

ANNUAL REPORT

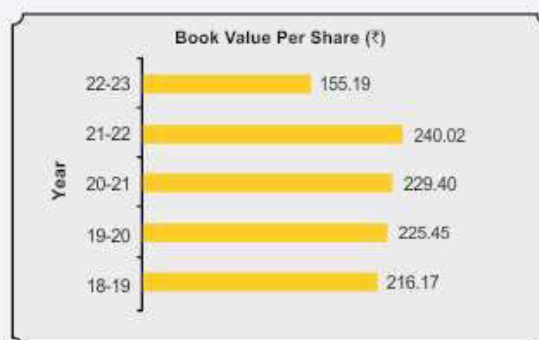
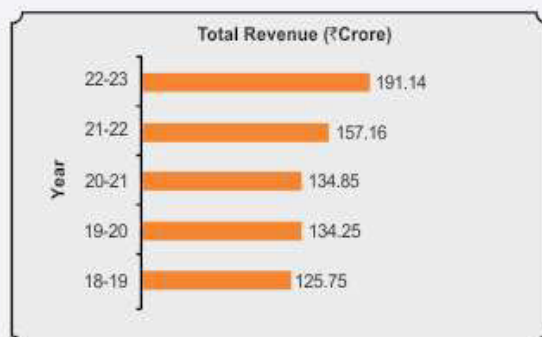
2022-23



Narmada Gelatines Limited

FINANCIAL HIGHLIGHTS

Key historical financial and operational metrics



NARMADA GELATINES LIMITED

Board of Directors :

Mr. S Annamalai – Chairman*
Mr. S Maheswaran – Vice Chairman*
Mr. K Krishnamoorthy
Mr. Ashok K Kapur
Mr. B Vijayadurai*
Mrs. Manimegalai Thangamani*
Mr. Prakash M Nene – Chairman#
Mr. Ravindra K Raje#
Mrs. Drushti R Desai#
Mr. Gaurang Shah#

Board Committees:

Audit Committee

Mr. B Vijayadurai - Chairman*
Mr. K Krishnamoorthy
Mrs. Manimegalai Thangamani*
Mr. Prakash M Nene – Chairman#
Mrs. Drushti R Desai#

Nomination and Remuneration Committee

Mr. B Vijayadurai - Chairman*
Mr. S Annamalai*
Mr. K Krishnamoorthy
Mr. Prakash M Nene#
Mr. Ravindra K Raje#

Stakeholder's Relationship Committee

Mr. K Krishnamoorthy – Chairman
Mr. B Vijayadurai*
Mr. Ashok K Kapur
Mr. Ravindra K Raje#

Corporate Social Responsibility Committee

Mr. S Annamalai – Chairman*
Mr. S Maheswaran*
Mr. K Krishnamoorthy
Mr. Ashok K Kapur
Mr. Prakash M Nene – Chairman#
Mr. Ravindra K Raje#

Risk Management Committee

Mr. S Annamalai – Chairman*
Mr. Ashok K Kapur
Mr. Sudhir K Srivastava – Factory Manager
Mr. Sanjeeb Bhattacharya – Operations Head
Mr. Vijay Patel – Maintenance Head
Mr. Ravindra K Raje – Chairman#

Complaint Committee

Dr. Sushma Rajput – Presiding Officer*
Dr. Kalpana Mishra from NGO*
Mr. Ashok K Kapur
Mr. Sudhir K Srivastava – Factory Manager
Mrs. Drushti R Desai#

Company Secretary & Compliance Officer

Ms. Meenu Sharma

Chief Financial Officer

Mr. Mahesh Verma

Statutory Auditors

Lodha & Company, Mumbai

Secretarial Auditors

Dr. Asim K Chattopadhyay

Bankers

Indian Bank
IDBI Bank Limited
Union Bank of India
ICICI Bank Ltd.
State Bank of India
HDFC Bank Ltd

