

# ANNUAL REPORT 2012-2013





## COMPANY INFORMATION

### **BOARD OF DIRECTORS**

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

### **AUDIT COMMITTEE**

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

### **REMUNERATION COMMITTEE**

Justice Gulab Gupta - Chairman  
Deepak Chaudhuri  
Mohan Chandra Pant

### **INVESTORS' GRIEVANCE COMMITTEE**

Mohan Chandra Pant - Chairman  
Justice Gulab Gupta  
Ashok K. Kapur

### **COMPANY SECRETARY & COMPLIANCE OFFICER**

Mahesh Verma

### **STATUTORY AUDITORS**

T.R. Chadha & Co.

### **REGISTERED OFFICE**

CARAVS, Room No. 28  
15 Civil Lines, Jabalpur -482001 (M.P.)

### **FACTORY**

Meerganj, Bheraghat Road  
Jabalpur (M.P.)

### **BANKERS**

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

### **REGISTRARS AND SHARE TRANSFER AGENTS**

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

### **DEPOSITORIES**

National Securities Depository Limited  
Central Depository Services (I) Limited

### **LISTED WITH**

Bombay Stock Exchange Ltd.



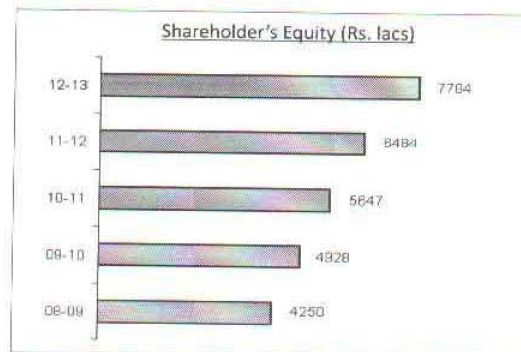
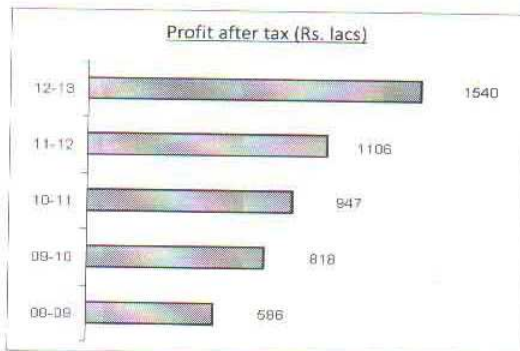
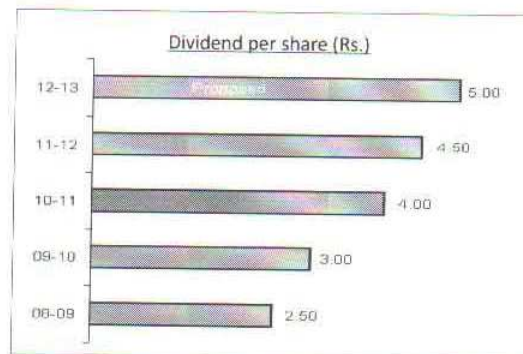
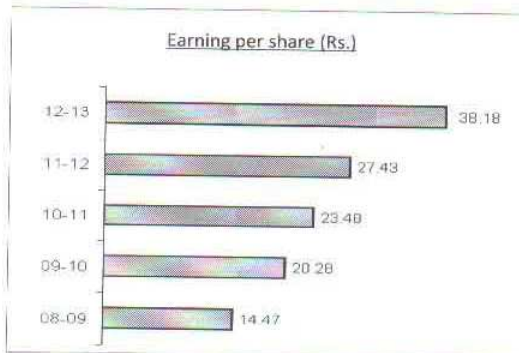
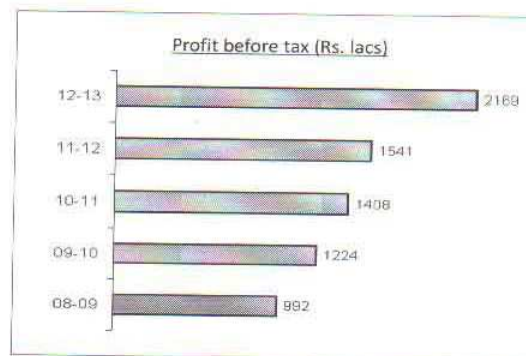
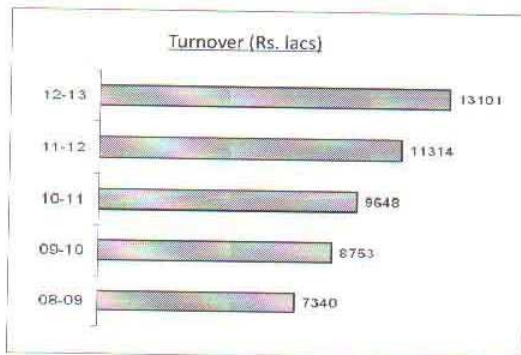
### FINANCIAL HIGHLIGHTS

Some of the key financial and operational data for the last five years are given below:

	08-09	09-10	10-11	11-12	12-13
Turnover	7340	8753	9648	11314	13101
Profit before tax	992	1224	1408	1541	2169
Profit after tax	586	818	947	1106	1540
Earnings per Share (Rs.)	14.47	20.28	23.48	27.43	38.18
Dividend per equity share (Rs.)	2.50	3.00	4.00	4.50	5.00*
Shareholder's Equity	4250	4928	5647	6484	7784

(Rs. lacs)

\*Proposed





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## DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

The Directors have pleasure in presenting the 52<sup>nd</sup> Annual Report of your Company and the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2013.

### FINANCIAL PERFORMANCE

Rs. Lacs

Particulars	Year ended	
	31st March, 2013	31st March, 2012
Profit before Tax	2169.32	1593.13
Provision for Taxation:		
Current Year Tax	634.48	459.87
Deferred Tax	(5.02)      629.46	26.81      486.68
Profit after Tax	1539.86	1106.45
Balance brought forward from last year	3752.93	2962.93
Amount available for appropriation	5292.79	4069.38
Transfer to General Reserve	153.99	105.45
Proposed Dividend on Equity Shares	201.65	181.49
Tax on proposed dividends	34.27	29.44
Balance carried forward	4902.88	3753.00

### Economy and Company Overview

Due to global slowdown, Indian economy grew at an estimate of 5.0% in 2012-13 as compared to 6.9% in 2011-12. The slowdown was mainly on account of the sluggish industrial sector. The crisis in the Euro-zone area and slow growth in many other advanced economies have affected growth in India through dynamic linkages. Domestic factors, including the tightening of monetary policy, in order to control inflation and rein in inflationary expectations, resulted in slowing down of investment and growth, particularly in the industrial sector. Inflation has been in the range of 7-8% in the last twelve months.

However, with the reform measures undertaken recently to improve investment sentiments in the economy as well as to improve the fiscal situation, along with the expectation of improvement in the global economic scenario, there is a possibility of revival of growth in 2013-14. The overall growth rate is expected to be in the range of 6.1 to 6.7 per cent in 2013-14. Of course, these projections assume that monsoon is normal, inflation is contained and that the anticipated mild recovery of global growth takes place.

In spite of slowdown in the industrial sector and increase in energy cost, your company was able to maintain upward trend in sales turnover and profit margins. The company managed to mitigate the impact of this increase in costs through increase in sale margins through price negotiation

with the customers.

### Financial Highlights

Your company continued to perform well, with sales growing by 14% to Rs.121.80 crores in the fiscal 2012-13 from Rs. 106.71 crores in the year 2011-12. Earnings before interest, taxes and depreciation increased to Rs 23.52 crores from 17.32 crores in 2011-12, an increase of 35.8%. Profit after tax was at Rs 15.40 crores for 2012-13 as compared to Rs 11.06 crores in the previous year, up by 39.2%. Consequently, the Earnings per share increased to Rs 38.18 as compared to Rs 27.43 in 2011-12.

Pressure on input costs eased somewhat as compared to last year, with material cost declining by around 3% for the fiscal year 2012-13 as compared to 2011-12, whereas energy cost showed an upward trend increasing by around 18% during the year 2012-13 as compared to 2011-12.

Despite a year of global economic slowdown, your company could perform well; what made these achievements even more significant is the fact that they have been achieved in a year that would rank as among the most challenging ever for the industry with a slowing economy, rising energy costs and disruptive competition. The company coped well with these challenges through a mix of strategies and actions such as price increases thereby achieving strong growth in revenue and profitability.



### Dividends

Your Directors recommend a dividend of Rs. 5.00 per Equity Share (last year Rs. 4.50/- per Equity Share) for the financial year ended March 31, 2013.

The total outflow on account of the proposed dividend including dividend distribution tax will be Rs. 235.92 lacs, (previous year Rs. 210.93 lacs).

The dividend on equity shares, if approved at the ensuing Annual General Meeting, will be paid to Members whose names appear in the Register of Members as on 14<sup>th</sup> August, 2013 and to Members whose names appear on that date as beneficial owners as furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

### Transfer to Reserves

It is proposed to transfer an amount of Rs. 153.99 lacs (being 10% of the net profits for the year) to the General Reserve. An amount of Rs. 1149.95 lacs out of the profits for the year under review is proposed to be retained in the Profit and Loss account.

### Industry Structure and Developments

The rapid growth of the pharmaceutical industry in India and across the world has resulted in stable demand for gelatine in domestic market. The demand for exports was also stable due to raw material shortage persisting in South America and other regions.

The market for gelatine is primarily driven by its growing use in end-user industries such as food and beverages, pharmaceutical, and cosmetics. Growing health concerns and the ageing population, especially in western countries, is also acting as one of the major factors driving this market. However, growing regulatory issues primarily in the food industry are challenges for the participants operating in the global market.

The Indian gelatine industry differs from the rest of the world in the process followed for manufacture of gelatine. While most of the gelatine manufactured globally use hide or skin, the domestic industry primarily makes use of crushed bones for producing gelatine. This is due to the low availability of porcine hides in India. Most of the bovine hides in India are taken up by the leather industry.

### Opportunities and Threats

The level of awareness about environmental hazards has increased among the general public and the state authorities are upgrading pollution control norms regularly. The industry is now required to address the issue

of environment with more commitment. Your company has taken necessary steps to meet these challenges effectively. This also resulted in reduction of production or temporary stoppages in some of our competitor plants.

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

### Capacity Utilization

The capacity utilisation of gelatine production by your Company was 83.6% against the industry average of around 61%.

### Outlook

The company's actions to improve productivity and quality of its products are in process. Barring any unforeseen circumstances, your company should continue to perform well.

### Risks and Concerns

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

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

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

The steady economic development in China and India is expected to drive the market for Asia-Pacific. The imports from China at a much cheaper price than domestic market can have a major effect on the margins in the near future.

### Segment-wise or product-wise performance

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

### Internal Control System

The Company has a well placed, proper and adequate





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

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

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

#### Human Resources

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

#### Fixed Deposits

During the year under review, the Company has not accepted any fixed deposits from the public, and as on March 31, 2013 the Company had no unclaimed deposits or interest thereon due to any depositor.

#### Subsidiary Company

The Company does not have any subsidiary company.

#### Directors

In accordance with the provisions of the Companies Act, 1956, and Article 115 of the Articles of Association of the Company, Mr. Deepak Chaudhuri and Mr. M.C. Pant, Directors, retire by rotation at the ensuing Annual General Meeting of the Company. The Board places on record its appreciation for their services to the company.

