



50th
Annual Report
2010-2011



Narmada Gelatines Limited



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COMPANY INFORMATION

Board of Directors

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

Board Committees

Audit Committee

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

Compensation Committee

Justice Gulab Gupta - Chairman
Deepak Chaudhuri
Mohan Chandra Pant

Investors Grievance Committee

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

**Company Secretary &
Compliance Officer**

Maresh Verma

Auditors

T.R. Chadha & Co.
Mumbai

Registered Office

CARAVS , Room No. 28
15, CIVIL Lines, Jabalpur (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

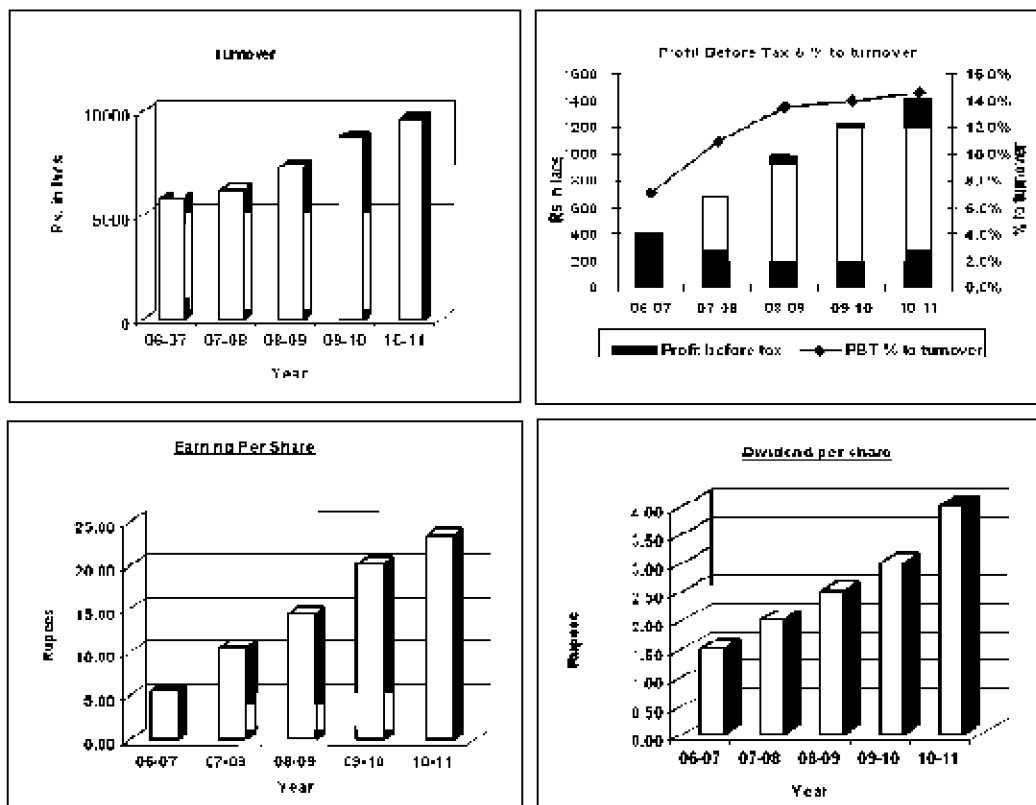
Listing

Bombay Stock Exchange Ltd.



COMPANY PERFORMANCE AND FINANCIAL TRENDS

Some of the key financial and operational data for the last five years are provided in the table below:



Financial Performance

	06-07	07-08	08-09	09-10	10-11
Turnover	5835	6252	7340	8753	9648
Profit before tax	414	682	992	1224	1408
PBT % to turnover	7.1%	10.9%	13.5%	14.0%	14.6%
Profit after tax	238	434	586	818	947
Basic and Diluted Earnings per Share (Rs.)	5.60	10.60	14.47	20.28	23.49
Dividend per equity share (Rs.)	1.50	2.00	2.50	3.00	4.00

Financial Position

	06-07	07-08	08-09	09-10	10-11
Fixed Assets (Net Block)	1357	1650	2019	2084	2054
Capital Expenditure (WIP)	102	328	122	17	7
Investments	0	0	0	550	650
Cash and Bank Balances	939	869	897	746	847
Net Current Assets	2426	2290	2692	2652	3333
Total Assets	3884	4269	4833	5302	6044
Shareholder's Funds	3617	3865	4250	4928	4928



NOTICE

Notice is hereby given that the Fiftieth Annual General Meeting of the Members of Narmada Gelatines Limited will be held on Monday, September 19th, 2011 at 12:00 noon, at hotel Narmada Jackson, South Civil lines, Jabalpur - 482001, to transact the following businesses :

A. ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 2011, 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, 2011
3. To appoint a director in place of Mr. R.K.Raje, who retires by rotation and, being eligible, seeks re-appointment
4. **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."