Registered Office

28, CARAVS, 15 Civil Lines,
Jabalpur, Madhya Pradesh – 482001

Factory

Meerganj, Bheraghat Road,
Jabalpur, Madhya Pradesh – 482053

Registrar & share Transfer Agent

C.B. Management Services Pvt. Ltd
P-22, Bondel Road, Kolkata – 700019

Listed with Stock Exchange

Bombay Stock Exchange Limited (BSE)

Depositories

National Securities Depository Limited
Central Depository Services (I) Limited

Website : www.narmadagelatines.com

* w.e.f. 14th July, 2023 | # upto 14th July, 2023

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BOARD'S REPORT

To the Members,

The Board of Directors are pleased to present the 62nd Annual Report on the business and operations of the company Narmada Gelatines Limited (the Company) along with the audited financial statements for the financial year ended 31st March, 2023.

Financial Highlights

	(₹ lakh)	
	2022-23	2021-22
Revenue from operations	19,114.14	15,736.34
Other income	229.21	320.21
Total Income	19,343.35	16,056.56
Total expenses	17,361.66	14,513.94
Profit before tax	1,981.68	1,542.62
Tax Expense	453.40	308.71
Profit after taxation	1528.28	1,233.91
Other Comprehensive income:		
Re-measurements of net defined benefit plans	6.38	(12.89)
Net Profit for the year	1521.90	1,246.80

Operating Performance

During the financial year 2022-23, the revenue from operations grew 21.5% from ₹ 157.36 crores in the previous year, to ₹ 191.14 crores. Profit After Tax for the year grew by 23.8% to ₹ 15.28 crores vs. ₹ 12.33 crores in the previous year

The growth revenues and profits was led by increase in sales volumes as well as stronger prices of both, Gelatin and DCP.

Earnings before interest, taxes and depreciation and amortisation (EBITDA) stood at ₹ 22.04 crores, higher than the previous year by 25%. Consequently, the Earnings per share increased to 25.26 as compared to 20.40 in 2021-22.

Dividends

During the year under review, the Company paid to its shareholders a special interim dividend of ₹ 100 (Rupees One hundred only) per equity share, i.e. 1000% per share, of the face value of ₹ 10 (Rupee ten only). The dividend payout for the financial year 2022-23 amounted to ₹ 60.49 crore (Rupees Sixty crores forty nine lakh only) to those equity shareholders whose names appeared in the Register of Members as on 19th December, 2022 (Record Date) as against the total final dividend of ₹ 10 (Rupees ten only) per equity share, i.e. 100% per share, of the face value of ₹ 10 (Rupee ten only) paid for the previous financial year 2021-22 [Dividend payout for the FY 2021-22 amounts to ₹ 6.04 crores (Rupees Six crores four lakh only)]. The Board of Directors have decided to treat the above special interim dividend paid during the year as Final dividend and, hence do not recommended further dividend for the financial year under review.

Share Capital

The Paid-up Equity Share Capital of the Company as on 31st March 2023 was ₹ 604.96 lacs comprising 60,49,587 equity shares of ₹ 10/- each. During the year under review, your company has neither issued any shares with differential voting rights nor granted any stock options or sweat equity shares. The Company has paid listing fees for the financial year 2023-24 to the Bombay Stock Exchange Ltd., where its equity shares are listed.

Transfer to Reserves

As permitted under the Act, the Board does not propose to transfer any amount to General Reserve, but has decided to retain the entire

amount of profit for the financial year 2022-23 in the profit and loss account.

Transfer of shares by Alfamont (Mauritius) Limited (Holding Company)

A Share Purchase Agreement ("SPA") was executed on June 9, 2023, by and between Alfamont (Mauritius) Limited, Promoter of the Company, with Pioneer Jellice India Private Limited (CIN: U24295TN1991PTC060630) ("PJIL") and Ashok Matches and Timber Industries Private Ltd. (CIN: U24291TN2000PTC045347) ("AMTIPL") for sale of the entire stake of 45,37,189 fully paid up equity shares of ₹ 10/- each, held by the Promoter, constituting 75% of the fully diluted voting share capital in the Company, at a price of ₹ 229/- (Rupees Two Hundred and Twenty Nine only) per equity share. PJIL will acquire 24,95,454 equity shares of ₹ 10/- each, whereas AMTIPL will acquire 20,41,735 equity shares of ₹ 10/- each.