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

Mr. M.C. Pant, being eligible, has offered himself for re-appointment. The Board of Directors recommends his re-appointment.

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

Brief resume of the Directors proposed to be appointed /

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

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

#### Directors' Responsibility Statement

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

- i That in the preparation of accounts for the financial year ended 31<sup>st</sup> March 2013, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed along with proper explanation relating to material departures, if any;
- ii That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so far as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit and loss of the Company for the year under review;
- iii That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
- iv That the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2013 on a 'going concern' basis.

#### Auditors and Audit Report

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

The Company has received letter from them to the effect

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

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

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

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the declared dividends which remained 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. Accordingly the Company has transferred Rs.2,25,130/- to the Investor Education and Protection Fund, being the unclaimed dividend on 9% Cumulative Redeemable Preference Shares for the year 2004-05.

#### **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**

None of the employees of the Company is in receipt of remuneration exceeding the limits prescribed under

Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

#### **Industrial Relations**

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

#### **Acknowledgement**

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

For and on behalf of the Board

**Ravindra K. Raje**  
Director

**Ashok K. Kapur**  
Wholetime Director

Place : Jabalpur  
23<sup>rd</sup> May, 2013





## Annexure to Directors' Report

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

### A. RESEARCH & DEVELOPMENT

1. **Specific Area in which R&D carried out by the Company :**  
Recovery of Calcium Chloride from effluent.
2. **Benefits derived as a result of above R & D :**  
The R&D efforts on the above continue to be pursued .
3. **Future Plan of Action :**  
Based on the outcome on the above project, the Company may consider investment for large scale recovery of calcium chloride and sale.
4. **Expenditure on R&D**  
Recurring Expenditure - Rs. 37.46 lacs; Capital Expenditure - Rs.10.60 lacs  
Total R&D Expenditure as a % of Total Turnover: 0.39%

### B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

1. **Efforts in brief made towards technology absorption, adoption and innovation:**
  - (a) Disposal of lime waste as per environmental norms at lower cost.
  - (b) Decrease in drying cost of by-product.
2. **Benefits derived as a result of above efforts:**
  - (a) Better environmental conditions.
  - (b) Reduction in production 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 :**

<ol style="list-style-type: none"> <li>(a) Technology</li> <li>(b) Year of import</li> <li>(c) Has technology been fully absorbed</li> <li>(d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plan of action</li> </ol>	}	Not applicable as no technology imported
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4. **Foreign Exchange Earnings and Outgo**  
The F.O.B. value of exports amounted to Rs. 389.49 lacs against Rs 416.16 lacs in the previous year.  
The expenditure in foreign exchange comprises of travel for export promotion Rs. 0.91 lacs and other expenditure Rs. 5.52 lacs.

For and on behalf of the Board

Ravindra K. Raje  
Director

Ashok K. Kapur  
Wholetime Director

Place : Jabalpur  
23<sup>rd</sup> May, 2013



## REPORT ON CORPORATE SOCIAL RESPONSIBILITY

The Company believes that an organisation's true worth lies beyond its business, and is best reflected by the service it renders to the community and the society. An organisation has a responsibility to sub-serve larger societal goals as they have the ability to contribute for the welfare of the society. Social welfare and community development is therefore at the core of the Company's Corporate Social Responsibility philosophy and this continues to be a priority.

The Company's contributions to the community are in the areas of health, education, infrastructure development and contributions to other social development organisations. The Company also supports and partners with several NGOs in community development and health initiatives. Some of the social activities carried out by the Company are as under:

### Environment

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

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

The Company and its employees regularly promote and participate in projects for cleanliness of river Narmada through cleaning banks, putting up flex, banners and wall painting messages. The company sponsored various programmes for environment protection like Marathon "Run Jabalpur Run" for environment protection and 'Narmada Mahaotava' and 'Narmada Jayanti'.

### Health

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

facility and a dispensary within the factory premises.

### Social Responsibility and Community Development

The Company arranges for supply of drinking water in the surrounding villages and has for the purpose, arranged for installed drinking water connections. In addition, the Company provides drinking water at various locations around the factory during the summer season.

### Sports

The company sponsored various sports activities and games organized by Local gram panchayat.

### Education

Education is one of the focus areas of social development for the Company and supports academics at all levels. The Company provides assistance to schools such as **Parivartan, Asha School and Ekal Vidyalaya**. The Ekal Vidyalaya movement aims to help eradicate illiteracy from rural and tribal India. The Company also provides scholarships to poor girls of the locality and educational support to various poor children through contributions to "Pahel Sanstha" Charitable Institution and Hamara **Jabalpur** for "Balika Prothsahan Yojana". The Company has also aided the repairs and maintenance of schools located in the nearby villages.

### Religious and cultural programs

The Company has contributed to various local religious and cultural programmes. During the traditional Navratri Garba festival, the Company contributed to various programs. Financial assistance and support was given to community festivals.

### Community Health Care

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





## REPORT ON CORPORATE GOVERNANCE

Corporate Governance is commitment to values and ethics in business conduct which stems from the culture, policies, practices, traditions, voluntary adherence to ethical standards and mindset of an organisation. A well-defined and enforced corporate governance provides a structure that works for the benefit of all concerned by ensuring that the company adheres to accepted ethical standards and best practices as well as to formal laws. Governance practices may vary but the principles are generic and universal, viz- commitment of the Board in managing business ethically and in a transparent manner with the profit objective balanced by long term value equitably for all stakeholders. Stakeholders are everyone ranging from the board of directors, management, shareholders to customers, employees and society at large. With the increasing complexities in business of organizations, sound governance practices are indispensable to build and sustain trust in all its stakeholders.

Good corporate governance practices are also essential for a sustainable business model for generating long term value for all its stakeholders.

The Company is committed to run its business in a legal, ethical and transparent manner with dedication that prevails throughout the organization.

This report sets out the compliance status for the Company with the requirements of corporate governance, as set out in Clause 49 of the Listing Agreement, for the financial year 2012-13.

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

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

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

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

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

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

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



## 2. Board of Directors

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

- (i) The Company's policy is to maintain optimum combination of Executive, Non-Executive and independent Directors, constituted in conformity with the provisions of Clause 49 of the Listing Agreement entered into with the Stock Exchanges. The members of our Board are from diverse backgrounds with skill and experience in different sectors like technology, finance, legal, power and general management. The Company has a total of 6 Directors of which five are Non-Executive Directors and out of which three are Independent Directors.

Composition of the Board of Directors is as follows:

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

- (ii) None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees as specified in Clause 49 of the Listing Agreement, across all the companies in which he is a Director. Necessary disclosures regarding Committee positions in other public companies as at 31<sup>st</sup> March, 2013 have been made by the Directors.

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

Name of Director	No. of other Directorships	Committees of which he is a member	Committees of which he is Chairman	Attendance	
				Board Meetings	Last AGM (14.08.2012)
Justice Gulab Gupta	-	3	1	3	Yes
Mr. Deepak Chaudhuri	-	1	-	4	Yes
Mr. M.C. Pant	-	3	1	4	Yes
Mr. Sanjeev Jain	2	3	-	4	Yes
Mr. R. K. Raje	3	5	1	4	Yes
Mr. A. K. Kapur	1	1	-	4	Yes

Notes:

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

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



**Directors' Profile**

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

- (i) Mr. Deepak Chaudhuri is a graduate from St. Stephens College, New Delhi, one of India's premier institution, and has subsequently completed a Strategic Management course from Harvard University Graduate School of Business Management in U.S.A. He has around 32 years of experience in sales and marketing. He is presently on the Board of Directors of M/s Sunny Megabrands Exim (Pvt.) Ltd. and M/s Imperial Cropcare (Pvt.) Ltd. He does not hold any shares in the company as on 31st March, 2013.
- (ii) Mr. Mohan C. Pant is a B.Sc., BE (Hons) - 1961 from Govt. Engg. College, Jabalpur. After a long stint of 36 years with MP State Electricity Board (MPSEB), he retired as a Board Member (Generation) in 1997. At present, he provides consultancy to MPSEB for trouble-shooting in Generating Plants. He is also a member of Arbitration Panel for MPSEB. Mr. Pant is not a director in any other company. He does not hold any shares in the company as on 31st March, 2013.
- (iii) Mr. Ashok K. Kapur is a Mechanical Engineer having 42 years of experience in Gelatine industry. He is Ex-Chairman of Ossein & Gelatine Manufacturers' Association of India and Director of Gelatine Manufacturers Association of Asia Pacific and Ex-Chairman Ossein and Gelatine Penal CAPEXIL.

At present, he is also on the Board of Directors of M/s GWL Properties Limited. He holds 600 equity shares of the company as on 31st March, 2013.

**B. Board Meetings**

During the year ended 31<sup>st</sup> March, 2013 the Company held four Board meetings. The Company has held at least one Board meeting in every three months and the maximum time gap between any such two meetings was not more than four months. The details of the Board meetings held are as under:

Sl.No.	Date	Board Strength	No. of Directors Present
1	22 <sup>nd</sup> May 2012	6	6
2	14 <sup>th</sup> August, 2012	6	6
3	30 <sup>th</sup> October, 2012	6	5
4	7 <sup>th</sup> February, 2013	6	6

**Information placed before Board of Directors**

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

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the company.
- Minutes of meetings of audit committee and other committees of the board.
- Show cause, demand, prosecution notices and penalty notices, which are materially important
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.



- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of material nature, of investments, assets, which is not in the normal course of business.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfers, etc.
- Quarterly compliance certificates which includes non-compliance of any regulatory, statutory nature or listing requirements and shareholders service.
- Disclosures received from Directors.
- Proposals requiring strategic guidance and approvals of the Board of Directors.
- Related party transactions.

### 3. Audit Committee

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

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

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

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

The terms of reference of the Audit Committee are broadly as under:

- ✦ Reviewing the financial reports and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information as disclosed in the reports.
- ✦ Recommending the appointment and removal of external auditors, fixation of audit fee and other payments.
- ✦ Reviewing the financial statements and draft audit report, including quarterly / half yearly financial information.
- ✦ Reviewing with management the quarterly and annual financial statements before submission to the Board focusing primarily on:
  - any changes in accounting policies and practices;
  - major accounting entries based on exercise of judgment by management;
  - qualifications in draft audit report;
  - significant adjustments arising out of audit;
  - the going concern assumption;
  - compliance with accounting standards;





- compliance with stock exchange and legal requirements concerning financial statements;
  - any related party transactions as per Accounting Standard 18;
  - reviewing the Company's financial and risk management policies;
  - disclosure of contingent liabilities.
- ✦ Reviewing with the management, and internal auditors, the adequacy of internal control systems.
- ✦ Reviewing the adequacy of internal audit function, including the audit charter, approval of the audit plan and its execution, coverage and frequency of internal audit.
- ✦ Discussion with internal auditors of any significant findings and follow - up thereon.
- ✦ Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- ✦ Looking into the reasons for substantial defaults in payments to the shareholders (in case of non-payment of declared dividends) and creditors.

The Audit Committee Meetings are usually attended by the Whole Time Director, Head of Finance & Accounts Department, and representatives of the Statutory Auditors and Internal Auditors. The Company Secretary acts as Secretary of the Audit Committee.

