



live life to the fullest

34TH ANNUAL REPORT 2009-10



Nitta Gelatin India Limited

Dear Shareholders



NORIMICHI SOGA
President



Greetings from Nitta Gelatin Inc. Japan,

I am very happy that NGIL has continued its successful growth path for yet another year. It is a matter of great satisfaction that your company could achieve excellent results despite a challenging business environment.

The emphasis on growth is clearly demonstrated with the introduction of new products like Collagen Peptide, Chitosan and Meat Meal.

Nitta Gelatin Group wishes NGIL all success in its foray into the consumer market with the new product based on Collagen Peptide.

Let me reiterate Nitta Gelatin Group's commitment to the growth and success of NGIL.

I look forward to your continued support and I thank each one of you.

Norimichi Soga

Nitta Gelatin Inc.

2-22, Futamata, Yao-City, Osaka, 581-0024, Japan



T. BALAKRISHNAN I.A.S
Additional Chief Secretary



I have immense pleasure in writing to you as Chairman of your Company. I took over in July 2009. Your Company has surpassed previous records in terms of sales revenue and net profits and, the Company is growing further with several new projects.

I am extremely happy that NGIL is launching its first Consumer Product in June 2010, with the introduction of Collagen Peptide as a functional food supplement.

Let me assure the support and commitment of KSIDC and the Government of Kerala in all the future endeavours of NGIL.

Your Company stands to benefit from your support and goodwill. I thank you very much for your unstinted co-operation.

Best wishes,

T. Balakrishnan

Industries & Commerce Department
Government Secretariat
Thiruvananthapuram 695 001
Kerala

1. The Proxy form duly completed must be deposited so as to reach the Registered Office of the company not less than 48 hours before the time for holding the meeting. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. Member attending the Annual General Meeting are requested to bring with them the following:
 - a. Copy of the Annual Report and Notice as no copies thereof would be distributed at the meeting.
 - b. The attendance slip duly completed and signed in terms of specimen signature lodged with the company. The company would accept only the attendance slip from a member actually attending the meeting or from the person attending as a duly registered proxy. Attendance slip of members not personally present at the meeting or relating to proxies which are invalid, will not be accepted from any other member/person. Please avoid being accompanied by non members.

ATTENDANCE CARD

NITTA GELATIN INDIA LIMITED

Registered Office : 54/1446, Panampilly Nagar, Kochi - 682 036,

PLEASE HAND OVER THE ADMISSION SLIP

**AT THE ENTRANCE OF THE
MEETING HALL, DULY COMPLETED**

Name and Address :	
Folio No./DP ID & Client ID Member <input style="width: 80px; height: 20px;" type="text"/>	Holding Proxy <input style="width: 80px; height: 20px;" type="text"/>

I hereby record my presence at the THIRTY FOURTH ANNUAL GENERAL MEETING

**SIGNATURE OF THE
SHAREHOLDER / PROXY**

PROXY FORM

NITTA GELATIN INDIA LIMITED

Registered Office : 54/1446, Panampilly Nagar, Kochi - 682 036,

I/We
 .. of being a member /
 members of NITTA GELATIN INDIA LIMITED, hereby appoint
 of
 or failing him.
 of on my /
 our behalf at the 34th Annual General Meeting of the Company to be held on Monday, the 21st June, 2010 at
 10.00 AM, at GRAND Hotel, M.G. Road, Ernakulam, Kochi-682 011 and at any adjournment thereof.
 Signed this day of
 Reg. Folio No.:
 No. of Shares held:

Affix
 Revenue
 Stamp

 Signature

The proxy form duly signed across the revenue stamp of Re. one should reach the Registered Office of the Company at least 48 hours before the time of the meeting. A proxy need not be a member.

Annual Report 2009-10

BOARD OF DIRECTORS

Chairman	: T. BALAKRISHNAN, IAS
Directors	: ALKESH KUMAR SHARMA, IAS
	NORIMICHI SOGA
	T. YAMAKI
	K. INOUE
	K. RAMAKRISHNAN
	A. K. NAIR
	K. L. KUMAR
	VENU NALLUR
Managing Director	: G. SUSEELAN

Secretary	: G. R. Kurup
Auditors	: Varma & Varma Ernakulam
Bankers	: State Bank of India Canara Bank State Bank of Travancore Axis Bank Ltd. South Indian Bank Ltd.

