By Order of the Board of Directors

Mahesh Verma
Company Secretary

Place : Jabalpur
Date : 27th May, 2008

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



DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

Your Directors are pleased to present the 47th Annual Report and the audited accounts of the Company for the year ended March 31, 2008.

Rs. Lacs

	Year ended 31st March, 2008	Year ended 31st March, 2007
Profit before Tax	682.36	414.00
Provision for Taxation:		
Current	230.10	157.14
Earlier Year Tax	Nil	4.52
Deferred Tax	15.01	12.01
Fringe Benefit Tax	2.78	2.38
	247.89	176.05
Profit after Tax	434.47	237.95
Balance brought forward from last year	995.75	852.88
Amount available for appropriation	1430.22	1090.83
Transfer to General Reserves	32.59	120.40
Proposed Dividends on Preference Shares	6.03	10.49
Proposed Dividend on Equity Shares	80.66	60.49
Tax on proposed dividends	14.73	12.06
Balance carried forward	1296.21	995.75

Operations

The Company's gross turnover for the year under review increased to Rs.6252 lacs from Rs. 5835 lacs in the previous year. Profit after tax increased to Rs. 434.47 lacs from Rs. 237.95 lacs.

The Company embarked on an expansion plan to increase the gelatine production capacity. Higher production in the last quarter of the financial year under review resulted in increased volumes and improvement in profitability.

Part 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, 1/3rd of the face value of 9% Cumulative Redeemable Preference Shares, amounting to Rs. 49.54 Lacs, were redeemed on 7th August 2007. The balance 1/3rd of the face value is redeemable on 7th August 2008.



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 Rs. 7.06 lacs.

Your Directors also recommend a dividend of 20% on Equity Shares of Rs. 10/- each for the financial year ended 31st March, 2008, which, if approved at the ensuing Annual General Meeting, will be paid to Members whose names appear in the Register of Members as on 19th September, 2008 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). The total outflow on account of dividend and dividend distribution tax on equity shares will be Rs. 94.37 Lacs.

Industry Structure and Developments

Gelatine industry in India is characterised by the manufacturers supplying to a limited number of bulk industrial customers. Around 85% of use of gelatine in the country is in the pharmaceutical industry followed by gelatine for edible use.

Your plant has been accredited by CAPEXIL which will enable the company to export to European Union Countries.

During the year, your Company expanded the capacity of gelatine production from 2100 MTs to 2400 MTs per annum. This expansion is expected to provide the Company significant growth opportunities and help sustain the company's position in the Gelatine industry by reducing production cost per unit and increasing the business volumes in the future.

Opportunities and Threats

India has been graded in the "Undetermined BSE Risk" status, which is a cause of concern to the industry. The Government bodies and the industry are making efforts to satisfy the concerned authorities in OIE Paris [Office International des Epizooties] for proper gradation of India as it is a BSE-free Country.

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 84%.

Outlook

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

Risks and Concerns

Since gelatine is intended for human consumption, checks and controls of the supply chain of basic



raw materials are stringent. This is restricting availability of suitable raw materials and the situation is likely to continue in future also.

Segment-wise or product-wise performance

The company is engaged in the business of manufacture and sale of gelatine, ossein and DCP 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 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

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

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

Fixed Deposits

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

Subsidiary Company

The Company does not have any subsidiary company.

Directors

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Ms. Kiran M. Chhabria and Mr. M.C. Pant, Directors retire by rotation at the ensuing Annual General Meeting of the Company and, being eligible, offer themselves for re-election.

Your Board of Directors recommends their re-election.

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 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 2008, 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, 2008 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 letters from them to the effect that their reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such reappointment within the meaning of Section 226 of the said Act.

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

Transfer of Unpaid and Unclaimed amounts to IEPF

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

Corporate Governance

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

Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges forms part of the Annual Report. The Whole-Time Director's declaration regarding compliance with the Company's Code of Business Conduct and Ethics for Directors and Management



Personnel forms part of Report on Corporate Governance. The requisite certificate from M/s T.R. Chadha & Co., Chartered Accountants, Statutory Auditors of the Company confirming compliance with the conditions of Corporate Governance, as stipulated under the aforesaid Clause 49, is annexed to this Report.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are provided in the Annexure to this Report.

Employees

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

Industrial Relations

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

Acknowledgement

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

For and on behalf of the Board

R.K. Raje
Director

A .K. Kapur
Wholetime Director

Place : Jabalpur
Date : May 27th, 2008



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 - Biogas generated during effluent treatment utilized in boiler for steam generation.

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

Savings in energy cost.

3. Future Plan of Action :

Commissioning of Fluidized Bed Boiler and Revere Osmosis plant for conservation of coal and water resources respectively.

4. Expenditure on R& D

Recurring Rs. 7,19,714; Capital Expenditure - NIL

Total R&D expenditure as a % of Total Turnover : 0.13%

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:

Savings in 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 :

- | | | |
|--|---|--|
| <ul style="list-style-type: none"> (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 140.02 lacs against Rs 408.49 lacs in the previous year.

Expenses include Rs. 2.06 lacs loss from foreign currency fluctuations.



The expenditure in foreign exchange comprises, travel for export promotion Rs. 1.98 lacs and other expenditure Rs. 30.04 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, 2008 (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	60	Whole Time Director	Rs. 25.85 lacs	B.E. (Mechanical)	39	20.02.1970	P. Leiner & Sons (U.K.)

The above appointment is contractual.

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

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

Mr. Kapur is a Mechanical Engineer having 39 years of experience in Gelatine industry. He was Chairman of Ossein & Gelatine Manufactures' Association of India and Director of Gelatine Manufactures Association of Asia Pacific and Chairman of the Ossein and Gelatine Panell of CAPEXIL.

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

For and on behalf of the Board

R.K. Raje
Director

A. K. Kapur
Wholetime Director

Place : Jabalpur

Date : May 27th 2008



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 believes in following sound governance practices. Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values in all facets of its operations, and in all its interactions with its stakeholders including shareholders, employees, government and the lenders. It is a continuous exercise and the Company is committed to pursue the highest standards of Corporate Governance in the overall interest of all the stakeholders. The Board of Directors has the requisite number of independent Directors. For effective discharge of its functions and proper deliberations, the Board has constituted various business committees from time to time. Adequate disclosures and information are provided to the Board/ Committees. The independent Directors actively participate at the Board and Committee Meetings.

Code of Conduct

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. 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 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 Board consists of seven Directors, of which three are Independent Directors. Composition of the Board and category of Directors are as follows :

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



- ii) None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees as specified in Clause 49 of the Listing Agreement, across all the companies in which he/she is a Director. Necessary disclosures regarding Committee positions in other public companies as at March 31, 2008 have been made by the Directors.