PJIL is based out of Cuddalore, India and is part of Pioneer Asia Group in which Jellice Group holds 25% shares. Established in 1941, Jellice Group is one of the top 10 gelatin manufacturers in the world having headquarters in Sendai, Japan. Pioneer Jellice India and the Jellice Group have gelatin manufacturing facilities in Cuddalore (Tamil Nadu, India), Emmen (Netherlands) and Taiwan.

AMTIPL is carrying on, *inter alia*, the business of acquiring, purchasing, taking on lease or hire or by any other means any real estate and/or developing the same and erecting, constructing, maintaining and operating buildings and other superstructures of any kind.

Pursuant to the said acquisition by way of execution of SPA and on completion of transfer formalities, the Company will no longer be a subsidiary of Alfamont (Mauritius) Limited. The shareholders can view the SPA from the websites of the Company and BSE Limited for further information on this

Quality initiatives

The Company is committed to the highest levels of quality for its products and customer services. During the financial year 2022-23, the Company retained its ISO certification for Quality Management (ISO 9001:2015), 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.

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. 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)

In compliance with Section 135 of the Act, the Company has undertaken CSR activities and programs, excluding activities undertaken in pursuance of its normal course of business. Under Section 135 of the Act, the Company was required to spend ₹ 22.90 lakh (2%) of the average qualifying net profits of the last three financial years on CSR activities in financial year 2022-23. During the year under review, the Company has spent ₹ 15.98 lakh and balance ₹ 6.92 lakh has been setoff from the previous year's excess spent on CSR activities as

approved by the Board of Directors. Accordingly, the Company has met its obligation of spending ₹ 22.90 lacs for financial year 2022-23.

The Annual Report on CSR containing the composition of the CSR Committee, salient features of the CSR Policy, details of activities, and other information as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 are provided in Annexure -I attached to this Report. Since the average CSR obligation for the preceding three financial years i.e. financial year, 2019-20, 2020-21 and 2021-22 was less than ₹ 10 crores, the impact assessment report was not applicable for the year 2022-23. The CSR Policy may be accessed on the Company's website at the link: <https://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 Audit Committee has exercised additional oversight in the area of financial risks and controls. Major risks identified by the business and functions are systematically addressed through mitigating actions. 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 behavior, 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 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. The Committee affirms that no complaint has been received under the Whistle-Blower Policy/ Vigil Mechanism and no personnel had been denied access to the Chairman of the Audit Committee.

Information on Whistle-Blower Policy is available on the website of the Company at <https://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.

Nomination and Remuneration Policy

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 website (www.narmadagelatines.com) and in the Corporate Governance Report. The remuneration paid to 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.

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.
- 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 rewards 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 to create competitive advantage.

Directors and Key Managerial Personnel

Re-appointment of Wholetime Director

The Board of Directors at their meeting held on 16th May, 2023, subject to approval of the shareholders, approved the re-appointment of Mr. Ashok K Kapur (DIN: 00126807) as the Whole-time Director of the Company for a further period of one year commencing from 1st June, 2023 to 31st May, 2024.

Special resolution for the re-appointment of Mr. Ashok K Kapur as the Whole-time Director of the Company is being placed for the approval of the shareholders of the Company at the ensuing AGM. The Board of Directors, and Nomination and Remuneration Committee of the Company recommends his re-appointment as the Whole-time Director of the Company.

In terms of requirement of Listing Regulations, the Board has identified core skills, expertise and competencies of the Directors in the context of the Company's businesses for effective functioning, which are detailed in the Corporate Governance Report.

