



Annual Report

2018-2019



Narmada Gelatines Limited

NARMADA GELATINES LIMITED

BOARD OF DIRECTORS

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

BOARD COMMITTEES

Audit Committee

Justice Gulab Gupta - Chairman
Mr. Deepak Chaudhuri
Mr. Mohan Chandra Pant
Mrs. Drushti R Desai

Nomination & Remuneration Committee

Mr. Deepak Chaudhuri - Chairman
Justice Gulab Gupta
Mr. Sanjeev Jain

Stakeholders' Relationship Committee

Mr. Mohan Chandra Pant - Chairman
Mr. Ravindra K. Raje
Mr. Ashok K. Kapur

Corporate Social Responsibility Committee

Mr. Mohan Chandra Pant - Chairman
Mr. Sanjeev Jain
Mr. Ashok K. Kapur

Risk Management Committee

Mr. Ravindra K. Raje
Mr. Ashok K. Kapur
Mr. Sudhir Srivastava, Factory Manager
Mr. S. Bhattacharya, GM - Operations

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Mahesh Verma

CHIEF FINANCIAL OFFICER

Ms. Garvita Asati

STATUTORY AUDITORS

Lodha & Co., Mumbai

SECRATARIAL AUDITORS

Dr. Asim Kumar Chattopadhyay

BANKERS

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

REGISTERED OFFICE

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

FACTORY

Meerganj, Bheraghat Road
Jabalpur (M.P.)

REGISTRARS & TRANSFER AGENT

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

LISTED WITH

Bombay Stock Exchange Ltd.

DEPOSITORIES

National Securities Depository Limited
Central Depository Services (I) Limited

WEBSITE : www.narmadagelatines.com

CIN : L24111MP1961PLC016023

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BOARD'S REPORT

Your Directors are pleased to present the 58th Annual Report of Narmada Gelatines Limited (the Company) along with the audited financial statements for the financial year ended 31st March, 2019.

Financial Highlights

	(₹ lacs)	
	Year ended 31st March, 2019	Year ended 31st March, 2018
Revenue from Operations	12568.20	11761.23
Other Income	545.49	439.79
Total Income	13113.70	12201.02
Total expenses	11789.83	11351.10
Profit before tax	1323.87	849.92
Tax Expense	317.57	46.23
Profit after taxation	1006.30	803.69
Other Comprehensive Income:		
Re-measurements of net defined benefit plans	(15.47)	15.22
Net Profit for the year	990.83	818.92

Operating Performance

During the year under review, your company recorded a turnover of ₹125.68 crores as compared to ₹117.61 crores in the previous year. Profit after tax at ₹10.06 crores improved significantly as compared to ₹8.03 crores in 2017-18. Consequently, Earnings per share increased to ₹16.63 as compared to ₹13.29 in 2017-18.

Dividends

Based on the company's performance, the Directors are pleased to recommend a dividend of ₹10.00 per Equity Share (previous year ₹4.00 per Equity Share) for the financial year ended 31st March, 2019. The total outflow on account of the proposed dividend including dividend distribution tax will be ₹728.11 lacs (previous year ₹291.25 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 25th September, 2019 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).

Share Capital

The Paid-up Equity Share Capital of the Company as on 31st March 2019 was 604.96 lacs comprising of 60,49,587 equity shares of ₹10/- each. The Company has not issued shares with differential voting rights, employee stock options and sweat equity shares. The Company has paid Listing Fees for the financial year 2019-20 to The Bombay Stock Exchange Ltd., where its equity shares are listed.

Transfer to Reserves

It is proposed to transfer an amount of ₹ 99.08 lacs (being 10% of the net profits for the year) to the General Reserve.

Quality initiatives

The Company is committed to the highest levels of quality for its products and customer services. During the financial year 2018-19, the Company retained its ISO certification for Quality Management (ISO 9001:2008), EDQM Certification from European Directorate for the Quality of Medicines and Healthcare, DNV Management System Certification for Food Safety Management System Standard (ISO 22000:2005), KOSHER Certification and Halal Assurance System Certification from Majelis Ulama, Indonesia.