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

Name of Director	No. of other Directorships	Committees of which he/she is a member	Committees of which he/ she is Chairperson	Attendance	
				Board Meetings	Last AGM (24.9.2007)
Mrs. Vidya M. Chhabria	3	-	-	-	No
Ms. Kiran M. Chhabria	2	-	-	-	No
Justice Gulab Gupta	-	3	1	5	Yes
Mr. Deepak Chaudhuri	-	1	-	2	No
Mr. M.C. Pant	-	2	1	4	Yes
Mr. R. K. Raje	8	4	1	5	Yes
Mr. A.K.Kapur	1	1	-	5	Yes

Note:

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

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

Directors' Profile

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

- (i) Ms. Kiran Chhabria holds a Bachelor's Degree in Management and has done her business studies from Boston University, USA. She is presently on the Board of Harshit Finlease & Investments Limited, Jumbo World Holdings (India) Limited, Narmada Gelatines Limited, Aasman Management Services Pvt. Ltd., Dandvati Investments and Trading Co. Pvt. Ltd., Firestorm Electronics Corporation Pvt. Ltd., Jumbo Electronics Corporation Pvt. Ltd., Primo Enterprises Pvt. Ltd. and Viman Investments Pvt. Ltd.

She does not hold any shares in the company as on 31st March, 2008.



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

Mr Pant is not a director in any other company. He does not hold any shares in the company as on 31st March, 2008.

B. Board Meetings held during the year

During the year ended 31st March, 2008 the Company held five Board meetings, as against the minimum requirement of four 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	14th May, 2007	7	4
2	22nd June, 2007	7	4
3	27th July, 2007	7	4
4	30th October, 2007	7	4
5	29th January, 2008	7	5

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. Mr Gulab Gupta, an Independent Non-Executive Director is the Chairman of the 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 Whole Time Director, executives from Accounts and Finance Department, Secretarial Department and representatives of the Statutory and Internal Auditors are invited to attend the Audit Committee Meetings.

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



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

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

Five 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	14th May, 2007	3	2
2	22nd June, 2007	3	2
3	27th July, 2007	4	3
4	30th October, 2007	4	3
5	29th January, 2008	4	4

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 30th October, 2007, where Mr. Deepak Chaudhuri and Justice Gulab Gupta 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, 2008 to the Whole Time Director is Rs. 25.85 lacs. Besides this, the Whole Time Director is also entitled to 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 viz. 1st June, 2006 and can be terminated by either party by giving three months' notice in writing.



The Non-Executive Directors were paid sitting fee at the rate of Rs. 1000/- for attending each meeting of the Board. With effect from 30th October, 2007 the sitting fees for the Board meeting has been revised to Rs. 2000/- for each meeting and Rs. 1000/- is paid as sitting fees to Committee members for attending each Committee Meeting of the Directors.

5. Shareholders' Grievances Committee

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

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

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

During the year, a total of twelve complaints were received by the Company. As on 31st March, 2008 there were no complaints pending reply.

6. General Body Meetings

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

AGM	Year	Venue	Date & Time	Special Resolutions
44th	2004-05	Hotel Narmada Jackson, South Civil Lines, Jabalpur	Monday, 29th Aug., 2005 at 1:00 p.m.	<ol style="list-style-type: none"> For revision of remuneration of Mr. A Kapur - Whole time Director. For De-listing of Ordinary shares of the company from New Delhi, Ahmedabad & Kolkata Stock Exchanges. For appointment of Mr. R.P Bhatia, Additional Director as Director liable to retire by rotation.
45th	2005-06	Hotel Satya Ashoka, Wright Town, Jabalpur	Thursday, 28th Sept., 2006 at 1:00 p.m.	<ol style="list-style-type: none"> For re-appointment of Shri Ashok K. Kapur as the Whole Time Director of the Company.
46th	2006-07	Hotel Narmada Jackson South Civil Lines,	Monday, 24th Sept., 2007	<ol style="list-style-type: none"> For De-listing of Ordinary shares of the Jabalpur at 12:30 p.m.



During the year ended 31st March, 2008, 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 17, 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, 2008.
- c. Details of non-compliance by the Company, penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years

There were no instances of non-compliance by the Company on any matter related to capital markets during 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.

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 annexures / information are circulated to members and others 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 forms part of the Annual Report.

9. General Shareholder's Information

Annual General Meeting

Day & Date	:	Friday, 19th September, 2008
Time	:	12:30 p.m.
Venue	:	Hotel Narmada Jacksons South Civil Lines, Jabalpur



Financial Calendar 2008-2009

First Quarterly Result	: By the end of July 2008.
Second Quarterly Results	: By the end of October, 2008.
Third Quarterly Results	: By the end of January, 2009
Annual Results for the year ending on 31st March, 2009	: By the end of June 2009.
Book Closure period	: 11th September to 19th September 2008 (both days inclusive)
Dividend payment date	: The dividend as recommended by the Board of Directors, if declared at the Annual General Meeting will be paid on or after 19th September, 2008 to those shareholders whose names appear on the company's Register of Members on 19th September, 2008.

Listing of Shares and other Securities

Name of Stock Exchanges	Remarks
Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	
The Calcutta Stock Exchange Association Ltd. awaited)	(Applied for de-listing confirmation 7, Lyons Range, Kolkata - 700 001
Madhya Pradesh Stock Exchange Association Ltd. Indore, Madhya Pradesh 201, Palika Plaza - II, M T H Compound,	(Applied for de-listing confirmation awaited)

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 2007-2008 at the Bombay Stock Exchange (BSE) were as under:- (Source BSE website) (Rs. per share)

	Month's High Price	Month's Low Price
April 2007	62.50	57.00
May 2007	64.00	54.90
June 2007	67.90	56.00
July 2007	65.00	56.00
August 2007	66.00	57.10
September 2007	65.65	55.05
October 2007	64.00	53.50
November 2007	71.00	46.10
December 2007	92.00	60.10
January 2008	95.90	56.00
February 2008	79.00	50.00
March 2008	68.40	41.00

Share price performance compared with broad based indices

		BSE
Company's Share price	As on 1.04.2007	62.50
	As on 31.03.2008	50.05
	Change	-19.92%
BSE Sensex	As on 1.04.2007	12811.93
	As on 31.03.2008	15644.44
	Change	+22.11%

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 four years

Year	On 9% Cumulative Preference Shares	On Equity Shares
2004-05	9%	Nil
2005-06	9%	11%
2006-07	9%	15%
2007-08 (Proposed)	9%	20%



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 Investor's Grievance Committee of the Board at its meeting.

In compliance with the Listing Agreement / SEBI Guidelines -

a 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.