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

Pecuniary relationship or transactions with the Company

During the year under review, except Mr. Ravindra K Raje, no other non-executive directors of the Company had pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses incurred by them for the purpose of

attending meetings of the Board/Committee of the Company.

Declaration from directors

The Company has received necessary declarations under Section 149(7) of the Companies Act, 2013 and Regulation 25(8) of the SEBI Listing Regulations, from the Independent Directors stating that they meet the prescribed criteria for independence. All Independent Directors have affirmed compliance to the code of conduct for Independent Directors as prescribed in Schedule IV to the Companies Act, 2013.

The Company has also received from them declaration to compliance of Rule 6(1) & (2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014, regarding online registration with the 'Indian Institute of Corporate Affairs', for inclusion/ renewal of their names in the data bank of Independent Directors.

With regard to integrity, expertise and experience (including the proficiency) of the Independent Directors appointed /reappointed during the Financial year 2022-23, the Board of Directors have taken on record the declarations and confirmations submitted by the independent directors and is of the opinion that all the Independent Directors are persons of integrity and possess relevant expertise and experience and their association as Directors will be of immense benefit to the Company.

With regard to proficiency of the Independent Directors, ascertained from the online proficiency self-assessment test conducted by the institute, as notified under Sub-Section (1) of Section 150 of the Act, the Board of Directors has taken on record the declarations submitted by Independent Directors that they are exempt from appearing in the test.

None of the Directors of the Company are related inter-se, in terms of Section 2(77) of the Act including Rules there under.

None of the Directors of the Company are disqualified for being appointed as directors as specified under Section 164(2) of the Act and Rules there under.

Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Companies Act, 2013, Mr. Ashok K Kapur, Whole-time Director, Mr. Mahesh Verma Chief Financial Officer and Ms. Meenu Sharma, Company Secretary are the Key Managerial Personnel of the Company as on 31st March, 2023.

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 Board evaluated its own performance, Board Committees as well as the individual directors performance after seeking inputs from all the directors/members and also on the basis of criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The independent directors at their separate meeting reviewed the performance of non-independent directors, the Board as a whole and Chairman of the Company, 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.

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 and Committee Meetings

The Board meets at regular intervals to discuss and decide on company's business policies and strategies. 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.

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board meetings and Annual General Meetings. The agenda for the Board and Committee meetings includes detailed notes on the items to be discussed to enable the Directors to take an informed decision.

During the financial year under review, five 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.

A detailed note on the composition of the Board and its committees is provided in the Corporate Governance Report.

Meeting of Independent Directors

As per provisions of Schedule IV to the Companies Act, 2013, the Independent Directors are required to hold at least one meeting in a financial year, without the attendance of Non-independent Directors and members of management. During the financial year 2022-23, the Independent Directors have held one separate meeting on February 10th, 2023.

Directors' Responsibility Statement

Pursuant to the requirement of 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, 2023, 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, 2023 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

The transactions with related parties entered into during the financial year were on 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 Notes to Financial Statements forming part of the Annual Report. None of the Directors has any pecuniary relationships or transactions with the Company or vice versa, except Mr. Ravindra K Raje who is in receipt of fees in his professional capacity for being appointed as a Consultant/Advisor to the Company owing to his qualification and expertise on various matters concerning affairs of the Company duly approved by the Audit Committee, the Nomination and Remuneration Committee and the Board of Directors of the Company with effect from 1st March, 2022.

Statutory Auditors

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 the statutory auditors of the company at the 61st Annual General Meeting of the company held on 22nd September, 2022, to hold office for the second term of five years from the conclusion of 61st Annual General Meeting of the Company, till the conclusion of 66th Annual General Meeting to be held in the year 2027.

The requirement for the annual ratification of auditors' appointment at the AGM has been omitted pursuant to Companies (Amendment) Act, 2017, notified on May 7, 2018.

Report of Statutory Auditors

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 2022- 23, which forms part of this Annual Report. The Notes on Financial Statements referred to in the Auditors' Report for the year 2022- 23 are self-explanatory. There are no observations, qualifications, reservations or adverse remarks in the Auditor's Report that call for any explanation.