Deposits from public

During the year under review, the Company has not accepted any deposits from public as defined under Chapter V of the Companies Act, 2013 and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

Particulars of Loans, Guarantees and Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

Corporate Social Responsibility (CSR)

A brief outline of the Corporate Social Responsibility (CSR) policy of the Company and the initiatives undertaken on CSR activities during the year are set out in Annexure - I of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. Details regarding the CSR Committee are covered in Corporate Governance Report, which is a part of this report. The CSR policy is available on www.narmadagelatines.com

Risk Management

The Risk Management Committee has been entrusted with the responsibility to assist the Board in (a) approving the Company's Risk Management Framework and (b) overseeing strategic, operational, financial, liquidity, security, regulatory, legal, environmental, human recourse, and other risks that have been identified and assessed to ensure that there is a sound Risk Management Policy in place to address such concerns/risks. The Risk Management process covers risk identification, assessment, analysis and mitigation. Incorporating sustainability in the process also helps to align potential exposures with the risk appetite and highlight risks associated with chosen strategies. The Audit Committee has additional oversight in the area of financial risks and controls. Major risks identified by the business and functions are systematically addressed through mitigating actions on continuing basis. The details of the Risk Management Committee, its terms of reference, key business risks identified and mitigation plans are set out in the Corporate Governance Report.

Vigil Mechanism / Whistle Blower Policy

The Company has a Vigil mechanism/Whistle-blower Policy in place to encourage and facilitate employees to report concerns about unethical behaviour, actual/suspected frauds and violation of Company's Code of Conduct or Ethics. The policy provides for adequate safeguards against victimisation of persons who avail of the same and provides for direct access to the chairperson of the Audit Committee. The Audit Committee of the Company oversees the implementation of the Whistle-Blower Policy. Information on Whistle-Blower Policy is available on the Company's website www.narmadagelatines.com and in the Corporate Governance Report.

Reporting of Frauds

There were no instances of fraud or suspected frauds reported during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of the Act and the rules made thereunder.

Subsidiaries, Joint Ventures and Associate Companies

The Company does not have any subsidiary, joint ventures or associate companies.

Directors and Key Managerial Personnel

During the financial year 2018-19, in compliance with the Regulation 17(1A) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 ('the Listing Regulations') the company sought the approval of the shareholders by way of

Special Resolutions through postal ballot for the continuation of Justice Gulab Gupta and Mr. Mohan C Pant, Independent Directors, which were duly passed on 30th March, 2019.

All the Independent Directors of the Company have given declarations to the Company under Section 149(7) of the Act that they meet the criteria of independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations. In the opinion of the Board, they fulfil the conditions of independence as specified in the Act and the Listing Regulations and are independent of the management.

In accordance with the provisions of Section 152 of the Companies Act, 2013, and Article 115 of the Articles of Association of the Company, Mr. Ravindra K Raju (DIN 00112003) retires by rotation at the ensuing Annual General Meeting of the Company and being eligible, has offered himself for re-appointment. The Board of Directors recommends his re-appointment.

The Board of Directors at its meeting held on 27th May, 2019, subject to the approval of the shareholders in the general meeting, appointed Mr. Ashok K Kapur, as the Wholetime Director of the Company for a period of 2 years with effect from 1st June, 2019, on terms of remuneration as recommended by the Nomination & Remuneration Committee. A resolution in this regard is set out at Item No.4 of the Notice of Annual General Meeting, for Members' approval.

Attention of Shareholders is invited to the relevant items of the Notice of the Annual General Meeting and the Notes thereto. Brief resume of the Directors proposed to be reappointed, nature of their expertise in specific functional areas and names of companies in which they holds directorship and membership/ chairmanship of committees of the Board, as stipulated under Regulation 36 of the Listing Regulations are given in the section on Corporate Governance in this Annual Report.

Policy on Directors' Appointment and Remuneration

The policy of the Company is to have an appropriate number of executive and independent directors on the board.

The policy of the Company on directors' appointment and remuneration, etc. as required under Section 178 of the Companies Act, 2013, is available on the Company's website (www.narmadagelatines.com) and in the Corporate Governance Report. The remuneration paid to the directors is as per the terms laid down in the Nomination & Remuneration Policy of the Company.

The Company has a Nomination and Remuneration Committee which makes recommendation to the Board with regard to the appointment of new Directors and Key Managerial Personnel.

This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated in terms of the provisions of the Companies Act, 2013 and the Listing Regulations as amended from time to time and includes the general guidelines on the appointment and remuneration including criteria for determining qualifications, positive attributes and independence of the Directors, Key Managerial Personnel and other employees of the company and other matters provided under sub-section (3) of Section 178 of the Companies Act, 2013.

