Annual Report 2010-11

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 Advisors	:	1) M. Pathrose Mathai Senior Advocate, Ernakulam
		2) B.S. Krishnan Senior 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
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

CONTENTS

FINANCIAL HIGHLIGHTS (12 Years)

(Rs. in lakhs)

	1999.2000	2000.01	2001.02	2002.03	2003.04	2004.05	2005.06	2006.07	2007.08	2008.09	2009.10	2010.11
Total Income	6397.79	7397.65	8002.33	7969.16	9224.71	9961.69	9966.19	13766.42	14585.97	18645.02	19479.94	21011.69
Sales	5609.94	6561.04	7161.41	7629.65	8601.25	8841.23	9763.86	13119.55	14638.14	18247.75	18940.60	19650.08
Exports	3702.48	4501.28	4698.63	4684.77	5260.42	5424.82	6236.79	7968.00	7950.32	10141.82	9476.42	10092.68
Pre-tax Profit/(Loss)	(370.46)	(170.89)	367.83	(467.02)	(645.82)	(217.49)	(365.65)	721.83	728.91	2466.38	3076.36	251.45
Profit/(Loss) after tax	(485.42)	(198.22)	441.45	(311.05)	(645.82)	(239.72)	(379.65)	592.05	666.07	1501.94	2546.14	189.15
Earnings per share (Rs.)	(5.78)	(2.36)	5.2 6	(3.70)	(7.69)	(2.85)	(4.52)	7.05	7.93	17.88	30.31	2.25
Divided per share (Rs.)	–	–	–	–	–	–	–	1.00	1.5 0	3.00	6.00	4.00
Reserves & Retained Earnings	7246.09	7047.87	7373.33	7077.28	6431.46	6191.75	5812.10	6305.88	6776.98	7984.09	9942.52	9739.87
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	8086.09	7887.87	8213.33	7917.28	7271.46	7022.83	6630.34	7110.95	7590.66	8824.09	10782.52	10579.87
Return on Equity (%)	(6.00)	(2.51)	5.3 7	(3.93)	(8.88)	(3.41)	(5.73)	8.33	8.77	17.02	23.61	1.79
Book Value/ Share (Rs.)	96.26	93.90	97.78	94.25	86.57	83.61	78.93	84.65	90.36	105.05	128.36	125.95
Gross Block	10515.63	10610.15	10746.77	10882.23	11028.25	11578.84	11718.26	11632.38	12402.03	13609.38	14336.36	15674.24
Net Block	8761.70	8113.24	7531.66	6955.03	6411.08	6325.73	5777.68	5236.47	5384.24	5756.45	6297.74	6813.56

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN that the 35th Annual General Meeting of Nitta Gelatin India Limited will be held on Tuesday the 14th June, 2011 at 10.00 AM, at GRAND Hotel, M.G. Road, Ernakulam, Kochi-682 011 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report, the Audited Balance Sheet as at 31st March 2011 and Profit and Loss Account for the year ended on that date and the Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. K.L. Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr.Takeo Yamaki, 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.

SPECIAL BUSINESS

6. To consider and if thought fit to pass the following Resolution as a **SPECIAL RESOLUTION**:

   "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 and subject to such approvals as may be required or necessary, the consent and approval of the Company be and is hereby accorded for the re-appointment of Mr. G. Suseelan as Managing Director for a further period of three years w.e.f. 1st April, 2011 under Article 127 (1) of the Articles of Association of the Company; and that the terms and conditions of his appointment as Managing Director w.e.f 01.04.2010 for a period of 3 years upto 31.03.2013, shall be as detailed in the Explanatory statement to this notice.

   RESOLVED FURTHER THAT notwithstanding anything contained herein above, where, in any financial year, during the currency of the tenure of Mr. G. Suseelan, as Managing Director, the company has no profits or its profits are inadequate, the remuneration payable to Mr. G. Suseelan, shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956 or any modifications thereto and the same shall not, except with the approval of the Central Government, exceed the limits prescribed under the Companies Act, 1956 and Rules made thereunder or any statutory modification or re-enactment thereof."