The previous Annual General Meeting of the Company was held on 14<sup>th</sup> August, 2012. The Chairman of the Audit Committee, Justice Gulab Gupta attended the Meeting.

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

Sl.No.	Date	Committee Strength	No. of Members Present
1	22 <sup>nd</sup> May 2012	4	4
2	14 <sup>th</sup> August, 2012	4	4
3	30 <sup>th</sup> October, 2012	4	3
4	7 <sup>th</sup> February, 2013	4	4

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

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

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

#### 4. Remuneration Committee

The Company has constituted a Remuneration Committee of Directors. The Remuneration Committee comprises of Justice Gulab Gupta, Mr. Deepak Chaudhuri and Mr. M.C. Pant. Mr. Deepak Chaudhuri is the Chairman of the Remuneration Committee.



The broad terms of reference of the Remuneration Committee are as under:

- To approve the remuneration and incentive remuneration payable to the Whole-Time Director for each financial year;
- To approve any change in Directors Sitting fees for attending the Board / Committee Meetings and such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend/approve.

During the year ended 31<sup>st</sup> March, 2013 no meetings of the Remuneration Committee were held.

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

##### Whole Time Director:

The aggregate value of the salary and perquisites paid for the year ended 31<sup>st</sup> March, 2013 to the Whole-Time Director was Rs. 30.87 lacs. Besides this, the Whole Time Director is entitled to Gratuity and encashment of leave at the end of tenure of service. The current agreement with the Whole-time Director is for a period of 3 years from the date of appointment and can be terminated by either party by giving three months' notice in writing.

##### Non-Executive Director:

The Non-Executive Directors are paid sitting fee for attending each meeting of the Board and of the Committees as detailed hereunder:

	Amount (Net of TDS)
Board Meeting	Rs. 8000/-
Audit Committee Meeting	Rs.3000/-
Remuneration Committee Meeting	Rs.2000/-

Sitting fees paid to the Non-Executive Directors, for 2012-13 are as detailed below:

	Amount (Net of TDS)
Justice Gulab Gupta	Rs. 33000/-
Mr. M.C. Pant	Rs. 44000/-
Mr. Deepak Chaudhuri	Rs. 44000/-
Mr. R. K. Raje	Rs. 44000/-
Mr. Sanjeev Jain	Rs. 32000/-
Total	Rs. 197000/-

#### 5. Shareholders' Grievances Committee

The Shareholders' Grievances Committee of the Company consists of Mr. M.C. Pant, Justice Gulab Gupta and Mr. Ashok K. Kapur. Mr. M.C. Pant is the Chairman of the Committee.

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, two investor complaints were received by the Company. As on 31<sup>st</sup> March, 2013 there were no complaints pending reply.

#### 6. Code of Business Conduct & Ethics

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





conduct, ethics and governance, centres on the following theme:

The Company's Board of Directors and Senior Management Personnel are responsible for conduct of the business, and are committed to setting the standards of conduct contained in this Code and for updating these standards, as appropriate, to ensure their continuing relevance, effectiveness and responsiveness to the needs of local and international investors and all other stakeholders as also to reflect corporate, legal and regulatory developments. The Code has been circulated to all the members of the Board and management personnel and the compliance of the same is affirmed by them annually. A declaration signed by the Whole time Director of the Company to confirm that the Company has adopted a Code of Conduct for its Directors and employees of the Company is given below:

**Compliance with the Code of Conduct**

I confirm that the Company has, in respect of the financial year ended March 31, 2013, received from the senior management team of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

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

## 7. General Body Meetings

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

AGM	Year	Venue	Date & Time	Special Resolutions
49 <sup>th</sup>	2009-10	Hotel Satya Ashoka, Wright Town, Jabalpur	Tuesday, 21 <sup>st</sup> September, 2010 at 12.30 p.m.	For re-appointment of Mr. Ashok K. Kapur as the Whole Time Director of the Company.
50 <sup>th</sup>	2010-11	Hotel Narmada Jacksons, South Civil Lines Jabalpur	Monday, 19 <sup>th</sup> September, 2011 at 12 Noon	None
51 <sup>st</sup>	2011-12	Hotel Narmada Jacksons, South Civil Lines Jabalpur	Monday, 14 <sup>th</sup> August, 2012 at 1.00 p.m.	(i) For revision of Remuneration payable to Mr. Ashok K. Kapur, Whole Time Director of the Company (ii) Alteration of Articles of Association

During the year ended 31<sup>st</sup> March, 2013, there were no resolutions passed by the Company's members through Postal Ballot. At the ensuing Annual General Meeting also, there is no resolution proposed to be passed through Postal Ballot.

## 8. Disclosures

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

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



in Notes to Accounts, forming part of the Annual Report.

- b. The Whole-Time Director (CEO) and the Head of Finance have certified to the Board in accordance with Clause 49 (V) of the Listing Agreement for the year ended 31st March, 2013.
- c. Details of non-compliance by the Company, penalties or strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

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

## 9. Means of Communication

The quarterly, half-yearly and yearly financial results of the Company are sent to Stock Exchanges immediately after they are approved by the Board. These are widely published in leading financial/ non-financial newspapers generally in Financial Express/ Hitvada and Navbharat/ Dainik Bhaskar/ Raj Express/ Nai Duniya/ Hari Bhoomi having all-India and regional coverage.

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

Annual reports, quarterly results, shareholding pattern, etc. of the Company are also posted on the SEBI website [corpfilling.co.in](http://corpfilling.co.in) and company's website : [www.narmadagelatines.com](http://www.narmadagelatines.com)

Management Discussion and Analysis forms part of the Annual Report.

## 10. General Shareholders' Information

### + Annual General Meeting

Day & Date	:	Wednesday, 14 <sup>th</sup> August, 2013
Time	:	1:00 p.m.
Venue	:	Satya Ashoka, Wright Town, Jabalpur

### + Financial Calendar 2013-2014

First Quarter Results	:	1 <sup>st</sup> August to 14 <sup>th</sup> August 2013
Second Quarter Results	:	1 <sup>st</sup> November to 15 <sup>th</sup> November, 2013
Third Quarter Results	:	1 <sup>st</sup> February to 15 <sup>th</sup> February, 2014
Annual Results for the year ending on 31 <sup>st</sup> March, 2014	:	15 <sup>th</sup> May to 30 <sup>th</sup> May, 2014

+ **Book Closure period** : 2<sup>nd</sup> August 2013 to 14<sup>th</sup> August 2013 (both days inclusive)

+ **Dividend payment date** : Dividends as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on or after 14<sup>th</sup> August, 2013 to those shareholders, whose names appear on the Company's Register of Members on 14<sup>th</sup> August, 2013.





#### + Listing of Shares and other Securities

Name of Stock Exchange

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

#### + Stock Code

**Scrip Code :** Bombay Stock Exchange (BSE) '526739'

**Company Symbol:** NARMADA GELA

#### + Stock Market Data

The monthly high/ low market prices of the shares during the year 2012-13 at the Bombay Stock Exchange Limited (BSE) were as under:

(Rs. per share)

Months	High Price	Low Price
April 2012	101.80	90.60
May 2012	129.65	93.00
June 2012	124.50	108.50
July 2012	152.70	119.00
August 2012	149.95	120.60
September 2012	140.00	120.00
October 2012	140.35	126.00
November 2012	164.50	135.50
December 2012	160.90	145.10
January 2013	157.95	135.00
February 2013	157.00	126.95
March 2013	148.40	128.00

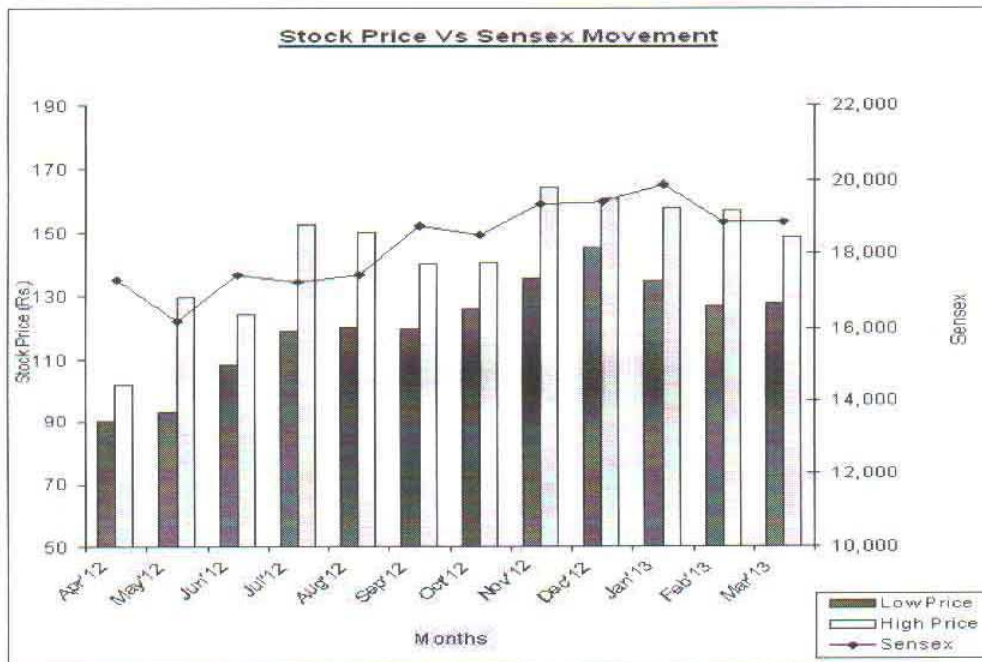
(Source BSE website)

#### + Share price performance compared with broad based indices

Company's Share Price	As on 01.04.2012	BSE 101.80
	As on 31.03.2013	135.45
	Change	15.21%
BSE Sensex	As on 01.04.2012	17,429.96
	As on 31.03.2013	18,835.77
	Change	8.07%



+ Performance of Share price in comparison to the BSE Sensex



+ Registrar & Share Transfer Agents

C B Management Services Pvt. Ltd.  
 P-22 Bondel Road, Kolkata - 700 019.  
 Phone: (033) 40116700 / 6711 / 6718  
 Fax : (033) 40116739  
 Email : rta@cbmsl.com

+ Dividend declared for the last five years

Year	On 9% Cumulative Preference Shares	On Equity Shares
2008-09	9% ( Pro-rata )	25%
2009-10	NA	30%
2010-11	NA	40%
2011-12	NA	45%
2012-13	NA	50% (Proposed)

+ Share Transfer System

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





In compliance with the Listing Agreement / SEBI Guidelines -

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

+ **Distribution of Shareholding :**

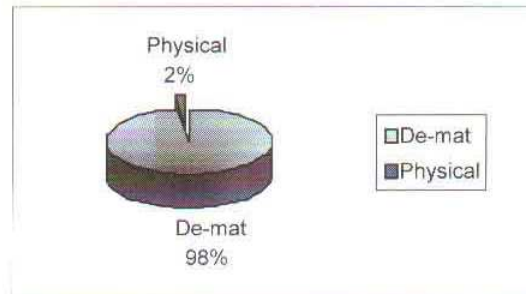
The distribution of shareholding as on 31<sup>st</sup> March 2013 is given below:

Range	Shareholders		Shares		
	No. of shares	Nos.	% of Total Holders	Nos.	% of Total Capital
Upto 500	1496	1496	84.47	2,00,881	4.98
501 - 1000	132	132	7.45	1,01,644	2.52
1001 - 2000	60	60	3.39	91,391	2.27
2001 - 3000	41	41	2.32	1,07,478	2.67
3001 - 4000	9	9	0.51	31,125	0.77
4001 - 5000	10	10	0.57	46,556	1.15
5001 - 10000	10	10	0.56	69,401	1.72
10001 and above	13	13	0.73	33,84,582	83.92
<b>TOTAL</b>	<b>1771</b>	<b>1771</b>	<b>100.00</b>	<b>40,33,058</b>	<b>100.00</b>

+ **Dematerialisation of shares as on 31<sup>st</sup> March , 2013**

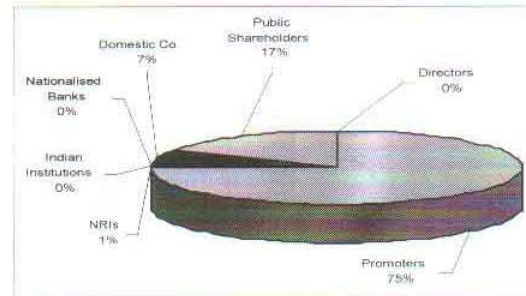
Nearly 98% of total Equity Share Capital is held in Dematerialised form with NSDL & CDSL.