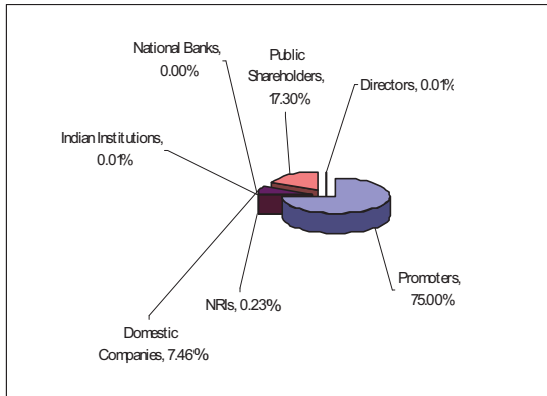
Shareholding pattern and financial results are being uploaded in "Electronic Data Information Filing and Retrieval" (EDIFAR) quarterly and annual Report annually.

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 Shareholding :

The Distribution as on 31st March, 2008 is given below:-

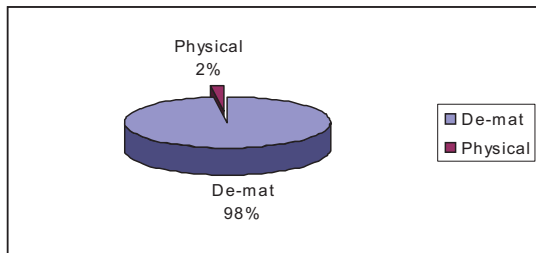
Category	No. of Shareholders	% of total	No. of shares	% holding
From 1 to 500	1117	82.31%	172866	4.29%
Between 501 to 1000	101	7.44%	81394	2.02%
Between 1001 to 2000	60	4.42%	92212	2.29%
Between 2001 to 3000	35	2.58%	91819	2.28%
Between 3001 to 4000	9	0.66%	31954	0.79%
Between 4001 to 5000	9	0.66%	43322	1.07%
Between 5001 to 10000	12	0.88%	86172	2.14%
10001 and above	14	1.03%	343319	85.13%
Total	1357	100.00%	4033058	100.00%



Category	No. of shares	% holding
Promoters	3024793	75.00%
NRIs	9180	0.23%
Indian Institutions	350	0.01%
National Banks	Nil	Nil
Domestic Companies	300747	7.45%
Public Shareholders	697698	17.30%
Directors	390	0.01%
Total	4033058	100.00%

Dematerialisation of Shares

Nearly 98% of total Equity Share Capital is held in Dematerialised form with NSDL & CDSL as on 31st March, 2008



Form	No. of Shares
De-mat	3945984
Physical	87074

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

The Investors are advised to claim the unencashed dividends/ preference dividend / debenture interest / preference redemption money/ debenture redemption money for the years 2000-01 to 2006-07 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.1,87,535/- (Unpaid Dividend for the year 1999-00) and Rs.89,596/- (Unpaid Debenture Interest for the year 1999-00) to the Investor Education and Protection Fund pursuant to Section 205C of the Companies Act, 1956.

For and on behalf of the Board

R.K. Raje
Director

A. K. Kapur
Wholetime Director

Place : Jabalpur
Date : May 27th, 2008



**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, 2008, 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
Wholetime Director

Place : Jabalpur
Date : May 27th, 2008



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, 2008, 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 31.03.2008.

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

Dated : 27th May, 2008
Place : Jabalpur

Vikas Kumar
(Partner)



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, 2008 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, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act 1956;
 - 4.6 In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Notes on Accounts as per Schedule 17,



give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
- (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 : 27.05.2008

Vikas Kumar
Partner
Membership No. 75363



**Annexure to the Auditors' Report for the year ended 31st March, 2008
(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

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



VI. Public Deposit

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

VII. Internal Audit System

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

VIII. Cost Records

As explained to us, the maintenance of cost records has not been prescribed by the Central Government under clause (d) of 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, 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 *except for short fall in deposit of Advance Income Tax dues for 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 31.03.2008 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 Lacs	Forum at which pending
Income Tax	121.16	Commissioner (Appeals)
Excise Duty	0.75	High Court
	498.25	CESTAT
	12.56	Commissoner (Appeals)
	249.92	Commissioner
	5.60	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 : 27.05.2008

Vikas Kumar
Partner
Membership No. 75363



BALANCE SHEET AS AT 31st MARCH 2008

Amount (Rs.'000)

	Schedule	As at 31st March 2008		As at 31st March 2007	
SOURCES OF FUNDS :					
SHAREHOLDERS' FUNDS					
Share Capital	1	45297		50245	
Reserves & Surplus	2	<u>341218</u>	386515	<u>311424</u>	361669
LOAN FUNDS					
Secured Loans	3		18853		8034
DEFERRED TAX LIABILITY (Net)					
			20241		18740
TOTAL			425609		388443
APPLICATION OF FUNDS :					
FIXED ASSETS					
Gross Block	4	438440		400848	
Less : Depreciation		<u>273439</u>		<u>265176</u>	
Net Block			165001		135672
Capital Work in Progress			32819		10183
INVESTMENTS					
	5		3		3
CURRENT ASSETS, LOANS & ADVANCES					
Interest Accrued on Deposits		3653		2970	
Inventories	6	141799		116804	
Sundry Debtors	7	85896		86314	
Cash and Bank Balances	8	86899		93900	
Loans and Advances	9	15919		15705	
		<u>334166</u>		<u>315693</u>	
Less : CURRENT LIABILITIES AND PROVISIONS					
Current Liabilities	10	82351		60578	
Provisions	11	<u>24029</u>		<u>12530</u>	
			106380		73108
NET CURRENT ASSETS			227786		242585
TOTAL			425609		388443
NOTES ON ACCOUNTS					
	17				

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

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

Chartered Accountants

Vikas Kumar

Partner

Jabalpur Date : 27.05.2008

For and on behalf of the Board

M.Verma

Company Secretary

R.K.Raje

Director

A.Kapur

Director



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2008

Amount (Rs.'000)

	Schedule	Year Ended 31st March 2008	Year Ended 31st March 2007
INCOME			
Sales		625242	583495
Less: Excise Duty		63055	54848
Net Sales		562187	528647
Other Income	12	13668	11911
Total		575855	540558
EXPENDITURE			
Raw Materials Consumed	13	277059	255789
Manufacturing, Administrative & Other Overheads	14	237861	225104
Interest	15	2860	2701
Depreciation		16202	15720
Less: Transfer from Revaluation Reserve (Increase) / Decrease in Stocks	16	2585 (23778)	2697 2541
Total		507619	499158
Profit before taxation		68236	41400
Provision for Taxation			
Current Year Tax		23010	15714
Earlier Year Tax		0	452
Deferred Tax		1501	1201
Fringe Benefit Tax		278	238
		24789	17605
PROFIT AFTER TAXATION		43447	23795
Balance brought forward from previous year		99575	85288
Profit available for appropriation		143022	109083
Appropriations :			
Transfer to General Reserve		3259	1204
Proposed Dividend on Equity Shares		8066	6049
Proposed Dividend on Preference Shares		603	1049
Tax on proposed dividend		1473	1206
Balance carried to Balance Sheet		129621	99575
		143022	109083
Basic and Diluted Earnings per Share (Rs.)		10.60	5.60