By Order of the Board,
G.R. Kurup
Company Secretary

Kochi
11-05-2011

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 from 07.06.2011 to14.06.2011 inclusive of both days.
3. The dividend, if declared at the meeting will be paid on or after 23rd June, 2011 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 invariably bring with them the following, in addition to the copy of the Annual Report sent by post.

    i) **ATTENDANCE SLIP sent along with the Annual Report**

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

Item No: 6

As per the terms of Article 127(1) of the Articles of Association of the company, the Managing Director of the company, shall be appointed as per the Promotional Agreement between the promoters, Kerala State Industrial Development Corporation and Nitta Gelatin Inc., Japan. Accordingly, Mr. G. Suseelan was appointed as the Managing Director of the company for a period of three years beginning 01.04.2008. The terms of appointment envisaged that the remuneration payable to the Managing Director will be reviewed at the end of the second year. Thus, the remuneration was due for review as on 01.04.2010.

Besides reviewing the remuneration payable with effect from 01.04.2010, the Remuneration Committee of the Board, at their meeting dated 05.08.2010, had acted on a nomination received from Nitta Gelatin Inc., Japan, and recommended to the Board, the re-appointment of Mr. G. Suseelan as Managing Director of the company on completion of his then tenure which ended on 31.03.2011, for a further period of three years beginning 01.04.2011. The Remuneration Committee recommended revision of terms and conditions w.e.f 01.04.2010; and subsequent to the reappointment for the period as above, as stated hereinbelow. The Board at their meeting dated 05.08.2010, approved the recommendation of the Remuneration Committee, for reappointment and revision of terms and conditions as mentioned above. In pursuance of Section 302 of the Companies Act, 1956, an Abstract of the variation in terms of appointment as well as re-appointment was duly sent to the shareholders on 16.08.2010.

The re-appointment of Mr. G. Suseelan as the Managing Director with effect from 01.04.2011 and the revision of the terms of such re-appointment w.e.f 01.04.2010 as per the Abstract already sent to the shareholders; dated16.08.2010, vide sec.302 of the Act; as hereinbelow detailed, require the approval of the share holders in the General Meeting as per Schedule XIII of the Companies Act, 1956. The Company had inadequate profits as envisaged under Section II, Part II of the said schedule; and hence, the motion is proposed as a Special Resolution, and a Statement of Information as per clause (B) thereof, forms part of this Explanatory Statement. The Special Resolution approving and confirming the terms and conditions being valid for a period of three years upto 31.03.2013, shall be reviewed thereafter.

1. Basic Pay - Rs.1,70,000 /-per month with an annual increment of Rs.15000/-

2. Housing

    a) Company hired accommodation subject to a ceiling of 50% of Basic Pay over and above 20% payable, for which deduction of 20% shall be made from Basic Pay.

b) If Company does not provide accommodation, HRA @50% of Basic Pay will be paid.

3. Furnishing, Gas, Electricity and Water

Reimbursement of actual expenses incurred on Gas, Electricity, Water and furnishing subject to a ceiling of 10% of Basic Pay.

4. Medical benefits

Expenses actually incurred for self and family subject to a ceiling of one month's salary. Unavailed medical benefits for the previous years will be allowed to be carried forward.

5. Personal Accident Insurance

The annual premium not to exceed Rs.5000/- to the Company.

6. Leave Travel concession

Return passage for self and family once in a year by Air by business class to any place subject to a limit of expenses to Rs.1,50,000/- per person.

7. Car

Free use of Company car with driver for official use. Use of car for personal purposes will be billed for.

8. Telephone

Free telephone facility at the residence.

9. Leave and Leave Encashment

On full pay and allowances not exceeding 30 days for every year of service. At the end of the tenure, unavailed leave will be allowed to be encashed on the basis of last pay drawn. Unavailed leave as on 31.03.2010 will be allowed to be carried forward.

10. Club Membership

Membership fee of any two clubs will be reimbursed. No admission or life membership fees will be paid.