By Order of the Board of Directors
For Narmada Gelatines Limited

Place : Jabalpur
Date : 3rd August, 2011

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 12th September to 19th September 2011 (both days inclusive).
- b) A member entitled to attend and vote at the Annual General Meeting (the meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The Instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.
- c) Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
- d) Members and proxy holders are requested to bring their copies of Annual Report to the Meeting.
- e) Members who hold shares in dematerialised form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
- f) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- g) Dividend on Equity Shares as recommended by the Board of Directors for the financial year ended 31st March, 2011 if declared at the meeting will be paid on or after 19th September, 2011 to those members whose names appear on the Company's Register of members as on 19th September, 2011 (Record date) subject however to the provisions of Section 206A of the Companies Act, 1956. In respect of shares held in electronic mode dividend will be paid on the basis of beneficial ownership as per details furnished by NSDL and CDSL for this purpose.
- h) Members are requested to notify immediately any change of address and also particulars of their Bank Accounts viz. Name of Bank, Branch, complete address of the Bank and Account Number for printing the same on the Dividend Warrants to avoid fraudulent encashment:
 - to their Depository Participants (DP) in respect to their Electronic Share Account; and
 - to the Company at its Registered Office or to the Registrars and Share Transfer Agents of the Company in respect of their physical share holdings.
- i) Any Member desirous of obtaining any information on the Accounts of the Company, may please forward such queries in writing to the Company Secretary at the Registered Office, at least ten days prior to the date of the Meeting.
- j) 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.



- k) Members having multiple ledger folio in identical name or joint names in identical order, are requested to intimate to the Company or its Registrars such ledger folio(s) for consolidating such multiple holdings into single account.
- l) Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, (the Act), the unclaimed dividend / debenture interest / debenture redemption amount for the year ended 31st March, 2004 and thereafter, which remain unclaimed for seven years will be transferred by the company to the Investor Education and Protection Fund (IEPF) established under Section 205C of the Act. Members are requested to note that no claims shall lie against the Company or the IEPF in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claim. The Company has already transferred the unclaimed dividend and debenture interest and principal money for the year ended 31st March, 2003 to IEPF.
- m) In terms of the provisions of Section 109A read with 109B of the Companies Act, 1956, a Member may nominate, at any time, in the prescribed manner in Form No. 2B (vide Rules 4CCC and 5D of the Companies (Central Government's General Rules and Forms, 1956), a person to whom his/her shares in the Company shall vest in the event of his/her death. This may be sent to the Company Secretary at the Registered Office, duly completed.
- n) 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.
- o) 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.
- p) 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.

Place : Jabalpur
Date : 3rd August, 2011

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

By Order of the Board of Directors
For Narmada Gelatines Limited

Mahesh Verma
Company Secretary

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

Dear Shareholders,

The Directors have pleasure in presenting the 50th Annual Report of your Company and the Audited Accounts for the financial year ended 31st March, 2011.

	Year ended <u>31st March, 2011</u>	Rs. Lacs Year ended <u>31st March, 2010</u>
Profit before Tax	1407.66	1224.39
Provision for Taxation:		
Current	464.09	407.40
Deferred Tax	(3.66)	(0.89)
Profit after Tax	947.23	817.88
Balance brought forward from last year	2298.46	1703.45
Amount available for appropriation	3245.69	2521.33
Transfer to General Reserve	94.72	81.79
Proposed Dividend on Equity Shares	161.32	120.99
Tax on proposed dividends	26.79	20.09
Balance carried forward	2962.86	2298.46

Global Economy and Company Overview :

Economic growth in the industrialized nations was below average compared with Asia, with particularly India and China seeing above average momentum. The year 2010-11 faced headwinds such as the Euro-zone debt crisis, political turmoil in Middle East and the twin catastrophes of earthquakes and tsunami striking Japan.