The main objectives of the policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in senior management and key managerial positions and to determine their remuneration.

- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies and in the industry.
- To carry out evaluation of the performance of Directors, as well as key managerial and senior management personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

Board Evaluation

The Nomination & Remuneration Committee and the Board have laid down the manner in which a formal annual evaluation of the performance of the Board, Committees, Chairman and individual directors has to be made. The Board of Directors has carried out an annual evaluation of its own performance, board committees, and individual directors pursuant to the provisions of the Act, SEBI Listing Regulations and the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc. The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc.

In a separate meeting of independent directors, the performance of non-independent directors and the Board as a whole was evaluated, taking into account the views of executive directors and non-executive directors.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In the board meeting that followed the meeting of the independent directors and meeting of Nomination and Remuneration Committee, the performance of the Board, its committees, and individual directors was also discussed.

Performance evaluation of independent directors was done by the entire Board, excluding the independent director being evaluated. The manner in which the evaluation was carried out is covered in the Corporate Governance Report.

Board Meetings

The Board meets at regular intervals to discuss and decide on company's business. In case of special and urgent business, the Board/Committee's approval is taken by passing resolutions through circulation, or by calling Board/Committee meetings at a shorter notice, as permitted by law. During the financial year under review, four Board Meetings and four Audit Committee Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between two Meetings was within the period prescribed under the Companies Act, 2013.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Act, the Board of Directors, to the best of its knowledge and ability, confirm that:

- a. in the preparation of the annual financial statements for the year ended March 31, 2019, the applicable accounting



standards have been followed along with proper explanation relating to material departures, if any;

- b. appropriate accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit of the Company for the year ended on that date;
- c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual financial statements have been prepared on a going concern basis;
- e. proper internal financial controls have been followed and that such financial controls are adequate and are operating effectively; and
- f. proper systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

Related Party Transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 in Form AOC-2 are set out in the Note 34 of Notes to Financial Statements forming part of the Annual Report. None of the Directors have any pecuniary relationships or transactions with the Company or vice versa.

Statutory Auditors and Audit Report

Pursuant to the provisions of Section 139 of the Act read with Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s Lodha and Company, Mumbai, Chartered Accountants (Firm Registration No.301051E), were appointed as statutory auditors of the Company to hold office for a term of five years i.e. from the conclusion of 56th Annual General Meeting of the Company, till the conclusion of 61st Annual General Meeting to be held in 2022. The Ministry of Corporate Affairs vide its Notification dated 7th May 2018, has dispensed with the requirement of ratification of Auditor's appointment by the shareholders, every year. Hence, the resolution relating to ratification of Auditor's appointment is not included in the Notice of the ensuing Annual General Meeting.

The Statutory Auditors, M/s Lodha and Company, Mumbai, Chartered Accountants, have submitted their Report on the Financial Statements of the Company for the Financial Year 2018-19, which forms part of this Annual Report. The Notes on Financial Statements referred to in the Auditors' Report for the year 2018-19 are self-explanatory. There are no observations, qualifications, reservations or adverse remarks in the Auditor's Report that call for any explanation.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Dr. Asim Kumar

Chattopadhyay, Company Secretary in Practice, was appointed to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed to this Report as Annexure - II. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

Transfer of Unpaid and Unclaimed amounts to IEPF

Pursuant to the provisions of Section 124 of the Companies Act, 2013, during the financial year, the declared dividends and interest on debentures which remained unpaid or unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government, as detailed in the Corporate Governance Report.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 26th September, 2018 (date of last Annual General Meeting) on the website of the Ministry of Corporate Affairs (www.iepf.gov.in).

Significant and Material Order passed by the Regulators

There are no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations in future.

Corporate Governance Report

The Report on Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 the Corporate Governance Report. As required by the Listing Regulations the certificate on Corporate Governance for the year ended 31st March, 2019 issued by Dr. Asim Kumar Chattopadhyay, Company Secretary in Practice, is annexed to this Report.

Management Discussion and Analysis

The Management Discussion and Analysis Report as required under the Listing Regulations is presented in a separate section and forms part of the Annual 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 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014 is annexed to this Report as Annexure - III.

Extract of Annual Return

In accordance with the Section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return in Form MGT-9 is annexed to this Report as Annexure - IV.