11. Entertainment expenses

Entertainment expenses actually incurred in the course of business of the Company will be reimbursed subject to a limit fixed by the Board.

12. Provident Fund

Company's contribution to the Provident Fund- at rates as per Company's rules.

13. Gratuity

15 days' salary at the last drawn rates for every completed year of service. Past service in the Company will also be reckoned for the purpose.

14. Minimum remuneration

In the event of loss or inadequacy of profits in any financial year the Managing Director shall be paid remuneration by way of salary and perquisites as specified above.

15. Period of appointment

Till 31.03.2014 as agreed upon between M/s. Nitta Gelatin Inc., Japan and M/s. Kerala State Industrial Development Corporation Limited, Thiruvananthapuram.

16. Termination of term of office

The Company shall have the right to terminate the term of office of the Managing Director at any time by giving notice of not less than three months in writing or three month's salary and allowances in lieu thereof. The Managing Director shall also have the right to relinquish his office at any time before the expiry of his term by giving notice of not less than three months.

Except Mr. G. Suseelan, no other Director is concerned or interested in this resolution.

By Order of the Board,

Kochi
11-05-2011

G.R Kurup
Company Secretary

STATEMENT GIVEN UNDER THE PROVISIONS OF SECTION II (B), PART II OF SCHEDULE XIII OF THE COMPANIES ACT, 1956

I GENERAL INFORMATION

(1) **Nature of Industry :** The Company is manufacturer of Ossein and Gelatin

(2) **Date or expected date of commencement of commercial production**: The company was incorporated on 13/04/1975

(1) In case of new companies, expected date of commencement of activities as per project approved by the financial institute appearing in the prospectus: N.A

(2) Financial Performance based on given indicators:

(Rs.in lacs)

Particulars	2009-10	2010-11
Sales	18941	19650
Profit after tax	2546	189

(3) Export performance and net foreign exchange collaborations:

(Rs.in lacs)

Year	Export Sales	Forex Earnings
2009-10	9476.42	9551.55
2010-11	10092.68	9915.13

(4) Foreign investment or collaborators, if any: Foreign collaboration of Nitta Gelatin Inc., Japan, a leading global Gelatin manufacturer. NGI holds 46.43% in the Equity of the company

II INFORMATION ABOUT THE APPOINTEE

1. **Background details** : Mr. G. Suseelan is a Bachelor of Engineering(1972) and a Master of Business Administration (1993). He joined the company as a Project Engineer in the year 1975. He associated with the implementation of the Plant for Ossein and Dicalcium Phosphate. He also headed the team for setting up the Gelatin plant at Cochin. He worked in several levels and across various departments, as Production Engineer (1979), Dy. Works Manager(1985), Deputy General Manager(1993), General Manager of Gelatin Division(1997), and was elevated as Executive Director(Operations & Materials) in the year 2001, Director(Operations) in the year2005 with Board participation, and finally as Managing Director in the year 2008. Mr. Suseelan was instrumental in receiving ISO 9002 Certification in the year 1999, EDQM Certification in the year 2002, Certification under the European Union Regulations and ISO 14001. During his tenure as Managing Director, the company diversified from B-2-B segment to the Retail Marketing through production and marketing of Collagen Peptide under the brand name of Gelixer; and also Nutrigold from Gelatin residue. The company is similarly poised to introduce many value-added products in the days to come. The company has during the year 2010-11 introduced the ERP system in software management.

2. **Past remuneration drawn (FY 2009-10)**: Rs.19.88 Lacs

3. **Recognition/Awards/Achievements**: Mr. G. Suseelan is the recipient of Outstanding Chemicals Engineers Award by the Indian Institute of Chemical Engineers. He has also been trained in Japan in Technical and Management areas.

4. **Job Profile and his suitability**: Mr. G. Suseelan exercises substantial executive power, under the control and direction of the Board of Directors of the company. He is responsible for overall operation and working affairs of the company. He is managing under his direct control, the core departments of the company viz. production, marketing, accounts, information technology, human resource development and purchase. Considering his experience and ability to skillfully coordinate all the departments for the growth of the company, he is best suited for the responsibility as Managing Director of the company.

