



Nitta Gelatin India Limited



37th Annual Report 2012-13

live life to the fullest



Dear Shareholders



NORIMICHI SOGA
President



Economic development in the emerging markets, more particularly in the Asian region where per capita income is increasing significantly, is expected to result in increased demand for the company's products in the health food and pharmaceutical markets. Given the above background, your company with a strong footing in Gelatin and Collagen Peptide is poised to reach greater heights in the years to come.

Of course, there are challenges also like the global economic slowdown caused by fiscal problems in Europe, rising prices for raw materials, increase in energy costs etc., and the group as a whole is formulating ways and means to overcome these.

To commemorate the first century of inception in 2018, the Nitta Group has formulated a new corporate slogan "Amaze the World!", as well as three principles to attain it, "Be More Dynamic, Quicker, with Team Play". Following a century of great tradition with a more sparkling one in the horizon, Nitta Group reaffirms its commitment to preserve nature and nurture its improvement in every action. Through proactive insights into the customer and market needs, the group shall work to develop products, applications and services well ahead of customer's expectations.

I am confident that your company, being a prominent member in the Nitta Group, is strong, committed and well-positioned for a bright future.

Best regards,



Norimichi Soga

Nitta Gelatin Inc.

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



V. SOMASUNDARAN I.A.S
Additional Chief Secretary



I am happy to note that your company's sustained efforts for improving performance have resulted in the top line registering a growth of 26% and PAT, of 207%. This achievement is a testament to the dedication and strength of all our stakeholders.

Apart from efforts for optimizing cost, the company is taking steps to strengthen its manufacturing facilities to create a competitive advantage for its customers and an excellent working environment.

It is also heartening to note that M/s. Nitta Gelatin Inc., Japan has made an equity investment in the subsidiary of the company, M/s. Reva Proteins Ltd. thereby reassuring their commitment and confidence in the company and I am thankful to them for their continued support.

I thank our stakeholders for their continued interest and support.

With best wishes,



V. Somasundaran

**Industries Department
Government of Kerala
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 SEVENTH 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 37th Annual General Meeting of the Company to be held on Friday, the 5th July, 2013 at 10.30 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.

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Annual Report 2012-13

BOARD OF DIRECTORS

Chairman : V. SOMASUNDARAN, IAS

Directors : TOM JOSE, IAS
 NORIMICHI SOGA
 T. YAMAKI
 HIROSHI TAKASE
 K. RAMAKRISHNAN
 A. K. NAIR
 K. L. KUMAR
 T. P. THOMASKUTTY

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, Club House 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

Website : www.gelatin.in

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SUBSIDIARY COMPANIES

BAMNI PROTEINS LTD. : PO Dudholi - Bamni, Via Ballarpur 442 701, Dist. Chandrapur, Maharashtra, India.

REVA PROTEINS LTD. : Plot No. 832, GIDC Industrial Estate, Jhagadia 393 110, Dist. Bharuch, Gujarat, India.

FINANCIAL HIGHLIGHTS (12 Years)

	2001.02	2002.03	2003.04	2004.05	2005.06	2006.07	2007.08	2008.09	2009.10	2010.11	2011.12	2012.13
(Rs. in lakhs)												
Total Income	8002.33	7969.16	9224.71	9961.69	9966.19	13766.42	14585.97	18645.02	19479.94	20638.94	24694.12	30897.61
Sales*	7161.41	7629.65	8601.25	8841.23	9763.86	13119.55	14638.14	18247.75	18940.60	19650.08	23810.08	29714.01
Exports (FOB)	4698.63	4684.77	5260.42	5424.82	6236.79	7968.00	7950.32	10141.82	9476.42	10092.68	13829.03	15620.93
Pre-tax Profit/(Loss)	367.83	(467.02)	(645.82)	(217.49)	(365.65)	721.83	728.91	2466.38	3076.36	251.45	653.48	2613.01
Profit/(Loss) after tax	441.45	(311.05)	(645.82)	(239.72)	(379.65)	592.05	666.07	1501.94	2546.14	189.15	508.08	1558.30
Earnings per share (Rs.)	5.26	(3.70)	(7.69)	(2.85)	(4.52)	7.05	7.93	17.88	30.31	2.25	6.05	18.55
Dividend per share (Rs.)	-	-	-	-	-	1.00	1.50	3.00	6.00	4.00	4.00	4.00
Reserves & Retained Earnings	7373.33	7077.28	6431.46	6191.75	5812.10	6305.88	6776.98	7984.09	9942.52	9739.87	9857.44	11070.49
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	8213.33	7917.28	7271.46	7022.83	6630.34	7110.95	7590.66	8824.09	10782.52	10579.87	10697.44	11910.49
Return on Equity (%)	5.37	(3.93)	(8.88)	(3.41)	(5.73)	8.33	8.77	17.02	23.61	1.79	4.75	13.08
Book Value/Share (Rs.)	97.78	94.25	86.57	83.61	78.93	84.65	90.36	105.05	128.36	125.95	127.35	141.79
Gross Block	10746.77	10882.23	11028.25	11578.84	11718.26	11632.38	12402.03	13609.38	14336.36	15674.24	16299.51	17106.60
Net Block	7531.66	6955.03	6411.08	6325.73	5777.68	5236.47	5384.24	5756.45	6297.74	6813.56	6867.78	6794.23

* Sales is net of excise duty on domestic sales and freight & insurance on export sales.

