

ANNUAL REPORT

2005 - 2006



NARMADA GELATINES LIMITED

FORMERLY SHAW WALLACE GELATINES LTD.
A Member of Jumbo Group



NARMADA GELATINES LIMITED
(Formerly : SHAW WALLACE GELATINES LIMITED)



(An ISO 9001:2000 Company)

Board of Directors

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

Company Secretary & Compliance Officer

Mahesh Verma

Auditors

T.R. Chadha & Co.
Mumbai

Registered Office

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

Factory

Bheraghat Road
Jabalpur (M.P.)

Bankers

Allahabad Bank
Canara Bank
IDBI Bank
ICICI Bank Ltd.

Registrars and Share Transfer Agents

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

Depositories

National Securities Depository Limited
Central Depository Services (India) Limited

Listed with

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



NOTICE

Notice is hereby given that the 45th Annual General Meeting of the Company will be held at Hotel Satya Ashoka, Wright Town, Jabalpur (M.P.) on Thursday, the 28th day of September, 2006 at 1.00 p.m. to transact the following business :

A. ORDINARY BUSINESS

1. To approve and adopt the Audited Profit & Loss Account for the year ended 31st March, 2006 and the Balance Sheet as at that date and the Report of Directors' and Auditors' thereon.
2. To declare dividend on 9% Cumulative Redeemable Preference Shares.
3. To declare dividend on Equity Shares.
4. To appoint Director in place of Mr. Ashok K. Kapur who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

B. SPECIAL BUSINESS

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

6. As a **Special Resolution**

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311 and all other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, as amended up-to-date, consent of the Company be and is hereby accorded to the appointment of Mr. Ashok K. Kapur as the Whole Time Director and the payment of remuneration and perquisite as approved by the Remuneration Committee to the Company, for a period of three years with effect from 1st June, 2006 on the terms and conditions as set out in the draft Agreement submitted to the meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter modify or vary the terms & conditions of the said appointment, vary or increase the remuneration and perquisites including the monetary value thereof as specified in the Explanatory Statement, to the extent the Remuneration Committee may consider appropriate and as may be permitted or authorised in accordance with any provision under the Act for the time being in force provided, however, that the remuneration payable to Mr. Ashok K. Kapur shall be within the limits set out in the said Act including the said Schedule XIII to the Act or any amendments thereto or any modification or statutory re-enactment thereof and / or any Rules or Regulations framed there under and that the terms of the aforesaid appointment shall be suitably modified to give effect to such variation or increase as the case may be.

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

7. As a **Ordinary Resolution**

"RESOLVED THAT Mrs. Vidya M. Chhabria who was appointed as an Additional Director under section 260 of the Companies Act, 1956 read with Article 104 of the Articles of Association of the Company and in respect of whom the Company has received a notice under section 257 of the

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Companies Act, 1956, in writing, proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Articles of Association of the Company."

8. As a Ordinary Resolution

"RESOLVED THAT Ms. Kiran Chhabria who was appointed as an Additional Director under section 260 of the Companies Act, 1956 read with Article 104 of the Articles of Association of the Company and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, in writing, proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Articles of Association of the Company."

9. As a Ordinary Resolution

"RESOLVED THAT Mr. Ravindra K. Raje who was appointed as an Additional Director under section 260 of the Companies Act, 1956 read with Article 104 of the Articles of Association of the Company and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Articles of Association of the Company."

10. As a Ordinary Resolution

"RESOLVED THAT Mr. Gulab Gupta (Justice) who was appointed as an Additional Director under section 260 of the Companies Act, 1956 read with Article 104 of the Articles of Association of the Company and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Articles of Association of the Company."

11. As a Ordinary Resolution

"RESOLVED THAT Mr. Mohan Chandra Pant who was appointed as an Additional Director under section 260 of the Companies Act, 1956 read with Article 104 of the Articles of Association of the Company and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Articles of Association of the Company."

By Order of the Board of Directors

Mahesh Verma
Company Secretary

Place : Jabalpur
Date : 25th August, 2006

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

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Notes :

- a) The Register of Members and Shares Transfer Register will remain closed from 18th September to 28th September 2006 (both days inclusive).
- b) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto.
- c) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy, however, need not be a member of the company. Proxies in order to be effective must be received at the registered office of the company not less than forty-eight hours before the commencement of the meeting.
- d) Members and proxy holders are requested to bring their copies of Annual Report to the Meeting.
- e) Dividend on 9% Cumulative Redeemable Preference Shares and Equity Shares as recommended by the Directors for the financial year ended 31st March, 2006 when declared at the 45th Annual General Meeting will be paid on or after 28th September, 2006 to those members whose names appear on the Company's Register of members as on 28th September, 2006 Record date subject however to the provisions of Section 206A of the Companies Act, 1956. In respect to shares held in electronic mode. Dividend will be paid on the basis of beneficial ownership as per details furnished by NSDL and CDSL for this purpose.
- f) Any Member desirous of obtaining any information on the Accounts of the Company, may please forward such queries in writing to the Company Secretary at the Registered Office, at least ten days prior to the Meeting.
- g) 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.
- h) Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, (the Act), the unclaimed dividend / debenture interest / debenture redemption amount for the year ended 31st March, 1998 and thereafter, which remain unclaimed for seven years will be transferred by the company to the Investor Education and Protection Fund (IEPF) established under Section 205C of the Act. No claim shall, therefore, lie against the Fund or the Company in respect of individual amounts, which shall remain unclaimed during such period. The Company has already transferred the unclaimed dividend and debenture interest for the year ended 31st March, 1998 to the Investor Education and Protection Fund.
- i) 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, a person to whom his/her shares in the Company shall vest in the event of his/her death. The prescribed Nomination Form No. 2B (vide Rules 4CCC and 5D of the Companies (Central Government's General Rules and Forms, 1956) is annexed hereto for the convenience of the Members. This may be sent to the Company Secretary at the Registered Office, duly completed.