Cost records and cost audit

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the products manufactured by the Company.

Secretarial Auditor and their report

Dr. Asim Kumar Chattopadhyay, Company Secretary, was appointed as Secretarial Auditor of your Company for the financial year 2022-23 pursuant to Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Secretarial Audit Report is annexed to this Report as Annexure - II.

There are no qualifications, observations or adverse remarks of the Secretarial Auditors in the Report issued by them for the financial year 2022-23 which call for any explanation from the Board of Directors.

Transfer of Unpaid and Unclaimed amounts to IEPF

Pursuant to the applicable provisions of the Act, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules') as amended, all unpaid or unclaimed dividends which were required to be transferred by the Company to the IEPF were transferred to IEPF Authority.

The Company has also transferred shares in respect of which dividend amount remained unpaid/ unclaimed for a consecutive period of seven years or more to IEPF Authority within stipulated time.

Pursuant to the provisions of Section 124 of the Companies Act, 2013, during the financial year, the declared dividends 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 details of unpaid / unclaimed dividend and the shares transferred to IEPF Authority are available on the website of the company at <https://www.narmadagelatines.com>.

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, 2023 issued by Dr. Asim Kumar Chattopadhyay, Company Secretary in Practice, is annexed to this Report.

Management Discussion and Analysis

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, detailed review of operation, performance and future outlook of the Company is presented under Management Discussion and Analysis Report 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.

Annual Return

As provided under Section 92(3) & 134(3)(a) of the Act, the Annual Return for FY 2021-22 is available on the website of the Company at <https://www.narmadagelatines.com>.

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 - IV.

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 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 the complaints received regarding sexual harassment. No complaint was received by the Company during the financial year ended 31st March, 2023.

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

Prakash M Nene
Chairman
Place: Jabalpur

Ashok K. Kapur
Whole-time Director

Date: 7th July, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

Economy Overview

During the period, various challenges were faced by the Global Economy like COVID-19 related disruptions in economies, Russian-Ukraine conflict and its adverse impact along with disruption in supply chain, mainly of food, fuel and fertilizer. The Central Banks across economies led by Federal Reserve responded with synchronised policy rate hikes to curb inflation, leading to appreciation of US Dollar and the widening of the Current Account Deficits (CAD) in net importing economies.

Like the rest of the world, India too, faced these extraordinary set of challenges but withstood them better than most economies.

India's recovery from the pandemic was relatively quick, and growth in the upcoming year will be supported by solid domestic demand and a pickup in capital investment.

Global growth is forecasted to slow from 3.2 per cent in 2022 to 2.7 per cent in 2023 as per IMF's World Economic Outlook, October 2022. Despite the global slowdown, India's economic growth rate is stronger than in many peer economies and reflects relatively robust domestic consumption and lesser dependence on global demand.

India's gross domestic product (GDP) projected a growth to 6.4% in fiscal year FY-2023 ending on 31 March 2023 and rise to 6.7% in FY-2024, driven by private consumption and private investment on the back of government policies to improve transport infrastructure, logistics, and the business ecosystem.

However, geopolitical tensions and weather-related shocks are key risks to India's economic outlook.

Industry Structure and Developments

Gelatin is a natural product which is made of hydrolytic degradation of protein from collagen and its distinctive structure of amino acids gives it several benefits. It is in the form of tablets, granules or powders and has a high protein content.

Hydrocolloids have been popularly used as a gelling agent in food industries. Gelatine has multiple applications across various industries including food & beverage, pharmaceutical, photography, biomedical, personal care, and other technical areas.

In pharmaceutical, gelatin is used to manufacture hard and soft capsules, for coating tablets, and in syrups. It also has many biomedical applications. It is used in the manufacturing of scaffolds for healing wounds.