5. **Remuneration proposed**: The remuneration payable is outlined in item 6 of the Explanatory Statement to the Notice for the AGM.

6. **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person**: The proposed remuneration is comparatively lower than the similar designated/positioned executives in the industry.

7. **Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any**: Mr. G. Suseelan does not have any other direct or indirect pecuniary relationship with the management.

III **OTHER INFORMATION**

1. **Reasons of loss or inadequate profits:**

During the financial year ended 31.03.2011, the company has registered lower profits on account of the following factors:

a. Increase in cost of major input materials, mainly Crushed Bone and Hydrochloric Acid due to unavoidable external market factors.

b. Increase in cost of utilities due to scarcity of Firewood and increase in cost of Firewood and Furnace oil.

c. Additional Expenditure incurred on marketing and brand building of new consumer products.

d. Inability to fully pass on the increased costs to customers in view of stiff market competition and impact of decline in exchange rates on sales realization.

The Company has taken several steps to address the adverse situations including periodically negotiating the sales rates with customers, setting up a new wholly owned subsidiary in Gujarat to produce Limed Ossein which will lead to a reduction in product costs, diversification into new products including consumer products and acquisition of a new facility at Aroor, Alleppey District, Kerala as part of the expansion programme. These initiatives are expected to significantly contribute to increase in volumes and profitability in the near future.

IV **DISCLOSURE**

1. A draft resolution and detailed explanatory statement about the re-appointment and remuneration of Mr. G. Suseelan is presented under the Notice convening the ensuing Annual General Meeting.

2. The details regarding remuneration package etc., of all other directors, are produced in the Corporate Governance Report, annexed to the Directors' Report.

By Order of the Board,

Kochi
11-05-2011

G.R Kurup
Company Secretary

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. L. Kumar**	**T. Yamaki**	**G. Suseelan**
Age (Years)	69	52	60
Nationality	Indian	Japanese	Indian
Qualification	B.SC., Engineering (Mech)	Engineer	B.SC., Engineering , MBA
Expertise	Former Chairman and Managing Director of Kochi Refineries Ltd. 15 years in engineering consultancy services; 22 years with Kochi Refineries Ltd., out of which 12 years as Chairman and Managing Director	Long tenure with Nitta Gelatin Inc., Japan. Presently, General Manager, Gelatin Division	37 years experience out of which 35 years in manufacturing Ossein and Gelatin, and has worked in the Company in various capacities. He was appointed as Whole-time Director w.e.f 01.04.2005, and later on became the Managing Director of the company, effective from 01.04.2008.
Other Directorships excluding Foreign Companies	Nil	Nil	1.Bamni Proteins Ltd 2.Reva Proteins Ltd

DIRECTORS' REPORT

To

The Shareholders,

Your Directors have pleasure in presenting the 35th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS

	For the year ended 31ST March, 2011 (Rs. in Crores)	For the year ended 31st March, 2010 (Rs. in Crores)
Sales (Net of Excise Duty & VAT)	196.50	189.41
Other Income (including Export incentive)	8.65	7.98
TOTAL	**205.15**	**197.39**
Gross Profit before Depreciation	10.94	38.19
Deducting therefrom:		
Depreciation	8.43	7.43
Provision for Tax -		
- Current Tax	0.52	9.93
- Deferred Tax	0.41	(0.20)
- MAT Credit	-	(4.37)
- Prior years	(0.31)	(0.06)
Profit after Tax	1.89	25.46
Balance Profit Available for Appropriation	1.89	25.46
The appropriations are:		
Dividend	3.36	5.04
Tax on Dividend	0.56	0.84
Transfer to General Reserve	0.19	13.16
Profit brought forward from Previous Year	9.32	2.90
Balance Profit carried to Balance Sheet	7.10	9.32

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 4/- per share @ 40% of the face value of Rs.10/- per share on the equity capital for the financial year ended 31st March 2011, 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. 3.92 Crores.

