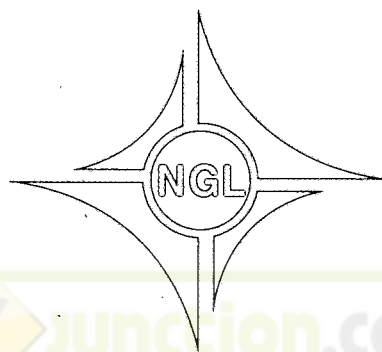


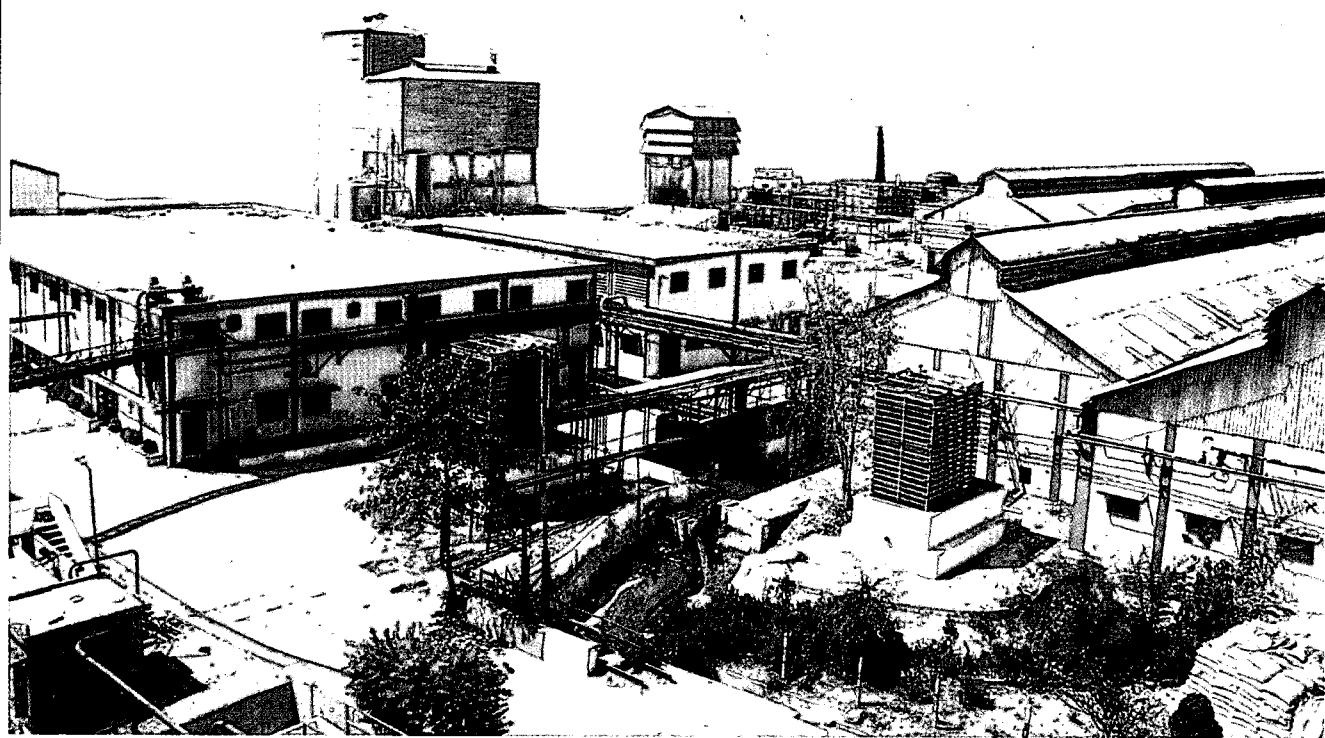
ANNUAL REPORT 2006-2007

NARMADA GELATINES LIMITED

Formerly Shaw Wallace Gelatines Ltd.
A Member of Jumbo Group



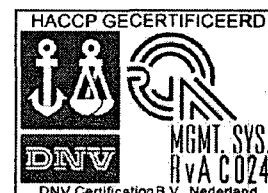
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(An ISO 9001:2000 Company)

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 Ltd.
The Calcutta Stock Exchange Association Limited