Particulars of Employees

None of the employees of the Company is in receipt of remuneration exceeding the limits prescribed under Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Disclosures pertaining to remuneration and other details in respect of directors and employees of the Company as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this Report as Annexure - V.

**Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

All the employees in the Company are considered equal. There is no discrimination between individuals at any point on the basis of race, colour, gender, religion, origin, sexual orientation or age. Every individual is expected to treat his/her colleagues with respect and dignity.

The Company has in place a policy for prevention of sexual harassment at workplace. This Anti- Sexual Harassment Policy of the Company is in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees (permanent, contractual, temporary and trainees) are covered under this policy. An Internal Complaints Committee is in place to redress complaints received regarding sexual harassment. No complaint was received by the Company during the financial year ended 31st March, 2019.

Material changes and commitments affecting the financial position of the Company

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report.

Appreciation

The Directors wish to convey their deep appreciation to all the employees, customers, vendors, investors, and consultants/ advisors of the Company for their sincere and dedicated services as well as their collective contribution to the Company's performance.

The Directors also thank the Central and the State Governments, statutory authorities, bankers, and business associates and all the stakeholders for their continued interest and valued support.

For and on behalf of the Board

Ravindra K. Raje
Director

Ashok K. Kapur
Whole-time Director

Place: Jabalpur
Date: 27th May, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

Economy Overview

In 2018, the global economy began its journey with the estimated growth 3.6% as per the IMF. During the second half of 2018, owing to impending US-China trade dispute and slowdown across developed markets, this rate of development gradually declined.

India is emerging as an important player in the world economy as reflected in World Bank's Ease of Doing Business 2019 Report, which improves India's ranking by 23 positions to 77th rank in 2018.

Despite elevated crude oil prices and several global headwinds, Indian economy is estimated to achieve a growth of 7.2% in 2018-19, higher as compared to 6.7% recorded in 2017-18. The economy has achieved high growth amidst significant improvements in macro-economic stability, mainly on the strength of ongoing structural reforms, fiscal discipline, efficient delivery of services and financial inclusion.

Industry Structure and Developments

Gelatin has multiple applications across various industries including food & beverage, pharmaceutical, photography, biomedical, personal care, and other technical areas.

Gelatin is highly rich in protein and is used in nutraceuticals, sports nutritional products, and supplements. It is used in food & beverage products as a stabilizer, thickener, or a gelling agent. In pharmaceutical, gelatin is used to manufacture hard and soft capsules, for coating tablets, and in syrups. It also has many biomedical applications and is used in the manufacturing of scaffolds for healing wounds. Globally, the health benefits of gelatin have led to its large-scale adoption in numerous applications. Gelatin is also a clean label product that finds increased demand across various industries. Changing lifestyles, growing health awareness, increasing instances of diseases, and the growing number of application sectors are some factors driving the growth of the gelatin market.

The global gelatin market is estimated to be valued at USD 2.56 billion in 2018 and is projected to reach USD 3.53 billion by 2023, at a CAGR of 6.6%. Increasing use in nutraceuticals, recognition of preventive healthcare, growing demand for technical textile and utilization of functional food are the major factors driving the market growth. Pharmaceutical applications are expected to witness fastest growth on account of rapidly expanding usage of hydrocolloids in production of tablets and capsules.

However, food security concerns and threat of vegan gelatin substitutes are some of the factors hindering the market growth. Growing regulatory issues, primarily in the food industry and environment, are also challenges for domestic gelatin manufacturers.

Opportunities and Threats, Outlook, Risks and Concerns

India continues to be categorised as "Negligible Risk" under BSE categorisation. With increasing level of awareness on environmental hazards, the state authorities are upgrading pollution control norms regularly and the industry is now required to address the issue of environment with more commitment. Your company continues to take all necessary steps to comply with pollution control norms.

Difficulty in sourcing good quality raw material and rise in raw material prices continue as areas of concern. The import of poor quality gelatin into India is a matter of health concern and affects proper price realisation for the gelatin produced by the domestic manufacturers. The industry has been taking pro-active steps to make the Government authorities aware of such imports. The government has allowed imports of crushed bones and the quality of the imported bones is far superior. This may help to reduce the raw material prices in India and also help to improve the quality of gelatin.

Segment-wise or product-wise performance

The Company is engaged in only one segment namely manufacture and sale of gelatine and related products like ossein and di-calcium phosphate (DCP) and as such there are no reportable segments as per Ind AS-108 "Operating Segments"

Internal financial controls and its adequacy

The Company's Internal Financial Control framework is commensurate with the size and the nature of its operations. These have been designed to provide reasonable assurance about recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance of Corporate Policies.