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN that the 37th Annual General Meeting of Nitta Gelatin India Limited will be held on Friday, the 05th July, 2013 at 10.30 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 2013 and the Statement of Profit and Loss for the year ended on that date and the Auditors' Report thereon.
2. To ratify the interim dividend declared by the Board of Directors.
3. To appoint a Director in place of Mr. N.Soga, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A. K. Nair, 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 with or without modification, 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 terms and conditions of appointment of Mr. G. Suseelan as the Managing Director of the Company under

Article 127(1) of the Articles of Association for a further period of one year w.e.f. 1st April, 2013; and that the terms and conditions shall be as detailed in the Explanatory statement to this notice.

Kochi
29.05.2013

By Order of the Board
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. Members holding shares in the same name or same order under different ledger folios are requested to apply for clubbing into one folio.
3. 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.
4. 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 to deal with the physical as well as electronic share registry.
5. 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.
6. Members are requested to furnish details of their nominee in the nomination form that can be obtained from the company on request.
7. 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.

8. 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.
9. Members attending the Annual General Meeting are requested to invariably bring with them the 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 Ltd. and Nitta Gelatin Inc., Japan. Accordingly Mr. G. Suseelan was re-appointed as the Managing Director of the company for a period of three years beginning 01.04.2011 upto 31.03.2014 and the terms and conditions of his re-appointment as Managing Director w.e.f 01.4.2010 were approved for a period of three years upto 31.3.2013. The terms and conditions of re-appointment were approved for a period of only three years as per the provisions of Schedule XIII to the Companies Act, 1956 in the context of inadequacy of profits prevailing at that time. Thus while the period of re-appointment is to run a period of three years ending 31.03.2014; the corresponding approval for terms of appointment is running a period only upto 31.03.2013. Hence the terms and conditions of his re-appointment already approved in the 35th General Meeting for a period of three years with effect from 01.04.2010 as detailed below be extended for a further period of one year from 01.04.2013 to 31.03.2014 in order to be co-extensive with the period of appointment. Hence, this resolution .

1. *Basic Pay* - Rs. 170,000/- per month as on 01.04.2010 with an annual increment of Rs. 15,000/-
2. *Housing*
 - a) Company hired accommodation subject to a ceiling 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.150,000/- per person.

7. *Car*

Fee 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 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.

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.

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.

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

16. Termination of term of office

The Company shall have the right to terminate the term of office of the Managing Director at Kochi 29.05.2013

By Order of the Board,

G.R Kurup
Company Secretary

DETAILS OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT/APPROVAL OF TERMS & CONDITIONS IN THE FORTHCOMING ANNUAL GENERAL MEETING
(in pursuance of Clause 49 of the Listing Agreement with the Stock Exchanges)

Name	N. Soga	A. K. Nair	G. Suseelan
Age (Years)	64	68	62
Nationality	Japanese	Indian	Indian
Qualification	Majored in faculty of Textile Science from Kyoto Institute of Technology	B.Sc., Engineering, MBA	B.SC., Engineering , MBA
Expertise	39 years experience in Gelatin business. He has worked as CEO and Director in companies like Nitta Gelatin Holding Inc.,Nitta Casings Inc.,Nitta Gelatin NA Inc., Nitta Gelatin USA Inc., Nitta Gelatin Canada 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 and Proteins Ltd.	39 years experience out of which 37 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		1. Strides Arcolab Ltd., Bangalore 2.CII Guardian International Ltd., Cochin 3.Guardian Controls India Ltd. 4.Merchem Ltd., Cochin 5.The Alleppey Co.Ltd., Alleppey 6.V-Guard Industries Ltd., Cochin 7.The Kerala Bailers Pvt. Ltd., Alleppey 8.William Goodacre Sons India Pvt. Ltd., Alleppey 9.Geojit Credit Pvt. Ltd., Cochin, 10.Seabird Seaplane Services Ltd.	1. Bamni Proteins Ltd 2.Reva Proteins Ltd

DIRECTORS' REPORT

To
The Shareholders,

Your Directors have pleasure in presenting the 37th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2013.

FINANCIAL RESULTS

	(Rs. in Crores)	
Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Sales (including export incentives and net of Excise Duty & VAT)	306.22	245.81
Other Income	2.76	1.13
TOTAL	308.98	246.94
Gross Profit before Depreciation	35.87	15.51
Deducting therefrom:		
Depreciation	9.74	8.97
Provision for Tax -		
- Current Tax	9.37	2.20
- Deferred Tax	0.03	(0.23)
- MAT Credit	-	(0.48)
- Prior years	1.15	(0.03)
Profit after Tax	15.58	5.08
Balance Profit Available for Appropriation	15.58	5.08
Appropriations:		
Interim Dividend	3.36	-
Final Dividend	-	3.36
Tax on Dividend	0.57	0.54
Transfer to General Reserve	1.56	0.51
Profit brought forward from previous year	7.77	7.10
Balance Profit carried to Balance Sheet	17.86	7.77

DIVIDEND

The Board of Directors of the Company in their meeting held on 3rd May, 2013 declared an interim dividend of Rs. 4/- per share @ 40% of the face value of Rs. 10/- per share absorbing a sum of Rs.393.10 Lakhs (including dividend distribution tax of Rs.57.10 Lakhs) which is subject to regularisation by the shareholders in the ensuing Annual General Meeting.

The Board of Directors of the Company do not recommend any further dividend for the year under consideration.

RESERVES

Reserves as on 31.03.2013 were Security Premium Reserve Rs. 2730.00 Lakhs, Capital Investment Subsidy Rs.15.00 Lakhs, Special Export Reserve Rs. 79.00 Lakhs, General Reserve Rs. 6412.56 Lakhs, Hedging Reserve Rs.47.85 Lakhs and surplus in Statement of Profit and Loss Rs. 1786.08 Lakhs.

PERFORMANCE

The company could increase the production/sale of all its major products during the year resulting in its gross turnover registering an increase of 26% (as against 20% during the previous year) to touch