PERFORMANCE

The Gross sales of the company touched Rs. 202 crores during the year thereby maintaining the percentage increase of 4% over the previous year. During the year, the Company could achieve improvement in net realization for all its existing products over the previous year. Ossein prices marked an increase of 8%, DCP 15% and Gelatin by 3% over the previous year. Besides the Company has ventured into the retail consumer market with its maiden consumer product **GELIXER COLLAGENPEP** (for healthy joints, promotes cartilage health, maintains joint flexibility and mobility) during the year under review and could attain a sale of 1.23 Lakh Jars within nine months. Other new products launched include **SEEDAID** and **NUTRIGOLD** (for higher germination rate of seeds and growth rate for agricultural produces), **MEAT MEAL** (a pet food ingredient) and **CHITOSAN** (applications in Cosmetics, Bio-medical and Nutritional Products). In addition to **BOVINE COLLAGEN PEPTIDE** introduced during the previous year, the Company has successfully commenced the manufacture and sale of **FISH COLLAGEN PEPTIDE** as well.

Our main raw material, Crushed Bone is a byproduct of the meat industry. Last year, in the aftermath of global recession, the meat export from India reduced considerably. Moreover, there was a shift in domestic consumption from beef to poultry products. These had reduced slaughtering. Added to this, the growth of poultry industry increased the consumption of Meat-cum-Bone Meal, a poultry feed ingredient made out of bones. This scenario also had led to a reduction in the production of Crushed Bone eventually leading to its increase in price.

Similarly, the demand for Caustic Soda had reduced due to which the chlor- alkali companies reduced production of Hydrochloric Acid at a time when there was a heavy demand. This has contributed to a phenomenal increase in cost of Hydrochloric Acid, the other major raw material for Ossein production.

As a result of the above, Crushed Bone price increased by 22% and HCl prices by 92% over the previous year. This price increase had pulled down the net profit by Rs. 1344.01 Lakhs due to Crushed Bone and Rs. 558.05 Lakhs due to Hydrochloric Acid. Company's first consumer product, Gelixer CollagenPep, being a new entrant in the consumer market, expenses on product launch and market promotion touched Rs. 393.11 Lakhs. The decline in USD/INR exchange rate from Rs. 46.81 in the previous year to Rs. 45.27 in the current year had cost us Rs. 3.07 Crores. The Company is trying to pass on these escalation in costs to our customers. However, due to the peculiarities of our products/industry, it will take some time to accomplish this fully.

The incremental revenue that could be generated from improved sales realization, enhancement in sale quantities and the launch of new products was more than offset by the negative impact of all the aforesaid adverse situations causing a decline in profits during the year. Net Profit before tax for the year is Rs. 2.51 Crores. The Company has made a net provision of Rs. 0.62 Crore as Income-Tax. Net Profit for the year after tax works out to Rs. 1.89 Crores.

In spite of all these adverse factors, we could maintain our supplies to our major customers. Also we continued our endeavour to grow. Keeping in line with our strategy for growth, we have taken steps to add more value added products in our basket. Besides, with newly acquired facilities, we propose to establish a few of our new projects/ products. Your Company sold 1774 MT of Gelatin in the export market in 30 Countries and 1693 MT in the domestic market in 2010-11. The continued patronage of our valued customers demonstrate their confidence in our Brand. The constant demand for our product 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 customer's preferences.

ACQUISITION OF FACTORY AT AROOR

During the year, your Company has acquired the assets including land and factory building at a total outlay of Rs. 777.31 Lakhs in Aroor Industrial Estate, Alappuzha District.

AWARDS & ACCOLADES

Your Company has received several awards during the year. 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.
3. Best SME Award 2010 for International Trade from Yes Bank and Business Today.
4. ISO 9000 for Quality Management System of the Company.
5. NABL Accreditation for in-house Laboratory.

The following internationally recognized Certifications have been 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

Your Company continues to lay great emphasis on Health, Safety and Environment. Every possible effort is being channelised by the Company to comply with the relevant regulations and their effective management.