The Company has laid down procedures and policies to guide the operations of the business. The Company has a well-defined delegation of power with authority limits to approve revenue as well as expenditure. Functional heads are responsible to ensure compliance with the policies and procedures laid down by the management.

The Company has appointed reputed firm of Chartered Accountants to carry out internal audits. The audit is based on a focused and risk based internal audit plan, which is reviewed and approved each year by the Audit Committee of the Company.

The Audit Committee reviews reports submitted by internal auditors. Suggestions to improve any process are considered by the management and the Audit Committee follows up on corrective actions taken by the management. The Audit Committee also meets the Company's statutory auditors to ascertain, inter alia, their views on the adequacy of internal control systems and keeps the Board of Directors informed of its major observations periodically.

The operating management assessed the effectiveness of the Company's internal controls over financial reporting as of 31st March 2019. M/s. Lodha & Co., the Statutory Auditors of the Company audited the financial statements included in this Annual Report and have issued a report on the internal controls over financial reporting (as defined in Section 143 of the Companies Act, 2013).

Based on its evaluation (as provided under Section 177 of the Companies Act, 2013 and Clause 18 of SEBI Listing Regulations), the Audit Committee has concluded that as of 31st March 2019, the Internal Financial Controls were adequate and operating effectively.

**Human Resources / Industrial Relations**

The Company's human resources agenda continues to remain focused on the development of its employees, building capabilities in the organization and progressive employee relations policies. The Company addressed training and development needs of its workforce in technical and behavioural areas by deploying internal and external faculty. During the year a memorandum of understanding was reached and signed with the employees' union for a period of five years.

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.

Financial and operational performance

The financial highlights for the year 2018-19 are as follows: (₹ lacs)

	2019	2018	Variance
Revenue from Operations	12568.20	11761.23	806.97
Profit before tax	1323.87	849.92	473.95
Profit after taxation	1006.30	803.69	202.61

The improved performance is mainly driven by increased sales volume and higher price realisation of products.

Significant changes in key financial ratios

In accordance with the Listing Regulations the Company is required to give details of significant changes in the key financial ratios. During the year, the significant changes in the financial ratios of the Company, which are more than 25% as compared to the previous year are summarized below:

Financial Ratio	FY 2018-19	FY 2017-18	Change (%)	Reason for change
Current Ratio	4.41	6.11	-27.7%	Increase in short term borrowing as also higher payables on account of higher purchases of raw materials at financial year end.
Debt Equity Ratio	0.13	0.09	-44.4%	Debts are insignificant compared to Equity; increase over a low base has resulted in higher % change.
Operating profit margin (%)	6.58%	4.40%	+49.5%	Improved margin realization and higher volumes.

Cautionary Statement

Certain statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations whether expressed or implied. Several factors could make significant difference to the Company's operations. These include raw material availability, import and exports of raw material and finished goods, economic conditions, affecting demand and supply, government regulations, changes in taxation, and natural calamities over which the Company does not have any direct control.

**Annexure - I to the Board's Report****ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

The Company is focused on activities contributing to the social and economic development of the communities in which it operates and in doing so, build a better, sustainable way of life for the weaker sections of the society and raise the country's human development index.

During the year under review, the Company's contributions to the community were in the areas of protection of environment, promotion of education, livelihood, promoting health care including preventive health care, providing water, sanitation and rural development and contributions to other social development organisations. The Company also supported and partnered with several NGOs in community development and health initiatives. Some of the social activities carried out by the Company were as under:

Environment

The Company carried out plantation of trees, maintenance of green belts and gardens around the manufacturing unit. Mangrove plantation in the factory premises and surrounding areas, 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 JabalpurRun' for environment protection, 'Narmada Mahotsava' and 'Narmada Jayanti'.

Education

Education remains as one of the focus areas of social development and the Company supports academics at all levels. The Company provides assistance to schools such as Ekal Vidyalaya (Friends of Tribal Society). 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 various schools and other charitable institutions. The Company also aided the repairs and maintenance of schools located in the nearby villages and provided financial help to meritorious but financially challenged students.

Community Health Care

The Company conducts regular health checks, eye check-up and blood donation camps and medical diagnostic camps. The Company also arranged for sprinkling of medicines and insecticides in the surrounding villages to prevent diseases and promote cleanliness.