Category	No. of shares	%
Demat	3953394	98.02
Physical	79664	1.98
<b>Total</b>	<b>4033058</b>	<b>100.00</b>



+ **Shareholding pattern of the Company as on 31<sup>st</sup> March , 2013**

Category	No. of shares	% holding
<b>Promoters</b>	<b>3024793</b>	<b>75.00%</b>
<b>NRIs</b>	<b>23460</b>	<b>0.58%</b>
<b>Indian Institutions</b>	<b>350</b>	<b>0.01%</b>
<b>Nationalised Banks</b>	<b>Nil</b>	<b>Nil</b>
<b>Domestic Companies</b>	<b>272724</b>	<b>6.76%</b>
<b>Public Shareholders</b>	<b>710965</b>	<b>17.63%</b>
<b>Directors</b>	<b>766</b>	<b>0.02%</b>
<b>Total</b>	<b>4033058</b>	<b>100.00%</b>





+ **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) 40116700 / 6711 / 6718  
Fax : (033) 40116739  
Email : rta@cbmsl.com

+ **Plant Location**

Meergunj, Bheraghat Road, Jabalpur, M.P.

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

Pursuant to Sections 205A and 205C of the Companies Act, 1956, all unclaimed / unpaid dividend, debenture interest as well as principal amount of debentures as at March 31, 2013 remaining unpaid or unclaimed for a period of seven years from the date they became due for payment, have been transferred to the Investor Education & Protection Fund (IEPF) established by the Central Government.

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

The Investors are advised to claim the unencashed equity dividend / preference dividend money for the years 2005-06 to 2011-12 lying in the unclaimed accounts of the Company before the due dates (as indicated in the Notes to the Notice) for crediting the same to the Investor Education and Protection Fund.

During the financial year 2012-13 the Company has remitted the unclaimed Dividend for the year 2004-05 on 9% Cumulative Redeemable Preference Shares amounting to Rs.2,25,130/- to the Investor Education and Protection Fund.

**11. Compliance Certificate of the Auditors**

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

On behalf of the Board of Directors

Place : Jabalpur  
Date : 23<sup>rd</sup> May, 2013

**Ravindra K. Raje**  
Director

**Ashok K. Kapur**  
Whole-time Director





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## CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of  
NARMADA GELATINES LIMITED

We have examined the compliance of the conditions of Corporate Governance by Narmada Gelatines Limited (the Company) for the year ended 31<sup>st</sup> March, 2013, 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 was limited to 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 by the directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

Kashyap Vaidya  
(Partner)  
M.No.037623

Dated : May 23, 2013  
Place : Mumbai



## AUDITORS' REPORT

### The Members of Narmada Gelatines Limited

#### Report on the Financial Statements

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

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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

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

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

#### Opinion

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

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

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order 2004 (together the 'Order'), issued by the Central Government of India in terms of Section 227(4A) 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.

2. As required by section 227(3) of the Companies Act, we report that:
- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

**Kashyap Vaidya**  
**(Partner)**  
**M. N. 37623**

Date: 23<sup>rd</sup> May, 2013  
Place: Jabalpur



**Annexure to the Auditors' Report for the year ended 31<sup>st</sup> March, 2013  
(referred to in Paragraph 1 of our Report of even date)**

**I. Fixed Assets**

- a) The Company has generally maintained proper records to show full particulars including quantitative details and situation of fixed assets.
- b) As per the information and explanation given to us, the company has physically verified its fixed assets in (last verified in F.Y 2009-10), As explained to us, the management verifies the fixed assets once in three years as per the program. Which in our opinion is reasonable having regard to the size of the company and nature of its assets.
- c) The assets discarded / sold during the year are not substantial and are not affecting the operations of the Company as a going concern.

**II. Inventories**

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

**III. Loans given / taken**

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

**IV. Internal Control**

In our opinion, there is an adequate internal control

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

**V. Transactions under Section 301**

According to the information and explanation given to us, no contract/transaction has been entered with any parties, which is required to be entered in the register referred under section 301.

**VI. Public Deposit**

The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.

**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 been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the companies act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

**IX. Statutory Dues**

- a) According to the books and records as produced and examined by us in accordance with generally accepted auditing practices in India, the Company has generally been regular in depositing its undisputed statutory dues in respect of Provident Fund, Employees State Insurance dues, Investor





Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues as applicable with the appropriate authorities in India during the year.

b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance dues, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues were in arrears as at 31.03.2013 for a period of more than six months from the date they became payable.

c) The details of dues of Income Tax / excise duty/ Sales Tax not deposited on account of dispute alongwith the amounts involved and the forum where dispute is pending is given as under:

Nature	Amount Rs. in Lacs	Forum at which pending
Income Tax	71.27	High Court
	35.22	Commissioner Appeals
Excise Duty	388.78	High Court
	132.62	CESTAT
	540.09	Commissioner / Additional Commissioner
	1.49	Asst. Commissioner
Sales Tax	20.08	Tribunal
	6.84	Commissioner Appeals

X. The Company has not incurred any cash losses during the financial year and in the immediately preceding year nor does it have any accumulated losses.

XI. Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of dues to financial institutions, bank and debenture holders.

XII. According to information and explanations given to us, 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. In our opinion, considering the nature of activities carried on by the company, it is not a chit fund / 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. In our opinion and according to information and explanations given to us, 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. According to information and explanations given to us, during the year, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.

XVI. Based on our audit procedures and as per the information and explanations given by the management, no term loan received during the year by 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. The Company has not made preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of Companies Act, 1956.

XIX. The Company has not issued any Debentures during the year.

XX. The Company has not raised any money from the public during the year through public issue.

XXI. During the course of examination of the books of account and records of the company as produced and examined by us in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have not come across any fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For T.R. Chadha & Co.  
Chartered Accountants

Kashyap Vaidya (Partner)  
M. N. 37623

Date: 23<sup>rd</sup> May, 2013  
Place: Jabalpur

**BALANCE SHEET AS AT 31st MARCH 2013**

(Rs. lacs)

Particulars	Notes	As at 31st March 2013	As at 31st March 2012
<b><u>EQUITY &amp; LIABILITIES</u></b>			
<b>Shareholders' Funds</b>			
Share Capital	3	403.38	403.38
Reserves & Surplus	4	<u>7380.25</u>	<u>6081.00</u>
		7783.63	6484.38
<b>Non-Current Liabilities</b>			
Deferred Tax Liabilities (Net)	5	353.10	358.13
<b>Current Liabilities</b>			
Short-term borrowings	6	20.57	225.30
Trade Payables	7	533.08	657.68
Other Current Liabilities	8	134.99	201.43
Short-term Provisions	9	365.93	404.43
	<b>TOTAL</b>	<b><u>9191.30</u></b>	<b><u>8331.35</u></b>
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	10	2462.67	2250.82
Intangible Assets		5.84	-
Capital Work in Progress		53.75	82.17
Intangible Assets under development		-	4.34
Long Term Loans & Advances	11	106.02	73.54
<b>Current Assets</b>			
Current Investments	12	1275.00	450.00
Inventories	13	2503.92	2559.48
Trade Receivable	14	1280.42	1408.49
Cash and cash equivalents	15	1279.14	1218.86
Short-term loans and advance	16	173.85	233.92
Other Current Assets	17	50.69	49.73
	<b>TOTAL</b>	<b><u>9191.30</u></b>	<b><u>8331.35</u></b>

**NOTES ON FINANCIAL STATEMENTS**

1 to 32

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

**T.R.CHADHA & CO.**

Chartered Accountants

Firm Reg. No. 006711N

For and on behalf of the Board

**Kashyap Vaidya**

Partner

M.No.37623

**Mahesh Verma**

Company Secretary

**Ravindra K. Raje**

Director

**Ashok K. Kapur**

Wholetime Director

Jabalpur

23rd May, 2013



**STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2013**

(Rs. lacs)

Particulars	Notes	Year ended 31st March 2013	Year ended 31st March 2012
<b>INCOME</b>			
I Revenue from Operations	18	12180.12	10671.46
II Other Income	19	192.06	219.02
III <b>Total Revenue (I+II)</b>		<b>12372.18</b>	<b>10890.48</b>
<b>IV EXPENDITURE</b>			
Cost of Materials Consumed	20	5671.70	6073.19
Change in Inventories of Finished goods and Work-in Progress (Increase) / Decrease	21	153.82	(637.16)
Employees benefits expense	22	903.08	901.90
Finance cost	23	9.55	17.11
Depreciation and amortization expense	24	182.95	174.14
Other expenses	25	3281.76	2820.11
<b>Total expenses</b>		<b>10202.86</b>	<b>9349.29</b>
V <b>Profit before exceptional and extraordinary items and tax (III-IV)</b>		2169.32	1541.19
VI <b>Exceptional Items</b>		-	-
VII <b>Profit before extraordinary items and tax (V-VI)</b>		2169.32	1541.19
VIII <b>Extraordinary Item [refer Note 4(i)]</b>		-	(51.94)
IX <b>Profit before tax (VII-VIII)</b>		2169.32	1593.13
X <b>Tax Expense</b>			
Current Year Tax		634.48	459.87
Deferred Tax		(5.02)	26.81
<b>Profit after taxation</b>		<b>1539.86</b>	<b>1106.45</b>
<b>Earning per Equity Share of Face Value of Rs. 10 each.</b>			
Basic and Diluted Earnings per Share (Rs.)	30	38.18	27.43

**SIGNIFICANT ACCOUNTING POLICIES****NOTES ON FINANCIAL STATEMENTS**

1 to 32

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

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

For and on behalf of the Board

**Kashyap Vaidya**  
Partner  
M.No.37623  
Jabalpur

23rd May, 2013

**Mahesh Verma**  
Company Secretary

**Ravindra K. Raje**  
Director

**Ashok K. Kapur**  
Wholtime Director

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

(Rs. lacs)