Legal Advisor	: M. Pathrose Mathai Advocate, Ernakulam
Registrar & Share Transfer Agents	: Cameo Corporate Services Ltd. 1, ClubHouse Road, Chennai - 600 002 Tel : 044-28460390; Fax : 044-28460129 E-mail : cameo@cameoindia.com

Registered Office	: POST BAG No. 4262 54/1446, PANAMPILLY NAGAR P. O. KOCHI - 682 036
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Factory	: OSSEIN DIVISION Kathikudam P. O., (Via) Koratty Trichur District - 680308 GELATIN DIVISION KINFRA Export Promotion Industrial Parks Ltd. P. B. No. 3109, Kusumagiri P. O., Kakkanad, Kochi - 682 030
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FINANCIAL HIGHLIGHTS (12 Years)

(Rs. in lacs)

	1998.99	1999.2000	2000.01	2001.02	2002.03	2003.04	2004.05	2005.06	2006.07	2007.08	2008.09	2009.10
Total Income	5604.53	6397.79	7397.65	8002.33	7969.16	9224.71	9961.69	9966.19	13766.42	14585.97	18645.02	19506.36
Sales	4963.43	5609.94	6561.04	7161.41	7629.65	8601.25	8841.23	9763.86	13119.55	14638.14	18247.75	18956.27
Exports	3640.04	3702.48	4501.28	4698.63	4684.77	5260.42	5424.82	6236.79	7968.00	7950.32	10141.82	9476.42
Pre-tax Profit/(Loss)	768.38	(370.46)	(170.89)	367.83	(467.02)	(645.82)	(217.49)	(365.65)	721.83	728.91	2466.38	3076.36
Profit/(Loss) after tax	677.38	(485.42)	(198.22)	441.45	(311.05)	(645.82)	(239.72)	(379.65)	592.05	666.07	1501.94	2546.14
Earnings per share (Rs.)	8.06	(5.78)	(2.36)	5.26	(3.70)	(7.69)	(2.85)	(4.52)	7.05	7.93	17.88	30.31
Divided per share (Rs.)	2.50	-	-	-	-	-	-	-	1.00	1.50	3.00	6.00
Reserves & Retained Earnings	7731.52	7246.09	7047.87	7373.33	7077.28	6431.46	6191.75	5812.10	6305.88	6776.98	7984.09	9942.52
Share Capital	840.00	840.00	840.00	840.00	840.00	840.00	840.00	840.00	840.00	840.00	840.00	840.00
Shareholders' Funds	8571.52	8086.09	7887.87	8213.33	7917.28	7271.46	7022.83	6630.34	7110.95	7590.66	8824.09	10782.52
Return on Equity (%)	7.90	(6.00)	(2.51)	5.37	(3.93)	(8.88)	(3.41)	(5.73)	8.33	8.77	17.02	23.61
Book Value/ Share (Rs.)	102.04	96.26	93.90	97.78	94.25	86.57	83.61	78.93	84.65	90.36	105.05	128.36
Gross Block	10152.12	10515.63	10610.15	10746.77	10882.23	11028.25	11578.84	11718.26	11632.38	12402.03	13609.38	14336.36
Net Block	9159.12	8761.70	8113.24	7531.66	6955.03	6411.08	6325.73	5777.68	5236.47	5384.24	5756.45	6297.74

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN that the 34th Annual General Meeting of Nitta Gelatin India Limited will be held on 21st June, 2010 at 10.00 AM, at GRAND Hotel, M.G. Road, Ernakulam, Kochi-682 036 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report, the Audited Balance Sheet as at 31st March 2010 and Profit and Loss Account for the year ended on that date and the Auditors' Report thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. A.K. Nair, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. K. Inoue, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this connection to pass

with or without modification, the following resolution as a Special Resolution

"RESOLVED THAT pursuant to the provisions of Section 224A of the Companies Act, 1956, M/s. Varma & Varma, Chartered Accountants, be and are hereby re-appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting on a remuneration that may be fixed by the Board of Directors".

Note: The reappointment of auditors is being proposed as a special resolution in accordance with Section 224A of the Companies Act, 1956.

By Order of the Board,

Kochi
08-05-2010

G.R Kurup
Company Secretary

Notes:

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on a poll on his behalf and a proxy need not be a member.** The proxy forms duly completed, stamped and signed must be deposited at the registered office of the company not less than forty-eight hours before the meeting.
2. The Register of Members and Share Transfer books of the company will remain closed for 10 days from 12.06.2010 to 21.06.2010 inclusive of both days.
3. The dividend, if declared at the meeting will be paid on or after 28th June, 2010 to those shareholders whose names appear on the Register of Members as on record date.
4. Members holding shares in the same name or same order under different ledger folios are requested to apply for clubbing into one folio.
5. Members are requested to notify the Registrar and Share Transfer Agents **immediately** of

their Bank Account Number and name of the Bank and Branch in the case of physical holdings and to their respective Depository Participant in the case of demated shares, so that payment of dividend when made through NECS/Dividend Warrants, can capture the updated particulars and avoid delay/default.