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

As required under Section 173(2) of the Companies Act, 1956, the Explanatory Statement set out all material facts relating to business mentioned under Item No. 6 to 11 :

Item No. 6

Mr. Ashok K. Kapur was appointed as Whole Time Director by the Board of Directors at its meeting held on 27th May, 2006 with effect from 1st June, 2006 for a period of 3 years subject to approval of the Members at the General Meeting of the Company. Based on the recommendation of the Remuneration Committee at its meeting held on 27th June, 2006 the appointment will be on the terms and conditions as set out in the draft agreement produced before this meeting and initialed by the chairman for the purpose of identification, with authority to the Board of Directors of the Company to alter, modify, or vary the terms & conditions of the said appointment and / or agreement with Whole Time Director within the maximum remuneration payable in accordance with Schedule XIII to the Companies Act, 1956 as amended and any other statutory modifications thereto and / or any guidelines relating to managerial remuneration as may be notified by Central Government from time to time, and as may be agreed to by Board of Directors and Mr. Ashok K. Kapur, Whole Time Director.

None of the Directors expect Mr. Ashok K. Kapur may be deemed to be concerned or interested in passing of this resolution.

This along with relevant resolution may be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

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Information as required under Schedule XIII of the Companies Act, 1956 :

General Information :

Nature of Industry : Manufacturer of Gelatine
Date of Commencement of Commercial Production : 1961

Financial Performance (Audited) based on given indicators :

(Rs./lacs)		
Particulars	Year ended 31.03.2006	Year ended 31.03.2005
1. Net Sales / Income from operations	5033	4611
2. Other Income	126	187
3. Total Expenditure		
(a) (Increase)/Decrease in Stock in Trade	(99)	(79)
(b) Consumption of raw materials	2554	2282
(c) Staff Cost	751	620
(d) Power & Fuel	990	935
(e) Other Expenditure	526	527
4. Interest	41	69
5. Depreciation	158	127
6. Gross Profit / (Loss) before Extra Ordinary Item (1+2-3-4-5)	238	317
7. Extra Ordinary Item/Prior Period Expenses	131	10
8. Profit / (Loss) after Extra Ordinary Item (6-7)	107	307

Export performance and net foreign exchange collaborations : FOB Value of Exports made during 2005-06 Rs. 474.01 Lacs as against Rs. 726.81 in 2004-05 and Rs. 1000.06 during 2003-04.

No Foreign Collaboration.

Foreign investment or collaborations, if any : NA

Information about the appointee :

Background details : Mr. Ashok K. Kapur is a Mechanical Engineer having 36 years of experience in Gelatine industry.

Recognition or award : He is Ex-Chariman of Ossein & Gelatine Manufactures' Association of India and Director of Gelatine Manufactures Association of Asia Pacific and Ex-Chairman Ossein and Gelatine Panel CAPEXIL.

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Job Profile and his suitability :

Overall in - charge of the Company embracing the whole gamut of operations from operational to commercial. His vast and rich experience of 36 years in Gelatine Industry will be immense help to the company.

Remuneration Proposed :

Remuneration Payable per month	Current up to 31/03/2006	Revised w.e.f. 01/04/2006 to 31/05/2006	On re-appointment w.e.f. 01/06/2006
Basic	91,151.00	95,638.00	95,638.00
HRA / Company Accommodation	45,576.00	47,819.00	47,819.00
Perquisite	5,610.00	800.00	800.00
Medical Allowance	11,692.00	12,000.00	12,000.00
Other Allowance		20,000.00	20,000.00
Leave Travel Allowance	4,154.00	4,200.00	4,200.00
Total (A)	158,183.00	180,457.00	180,457.00
Retiral Benefits :			
Provident Fund	10,938.00	11,477.00	11,477.00
Superannuation Fund	13,673.00	NIL	NIL
Gratuity	As per IT Act	As per IT Act	As per IT Act
Total (B)	24,611.00	11,477.00	11,477.00

Others benefits upto 31/03/2006 :

- Free telephone facility at residence, provided the personal calls shall be billed by the company.
- Leaves and Leave encashment as per the rules of the Company.
- Performance Bonus of Rs. 64,080/- for the year 2004-2005.