The Indian economy continues to be on a strong growth trajectory with an estimated growth of 8.6% in real GDP for the 2010-11 fiscal as compared to a 8.0% growth for 2009-10 fiscal. The agriculture, forestry and fishing sector witnessed a surge in fiscal 2010-11, with growth of 5.4% as compared to 0.4% for fiscal 2009-10. The manufacturing sector continued to post good performance with growth estimates at 8.8% for both fiscal 2009-10 and 2010-11. The services sector was the out performer with estimated growth at 9.6% for fiscal 2010-11 although this was slightly less than 10.1% for fiscal 2009-10. Per capita income in real terms (at 2004-05 prices) during fiscal 2010-11 witnessed an uptick, growing by 6.7% in fiscal 2010-11 as compared to 6.1% in fiscal 2009-10.

Although GDP growth remained strong, high levels of inflation throughout the year played spoilsport, oscillating within a band of 11% to 8%. This led to several rounds of interest rate hikes by the Reserve Bank to curb inflation and prevent overheating of the economy. In addition, inflation in food articles touched peak of 20-21% during the months of May-June 2010 and continued to remain in double digits throughout the year. All round high inflation in commodities and manufactured products led to significant increase in input costs across the



sectors. In addition, crude prices moved up, which also had an impact on transportation costs, hydro carbon linked inputs and packaging costs. Overall, FY 2010-11 was a very challenging year in terms of input cost inflation and managing material costs.

Your company was able to weather the effect of increased input costs through calibrated price increases, strategic stocking of raw materials and prudent buying.

Financial Highlights

Your Company recorded another year of growth, both in revenue and profits. Sales increased to Rs. 96.48 crores from Rs 87.53 crores in the previous year registering a growth of 10.2%. Earnings before interest, taxes and depreciation increased to Rs 15.81 crores from 13.81 crores in 2009-10, an increase of 14.5%. Profit after tax (PAT) was at Rs 9.47 crores for 2010-11 as compared to Rs 8.17 crores in the previous year, up by 15.9%. Consequently, the Earnings per share was at Rs 23.49 for 2010-11 as compared to Rs 20.28 in 2009-10.

Based on its intrinsic strength in terms of quality manufacturing process, distribution strength and customer relationships, your Company continues to build the business keeping long-term goals in perspective. Rationalising and streamlining operations to bring about efficiencies and reducing costs remains the management's top priority.

Dividends

Your Directors recommend a dividend of Rs. 4/- per Equity Share (last year Rs. 3/- per Equity Share) for the financial year ended March 31, 2011.

The total outflow on account of the proposed dividend including dividend distribution tax will be Rs. 188.11 lacs, (previous year Rs. 141.08 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 19th September, 2011 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. 94.72 lacs (being 10% of the net profits for the year) to the General Reserve. An amount of Rs. 664.40 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.

However, the year under review witnessed an unprecedented shortage for raw materials. The impact of the global economic recession on the export of meat and meat products from the country resulted in a lower availability of raw material in India. This resulted in a steep increase in the raw material costs.



Opportunities and Threats

Following the representations made to Office International des Epizooties, Paris [OIE], the status of India has now been upgraded to "Negligible Risk". This will help the Indian gelatine Industry to export products worldwide.

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.

Capacity Utilization

The capacity utilisation of gelatine production by your Company was 99% against the industry average of around 80%.

Outlook

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

To meet the increased demand, your company is going for expansion of gelatine plant capacity. It is expected that the enhanced production will come into effect from December 2011.

Risks and Concerns

Poor availability of raw materials which meets the requirement for gelatine intended for human consumption is a cause of concern. This could result in an unstable situation on raw material front. As a consequence of increased raw material prices, the domestic prices of finished goods are at a peak; hence further increase in domestic prices could lead to import of gelatine. This is already happening to some extent, but recent trends indicate that imports have increased as compared to the previous year.

The expansion of capacity by other gelatine manufacturers and proposed setting up of new units in near future may also lead to a situation of increased competition and pressure on raw material availability.

Segment-wise or product-wise performance

The company is engaged in the business of manufacture and sale of gelatine, ossein and di-calcium 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 Schedules to Accounts under the disclosure as required under Accounting Standard 17 - Segment Reporting and form part of the Directors' Report.