6. The Company has appointed M/s Cameo Corporate Services Limited, "Subramanian Building", 1, Club House Road, Chennai-600 002, as the Registrar and Share Transfer Agents of the Company w.e.f 1st April 2003 to deal with the physical as well as electronic share registry.
7. Members are requested to notify immediately any change in their addresses to the Registrar and Share Transfer Agents at their address as given above in the case of physical holdings and to their respective Depository Participant in case of demated shares.
8. Members are requested to furnish details of their nominee in the nomination form that can be obtained from the company on request.

9. Members desiring any information as regards the accounts are requested to write to the company so as to reach the Registered Office at least 5 days before the date of meeting to enable the management to keep the information ready.

10. Members are requested to note that trading of company's shares through Stock Exchanges are permitted only in electronic/demat form. Those members who have not yet converted their holdings into the

electronic form may please consider opening an account with an authorised Depository Participant and arrange for dematerialisation.

11. Members attending the Annual General Meeting are requested to bring with them

i) copy of the annual report received by post.
ii) members holding shares in dematerialised form-their DP Id & Client Id Nos.

iii) members holding shares in physical form - their folio no(s).

**DETAILS OF DIRECTORS SEEKING APPOINTMENT/
RE-APPOINTMENT IN THE FORTHCOMING ANNUAL GENERAL MEETING
(in pursuance of Clause 49 of the Listing Agreement with the Stock Exchanges)**

Name	K.Inoue	A. K. Nair
Age (Years)	47	66
Nationality	Japanese	Indian
Qualification	Majored in Economics	B Sc. Engineering, M.B.A
Expertise	Accountant, Nitta Gelatin Inc.	46 years experience as Manager, General Manager, Executive Director and Managing Director in different Companies which includes as MD of Kerala State Industrial Development Corporation Ltd., and as MD of Kerala Chemicals & Proteins Ltd.
Other Directorships excluding Foreign Companies	Nil	1. Strides Arcolab Limited, Bangalore. 2. CII Guardian International Ltd., Kochi. 3. Guardian Controls India Ltd., 4. Merchem Ltd., Kochi. 5. The Alleppey Co. Ltd., Alleppey 6. V-Guard Industries Ltd., Kochi 7. The Kerala Bailers Pvt. Ltd., Alleppey 8. William Goodacre Sons India P Ltd., 9. Geojit Credits (P) Ltd., Kochi

DIRECTORS' REPORT

To

The Shareholders,

Your Directors have pleasure in presenting the 34th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2010.

FINANCIAL RESULTS

	For the year ended 31 st March, 2010 (Rs. in Crores)	For the year ended 31 st March, 2009 (Rs. in Crores)
Sales (Net of Excise Duty + VAT)	189.56	182.48
Other Income (including Export incentive)	8.09	4.98
TOTAL	197.65	187.46
Gross Profit before Depreciation	38.19	33.21
Deducting therefrom:		
Depreciation	7.43	8.55
Provision for Tax :		
- Current Tax	9.93	2.79
- Deferred Tax	(0.20)	6.57
- Fringe Benefit Tax	-	0.15
- MAT Credit	(4.37)	
- Prior years	(0.06)	0.13
Profit after Tax	25.46	15.02
Balance Profit Available for Appropriation	25.46	15.02
The appropriations are:		
Dividend	5.04	2.52
Tax on Dividend	0.84	0.43
Transfer to General Reserve	13.16	4.00
Profit/(Loss) brought forward from Previous Year	2.90	(5.17)
Balance Profit carried to Balance Sheet	9.32	2.90

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.6/- per share @ 60% of the face value of Rs.10/- per share (including a special dividend of Rs. 2/- per share @ 20% of face value) on the equity capital for the Financial Year ended 31st March 2010, for the approval of the Company in General Meeting. The total outflow on account of dividend inclusive of Corporate Tax on dividend would be Rs. 5.88 Crores.