NOTES ON ACCOUNTS

17

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

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

For and on behalf of the Board

Vikas Kumar
Partner

M.Verma
Company Secretary

R.K.Raje
Director

A.Kapur
Director

Jabalpur Date : 27.05.2008



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

Amount (Rs.'000)

	Year Ended 31st March 2008	Year Ended 31st March 2007
A. Cash Flow from Operating Activities :		
Net profit before tax	68236	41400
Adjustments for :		
Depreciation	13617	13022
Interest Income	(7340)	(5810)
Interest Expenses	2860	2701
Loss/(Profit) on Impairment/sale of fixed assets	(607)	829
Sundry Debit Balances Written off	65	158
Provision no longer required for Doubtfuldebts/bonus	(98)	(257)
VRS Cost written off	376	8873
	1202	11846
Operating profit before working capital changes	77109	53246
Adjustments for :		
(Increase)/Decrease in Trade and other receivables	(4856)	(16794)
(Increase)/Decrease in Inventories	(24995)	15580
Increase/(Decrease) in Trade and Other Payables	28801	(1050)
	(6242)	(7456)
Cash generated from operations	76058	45790
Direct Taxes paid	(16862)	(17828)
Voluntary Retirement Scheme Cost paid	(376)	(1202)
Net Cash from operating activities (A)	58821	26760
B. Cash Flow from Investing Activities :		
Sale of Fixed Assets	1691	9
Purchase of Fixed Assets & Capital WIP	(69560)	(13148)
Interest received	7340	(60529)
	5810	(7329)
Net Cash used in Investing Activities (B)	(60529)	(7329)

Contd.....



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008 (Contd.)

	Amount (Rs.'000)	
	Year Ended 31st March 2008	Year Ended 31st March 2007
C. Cash Flow from Financing Activities:		
Dividend including tax thereon paid	(8304)	(6584)
9% Pref Shares Redeemed	(4948)	(4954)
Net Increase/(Decrease) in Bank borrowings	10820	3383
Fixed Deposit received/(repaid)	Nil	(620)
Interest Paid	(2860)	(2701)
	(5292)	(11476)
Net Cash used in Financing Activities (C)	(5292)	(11476)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(7001)	7955
Cash and Cash Equivalents (Opening Balance)	93900	85945
Cash and Cash Equivalents (Closing Balance)	86899	93900

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 31.03.2008	As at 31.03.2007
Cash and Cheques in Hand	660	470
Remittance in Transit	3543	4691
Balance with Scheduled Banks (includes Rs.2155 (Previous year Rs.2155) which are not available for use by the Company)	82696	88739

(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
Jabalpur Date : 27.05.2008

M.Verma
Company Secretary

R.K.Raje
Director

A.Kapur
Director



SCHEDULES TO ACCOUNTS

Amount (Rs.'000)

	Year Ended 31st March 2008	Year Ended 31st March 2007
SCHEDULE - 1: SHARE CAPITAL		
Authorised		
1,00,00,000 Equity Shares of Rs.10/- each	100000	100000
1,00,00,000 9% Cumulative Redeemable Preference Shares of Rs.10/- each	100000	100000
	200000	200000
Issued, Subscribed and Paid up		
40,33,058 Equity Shares of Rs.10/- each, fully paid	40331	40331
14,86,124 9% Cumulative Redeemable Preference Shares of Rs.3.33/- (previous year Rs.6.67/-) each, fully paid	4959	9907
Forfeited Shares	7	7
Total	45297	50245

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, the redemption of which are mentioned in note 3 below.
- (2) 30,24,793 (Previous year 30,89,840) Equity Shares of Rs. 10/- each are held by Dandavati Investment Trading Co. Pvt. Ltd., holding company.
- (3) As per the terms of redemption of Preference Shares, the balance amount is redeemable together with accumulated dividend on 7.08.2008. 1/3rd of the face value of these shares was redeemed on 7.8.2006 and a further 1/3rd of the face value of these shares was redeemed on 7.8.2007. Consequently, the face value of these Preference Shares stands reduced to Rs. 3.33 per share.



SCHEDULES TO ACCOUNTS

SCHEDULE - 2 : RESERVES AND SURPLUS

	Amount (Rs.'000)			
	As at	Additions	Deductions	As at
	1st April	during the	during the	31st March
	2007	Year	Year	2008
Capital Reserve	751	0	0	751
Securities Premium Account	47841	0	0	47841
Revaluation Reserve	26285	0	3510	22775
Capital Redemption Reserve	4954	4949	0	9903
General Reserve	132018	3259	4949	130328
Profit & Loss Account	99575	129621	99575	129621
Total	311424	137829	108034	341218
Previous year	298627	105733	92936	311424

Note:

1. Deductions from Revaluation Reserve comprises of Rs.2,586 thousands on account of depreciation and Rs. 924 thousands on account of Impairment of certain assets (Plant & Machineries) / Sale of Plant & Machineries during the Year 2007-08.
2. The amount of redemption of preference share capital during the year amounting to Rs.4,949 thousands has been transferred from General Reserve to Capital Redemption Reserve.


SCHEDULES TO ACCOUNTS

Amount (Rs.'000)

	Year Ended 31st March 2008	Year Ended 31st March 2007
SCHEDULE - 3 : SECURED LOANS		
Cash Credit facility from banks	18853	8034
Secured by hypothecation of all stock, stores & spares and receivables, claims, contracts, cash in hand and cash at bank, present and future and also mortgage / hypothecation charge on Land and Building and other immovable and movable Fixed Assets of the Company.		
Total	18853	8034



SCHEDULES TO ACCOUNTS

SCHEDULE - 4 : FIXED ASSETS

Amount (Rs.'000)

Assets	Gross Block at cost / Revalued at cost			Depreciation				Net Block	
	As at 1st Apr-07	Additions	Disposals/ Impairment	As at 31st Mar-08	As at 1st Apr-07	Disposals/ Impairment	During the Year	As at 31st Mar-08	As at 31st Mar-07
Freehold Land	11928	0	0	11928	0	0	0	11928	11928
Buildings	50340	0	158	50182	30825	33	1201	18189	19515
Plant and Machinery	329902	46358	9174	367086	226846	7904	14583	133525	103056
Furniture and Fittings	5954	566	0	6520	5026	0	335	1159	928
Electrical Installations	1948	0	0	1948	1807	0	16	125	141
Vehicles	776	0	0	776	670	0	67	39	106
Total	400848	46924	9332	438440	265174	7937	16202	273439	165001
Previous Year	398764	4335	39	400848	250869	1413	15720	135672	