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
<b>A. Cash Flow from Operating Activities :</b>		
Net profit before tax	2169.32	1541.19
Adjustments for :		
Depreciation	182.95	174.14
Interest Income	(103.45)	(77.92)
Profit on sale of Investments	(46.56)	(67.45)
Interest Expenses	9.55	17.11
Loss/(Profit) on Impairment/Sale of fixed assets	-	10.36
Sundry Debit Balances written off	0.04	0.42
Provision / Balances written back	(2.52)	(6.24)
Net unrealised exchange (gain) / loss	(5.00)	1.28
<b>Operating profit before working capital changes</b>	<b>2204.33</b>	<b>1592.89</b>
<b>Adjustments for :</b>		
(Increase)/Decrease in Trade and other receivables	102.72	(80.07)
(Increase)/Decrease in Inventories	55.56	(819.68)
(Increase)/Decrease in Long Term loans & advances	(32.48)	37.26
(Increase)/Decrease in Short Term loans & advances	60.07	21.18
(Increase)/Decrease in other Current Assets	(0.96)	(23.54)
Increase/(Decrease) in Trade Payables	(124.60)	175.98
Increase/(Decrease) in Short Term provisions	(19.87)	34.19
Increase/(Decrease) in Other Current Liabilities	(66.44)	51.22
	<b>(26.00)</b>	<b>(603.46)</b>
<b>Cash generated from operations</b>	<b>2178.33</b>	<b>989.43</b>
Direct Taxes paid	(646.86)	(459.21)
<b>Net Cash from operating activities (A)</b>	<b>1531.47</b>	<b>530.22</b>
<b>B. Cash Flow from Investing Activities :</b>		
Sale of Fixed Assets	8.73	-
Purchase of Fixed Assets & Capital WIP	(379.71)	(456.41)
Profit on sale of Investments	46.56	67.45
Investment in Mutual Funds	(825.00)	200.03
Interest received	103.45	77.92
<b>Net Cash used in Investing Activities (B)</b>	<b>(1045.97)</b>	<b>(111.01)</b>

continued...



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013 (Continued)**

Particulars	(Rs. lacs)	
	Year ended 31st March 2013	Year ended 31st March 2012
<b>C. Cash Flow from Financing Activities:</b>		
Dividend including tax thereon paid	(210.93)	(188.11)
Net Increase/(Decrease) in Short term borrowings	(204.73)	159.66
Interest Paid	(9.55)	(17.11)
	<u>(425.21)</u>	<u>(45.56)</u>
<b>Net Cash used in Financing Activities (C)</b>	<b><u>(425.21)</u></b>	<b><u>(45.56)</u></b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b><u>60.28</u></b>	<b><u>372.35</u></b>
<b>Cash and Cash Equivalents (Opening Balance)</b>	<b><u>1218.86</u></b>	<b><u>846.51</u></b>
<b>Cash and Cash Equivalents (Closing Balance)</b>	<b><u>1279.14</u></b>	<b><u>1218.86</u></b>

**Notes:**

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

(b) Cash and Cash Equivalents represent :

	As at 31.03.2013	As at 31.03.2012
Cash and Cheques in Hand	5.47	3.69
Remittance in Transit	48.33	12.57
Balance with Scheduled Banks	1225.34	1202.60
(Includes Rs.659.54 lacs (Previous year Rs.649.91 lacs) which are not available for use by the Company)		

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

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

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

**For and on behalf of the Board**

Kashyap Vaidya  
Partner  
M.No.37623  
Jabalpur 23rd May, 2013

**Mahesh Verma**  
Company Secretary

**Ravindra K. Raje**  
Director

**Ashok K. Kapur**  
Wholetime Director

**NOTES ON FINANCIAL STATEMENTS****NOTE 1: CORPORATE INFORMATION**

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

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES****1 Basis of Accounting**

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

**2 Use of Estimates**

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

**3 Fixed Assets**

- (i) **Tangible Fixed assets:** Freehold land, Buildings, Plant and Machinery and Electrical Installations were revalued as at 31.3.93 by an approved valuer at the then net replacement cost and were stated accordingly.

The gross block of Fixed Assets is stated at cost of acquisition or construction (except revalued

assets), including any cost attributable to bringing the assets to their working condition for their intended use. Borrowing costs that are directly attributable to acquisition or construction of an asset that necessarily takes a substantial period of time till such assets are ready for the intended use are capitalized.

- (ii) **Intangible Fixed assets :** Intangible assets are stated at cost of acquisition less accumulated amortisation.

**4 Depreciation / Amortisation**

- (i) Depreciation is provided at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.
- (ii) Depreciation on certain Buildings acquired prior to 1st July 1986 is charged under Written Down Value method and on others under Straight Line method.
- (iii) 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.
- (iv) Depreciation on Electrical Installations and Furniture & Fixtures is charged under Written Down Value method.
- (v) Depreciation on Motor Vehicles is charged under Straight Line method.
- (vi) In respect of revalued assets the incremental depreciation on account of revaluation is recouped from Revaluation Reserve.
- (vii) Intangible assets (Computer software) are amortised on Straight Line method @ 20%.

**5 Investments**

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

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

**6 Inventories**

Inventories are stated at cost (net of CENVAT credit) or net realisable value, whichever is lower. Cost is determined on weighted average basis and comprises





of expenditure incurred in the normal course of business in bringing inventories to their present location including appropriate overheads apportioned on a reasonable and consistent basis. Obsolete, slow moving and defective stocks are identified at the time of physical verification of stocks and where necessary, provision is made for such stocks.

#### **7 Research and Development Expenses**

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

#### **8 Revenue Recognition**

- (i) Sale of goods is recognised when the significant risk and rewards of ownership is transferred to the customers, net of returns. Sales represents invoiced value of goods supplied including excise duty but excluding sales tax.
- (ii) Revenue recognition from sale of "Duty Entitlement Passbook Licence" is made on sale of the licence after receipt of the same from the office of the Director General of Foreign Trade.

#### **9 Income from Investments**

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

#### **10 Foreign Currency Transactions**

- (i) Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transactions. Gains and losses, if any, at the year end in respect of monetary assets and monetary liabilities not covered by the forward contracts are recognized in the Profit and Loss Account.
- (ii) Non-monetary items denominated in foreign currency are stated at the rate prevailing on the date of the transaction.

#### **11 Employee Benefits**

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

The Company also provides for retirement/ post-retirement benefits in the form of gratuity and leave

encashment. Such defined benefits are charged to the Profit and Loss account based on valuations made by independent actuaries, as at the balance sheet date.

#### **12 Voluntary Retirement Scheme Expenses**

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

#### **13 Accounting for Taxes**

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

#### **14 Impairment of Assets**

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

#### **15 Provision and Contingent Liabilities**

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

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



## NOTES ON FINANCIAL STATEMENTS

(Rs. lacs)

Particulars	As at	
	31st March 2013	31st March 2012
<b>NOTE - 3 : SHARE CAPITAL</b>		
<b>Authorised</b>		
1,00,00,000 Equity Shares of Rs.10/- each	1000.00	1000.00
1,00,00,000 9% Cumulative Redeemable Preference Shares of Rs.10/- each	1000.00	1000.00
	<b>2000.00</b>	<b>2000.00</b>
<b>Issued, Subscribed and Paid up</b>		
40,33,058 Equity Shares of Rs.10/- each, fully paid	403.31	403.31
Forfeited Shares	0.07	0.07
<b>Total</b>	<b>403.38</b>	<b>403.38</b>

**Notes :****(1) Of the above Equity Shares :**

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

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

\*some of these shares (numbers not ascertainable since shares are in demat form) stand cancelled as per the Scheme of arrangement approved by Calcutta High Court on 6th May, 2003.

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

Particulars	31st March 2013		31st March 2012	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares with voting rights - Number of shares (Rs. 10/- per share)	4033058	40330580	4033058	40330580

**(3) Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended 31 March 2013, the amount of per share dividend recognized as distributions to equity shareholders was Rs.5.00 (31 March 2012: Rs.4.50).

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

Particulars	Equity shares with voting rights and Numbers of Shares	
	31st March 2013	31st March 2012
Alfamont (Mauritius) Limited, the holding company	3024793	3024793

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

Name of the Shareholder	31st March 2013		31st March 2012	
	%	Number of Shares	%	Number of Shares
Alfamont (Mauritius) Limited	75	3024793	75	3024793



**NOTES ON FINANCIAL STATEMENTS**

(Rs. lacs)

Particulars	As at		As at	
	31st March 2013		31st March 2012	
<b>NOTE - 4 : RESERVES AND SURPLUS</b>				
Capital Reserve		7.51		7.51
Securities Premium Account		478.41		478.41
Revaluation Reserve				
As per last Balance Sheet		99.25		157.59
Less: Deduction on account of depreciation / impairment / sale of certain assets (Refer Note 4(i) & 4(ii) below)		4.69	94.56	58.34
				99.25
Capital Redemption Reserve				
As per last Balance Sheet		148.61		148.61
General Reserve				
As per last Balance Sheet		1594.22		1488.77
Add: Transferred from Profit & Loss Account		153.99	1748.21	105.45
				1594.22
Surplus				
Opening Balance		3753.00		2962.93
Add: Net profit / (loss) for the current period		1539.86		1106.45
Amount available for appropriation		5292.86		4069.38
Appropriations:				
Transfer to general reserve		153.99		105.45
Proposed Dividend on Equity Shares		201.65		181.49
Tax on proposed dividend		34.27		29.44
Closing Balance		4902.95		3753.00
<b>Total</b>		<b>7380.25</b>		<b>6081.00</b>
4(i)	Deductions from Revaluation Reserve comprises of Rs.4.69 lacs (Prev. Year Rs. 6.40 lacs on account of depreciation and Rs.51.94 lac relates to depreciation on revalued assets charged to Profit & Loss account in prior years, adjusted with Revaluation Reserves) on account of depreciation.			
4(ii)	Cumulative amount withdrawn on account of depreciation on Revaluation is Rs.1015.11 lacs			
<b>NOTE - 5 : DEFERRED TAX LIABILITIES (NET)</b>				
<b>Deferred tax liability comprises of following:</b>				
<b>Deferred Tax Liability</b>				
Unabsorbed Depreciation on Fixed Assets		370.81		376.39
<b>Deferred Tax Assets</b>				
Disallowance as per Section 43B and Section 40(a) of the Income Tax Act, 1961		12.37		12.75
VRS to be allowed under IT Act in future years		-		0.16
Provision for doubtful debts		5.34		5.34
		17.71		18.25
<b>Net Deferred Tax Liability</b>		<b>353.10</b>		<b>358.13</b>