PERFORMANCE

The Gross Sales of the Company increased by 4% over the previous year to Rs. 194 Crores. The Company could achieve a 16% increase in sales volume of Gelatin and an increased price realization for Gelatin and Ossein during the year. However, in the case of Dicalcium Phosphate (DCP)

the price reduced by Rs. 600/- per MT on an average. The reduction in production of Ossein and DCP also affected Company's performance. The cost of Crushed Bone increased substantially due to shortage of the material in the market, resulting in an additional expenditure of Rs. 7.30 Crores compared to last year. The economic situation resulted in reduction of export of meat and in turn the availability of bones. Moreover, the quality of Crushed Bones affected the yield of products adversely. The profit before tax has increased by 25% over the previous year to Rs. 30.76 Crores. The Company has made a net provision of Rs. 5.30 Crores as Income-tax after setting off Minimum Alternate Tax credit of Rs. 4.37 Crores. As a result, the profit after tax increased by 69.51% over the previous year to Rs. 25.46 Crores. During the year, US Dollar was almost stable vis- a- vis the Rupee. The average realization on Rupees per

US Dollar was Rs. 46.81 as against Rs. 46.57 during the previous year. During the year, the production of Gelatin has increased by 13% to 3988 MT (3522 MT).

During this year also the Company economised its drying operations by extending the use of firewood instead of furnace Oil to more areas, resulting in substantial savings. Use of firewood instead of coal helps in reducing carbon foot-print and as the firewood is costlier than coal, we are eligible to get Carbon Credits. The process of validation is in progress now. The withdrawal of power-cut and additional power tariff with effect from June 2009 also resulted in reduction in power cost. The increased realization and production of Gelatin, savings in fuel cost helped your Company to increase the profit. The achievement of 2009-10 can be attributed to the strength of our brand and our strong and enduring customer relationships backed by the support of our collaborators M/s. Nitta Gelatin Inc., Japan.

Your company increased the production capacity of Gelatin by 500 MT during the current year. Your Company is also making all out efforts for further improvement of performance by increasing the overall yield and optimising the cost of production.

Your company sold 1983 MT of Gelatin in the export market in 23 Countries and 2062 MT in the domestic market. The continued patronage of our valued customers demonstrate their confidence in our Brand. The increased turnover gives credence to your company's ability to keep growing in the most competitive Gelatin market as we continuously update and respond to the changes in customers' preferences.

Your company successfully commissioned a project for manufacture of Meat Meal, a pet food ingredient and Sterilized Bone Meal. A portion of our raw materials, so far being discarded as waste, is being imparted value addition for the ultimate benefit of the Company. The resultant reduction in the waste material quantity enabled a reduction in waste disposal cost as well. Your company also commissioned a project for manufacture of Chitosan. These new products were under stabilization during the year under review and their full benefit is expected to accrue during the current year. As the quantities produced were relatively small their capacity utilization have not been mentioned in the Balance Sheet.

ENTERPRISE RESOURCE PLANNING

Your Company was operating under a semi-integrated software developed in the year 2000-01. To meet the operational requirements of the Company and to increase efficiency and reduce production cost, a decision was taken by your Board to implement an integrated ERP software – **my SAP ERP ECC 6.0 (SAP)**. Your Directors deem it most

appropriate to have adopted the above at a time when the Company is venturing into many diversification projects. The ERP system (SAP) was implemented with effect from 01.04.2010.

AWARDS & ACCOLADES

Your Company has earned several honours. Some of the significant accolades received include:

1. Top Export Award from CAPEXIL - Ossein & Gelatin Panel.
2. ISO 14001:2004 for Gelatin Division for Environmental Management System.

The following internationally recognized Certifications are maintained by your Company:

1. European Directorate for the Quality of Medicines & Health (EDQM) Certificate for Gelatin Division.
2. HACCP Certificate for Ossein Division & Gelatin Division for food safety.

HEALTH, SAFETY AND ENVIRONMENT

Health, Safety and Environment are always prime areas of concern of the Company. Compliance with relevant regulation and effective management of these issues are an integral part of the Company's operating philosophy.

1. Health and Safety

The Company is committed to promote health and safety of its employees. A Safety Audit including mock drill was conducted by a professional company at both divisions and proper training has been imparted to all employees. Your Company has a Safety Committee in place which include representatives from workmen and meets regularly to review issues impacting plant safety and employee health. Regular health check up of the employees is carried out. The plant is well equipped with first-aid room to meet any emergency. A cross functional team for employee health and safety and an emergency action plan are in place.