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

**SCHEDULES TO ACCOUNTS**

Amount (Rs.'000)

	As at 31st March 2008	As at 31st March 2007
SCHEDULE - 5: INVESTMENTS		
Long Term :		
In Government Securities - NSC	3	3
Total	3	3
SCHEDULE - 6 : INVENTORIES		
(As per stocks taken, valued and certified by management)		
Stores & Spare Parts	15513	11985
Loose Tools	48	55
Raw Materials	22666	24970
Stock in Process	55161	50495
Finished Goods (including in transit)	48411	29299
Total	141799	116804
SCHEDULE - 7 : SUNDRY DEBTORS (Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	125	1298
Considered doubtful	1306	1306
Other Debts (Considered Good)	85771	85016
	87202	87621
Less: Provision for doubtful debts	1306	1306
Total	85896	86314



	As at 31st March 2008	As at 31st March 2007
SCHEDULE - 8 : CASH & BANK BALANCES		
Cash and Cheques in Hand	660	470
Remittances in Transit	3543	4691
Balances with Scheduled Banks in -		
Current Account	214	4429
Margin Deposit Account	2153	2153
Other Deposit Account	77489	80002
Unpaid Dividend Account	972	908
Unpaid Debenture Interest Account	102	191
Unpaid Debenture Redemption Account	313	314
9% Preference Shares Redemption Account	1453	742
Total	86899	93900
SCHEDULE - 9 : LOANS AND ADVANCES (Unsecured)		
Considered Good		
Advances Recoverable in cash or in kind or for value to be received	9969	5304
Advance Income Tax (net of provision Rs. Nil, Previous Year Rs.6,22,63,559)	0	3822
Deposits with Government and other bodies	5950	6579
Total	15919	15705
SCHEDULE - 10 : CURRENT LIABILITIES		
Sundry Creditors	52730	35488
Other Liabilities	25530	22935
Overdraft Balance in Current Account	1251	0
Unclaimed Dividend*	972	908
Unclaimed Debenture Interest*	102	191
Unclaimed Debenture Redemption Account*	313	314
Unclaimed 9% Preference Share Redemption Account*	1453	742
Total	82351	60578

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

**SCHEDULES TO ACCOUNTS**

	Amount (Rs.'000)	
31st March 2008	As at 31st March 2007	As at
SCHEDULE - 11 : PROVISIONS		
Provision for Income tax (net of Advance Tax Rs.8,29,20,697)	2633	0
Provision for Gratuity and leave encashment	11254	4226
Proposed Dividend on 9% Cumulative Preference Shares	603	1049
Proposed Dividend on Equity Shares	8066	6049
Tax on Dividend	1473	1206
Total	24029	12530

**SCHEDULES TO ACCOUNTS**

Amount (Rs.'000)

	Year ended 31st March 2008		Year ended 31st March 2007	
SCHEDULE-14 : MANUFACTURING, ADMINISTRATIVE & OTHER OVERHEADS				
Staff Costs				
Salaries, Wages and Bonus	53834		54116	
Contribution to Provident & Other Funds	11983		8971	
Workmen & Staff Welfare	3605	69422	4058	67145
Consumption of stores and spare parts		7602		8401
Rates & Taxes		259		841
Power & Fuel		113934		98663
Effluent Expenses		1783		2051
Insurance		1041		596
Repairs				
Building	953		3049	
Machinery	15655	16608	15877	18926
Audit fees & Expenses (see note below)		509		500
Freight and Delivery Charges		7316		7777
Selling Agents' Commission		3100		2710
Travelling		1418		1225
Directors' Fees		32		16
Rebate & Discount		1241		1414
Advertisement		470		363
Research & Development Expenses		720		641
Sundry Balances written off		65		158
Impairment Loss		311		836
Miscellaneous Expenses		12030		12841
Total		237861		225104
Note : Audit Fees & Expenses				
Audit Fees	380		330	
Tax Audit Fees	70		60	
Other matters	0		76	
Reimbursement of out of pocket expenses	59	509	34	500

**SCHEDULES TO ACCOUNTS**

Amount (Rs.'000)

	Year ended 31st March 2008		Year ended 31st March 2007	
SCHEDULE - 15 : FINANCE CHARGES				
Interest to Bank	1303		911	
Bill Discounting Charges	1557		1790	
Total	2860		2701	
SCHEDULE - 16 : (INCREASE) / DECREASE IN STOCKS				
Closing Stocks				
Finished Goods	48411		29299	
Stock in Process	55161	103572	50495	79794
Opening Stocks				
Finished Goods	29299		32478	
Stock in Process	50495	79794	49857	82335
Total	(23778)		2541	



SCHEDULE TO ACCOUNTS
SCHEDULE 17 - NOTES ON ACCOUNTS**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDED 31.03.2008****A Significant Accounting Policies****1 Basis of Accounting**

The financial statements are prepared on accrual basis of accounting and in accordance with the relevant provisions of the companies Act,1956 and comply in all material aspects with the Accounting Standards issued by the Institute of Chartered Accountants of India as notified under section 211(3C) of the Companies Act,1956.

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.
- 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 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.
- 3.4 Depreciation on Electrical Installations and Furniture & Fixtures is charged under Written Down Value method.
- 3.5 Depreciation on Motor Vehicles is charged under Straight Line method.
- 3.6 In respect of revalued assets the incremental depreciation on account of revaluation is recouped from Revaluation Reserve.



SCHEDULE TO ACCOUNTS
SCHEDULE 17 - 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 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.



SCHEDULE TO ACCOUNTS
SCHEDULE 17 - NOTES ON ACCOUNTS

11. Income Tax

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961. The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future. Deferred tax assets arising from timing differences on account of carry forward of losses and unabsorbed depreciation are recognized to the extent there is virtual certainty that these would be realized in future.

12. VRS Expenditure

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

13. Impairment of Assets

Impairment losses (if any) on fixed assets (including revalued assets) are recognised in accordance with the Accounting Standard 28 "Impairment of Assets" issued in this regard by the Institute of Chartered Accountants of India.

14. Contingent Liabilities

Provision is made in accounts unless no reliable estimate can be made of the amount of obligation or possibility of future cash flow is remote.