**NOTES ON FINANCIAL STATEMENTS**

Particulars	(Rs. lacs)	
	As at 31st March 2013	As at 31st March 2012
<b>NOTE - 6 : SHORT TERM BORROWINGS</b>		
Bank Overdraft	20.57	225.30
Secured against Fixed Deposits		
<b>Total</b>	<b>20.57</b>	<b>225.30</b>
<b>NOTE - 7 : TRADE PAYABLES</b>		
Micro, Small and Medium Enterprises	36.35	71.98
Other Trade Payable	496.73	585.70
<b>Total</b>	<b>533.08</b>	<b>657.68</b>
There is no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as on 31st March, 2013. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.		
<b>NOTE - 8 : OTHER CURRENT LIABILITIES</b>		
Unclaimed Dividend*	11.08	13.44
Unclaimed 9% Preference Share Redemption Account	22.22	22.93
Capital Creditors	16.50	10.24
Statutory remittances	26.06	28.13
Trade & Security Deposits received	8.39	3.08
Advance from Customers	39.93	113.06
Other Liabilities**	10.81	10.55
<b>Total</b>	<b>134.99</b>	<b>201.43</b>
* Amount lying unclaimed for more than seven years from the date of transfer to unclaimed dividend account will be transferred to the Investor Education and Protection Fund in terms of section 205A and 205C of the Companies Act, 1956.		
** Includes Retention Money and Group Insurance Premium payable		
<b>NOTE - 9 : SHORT TERM PROVISIONS</b>		
<b>(a) Provision for employee benefits:</b>		
Provision for Gratuity	5.37	45.84
Provision for Leave Encashment	38.12	39.31
Provision for Bonus	24.48	23.92
<b>(b) Provision - Others</b>		
Provision for Income tax (net of Advance Tax previous year Rs.2156 lacs)	-	43.62
Provision for Excise Duty*	62.04	37.36
Provision for Custom Duty	-	3.45
Proposed Dividend on Equity Shares	201.65	181.49
Tax on Dividend	34.27	29.44
<b>Total</b>	<b>365.93</b>	<b>404.43</b>
* Includes Provision made for Excise duty reversal for earlier periods Rs.12.98 Lac, (Previous Year Rs.12.98 Lac)		



**NOTES ON FINANCIAL STATEMENTS****NOTE - 10 : FIXED ASSETS**

(Rs. lacs)

Assets	Gross Block at cost / Revalued value			Depreciation			Net Block		
	As at 1st Apr-12	Additions	Disposals/ Impairment	As at 31st Mar-13	As at 1st Apr-12	Disposals/ Impairment	For the Year	As at 31st Mar-13	As at 31st Mar-12
<b>Tangible:</b>									
Freehold Land	119.28	-	-	119.28	-	-	-	119.28	119.28
Buildings	544.05	-	-	544.05	366.16	-	12.21	378.37	177.89
Plant and Machinery	4584.41	384.61	22.00	4947.02	2662.83	15.25	166.66	2814.24	1921.58
Furniture and Fittings	15.27	0.73	-	16.00	14.41	-	0.34	14.75	0.86
Computer & Office Equipments	64.74	2.74	0.03	67.45	54.54	-	3.39	57.93	10.20
Electrical Installations	42.16	18.55	-	60.71	21.51	-	5.04	26.55	20.65
Vehicles	7.76	-	7.76	-	7.40	7.40	-	-	0.36
<b>Total</b>	<b>5377.67</b>	<b>406.63</b>	<b>29.79</b>	<b>5754.51</b>	<b>3126.85</b>	<b>22.65</b>	<b>187.64</b>	<b>3291.84</b>	<b>2250.82</b>
<b>Intangible:</b>									
Computer Software	-	5.84	-	5.84	-	-	-	5.84	-
<b>Total</b>	<b>-</b>	<b>5.84</b>	<b>-</b>	<b>5.84</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.84</b>	<b>-</b>
<b>Grand Total</b>	<b>5377.67</b>	<b>412.47</b>	<b>29.79</b>	<b>5760.35</b>	<b>3126.85</b>	<b>22.65</b>	<b>187.64</b>	<b>3291.84</b>	<b>2250.82</b>
Previous Year	5000.49	377.19	0.01	5377.67	2946.30	-	180.54	3126.84	2250.82

- (i) Freehold Land, Buildings, Plant & Machinery and Electrical Installations were revalued on 31.3.1990 and 31.3.1993 by an approved valuer at the then net replacement cost. The appreciation in value of these assets over their book value has been credited to Revaluation Reserve.
- (ii) Gross Block includes Rs. 159.38 lacs added to Revaluation of Land & Building as at 31.03.1990 and Rs. 950.29 lacs of Land, Building, Plant & Machinery and Electrical Installations as at 31.03.1993 based on the reports issued by the Valuer.
- (iii) Addition in Plant and Machinery includes Rs.10.60 Lacs (previous year Rs.0.20 Lacs) incurred at Company's in-house R&D facilities at factory- these are eligible for weighted deduction under section 35(2AB) of the Income Tax Act, 1961.
- (iv) The company has identified the Gelatine manufacturing division as its cash-generating unit (CGU) as required by Accounting Standard AS - 28 "Impairment of Assets" issued by The Institute of Chartered Accountants of India. There are no primary indications that the recoverable amount of CGU is less than its carrying cost. Accordingly, no detailed exercise has been done to calculate the amount of any impairment loss. During the year ended 31st March 2013, the company does not consider any item of fixed assets as obsolete and impaired and therefore there is no charge to Profit and Loss Account on account of the same (Previous Year - Nil).

**NOTES ON FINANCIAL STATEMENTS**

Particulars	(Rs. lacs)	
	As at 31st March 2013	As at 31st March 2012
<b>NOTE - 11 : LONG TERM LOANS AND ADVANCES (Unsecured)</b>		
Considered Good		
Security Deposits with Government and other bodies	0.08	0.08
Electricity and other deposits	105.94	73.46
<b>Total</b>	<b>106.02</b>	<b>73.54</b>
<b>NOTE - 12 : CURRENT INVESTMENTS</b>		
Quoted - Non-trade		
<b>Investment in Mutual Funds (at cost)</b>		
HDFC Short Term Plan Fund (925771.287 Units of Rs.21.60 each)	200.00	
ICICI Pru Regular Savings Fund (1197268.498 Units of Rs. 11.69 each) (1676403.779 Units of Rs. 11.93 each)	340.00	
ICICI Prudential Short Term Fund - Growth (431545.423 Units of Rs. 23.17 each)	100.00	
Reliance Regular Saving Fund - Debt (642099.924 Units of Rs. 15.56 each)	100.00	
Reliance Income Fund -Retail - GP - Bonus Option (550388.02 Units of Rs. 18.17 each)	100.00	
ICICI Prudential Income Fund - Growth Plan (338174.184 Units of Rs. 37.11 each)	125.00	
Kotak Mahindra - Bond Plan - A - Growth (324775.019 Units of Rs.33.88 each)	110.00	
HDFC - FMP - Series XXI, 370 days March 2012(2) (2000000 Units of Rs. 10/- each)	200.00	
HDFC FMP- Series XVIII - 13M August 2011 (1) - Growth (2400000 Units of Rs. 10/- each)		240.00
HDFC FMP- Series XVIII - 13M August 2011 (1) - Growth (1000000 Units of Rs. 10/- each)		100.00
IDFC -FMP Series - 50 (1099990 Units of Rs. 10/- each)		110.00
<b>Total</b>	<b>1275.00</b>	<b>450.00</b>
(i) Aggregate amount of quoted investments	1275.00	450.00
(ii) Market Value of quoted investments	1320.76	467.74
<b>NOTE - 13 : INVENTORIES</b>		
(at lower of cost and net realisable value)		
Raw Materials	966.63	897.76
Stock in Process	776.19	1004.35
Finished Goods	491.04	416.70
[includes in transit Rs. 176.73 lacs (Prev. Year: Rs.99.69 lacs)]		
Stores & Spare Parts	270.06	240.67
<b>Total</b>	<b>2503.92</b>	<b>2559.48</b>



**NOTES ON FINANCIAL STATEMENTS**

Particulars	(Rs. lacs)	
	As at 31st March 2013	As at 31st March 2012
<b>NOTE - 14 : TRADE RECEIVABLES (Unsecured)</b>		
Receivables outstanding for a period exceeding six months		
Considered good	2.81	0.43
Considered doubtful	16.45	16.45
<b>Other Receivables (Considered Good)</b>	<u>1277.61</u>	<u>1408.06</u>
	1296.87	1424.94
Less: Provision for doubtful debts	16.45	16.45
<b>Total</b>	<u><b>1280.42</b></u>	<u><b>1408.49</b></u>
<b>NOTE - 15 : CASH &amp; CASH EQUIVALENTS</b>		
Cash and Cheques in Hand	5.47	3.69
Balances with Banks in		
Current Account	190.94	299.34
Margin Deposit	21.42	21.42
Fixed Deposit ( <i>Refer Note i &amp; ii below</i> )	979.68	845.47
Unpaid Dividend Account	11.08	13.44
9% Preference Shares Redemption Account	22.22	22.93
Others - Remittances in Transit	48.33	12.57
<b>Total</b>	<u><b>1279.14</b></u>	<u><b>1218.86</b></u>
15(i) Fixed Deposit with banks include Rs.611.20 lacs (Prev. Year Rs.592.12 lacs) on which charge has been created for availing overdraft facility from a bank.		
15(ii) Fixed deposits with banks include deposits of Rs.394.44 lacs (Previous Year Rs.251.79 lacs) with maturity of more than 12 months		
<b>NOTE - 16 : SHORT- TERM LOANS AND ADVANCES (Unsecured)</b>		
<b>Considered Good</b>		
Loans and advances to employees	15.15	15.55
Prepaid expenses	7.93	7.75
Advance Income Tax (net of provisions Rs. 2834.47 lacs)	6.75	-
Balance with government authorities	61.96	51.14
Other loans and advances	82.06	159.48
<b>Total</b>	<u><b>173.85</b></u>	<u><b>233.92</b></u>
16(i) In the opinion of the Board of Directors, the current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated and provisions are made for all the expected liabilities.		
<b>NOTE - 17 : OTHER CURRENT ASSETS</b>		
Interest Accrued on Deposits	50.69	49.73
<b>Total</b>	<u><b>50.69</b></u>	<u><b>49.73</b></u>

**NOTES ON FINANCIAL STATEMENTS**

(Rs. lacs)

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
<b>NOTE - 18 : REVENUE FROM OPERATIONS</b>		
(i) <b>Sale of Products</b>		
<b>Manufactured Goods</b>		
Gelatine	8767.00	7,204.56
DCP - Animal Feed Grade	3600.96	3,287.67
Ossein	704.22	760.54
Bone Meal Products	28.91	60.81
<b>Total</b>	<b>13101.09</b>	<b>11,313.58</b>
Less: Excise Duty*	920.97	642.12
<b>Net Sales</b>	<b>12180.12</b>	<b>10,671.46</b>

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

(ii) <b>Earning in Foreign Exchange</b>		
Export of goods on F.O.B. basis	389.49	416.16

**NOTE - 19 : OTHER INCOME**

(i) <b>Operating Income</b>			
Sale of Scrap / Coal Ash	19.34		22.59
Export incentives (DEPB / Duty Drawback)	7.44		13.48
Others Income	10.27		37.58
Foreign Exchange Gain	5.00		-
<b>Total</b>	<b>42.05</b>		<b>73.65</b>
(ii) <b>Non-Operating Income</b>			
Interest Income (Gross)			
From Banks	88.97		74.12
From Others	14.48	103.45	3.80
[Tax Deducted at source Rs.9.86 lacs (Previous Year Rs.8.96 lacs)]			
Net gain on sale of Investments		46.56	67.45
<b>Total</b>	<b>150.01</b>		<b>145.37</b>
<b>Total</b>	<b>192.06</b>		<b>219.02</b>

**NOTE - 20 : COST OF MATERIALS CONSUMED**

Opening Stock of Raw Material	897.76		706.12
Add : Purchases	5,740.57		6264.83
	6,638.33		6970.95
Less : Closing Stock	966.63		897.76
<b>Total</b>	<b>5,671.70</b>		<b>6,073.19</b>