2. Environment

Out of total plot area of approx. 1,53,900 Sq. Metres, about 10,000 Sq. Metres of land around the boundary of Gelatin Division and about 38,000 Sq. Metres of land in Ossein Division has been allocated as green area which constitute approximately 31% of the total land area comprised in the two Divisions. In the plant we have reduced the Carbon Dioxide emission by implementing various electricity saving projects such as replacing Centrifugal Chillers with energy efficient Screw Chillers & Ammonia Chiller, replacing surface aeration to diffused aeration in waste water treatment plant, installation of variable frequency drives for various equipments, replacing existing lights with energy efficient lights etc.,

The plant has established composting units to convert waste sludge into manure, a value added product. The Company has in place a modern state of the art effluent treatment plant both at Ossein Division and Gelatin Division for treating and discharging water within the limits set by the State Pollution Control Board. The emissions from boilers and generator stacks are monitored regularly. A part of the effluent waste is used for generating bio-gas. The usage of wood instead of coal as a substitute for furnace oil will enable the Company to secure the 'Carbon Credit'. Steps have already been taken to get the scheme registered. The Company is continuously endeavoring to improve the environmental management.

CORPORATE SOCIAL RESPONSIBILITY

During the year, the Company had stood up to its tradition of conducting many community development programmes in and around the two Divisions at Koratty and Kakkanad. A few noteworthy programmes conducted under the aegis of the Company are – (i) provision of drinking water to the families staying in the vicinity of Ossein Division. (ii) extending financial assistance for the free medical camps conducted in the areas surrounding both the Divisions. (iii) extending support to orphanage homes by donating various items. (iv) distributing cash awards to top 3 students in SSLC Examination in Kadukutty & Koratty Panchayats. (v) donating an ambulance to Palliative Care Association, Kadukutty etc. The Company also conducted educational programmes to enlighten the children in the field of leadership and co-operation.

In order to consolidate the CSR activities under the organizational framework, the Company incorporated a Charitable Trust under the name and style **K.T. Chandy – Seiichi Nitta Foundation**. Nitta Gelatin India Limited was set up in Kerala under the leadership of **late Shri K.T. Chandy, the then Chairman of M/s. Kerala State Industrial Development Corporation Limited, Thiruvananthapuram, and Shri Seiichi Nitta, the then President of M/s. Nitta Gelatin Inc., Japan**. The foundation has been registered under the Indian Trust Act.

SUBSIDIARY COMPANIES

1) BAMNI PROTEINS LTD.

The annual production during the year in this subsidiary company was 2366 MT of Ossein and 5284 MT of Dicalcium Phosphate as against 2415 MT and 5533 MT respectively during the previous year. The Company has recorded a net profit of Rs. 42.68 Lakhs as against a profit of Rs. 64.22 Lakhs during the previous year. But for the increase in cost of power and increased depreciation, the Company's profitability would have been higher.

The Directors' Report, Balance Sheet and Profit & Loss Account of Bamni Proteins Ltd. for the year 2009-10 are attached as required under Section 212 of the Companies Act, 1956.

2) REVA PROTEINS LTD.

Your Directors are pleased to report that a wholly-owned new subsidiary company under the name "REVA PROTEINS LIMITED" has been registered on 30.07.2009 to produce 1700 MT of Lined Ossein and the by-product, Dicalcium Phosphate. The land has been allotted by the Gujarat Industrial Development Corporation at JHAGADIA in GUJARAT State to set up a plant. Clearance has been received from the Gujarat Pollution Control Board and the construction activities started during March 2010, are progressing well.

The Directors' Report, Balance Sheet and Profit & Loss Account of Reva Proteins Limited for the year 2009-10 are attached as required under Section 212 of the Companies Act, 1956.

COLLABORATORS

Your Collaborators continue to provide their whole-hearted support to your Company in all its activities.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed.

PERFORMANCE MANAGEMENT PROCESS

The performance Management Process has been used as a strong lever to change the performance culture in the organization. All the key areas (ie., Purchase, Production, Marketing, Process Development, HR and Finance) are revisited and reviewed regularly. Each of the key areas of operations having a significant impact on the bottom-line vis-à-vis the social responsibilities are set as target for various group of employees at all levels and the achievements are constantly evaluated against such targets. This has paved the way for a sense of participation and togetherness among all employees.

HUMAN RESOURCE

Your Company has a good track record of managing its intellectual capital successfully. Identifying and grooming management talent and leadership development at all levels remain the priority. Apart from utilizing the in-house training facilities, employees are imparted extensive on the job training at our Collaborator's factory in Japan. Relationship with the employees remained cordial throughout the year.

PARTICULARS OF EMPLOYEES

None of the employees of the Company is coming under the purview of Section 217(2A) of the