B Notes on Accounts

	Amount (Rs.'000)	
	As at 31st March 2008	As at 31st March 2007
1. Estimated amount of contract remaining to be executed on capital account not provided for	19,131	37,665
2. Contingent liability not provided for in respect of :		
(a) Counter Guarantees to Bank	950	950
(b) Bills discounted :Inland	16,475	13,138
Foreign	Nil	3,385
(c) Letter of Credit	2,000	Nil
(d) Claims not acknowledged as debts :		



SCHEDULE TO ACCOUNTS
SCHEDULE 17 - NOTES ON ACCOUNTS

(i) Excise Duty	76,708	57,136
(ii) Income Tax	12,116	14,280

3. Stores consumed included under Workmen and Staff Welfare Rs.2,18,386 (2006-07 Rs. 3,00,391) Repairs to Buildings Rs.57,748 (2006-07 Rs. 1,55,133), Repairs to Machinery Rs.1,02,76,280 (2006-07 Rs. 1,04,46,108) and Miscellaneous Expenses Rs.8,89,475 (2006-07 Rs. 13,74,960).
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 is net of provisions of Excise duty on closing stock at factory.
7. 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.
8. Under the Micro, Small and Medium Enterprises Development Act, 2006, which came into effect from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises such as outstanding for more than 45 days and interest payable on the same etc. The company is in process of compiling relevant information from its suppliers about their coverage under the Act. Since the company is yet to receive the required information from its suppliers regarding their status under this Act, disclosures, alongwith the provision, if any, required under the said Act have not been made.

9. Employee Benefits

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

Defined Contribution Plans :

Provident fund

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



SCHEDULE TO ACCOUNTS
SCHEDULE 17 - NOTES ON ACCOUNTS

Amount (Rs. in Lacs)

	Year ended 31st March 2008	Year ended 31st March 2007
Contribution to Provident Fund	34.67	38.89

Defined Benefit Plans :**a. i. Gratuity****b. ii. 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 investing 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:

Particulars	Gratuity	Leave Encashment
Discount Rate per annum (Compound)	8.00%	8.00%
Rate of increase in Salaries	5.00%	5.00%
Expected Rate of Return on Plan Assets	8.50%	8.50%
Expected Average remaining working lives of employees in no. of years	Officers -9.81 Staff - 11.61	Officers -15.16 Staff - 11.50

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

Amount (Rs.'000)

Particulars	Gratuity	Leave Encashment
Present Value of obligation as at 1.4.2007	24837	2515
Interest Cost	1918	205
Current Service Cost	1056	131
Actuarial (Gain) / Loss	(1362)	381
Benefits paid	(3340)	(633)
Present Value of obligation as at 31.3.2008	23109	2599



Amount (Rs.'000)

ii. Changes in Fair Value of Plan Assets:

Particulars	Gratuity	Leave Encashment
Fair Value of Plan Assets as at 1.4.2007	14219	0
Actual Return on Plan Assets	1327	0
Employer Contribution	2249	0
Benefits Paid	(3340)	0
Fair Value of Plan Assets as at 31.3.2008	14455	0

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

Particulars	Gratuity	Leave Encashment
Present Value of obligations as at 31.3.2008	23109	2599
Fair Value of Plan Assets as at 31.3.2008	14455	0
Funded Liability Recognised in Balance Sheet	0	0
Present Value of unfunded obligation as at 31.3.2008	8654	2599
Unrecognised Past Service	0	0
Unrecognised Actuarial (Gain) / Loss	0	0
Unfunded Net Liability recognised in Balance Sheet	8654	2599

iv. Expenses recognised in Profit and Loss Account

Particulars	Gratuity	Leave Encashment
Current Service Cost	1056	131
Interest Cost	1918	205
Net Actuarial (Gain) / Loss	(1362)	381
Actual Return on Plan Assets	(1327)	0
Others	8369	618
Total Expenses recognised in Profit and Loss A/c	8654	1335

Note : The previous year figures have not been given as the relevant data are not available.



SCHEDULE TO ACCOUNTS
SCHEDULE 17 - NOTES ON ACCOUNTS

10. 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, 2008 is as follows:

	Amount (Rs. '000)		
	Export	Domestic	Total
Segment Revenue	144331 (42060)	554184 (492688)	568515 (534748)
Segment Results	-3645 (32)	66904 (39461)	63529 (39493)
Unallocated Expenditure			2364 (2701)
Unallocated Income			7341 (5810)
Profit Before Tax			68236 (41400)

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.

11. 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 controlled directly/indirectly by the heirs of late Mr. M. R. Chhabria through Jumbo World Holdings Limited and its various subsidiary / associate companies.

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

(c) Other group companies:

1. Aasman Management Services Pvt Ltd.
2. Alfamont (Mauritius) Ltd.



SCHEDULE TO ACCOUNTS
SCHEDULE 17 - NOTES ON ACCOUNTS

3. Alfamont Limited
4. Camry International Limited
5. Derby Electricals (India) Pvt Ltd.
6. Gordon Woodroffe Agencies Pvt Ltd.
7. Gordon Woodroffe Distilleries Ltd.
8. GWL Properties Ltd.
9. Harshit Finlease & Investments Ltd.
10. Jerom Trading & Investment Ltd.
11. Jumbo Electronics Company Ltd. (LLC)
12. Jumbo Electronics Corporation Pvt Ltd.
13. Jumbo Investments Ltd.
14. Jumbo World Holdings (India) Ltd.
15. L'Aquila Investments Company Pvt Ltd.
16. Firestorm Electronics Corporation Pvt Ltd.
17. MPIL Corporation Ltd.
18. Orson Video (P) Ltd.
19. Phonegarage.com India Pvt Ltd.
20. Primo Enterprises Pvt Ltd.
21. SMN Engineers Ltd.
22. 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.


SCHEDULE TO ACCOUNTS
SCHEDULE 17 - NOTES ON ACCOUNTS

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

Particulars of transactions during the year ended 31st March, 2008:

Amount (Rs.'000)

Nature of transactions	Holding/ Ultimate Holding Company	Key Management Personnel	Associated/ Group Companies	Total
Expenses Reimbursed	1,845 (1,797)	Nil (Nil)	Nil (Nil)	1,845 (1,797)
Dividend paid	4,537 (3,509)	Nil (Nil)	Nil (Nil)	4,537 (3,509)
Remuneration	Nil (Nil)	2,585 (2,535)	Nil (Nil)	2,585 (2,535)
Outstanding as at year end	Nil Nil	(Nil) (Nil)	Nil Nil	(Nil) (Nil)

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

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

Year Ended	Year Ended 31.3.2008	31.3.2007
Profit available for equity shareholders (A) (Rs.434.47 Lac less Rs.7.06 Lac for Preference Dividend including dividend tax on preference dividend)	Rs.427.41 Lac	Rs.225.68 Lac
Weighted average number of equity shares (B)	40,33,058	40,33,058
Nominal value of equity share	Rs 10	Rs.10
Earning per share (A/B)	Rs. 10.60	Rs. 5.60



SCHEDULE TO ACCOUNTS
SCHEDULE 17 - NOTES ON ACCOUNTS

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

	As at 31.3.2008	As at 31.3.2007
Deferred Tax Assets		
Expenses not allowed as per Income Tax Act	17,60,667	19,72,494
VRS to be allowed under IT Act in future years	18,72,718	26,35,484
Provision for doubtful debts	4,43,923	4,43,923
	40,77,308	50,51,901
Deferred Tax Liability		
Depreciation difference	2,43,18,152	2,37,91,676
Net Deferred Tax Liability	2,02,40,844	1,87,39,775

The net increase in deferred tax liability of Rs.15,01,069 has been recognized during the year as deferred tax expense.