Swachh Bharat Mission

To promote the national mission on cleanliness "Swachh Bharat Mission", your Company has contributed towards construction and maintenance of toilets in the nearby village/girls' schools.

Brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the weblink to the CSR policy and projects or programmes

The main objective of the CSR Policy is to lay down guidelines for the Company to make CSR a key business process for sustainable development for the society. It aims at supplementing the role of the Government in enhancing welfare measures of the society based on the immediate and long term social and environmental consequences of their activities.

The Company shall constantly strive to ensure strong corporate culture which emphasizes on integrating CSR values with business objective. It shall also pursue initiatives related to quality management, environment preservation and social awareness, in the areas as detailed below:

- (i) Promoting health care including preventive healthcare and sanitation and making available safe drinking water;
- (ii) Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- (iii) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining of soil, air and water;
- (iv) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- (v) Rural development projects;
- (vi) Promote and participate in projects for cleanliness of Narmada river;
- (vii) Promote education of girl child and the underprivileged by providing academic support, assistance to schools, sponsorships for eradicating illiteracy;
- (viii) Emphasis on regular health checks and medical aid/ health care facilities with special focus for the mother and child as well as the old aged persons of surrounding areas and making available of safe drinking water;
- (ix) Promote and sponsor various sports activities and games organized by local gram panchayat;
- (x) Promote and support local religious and cultural programmes;
- (xi) Other areas as may be notified by the Government from time to time.

The CSR policy is available on the company's website www.narmadagelatines.com

**Composition of the CSR Committee:**

- Mr. Mohan C. Pant - Independent Director (Chairman)
- Mr. Sanjeev Jain - Director
- Mr. Ashok K. Kapur - Wholetime Director

Average net profit of the Company for last three financial years: ₹838 lacs

Prescribed CSR Expenditure: ₹16.76 lacs

Details of CSR spend for the financial year:

a. Total amount spent for the financial year ₹19.43 lacs

b. Amount unspent, if any: Nil

c. Manner in which the amount was spent during the financial year is detailed below:

(₹ lacs)

Project/Activities	Sector	Locations	Amount outlay (Budget) Project or program wise	Amount spent on the projects or programs	Amount spent Direct	Amount spent through implementing agency*
Sponsoring of sports and games events	Sports Promotion	Jabalpur	0.75	0.92	0.92	-
Financial assistance to orphanage and old age homes	Child and Old age people care	Jabalpur	1.10	1.40	-	1.40
Tree plantation, and maintenance, promotion of river cleanliness and protection	Environment Protection & Plantation	Bheraghat Jabalpur	7.60	8.15	8.15	-
Medical and health camps, blood donation drive etc.	Health Care	Jabalpur and surrounding villages	0.65	0.93	0.43	0.50
Educational scholarship, provision of books and educational aid to Govt./ other schools	Literacy	Jabalpur	5.00	5.02	-	5.02
Financial assistance for hosting cultural programmes	Cultural Activities	Jabalpur	0.50	0.33	0.33	-
Regular cleaning of River Narmada and surrounding areas	River cleanliness	Jabalpur	2.00	1.38	1.38	-
Providing safe drinking water to community, support in construction and maintenance of toilets, drainage and road	Sanitation/ Rural development	Jabalpur	1.50	0.23	0.23	-
Financial assistance for upliftment of girl child	Care of girl child	Jabalpur	0.30	0.10	0.10	-
Salary and administration costs			0.80	0.97	0.97	-
TOTAL			20.20	19.43	12.51	6.92

* Details of Implementing Agencies:

Soham Welfare Society, Jabalpur; Maharishi Vidya Mandir, Jabalpur; Friends of Tribal Society, Jabalpur; Brahmarishi Mission Samiti, Jabalpur; Arya Vidhya Sabha, Jabalpur; Narmada Ved Vedang School, Jabalpur; Sanatam Dharam Shiksha Samiti, Jabalpur; Ekal Gram Sangthan, Jabalpur; Indian Red Cross Society

Responsibility Statement

The Responsibility Statement of the Corporate Social Responsibility Committee of the Board of Directors of the Company, is reproduced below:

"The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and the policy of the Company."

Mohan C. Pant
Chairman - CSR Committee

Ashok K. Kapur
Whole-time Director

27th May, 2019
Jabalpur