NOTICE

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

ORDINARY BUSINESS

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

SPECIAL BUSINESS

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

7. As a Special Resolution

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

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

By Order of the Board

Place : Jabalpur
Date : 10th August, 2007

Mahesh Verma
Company Secretary

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

Notes :

- a) The Register of Members and the Share Transfer Register will remain closed from 17th September to 24th September 2007 (both days inclusive).
- b) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto.
- c) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy, however, need not be a member of the company. Proxies in order to be effective must be received at the registered office of the company not less than forty-eight hours before the commencement of the meeting.
- d) Members and proxy holders are requested to bring their copies of Annual Report to the Meeting.
- e) Dividend on 9% Cumulative Preference Shares and Equity Shares as recommended by the Directors for the financial year ended 31st March, 2007 when declared at the 46th Annual General meeting will be paid on or after 24th September, 2007 to those members whose names appear on the Company's Register of members as on 24th September, 2007 Record date subject however to the provisions of Section 206A of the Companies Act, 1956. In respect of shares held in electronic mode Dividend will be paid on the basis of beneficial ownership as per details furnished by NSDL and CDSL for this purpose.
- f) Members are requested to notify immediately any change of address and also particulars of their Bank Accounts viz. Name of Bank, Branch, complete address of the Bank and Account Number for printing the same on the Dividend Warrants to avoid fraudulent encashment:
 - ♦ to their Depository Participants (DP) in respect to their Electronic Share Account; and
 - ♦ to the Company at its Registered Office or to the Registrars and Share Transfer Agents of the Company in respect of their physical share folios.
- g) Any Member desirous of obtaining any information on the Accounts of the Company, may please forward such queries in writing to the Company Secretary at the Registered Office, at least ten days prior to the Meeting.
- h) The particulars of Directors, retiring by rotation and eligible for re-appointment, are given in the Report of the Directors to the Members and also in the Report on Corporate Governance.
- i) Members having multiple ledger folio in identical name or joint names in identical order, are requested to intimate to the Company or its Registrars such ledger folio(s) for consolidating such multiple holdings into single account.
- j) Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, (the Act), the unclaimed dividend / debenture interest / debenture redemption amount for the year ended 31st March, 1999 and thereafter, which remain unclaimed for seven years will be transferred by the company to the Investor Education and Protection Fund (IEPF) established under Section 205C of the Act. No claim shall, therefore, lie against the Fund or the Company in respect of individual amounts, which shall remain unclaimed during such period. The Company has already transferred the unclaimed dividend and debenture interest for the year ended 31st March, 1999 to IEPF.



- k) In terms of the provisions of Section 109A read with 109B of the Companies Act, 1956, a Member may nominate, at any time, in the prescribed manner in Form No. 2B vide Rules 4CCC and 5D of the Companies (Central Government's General Rules and Forms, 1956), a person to whom his/her shares in the Company shall vest in the event of his/her death. This may be sent to the Company Secretary at the Registered Office, duly completed.

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

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

Item No. 7

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

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

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

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

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

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

By Order of the Board

Place: Jabalpur
Date : 10th August, 2007

Mahesh Verma
Company Secretary

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



DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Dear Members,

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

	Rs. Lacs	
	Year ended 31st March, 2007	Year ended 31st March, 2006
Profit before Tax	414.00	107.23
Provision for Taxation		
Current	157.14	40.00
Earlier Year Tax	4.52	7.14
Deferred Tax	12.01	(38.61)
Fringe Benefit Tax	2.38	5.76
Profit after Tax	176.05	14.29
Profit brought forward from last year	237.95	92.94
Profit available for appropriation	852.88	830.74
Transfer to General Reserves	1090.83	923.69
Proposed Dividends on 9% Cumulative Preference Shares	120.40	5.00
Proposed Equity Dividend 15%	10.49	13.38
Tax on proposed dividends	60.49	44.36
Profit Carried to Balance Sheet	12.06	8.10
	995.75	852.85

Operations

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

Redemption of 9% Cumulative Preference Shares

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

Dividends

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



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

Industry Structure and Developments

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

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

Opportunities and Threats

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

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

Performance

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

Outlook

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

Risks and Concerns

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



Segment-wise or product-wise performance

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

Internal Control System

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

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

Human Resources

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

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

Fixed Deposits

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

Subsidiary Company

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

Directors

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



Your Board of Directors recommends their re-election.

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

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

Directors' responsibility Statement

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

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

Auditors

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

Corporate Governance

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

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