14. 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 2008, the company has impaired certain items of fixed assets and resultant loss of Rs.3.11 Lac (Previous Year Rs.8.36 Lac) 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.

15. Capacity and Production

	Licensed Capacity (Tonnes)		Installed Capacity** (Tonnes)		Actual Production* (Tonnes)	
	Year ended 31.03.2008	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2007
Gelatine	3,000	3,000	2,400***	2,750	2,250	2,149
Ossein	5,000	5,000	4,200	4,200	31	113
Dicalcium Phosphate	12,000	12,000	10,500	10,500	8,578	8,455
Bone Meal	3,600	3,600	2,500	2,500	689	602



SCHEDULE TO ACCOUNTS
SCHEDULE 17 - NOTES ON ACCOUNTS

- * Exclusive of production for captive consumption of : (a) Di-calcium Phosphate 43 (2006-07 - 23) , (b) Other Bone Products and after adjustment for crushing losses etc. 2,194 (2006-07-2,217)
- ** 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.
- *** The Company has reduced the installed capacity by 750 tonnes by discontinuing glue production. However, also the production capacity for gelatine has been enhanced by 400 tonnes, except commissioning of FBC Boiler.

16. Raw Material Consumed

	Year ended 31st March, 2008		Year ended 31st March, 2007	
	Quantity (Tonnes)	Value Rs.'000	Quantity (Tonnes)	Value Rs.'000
Raw Bones	2,620	20,438	2,847	21,124
Crushed Bones	13,341	1,72,531	12,566	1,62,390
Hydrochloric Acid	17,159	29,469	17,598	29,171
Others		54,621		43,104
		2,77,059		2,55,789

17. Sales (Gross)

	Year ended 31st March, 2008		Year ended 31st March, 2007	
	Quantity (Tonnes)	Value Rs.'000	Quantity (Tonnes)	Value Rs.'000
Gelatine	2,118	4,52,416	2,144	4,31,032
Ossein	Nil	Nil	111	8,499
Dicalcium Phosphate	8,539	1,67,597	8,455	1,38,586
Bone Meal	700	3,501	605	3,619
Others		1,728		1,759
		6,25,242		5,83,495



SCHEDULE TO ACCOUNTS
SCHEDULE 17 - NOTES ON ACCOUNTS

18. Stocks

	Stock as on 1st April, 2006		Stock as on 1st April, 2007		Stock as on 31st March, 2008	
	Quantity (Tonnes)	Value Rs.'000	Quantity (Tonnes)	Value Rs.'000	Quantity (Tonnes)	Value Rs.'000
Gelatine	187	31,563	192	28,147	324	44,888
Ossein	Nil	Nil	2	92	33	2,009
Di-calcium Phosphate	84	582	84	762	123	1,264
Bone Meal	70	333	67	298	56	250
Others		Nil	Nil	Nil	Nil	Nil
		32,478		29,299		48,411

Amount (Rs.'000)

		Year ended 31.3.2008	Year ended 31.3.2007
19.	Value of imports (C.I.F. basis)	- Raw Materials - Components and spare parts	Nil Nil Nil
20.	Expenditure in foreign currency	- Travelling - Others	198 3,004 98 3,054

21. Value of raw materials, stores, spare parts, components consumed during the period.

	Year ended 31.3.2008		Year ended 31.3.2007	
	Rs.'000	%	Rs.'000	%
(a) Raw Materials				
Indigenous	2,77,059	100	2,55,789	100
Imported	Nil	0	Nil	0
	2,77,059	100	2,55,789	100
(b) Stores, spare parts and components				
Indigenous	12,729	100	14,358	100
Imported	Nil	0	Nil	0
	12,729	100	14,358	100



SCHEDULE TO ACCOUNTS
SCHEDULE 17 - NOTES ON ACCOUNTS

	Amount (Rs.'000)	
	Year ended 31st March 2008	Year ended 31st March 2007
22. Earning in foreign exchange :		
Export of goods on F.O.B. basis	14,005	40,849
23. Managerial Remuneration :		
Salary	1,147	1,147
HRA	574	574
Allowances (excluding leave encashment)	444	444
Company's contribution to Provident and Superannuation Funds	138	138
Leave Encashment	32	32
Total	2,335	2,335
Other Benefits	250	200

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.

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



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

	1	6	0	2	3
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 State Code

1	0
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Balance Sheet Date

3	1
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0	3
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2	0	0	8
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Date Month Year

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

<p>Public Issue</p> <table border="1" style="width: 100%; height: 20px; text-align: center;"> <tr><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;">N</td><td style="width: 20px;">I</td><td style="width: 20px;">L</td></tr> </table> <p>Bonus Issue</p> <table border="1" style="width: 100%; height: 20px; text-align: center;"> <tr><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;">N</td><td style="width: 20px;">I</td><td style="width: 20px;">L</td></tr> </table>							N	I	L							N	I	L	<p>Rights Issue</p> <table border="1" style="width: 100%; height: 20px; text-align: center;"> <tr><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;">N</td><td style="width: 20px;">I</td><td style="width: 20px;">L</td></tr> </table> <p>Private Placement</p> <table border="1" style="width: 100%; height: 20px; text-align: center;"> <tr><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;">N</td><td style="width: 20px;">I</td><td style="width: 20px;">L</td></tr> </table>							N	I	L							N	I	L
						N	I	L																													
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III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