Other benefits w.e.f. 1/04/2006 :

- Free telephone facility at residence, provided the personal calls shall be billed by the company.
- Leaves and Leave encashment as per the rule of the Company.
- Performance Bonus Rs. 2,00,000/- for the year 2005-2006.

Comparative remuneration profile with respect to industry, size of the company, profile of the position and person : The remuneration proposed is comparative with respect to industry, size of the company, profile of the position and person.

Other information :

Reasons of loss or inadequacy of profits : Extra-Ordinary expenditure arising out of implementation of Company's Voluntary Retirement Scheme, shortfall in Gratuity Fund pertaining to previous years and Loss on account of Impairment of Assets during 2005-2006.

Steps taken or proposed to be taken for improvement :

- Identifying new markets for exports.
- Improvement in yield of production.



Expected increase in productivity and profits in measurable terms :

Net Profit after tax during 2005-2006 is Rs. 92.94 lacs (Rs. 187.35 lacs in 2004-2005).

Item No. 7

Mrs. Vidya M. Chhabria (Mrs. Chhabria) was appointed as an Additional Director with effect from 28th January, 2006 by the Board of Directors. Pursuant to Section 260 of the Companies Act, 1956, Mrs. Chhabria will hold office up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mrs. Chhabria for the office of Director under the provisions of Section 257 of the Companies Act, 1956.

Mrs. Chhabria is the Chairperson of the Jumbo Group of companies. She is presently on the Board of a number of companies. Keeping in view her vast experience and knowledge, it will be in the interest of the Company that Mrs. Chhabria be appointed as Director of the Company.

Your Director's, therefore, recommend the resolution for your approval.

Save and except Mrs. Chhabria none of the Directors are, in any way, concerned or interested in this resolution.

Item No. 8

Ms. Kiran Chhabria was appointed as an Additional Director with effect from 28th January, 2006 by the Board of Directors. Pursuant to Section 260 of the Companies Act, 1956 she will hold office up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing her candidature for the office of Director under the provisions of Section 257 of the Companies Act, 1956.

She holds a Bachelor's Degree in Management and has done her business studies from Boston University, USA. She is presently on the Board of a number of companies. Keeping in view her experience and knowledge, it will be in the interest of the Company that Ms. Kiran Chhabria be appointed as Director of the Company.

Your Directors, therefore, recommend the resolution for your approval.

Save and except Ms. Kiran Chhabria none of the Directors are, in any way, concerned or interested in this resolution.

Item No. 9

Mr. Ravindra K. Raje (Mr. Raje) was appointed as an Additional Director with effect from 28th January, 2006 by the Board of Directors. Pursuant to Section 260 of the Companies Act, 1956, Mr. Raje will hold office up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Raje for the office of Director under the provisions of Section 257 of the Companies Act, 1956.

Mr. Raje is a Fellow member of the Institute of Chartered Accountants of India and also cleared Company Secretary Final Examination and LLB. He has an experience of 30 years in industry and consultancy assignments. Keeping in view his vast experience and knowledge, it will be in the interest of the Company

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that Mr. Raje be appointed as Director of the Company.

Your Directors, therefore, recommend the resolution for your approval.

Save and except Mr. Raje none of the Directors are, in any way, concerned or interested in this resolution.

Item No. 10

Justice Gulab Gupta (Justice Gupta) was appointed as an Additional Director with effect from 27th May, 2006 by the Board of Directors. Pursuant to Section 260 of the Companies Act, 1956, Justice Gupta will hold office up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Justice Gupta for the office of Director under the provisions of Section 257 of the Companies Act, 1956.

Justice Gulab Gupta is a B.A., L.L.B. from Allahabad University and L.L.M. from U.S.A. He is retd. Judge of M P High Court, Jabalpur and retd. Chief Justice of Himachal Pradesh High Court. It will be in the interest of the Company that Justice Gupta be appointed as Director of the Company.

Your Directors, therefore, recommend the resolution for your approval.

Save and except Justice Gulab Gupta none of the Directors are, in any way, concerned or interest in this resolution.

Item No. 11

Mr. Mohan Chandra Pant (Mr. Pant) was appointed as an Additional Director with effect from 27th May, 2006 by the Board of Directors. Pursuant to Section 260 of the Companies Act, 1956, Mr. Pant will hold office up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Pant for the office of Director under the provisions of Sections 257 of the Companies Act, 1956.

Mr. Pant is a B.Sc., BE (Hons) - 1961 from Govt. Engg. College, Jabalpur. He is retired Board member (Generation) of MP Electricity Board. He has 36 years of experience. Keeping in view his vast experience and knowledge, it will be in the interest of the Company that Mr. Pant be appointed as Director of the Company.

Your Directors, therefore, recommend the resolution for your approval.

Save and except Mr. Pant none of the Directors are, in any way, concerned or interested in this resolution.

By Order of the Board of Directors

Mahesh Verma
Company Secretary

Place : Jabalpur
Date : 25th August, 2006

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