**NOTES ON FINANCIAL STATEMENTS**

(Rs. lacs)

Particulars	Year ended	
	31st March 2013	31st March 2012
<b>20.1 Particulars of Raw Materials Consumed</b>		
Raw Bones	4.76	250.34
Crushed Bones	4570.25	4537.59
Hydrochloric Acid	452.67	523.20
Others	644.02	762.06
<b>Total</b>	<b>5671.70</b>	<b>6073.19</b>

**NOTE - 21 : CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS (Increase) / Decrease**

<b>Closing Stocks</b>				
Finished Goods	491.04		416.70	
Stock in Process	776.19	1,267.23	1004.35	1,421.05
<b>Opening Stocks</b>				
Finished Goods	416.70		202.36	
Stock in Process	1,004.35	1,421.05	581.53	783.89
<b>Net (Increase) / decrease</b>		<b>153.82</b>		<b>(637.16)</b>

**21.1 Particulars of Finished Goods Inventories**

Gelatine	417.46		357.48	
Ossein	53.16		42.31	
Di-calcium Phosphate	20.42		16.86	
Bone Meal	-		0.50	
<b>Total</b>	<b>491.04</b>		<b>416.70</b>	

**NOTE - 22 : EMPLOYEES BENEFIT EXPENSE**

Salaries, Wages and Bonus	810.29		774.73	
Contribution to Provident & Other Funds	57.70		95.68	
Workmen & Staff Welfare	35.09		31.49	
<b>Total</b>	<b>903.08</b>		<b>901.90</b>	

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

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

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

Contribution to Provident Fund	52.32	49.84
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**NOTES ON FINANCIAL STATEMENTS****Defined Benefit Plans :**

- a. Gratuity
- b. Leave Encashment

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

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

**GRATUITY**

(Rs. lacs)

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
Discount Rate per annum (Compound)	8.00%	8.00%
Rate of Increase in Salaries	8.00%	7.00%
Expected Rate of Return on Plan Assets	9.25%	9.25%
Expected Average remaining working lives of employees in no. of years	Officers -12.10 Staff - 8.69	Officers -12.19 Staff - 8.27

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

Particulars		
Present Value of obligation 01.04.2012	397.00	337.23
Interest Cost	25.06	26.35
Current Service Cost	41.30	44.99
Actuarial (Gain) / Loss	(78.02)	4.13
Benefits paid	(28.85)	(15.70)
Present Value of obligation as at 31.3.2013	356.49	397.00

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

Particulars		
Fair Value of Plan Assets as at 1.4.2012	351.16	292.45
Adjustment in opening balance	Nil	Nil
Expected Return on Plan Assets	30.99	28.40
Employer Contribution	45.84	44.78
Actuarial Gain/Loss	(78.02)	1.24
Benefits Paid	1.14	(15.70)
Fair Value of Plan Assets as at 31.3.2013	351.11	351.16

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

Particulars	As at 31st March 2013	As at 31st March 2012
Present Value of obligations as at 31.3.2013	356.49	397.00
Fair Value of Plan Assets as at 31.3.2013	351.11	351.16
Present Value of unfunded obligation as at 31.3.2013	(5.37)	45.84
Unrecognised Past Service	-	-
Unrecognised Actuarial (Gain) / Loss	-	-
<b>Unfunded Net Liability recognised in Balance Sheet</b>	<b>(5.37)</b>	<b>45.84</b>



**NOTES ON FINANCIAL STATEMENTS****iv. Expenses recognised in Profit and Loss Account:**

Particulars	(R.s lacs)	
	Year ended 31st March 2013	Year ended 31st March 2012
Current Service Cost	41.30	44.99
Interest Cost	25.06	26.35
Net Actuarial (Gain) / Loss	(29.99)	2.89
Actual Return on Plan Assets	(30.99)	(28.40)
Others	-	-
Total Expenses recognised in Profit and Loss A/c	5.37	45.84
<b>Expected Employer contribution for next year</b>	<b>5.37</b>	<b>45.84</b>

**LEAVE ENCASHMENT**

Particulars		
Discount Rate per annum (Compound)	8.00%	8.00%
Rate of increase in Salaries	8.00%	7.00%
Expected Rate of Return on Plan Assets	NA	NA
Expected Average remaining working lives of employees in no. of years	Officers -12.10 Staff 8.69	Officers -12.19 Staff 8.27

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

Particulars		
Present Value of obligation as at 1.4.2012	27.82	29.05
Interest Cost	1.80	2.28
Current Service Cost	16.09	16.26
Actuarial (Gain) / Loss	(4.28)	(18.67)
Benefits paid	(20.93)	(1.10)
Present Value of obligation as at 31.3.2013	20.50	27.82

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

Particulars		
Fair Value of Plan Assets as at 1.4.2012	-	-
Actual Return on Plan Assets	-	-
Employer Contribution	4.28	1.10
Benefits Paid	(4.28)	(1.10)
Fair Value of Plan Assets as at 31.3.2013	-	-

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

Particulars	As at 31st March 2013	As at 31st March 2012
Present Value of obligations as at 31.3.2013	20.50	27.82
Fair Value of Plan Assets as at 31.3.2013	-	-
Funded Liability Recognised in Balance Sheet	(20.50)	(27.82)
Present Value of unfunded obligation as at 31.3.2013	-	-
Unfunded Net Liability recognised in Balance Sheet	(20.50)	(27.82)

**NOTES ON FINANCIAL STATEMENTS****iv. Expenses recognised in Profit and Loss Account**

Particulars	(Rs. lacs)	
	Year ended 31st March 2013	Year ended 31st March 2012
Current Service Cost	16.09	16.26
Interest Cost	1.80	2.28
Net Actuarial (Gain) / Loss	(20.93)	(18.67)
Others	-	-
Net	(3.04)	(0.13)
Others - Short Term Compensated Absence Liability	15.15	11.49
Total Expenses recognised in Profit and Loss A/c	12.11	11.36
Expected Employer contribution for next year	<b>12.11</b>	<b>11.36</b>

**NOTE - 23 : FINANCE COST**

Interest to Bank	3.35	10.25
Other Borrowing cost	6.20	6.86
<b>Total</b>	<b>9.55</b>	<b>17.11</b>

**NOTE - 24 : DEPRECIATION AND AMORTISATION EXPENSE**

Depreciation and Amortisation	187.64	180.54
Less: Transfer from Revaluation Reserve	4.69	6.40
<b>Total</b>	<b>182.95</b>	<b>174.14</b>

**NOTE - 25 : OTHER EXPENSES**

Consumption of stores and spare parts (Refer Note 25.1 below)	145.30	129.33
Excise Duty on Closing Stock of finished goods	49.06	24.38
Rates & Taxes	7.36	2.94
Power & Fuel	2383.63	2015.97
Effluent Expenses	16.10	20.06
Insurance	9.83	9.96
Repairs		
Building	40.47	18.81
Machinery (Refer Note 25.2 below)	<u>209.18</u>	<u>205.96</u>
Audit fees & Expenses (Refer Note 25.5 below)	7.54	7.22
Freight and Delivery Charges	121.87	94.92
Selling Agents' Commission	29.72	44.31
Rent	7.48	6.47
Travelling	18.92	18.36
Directors' Fees	2.19	1.29
Rebate & Discount	14.36	11.48
Advertisement	8.31	5.32
Research & Development Expenses	16.39	7.53
Sundry Balances written off	0.04	0.42
Provision for Bad debts	-	10.36
Foreign Exchange loss	-	1.28
Miscellaneous Expenses	194.01	183.74
<b>Total</b>	<b>3281.76</b>	<b>2820.11</b>



**NOTES ON FINANCIAL STATEMENTS****25.1 Value of stores, spare parts and components consumed:**

(Rs. lacs)

	Year ended 31st March 2013		Year ended 31st March 2012	
	Amount	%	Amount	%
Indigenous	144.61	99.53	109.04	84.31
Imported	0.69	0.47	20.59	15.69
<b>Total</b>	<b>145.30</b>	<b>100.00</b>	<b>129.33</b>	<b>100.00</b>

25.2 Stores consumed included under Repairs to Machinery Rs.172.62 lacs (2011-12: Rs.151.07 lacs), Miscellaneous Expenses Rs.18.28 lacs(2011-12: Rs.7.97 lacs), Workmen and Staff Welfare Rs.5.58 lacs (2011-12: Rs.3.85 lacs).

**25.3 Value of Imports on CIF basis:**

	Year ended 31st March 2013	Year ended 31st March 2012
Raw Materials	-	21.52
Spares / components	0.69	20.59
<b>Total</b>	<b>0.69</b>	<b>42.11</b>

**25.4 Expenditure in Foreign Currency :**

	Year ended 31st March 2013	Year ended 31st March 2012
Travelling	0.91	0.38
Others	5.52	37.36
<b>Total</b>	<b>6.43</b>	<b>37.74</b>

**25.5 Payment to Auditors**

	Year ended 31st March 2013	Year ended 31st March 2012
Audit Fees	5.26	4.75
Tax Audit Fees	0.90	0.90
Other matters	0.30	0.65
Reimbursement of out of pocket expenses	1.08	0.92
<b>Total</b>	<b>7.54</b>	<b>7.22</b>

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
<b>NOTE - 26 : Estimated amount of contract remaining to be executed on capital account not provided for</b>	96.25	24.48
<b>NOTE - 27 : Contingent liability not provided for in respect of :</b>		
(a) Counter Guarantees to Bank	14.00	6.00
(b) Claims not acknowledged as debts :		
(i) Excise Duty	1062.99	1064.19
(ii) Income Tax	106.49	106.49
(iii) Sales Tax	26.93	Nil

**NOTES ON FINANCIAL STATEMENTS****NOTE - 28 : Segment Information as per Accounting Standard (AS - 17)**

The company is engaged in the business of manufacture and sale of gelatine and its by-product DCP for industrial applications which form part of one product group and hence a single business segment. However, based on geographical factors, reportable geographic segments have been identified as exports sales and domestic sales. The segment wise information pertaining to the reportable geographical segments for the year ended 31<sup>st</sup> March, 2013 is as follows:

Particulars	Exports	Domestic	Rs. lacs
			Total
Segment Revenue	401.92	11827.00	12228.92
	(429.62)	(10460.85)	( 10890.47)
Segment Results	79.21	2099.67	2178.88
	(69.46)	(1488.67)	(1558.16)
Unallocated Expenditure			9.55
			(17.11)
Profit Before Tax			2169.32
			(1541.05)

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

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

(a) Enterprises where control exists:

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

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

MPIL Corporation Ltd.

(c) Other group companies:

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

All the Companies as disclosed above are controlled directly/indirectly by the Heirs of Late Mr. M.R.Chhabria, through Jumbo World Holdings Limited and its various subsidiary/associate companies.