<p>Total Liabilities</p> <table border="1" style="width: 100%; height: 20px; text-align: center;"> <tr><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;">5</td><td style="width: 20px;">3</td><td style="width: 20px;">1</td><td style="width: 20px;">9</td><td style="width: 20px;">8</td><td style="width: 20px;">9</td></tr> </table> <p>Sources of Funds</p> <p>Paid-up Capital</p> <table border="1" style="width: 100%; height: 20px; text-align: center;"> <tr><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;">4</td><td style="width: 20px;">5</td><td style="width: 20px;">2</td><td style="width: 20px;">9</td><td style="width: 20px;">7</td></tr> </table> <p>Secured Loans</p> <table border="1" style="width: 100%; height: 20px; text-align: center;"> <tr><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;">1</td><td style="width: 20px;">8</td><td style="width: 20px;">8</td><td style="width: 20px;">5</td><td style="width: 20px;">3</td></tr> </table> <p>Deferred Taxation</p> <table border="1" style="width: 100%; height: 20px; text-align: center;"> <tr><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;">2</td><td style="width: 20px;">0</td><td style="width: 20px;">2</td><td style="width: 20px;">4</td><td style="width: 20px;">1</td></tr> </table> <p>Application of Funds</p> <p>Net Fixed Assets</p> <table border="1" style="width: 100%; height: 20px; text-align: center;"> <tr><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;">1</td><td style="width: 20px;">9</td><td style="width: 20px;">7</td><td style="width: 20px;">8</td><td style="width: 20px;">2</td><td style="width: 20px;">0</td></tr> </table> <p>Net Current Assets</p> <table border="1" style="width: 100%; height: 20px; text-align: center;"> <tr><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;">2</td><td style="width: 20px;">2</td><td style="width: 20px;">7</td><td style="width: 20px;">7</td><td style="width: 20px;">8</td><td style="width: 20px;">6</td></tr> </table>				5	3	1	9	8	9				4	5	2	9	7				1	8	8	5	3				2	0	2	4	1				1	9	7	8	2	0				2	2	7	7	8	6	<p>Total Asstes</p> <table border="1" style="width: 100%; height: 20px; text-align: center;"> <tr><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;">5</td><td style="width: 20px;">3</td><td style="width: 20px;">1</td><td style="width: 20px;">9</td><td style="width: 20px;">8</td><td style="width: 20px;">9</td></tr> </table> <p>Reserves & Surplus</p> <table border="1" style="width: 100%; height: 20px; text-align: center;"> <tr><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;">3</td><td style="width: 20px;">4</td><td style="width: 20px;">1</td><td style="width: 20px;">2</td><td style="width: 20px;">1</td><td style="width: 20px;">8</td></tr> </table> <p>Unsecured Loans</p> <table border="1" style="width: 100%; height: 20px; text-align: center;"> <tr><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;">N</td><td style="width: 20px;">I</td><td style="width: 20px;">L</td></tr> </table> <p>Investments</p> <table border="1" style="width: 100%; height: 20px; text-align: center;"> <tr><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;">3</td></tr> </table> <p>Misc. Expenditure</p> <table border="1" style="width: 100%; height: 20px; text-align: center;"> <tr><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;">N</td><td style="width: 20px;">I</td><td style="width: 20px;">L</td></tr> </table>				5	3	1	9	8	9				3	4	1	2	1	8							N	I	L									3							N	I	L
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BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (Contd.)

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

Net Turnover	Total Expenditure																		
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%; text-align: center;">5</td><td style="width: 10%; text-align: center;">6</td><td style="width: 10%; text-align: center;">2</td><td style="width: 10%; text-align: center;">1</td><td style="width: 10%; text-align: center;">8</td><td style="width: 10%; text-align: center;">7</td> </tr> </table>				5	6	2	1	8	7	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%; text-align: center;">5</td><td style="width: 10%; text-align: center;">0</td><td style="width: 10%; text-align: center;">7</td><td style="width: 10%; text-align: center;">6</td><td style="width: 10%; text-align: center;">1</td><td style="width: 10%; text-align: center;">9</td> </tr> </table>				5	0	7	6	1	9
			5	6	2	1	8	7											
			5	0	7	6	1	9											
Other Income	Profit/(Loss) Before Tax																		
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%; text-align: center;">1</td><td style="width: 10%; text-align: center;">3</td><td style="width: 10%; text-align: center;">6</td><td style="width: 10%; text-align: center;">6</td><td style="width: 10%; text-align: center;">8</td> </tr> </table>					1	3	6	6	8	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%; text-align: center;">6</td><td style="width: 10%; text-align: center;">8</td><td style="width: 10%; text-align: center;">2</td><td style="width: 10%; text-align: center;">3</td><td style="width: 10%; text-align: center;">6</td> </tr> </table>					6	8	2	3	6
				1	3	6	6	8											
				6	8	2	3	6											
Profit/(Loss) After Tax	Earning per share in Rs.																		
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%; text-align: center;">4</td><td style="width: 10%; text-align: center;">3</td><td style="width: 10%; text-align: center;">4</td><td style="width: 10%; text-align: center;">4</td><td style="width: 10%; text-align: center;">7</td> </tr> </table>					4	3	4	4	7	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%; text-align: center;">1</td><td style="width: 10%; text-align: center;">0</td><td style="width: 10%; text-align: center;">.</td><td style="width: 10%; text-align: center;">6</td><td style="width: 10%; text-align: center;">0</td> </tr> </table>					1	0	.	6	0
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				1	0	.	6	0											
Dividend on Preference Shares Rate %	Dividend on Equity Shares Rate %																		
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%; text-align: center;">9</td> </tr> </table>									9	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%; text-align: center;">2</td><td style="width: 10%; text-align: center;">0</td> </tr> </table>								2	0
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V. Genetic Names of Products / Services of the Company

Item Comde No. (ITC Code)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: center;">3</td><td style="width: 10%; text-align: center;">5</td><td style="width: 10%; text-align: center;">0</td><td style="width: 10%; text-align: center;">3</td><td style="width: 10%; text-align: center;">0</td><td style="width: 10%; text-align: center;">0</td><td style="width: 10%; text-align: center;">2</td><td style="width: 10%; text-align: center;">0</td><td style="width: 10%;"></td> </tr> </table>	3	5	0	3	0	0	2	0																						
3	5	0	3	0	0	2	0																								
Product Description	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: center;">G</td><td style="width: 10%; text-align: center;">E</td><td style="width: 10%; text-align: center;">L</td><td style="width: 10%; text-align: center;">A</td><td style="width: 10%; text-align: center;">T</td><td style="width: 10%; text-align: center;">I</td><td style="width: 10%; text-align: center;">N</td><td style="width: 10%; text-align: center;">E</td><td style="width: 10%; text-align: center;">S</td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td> </tr> </table>	G	E	L	A	T	I	N	E	S																					
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Product Description	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: center;">D</td><td style="width: 10%; text-align: center;">I</td><td style="width: 10%; text-align: center;">C</td><td style="width: 10%; text-align: center;">A</td><td style="width: 10%; text-align: center;">L</td><td style="width: 10%; text-align: center;">C</td><td style="width: 10%; text-align: center;">I</td><td style="width: 10%; text-align: center;">U</td><td style="width: 10%; text-align: center;">M</td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td> </tr> <tr> <td style="width: 10%; text-align: center;">P</td><td style="width: 10%; text-align: center;">H</td><td style="width: 10%; text-align: center;">O</td><td style="width: 10%; text-align: center;">S</td><td style="width: 10%; text-align: center;">P</td><td style="width: 10%; text-align: center;">H</td><td style="width: 10%; text-align: center;">A</td><td style="width: 10%; text-align: center;">T</td><td style="width: 10%; text-align: center;">E</td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td> </tr> </table>	D	I	C	A	L	C	I	U	M							P	H	O	S	P	H	A	T	E						
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

27th May, 2008