Gelatin is a key component of the food industry in modern cuisine owing to its gelling capabilities. The food industry, for example, manufactures gourmet desserts using gelatin for texture, foaming, and clarity, as well as stabilising the food structure. For canned meat products such as sausages, frankfurters, loaves and hams, gelatin has also been used to retain juices lost.

Gelatin is the most widely used among other types of hydrocolloids in the market. By far, gelatin is actually a multivariate, functional substance in today's life.

Opportunities and Threats, Outlook, Risks and Concerns

Owing to the rapid growth of the ageing population across the world, the demand for medicines is expected to increase.

There is also increasing demand for convenience food and beverages due to changing lifestyles, increasing working population as consumers lack the time to prepare home-cooked food and are more inclined towards convenience food products. These are driving the growth in gelatine demand world over.

Consumption of gelatin produced from particular species are forbidden in many religions and cultures across the globe, is a major factor, which could restrain market revenue growth. Vegans and vegetarians also do not prefer gelatin or foods containing gelatin.

The prices of gelatin vary depending on the prices of its raw materials, the region or country where the product is being manufactured, demand and supply situations.

The lockdown had affected the availability of our main raw material, i.e., crushed bones, but the availability of raw material has improved since, and the prices are stable too. The difficulty in sourcing good quality raw material and rise in coal prices continue as an area of concern.

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 board of directors.

The Company has appointed M/s P.B. Singh & Associates, Chartered Accountants to oversee and carry out internal audit of its activities. The audit is based on an internal audit plan, which is reviewed each year in consultation with the statutory auditors and approved by the audit committee. The efficacy of the internal checks and control systems are validated by internal auditors. 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 2023. 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 2023, 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 2018-19 a memorandum of understanding was reached and signed with the employees' union for a period of five years.

Human capital is at the heart of our company's success. It can be attributed through our diversified and competent workforce, capable leadership and empowering culture and efficient operational excellence.

We aim to provide a safe, dynamic, and trustworthy environment for all our employees henceforth. Our people policies are designed to create a future ready workforce, while empowering them and creating an enriching employee experience.

Our efforts were also in conjunction with various aspects like Employee health and safety, Training and skill development,

We do not make employee decisions or discriminate against individuals based on personal characteristics like race, color, age, gender, religion, nationality, marital status, sexual orientation, etc. We base our employment relationship on the principle of equal opportunity and fair treatment and strive to create an environment that fosters the same. There were no incidents of discrimination in fiscal 2022-23.

We always led emphasis on employee wellbeing may it be mentally, physically, emotionally or socially.

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

Revenue from operations stood at ₹ 191.14 crore, higher than the previous year by 21.5%. This was driven by volume growth of approx 8% in gelatin and 18% in Di-calcium phosphate (DCP), and also better price realization compared to the previous year.

The contribution of gelatine sales to the turnover was lower as compared to the previous year by 3%, whereas the DCP sales turnover was higher by 11% over the previous year, mainly on account of better prices.

Material cost in fiscal 2022-23 reduced by 5.77%, but power and fuel cost increased by 13% over the previous year is mainly due to increase in the price of coal. Employee cost stood at 7.17% (7.80% previous year) of revenue from operations. Other expenses were on the higher side at 6.23% as compared to the previous year at 5.28% of revenue from operations.

Earnings before interest, taxes and depreciation and amortisation (EBITDA) stood at ₹ 22.04 crores, higher than previous year by 25%

Profit before exceptional items and taxes was ₹ 19.82 crores, higher than previous year by 28%. Growth led by higher volumes and price of both the products – gelatin and DCP.

Profit after tax at ₹ 15.21 crores, higher than the previous year by 22% led by improved operating performance of the company.

Diluted Earnings per share (EPS) for fiscal 2022-23 was ₹ 25.26 per equity share.

The financial highlights for the year 2022-23 are as follows: (₹lakh)

	2022-23	2021-22	Variance
Revenue from Operations	19114.14	15716.39	21.46%
Profit before tax	1981.68	1542.62	28.46%
Profit after taxation	1521.90	1246.81	22.07%