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



**NOTES ON FINANCIAL STATEMENTS**

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

Particulars of transactions with related parties during the year ended 31<sup>st</sup> March, 2013:

(Rs. lacs)

Nature of transactions	Holding / Ultimate Holding Company	Key Management Personnel	Associate/ Group Companies	Total
Fee & Other payments	Nil (Nil)	Nil (Nil)	11.37 (10.41)	11.37 (10.41)
Dividend paid	136.12 (120.99)	Nil (Nil)	Nil (Nil)	136.12 (120.99)
Remuneration	Nil (Nil)	30.87 (30.87)	Nil (Nil)	30.87 (30.87)
Outstanding as at year end	Nil (Nil)	Nil (Nil)	0.50 (0.63)	0.50 (0.63)

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

	Year ended 31st March 2013	Year ended 31st March 2012
Profit available for equity shareholders (A)	Rs. 1539.86 Lacs	Rs. 1106.45 Lacs
Weighted average number of equity shares (B)	40,33,058	40,33,058
Nominal value of equity share	Rs 10	Rs 10
<b>Earnings per share Basic / Diluted (A/B)</b>	<b>Rs. 38.18</b>	<b>Rs. 27.43</b>

**NOTE - 31 : Net dividend Remitted in Foreign currency:**

	Year ended 31st March 2013	Year ended 31st March 2012
Dividend remitted to 1 shareholder on 3024793 equity shares of Rs. 10 each (Previous Year - Nil)	136.12	Nil

**NOTE - 32 :** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure. Figures in bracket indicate previous year's figures.

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

**For and on behalf of the Board**

*Kashyap Vaidya*  
Partner  
M.No.37623  
Jabalpur, 23<sup>rd</sup> May, 2013

**Mahesh Verma**  
Company Secretary

**Ravindra K. Raje**  
Director

**Ashok K Kapur**  
Wholetime Director



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Fifty-Second Annual General Meeting of the Members of Narmada Gelatines Limited will be held on Wednesday, August 14<sup>th</sup>, 2013 at 01:00 p.m., at Hotel Satya Ashoka, Wright Town, Jabalpur - 482002, to transact the following businesses:

### A. ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2013, the Profit & Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.
2. To declare dividend for the financial year ended March 31, 2013.
3. To appoint a director in place of Mr. Deepak Chaudhuri, who retires by rotation and, being eligible, seeks re-appointment.
4. To appoint a director in place of Mr. Mohan C Pant, who retires by rotation and, being eligible, seeks re-appointment.

### 5. Appointment of Auditors

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

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

### B. SPECIAL BUSINESS

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

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

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") as amended or re-enacted from time to time read with Schedule XIII to the Act and subject to such sanctions and approvals as may be necessary, approval of the Company be and is hereby accorded to the re-appointment of Mr. Ashok K. Kapur as the Whole Time Director of the Company for a further period of three years, with effect from 1st June, 2013, as per the terms and conditions as stated in the explanatory statement annexed to the Notice convening this Annual General Meeting, including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mr. Ashok K Kapur.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors  
For Narmada Gelatines Limited

**Mahesh Verma**  
Company Secretary

Place : Jabalpur  
Date : 23<sup>rd</sup> May, 2013

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 2<sup>nd</sup> August to 14<sup>th</sup> August 2013 (both days inclusive).
- b) **A member entitled to attend and vote at the Annual General Meeting (the meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.**
- c) Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
- d) Brief resume of all Directors proposed to be re-appointed/appointed, nature of their expertise in specific functional areas, names of the companies in which they hold directorships memberships/ chairmanships for Board/ Committees, shareholding and relationship between directors inter-se as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges in India, are provided in the annexure.
- e) Members and proxy holders are requested to bring their copies of Annual Report to the Meeting.
- f) Members who hold shares in dematerialised form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
- g) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- h) Relevant documents referred in accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.
- i) Dividend on Equity Shares as recommended by the Board of Directors for the financial year ended 31<sup>st</sup> March, 2013 if declared at the meeting will be paid on or after 14<sup>th</sup> August, 2013 to those members whose names appear on the Company's Register of members as on 14<sup>th</sup> August, 2013 (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.
- j) Members are requested to immediately notify:
- 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.
- 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.
- k) Any Member desirous of obtaining any information on the Accounts of the Company, may please forward such queries in writing to the Company Secretary at the Registered Office, at least ten days prior to the date of the Meeting.
- l) As required under clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, the relevant details of persons seeking appointment/ re-appointment as directors / whole time director are furnished in the Corporate Governance section of this Annual Report.
- m) Members having multiple ledger folio in identical name or joint names in identical order, are requested to intimate to the Company or its Registrars such ledger folio(s) for consolidating such multiple holdings into single account.
- n) In terms of the provisions of Section 205A of the Companies Act, 1956, the amount of dividend not encashed or claimed within 7(seven) years from the





- date of its transfer to the unpaid dividend account, is required to be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Accordingly, the unclaimed dividend in respect of the financial year 2004-05 was transferred to the IEPF in 2012-13. The unclaimed dividend in respect of the financial year 2005-06 is in the process of being transferred to the IEPF. In terms of the provisions of Section 205C of the Companies Act, 1956, no claim shall lie against the Company or IEPF after the said transfer.
- o) In terms of the provisions of Section 109A read with 109B of the Companies Act, 1956, a Member may nominate, at any time, in the prescribed manner in Form No. 2B (vide Rules 4CCC and 5D of the Companies (Central Government's General Rules and Forms, 1956), a person to whom his/her shares in the Company shall vest in the event of his/her death. This may be sent to the Company Secretary at the Registered Office, duly completed.
- p) Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number ("PAN") by every participant in the securities market. Members holding shares in electronic form are therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Share Transfer Agents, M/s. CB Management Services Pvt. Ltd.
- q) The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to send their e-mail addresses to the Company / Registrar and Share Transfer Agents, M/s. CB Management Services Pvt. Ltd.
- r) Non-Resident Indian members are requested to inform the company's Registrar and transfer agents M/s CB Management Services Pvt. Ltd immediately of:
- change in the residential status on return to India for permanent settlement; and
  - particulars of their Bank account maintained in India with complete name, branch, account type, account no. and address of the bank, if not furnished earlier.

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

As required under Section 173(2) of the Companies Act, 1956, all material facts related to Special Business mentioned under item No. 6 are as follows:

##### Item No. 6

Mr Ashok K Kapur is a Mechanical Engineer having 42 years of experience in Gelatine industry. He has been the Chairman of Ossein & Gelatine Manufactures' Association of India and a Director of Gelatine Manufacturers Association of Asia Pacific and the Chairman of Ossein and Gelatine Panel of CAPEXIL. His vast and rich experience in gelatine industry has been of immense benefit to the Company. Mr. Kapur is overall in-charge of the Company embracing the whole gamut of operations.

Mr Kapur's previous term as the Whole-time director of the Company expired on May 31, 2013. The Board of Directors of the Company, at their meeting held on 23<sup>rd</sup> May, 2013, resolved to re-appoint Mr. Ashok K Kapur as the whole-time director of the Company for a further period of three years, commencing from June 1, 2013.

The appointment is subject to the approval of members.

The terms and conditions of his appointment are as follows:

- 1) Period of appointment - Three years from June 1, 2013 to May 31, 2016.
- 2) Nature of Duties: Mr. Kapur shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him



by the Board from time to time and exercise such powers as may be assigned to him, subject to the superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company.

3) Remuneration, perquisites, allowances and benefits:

(i) Remuneration:

Basic Pay Rs. 1,26,000 per month

(ii) Perquisites & Allowances:

HRA Rs. 63,000 per month

Conveyance Allowance Rs. 1,150 per month

Special Allowance Rs. 25,000 per month

LTA Rs. 60,000 per annum

Medical reimbursement of actual expenses/ allowance for self and family subject to a limit of Rs. 15,000 per month

(iii) Other benefits:

(a) Earned / privilege leave - As per the rules of the Company

(b) Company's contribution to provident fund and superannuation fund - As per the rules of the Company

(c) Gratuity - As per the rules of the Company

(d) Encashment of leave - As per the rules of the Company

(e) Company telephone - Use of the Company's telephone at the residence for official purposes, as per the rules of the Company

(iv) Minimum Remuneration: Notwithstanding anything to the contrary herein contained, where in any financial year closing on and after March 31, 2013, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Ashok K Kapur the remuneration by way of salary, performance bonus and other allowances not exceeding the limits specified under Paragraph 2 of Section II, Part II of Schedule XIII of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force), or such other limits as may be prescribed by the government from time to time as minimum remuneration.

4) The agreement, executed between the Company and Mr. Ashok K Kapur, may be terminated by either party by giving three months' notice in writing of such termination.

5) The terms and conditions of the appointment may be

altered and varied from time to time by the Board as it may, in its discretion deem fit, subject to such approvals as may be required.

6) The terms and conditions of the appointment of Mr. Kapur also include clauses pertaining to adherence with the Code of Conduct, no conflict of interest with the Company and maintenance of confidentiality.

7) Mr. Kapur shall not become interested or otherwise concerned, directly or through his spouse and/or children, in any selling agency of the Company.

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

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

By Order of the Board of Directors  
For Narmada Gelatines Limited

**Mahesh Verma**  
Company Secretary

Place : Jabalpur  
Date : 23<sup>rd</sup> May, 2013

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



**Annexure****Details of Directors seeking re-appointment / appointment at the 52<sup>nd</sup> Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)**

Particulars	Mr. Deepak Chaudhuri	Mr. Mohan C. Pant
Date of Birth	13.07.1952	05.10.1939
Appointed on	29.09.2003	28.09.2006
Qualification	Graduate from St. Stephens College, New Delhi and Management course from Harvard University Graduate School of Business Management in U.S.A.	B.Sc., BE (Hons) - 1961 from Govt. Engg. College, Jabalpur
Expertise in specific functional areas and past experience	32 years of experience in sales and marketing	Worked for 36 years with MP State Electricity Board (MPSEB) and retired as a Board Member (Generation) in 1997. At present, he provides consultancy to MPSEB for trouble-shooting in Generating Plants. He is also a member of Arbitration Panel for MPSEB.
Directorship in other companies	Sunny Megabrands Exim (Pvt.) Ltd. M/s Imperial Cropcare (Pvt.) Ltd.	Nil
Memberships / Chairmanships or committees across public companies	Narmada Gelatines Ltd • Remuneration Committee - Chairman • Audit Committee - Member • Investors Grievance Committee - Member	Narmada Gelatines Ltd • Investors Grievance Committee -Chairman • Audit Committee - Member • Remuneration Committee - Member
Shareholding	Nil	Nil

**ATTENDANCE**

**Narmada Gelatines Limited**

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

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

DP Id+

Master Folio No.

Client Id+

NAME AND ADDRESS OF THE SHAREHOLDER :

No of Share (s) held :

I hereby record my presence at the 52<sup>nd</sup> ANNUAL GENERAL MEETING of the Company held on Wednesday the 14<sup>th</sup> August 2013 at 1:00 pm at Hotel Satya Ashoka, Wright Town, Jabalpur.

Signature of the Shareholder or Proxy

+ Applicable for investors holding shares in electronic form

**Narmada Gelatines Limited**

**PROXY FORM**

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

DP Id+

Master Folio No.

Client Id+

I/We .....of.....  
.....being a member / members of Narmada Gelatines Limited hereby  
appoint .....or failing him appoint ..... of  
..... as my / our proxy to vote for me / us and on my / our behalf at the 52<sup>nd</sup>  
ANNUAL GENERAL MEETING of the Company to be held on Wednesday the 14<sup>th</sup> August 2013 at 1:00 pm  
at Hotel Satya Ashoka, Wright Town, Jabalpur, or at any adjournment thereof.

Signed this ..... day of ..... 2013

+ Applicable for investors holding shares in electronic form

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