1. Health and Safety

The Company is committed to promoting the health and safety of its employees for which regular medical check-ups are being arranged. All its Divisions have Safety Committee which includes representation from workmen. The Committee meets regularly to review issues impacting plant safety and employee health. The plants are 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 the 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 have been allocated as green area which constitute approximately 31% of the total land area comprised in the two divisions.

The Company has in place modern state of the art effluent treatment plants both at Ossein Division and Gelatin Division for treating and discharging effluent water well 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 for Ossein Division. We continue our endeavour to protect the environment and at the same time avail incentives like carbon credit. The Company continuously strives to improve on environmental management to minimize any adverse impact.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has pursued its activities under Corporate Social Responsibility during this year as well. A few noteworthy programmes conducted under the aegis of the Company are – (i) provision of energy efficient lamps for families staying in the vicinity of Ossein Division (ii) conducting free medical camps (iii) conducting various awareness programmes to local people etc.,

The activities of the Charitable Trust, **K.T. Chandy – Seiichi Nitta Foundation**, promoted by the Company for spearheading CSR activities, include donations for house construction for poor families jointly with Koratty Panchayat. The other regular activities continued during the year.

SUBSIDIARY COMPANIES

1) BAMNI PROTEINS LTD.

The annual production during the year in this subsidiary company was 2407 MT of Ossein and 5295 MT of Dicalcium Phosphate as against 2366 MT and 5284 MT respectively during the previous year. The Company has recorded a net profit of Rs. 27.52 Lakhs after tax as against Rs. 42.68 Lakhs during the previous year. But for the increase in cost of power and other utilities, the Company's profitability would have been higher.

The Directors' Report, Balance Sheet and Profit & Loss Account of Bamni Proteins Ltd. for the year 2010-11 are attached as required under Section 212 of the Companies Act, 1956.

2) REVA PROTEINS LTD.

The new Plant owned by the subsidiary company "REVA PROTEINS LIMITED" with a capacity to produce 1700 MT of Limed Ossein and the by-product, Dicalcium Phosphate has reach ed an advanced stage of completion and is slated for commissioning during the first quarter of 2011-12. The net loss after tax of the Company was Rs. 31.96 Lakhs as against Rs. 60.31 Lakhs for the previous year.

The Directors' Report, Balance Sheet and Profit & Loss Account of Reva Proteins Limited for the year 2010-11 are attached as required under Section 212 of the Companies Act, 1956.

AUDITORS' REPORT

i) Note No. B 13 (b) (1) of Schedule - 19 to the accounts refered to in para (3) of the Auditor's Report is self-explanatory and no further comments are called for.

ii) Observation of audit vide para 9 (b) of the Annexure to the report is explained in detail in para B 13 (a) of Schedule - 19 to the accounts.

COLLABORATORS

Your Collaborators continue to provide their whole-hearted co-operation to your Company in all its activities. They have been supporting us by providing technical information, training of personnel and deputation of experts to our facilities.

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

A Performance Management Process has been introduced in the Company in earlier years to act as a catalyst for its ambitious growth plans. This has been further streamlined to encompass every key area of operation such as Purchase, Production, Marketing, Process Development, HR and Finance. Under each of the key areas of operations, critical parameters having a significant impact on the bottom-line are identified and specific targets are set by the management to be collectively pursued for attainment by various group of employees selected from all levels and the achievements are constantly evaluated against such targets. This has paved the way for a sense of participation and togetherness among employees at all levels.

HUMAN RESOURCE

Your Company continuously strives to foster a culture of high performance. Your Management has infused a lot of rigor and intensity in its people development processes and in honing skill sets. Company's HR processes are absolutely aligned to organizational goals.

Ongoing learning, aligning, recognition and rewards with performance have enabled your Company to successfully manage its growth plans.

PARTICULARS OF EMPLOYEES

None of the employees of the Company are coming under the purview of Section 217(2A) of the Companies Act, 1956. Details of managerial remuneration under Section 198 of the Act, are furnished under Note No. B2 of Schedule 19 forming part of the Accounts.