



Nitta Gelatin India Limited



33rd Annual Report 2008-2009

Dear Shareholders



NORIMICHI SOGA
President



MANOJ JOSHI I.A.S.
Managing Director



Greetings from Nitta Gelatin Inc., Japan.

Mr. Seiichi Nitta and Mr. K. T. Chandy, who jointly promoted your company way back in 1974, had a vision. The evolution and success of NGIL is a great tribute to them. I am sure that with the full co-operation and support of all stake holders, NGIL will continue on a successful growth path in the years ahead.

I consider NGIL as part of Nitta Gelatin Group, one of the largest Gelatin manufacturers in the world. We are committed to extend full support for all future endeavours of NGIL.

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

Norimichi Soga

Nitta Gelatin Inc.

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

It gives me great pleasure to write this message on the occasion of completion of 30 years of operation of Nitta Gelatin India Limited and a decade of commencement of gelatin production. I am happy that the company has accomplished excellent results during the past three years and is back on a sustainable growth track. The company has recently commissioned a new facility to manufacture Collagen Peptide, a functional food supplement and is in the process of further expanding gelatin capacity. There are also other projects under consideration.

I wish to assure that Kerala State Industrial Development Corporation stands committed to the growth and prosperity of NGIL. I thank every shareholder of NGIL for the co-operation and support.

Together, let us look ahead with confidence.

My best wishes to one and all.

Manoj Joshi

**Kerala State Industrial
Development Corporation Ltd.**

Keston Road, Kowdiar, Trivandrum 695 003, India.



Chairman : **Manoj Joshi, IAS**
 Managing Director : **G. Suseelan**
 Directors : **Norimichi Soga**
 T. Yamaki
 K. Inoue
 A. K. Nair
 Venu Nallur
 K. Ramakrishnan
 K. L. Kumar

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 : Cameo Corporate Services Ltd.
 Transfer Agents : 1, ClubHouse Road,
 Chennai - 600 002
 Tel : 044-28460390;
 Fax : 044-28460129
 E-mail : cameo@cameoindia.com
 Registered Office : Post BOX 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

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FINANCIAL HIGHLIGHTS (12 Years)

(Rs. in lacs)

| | 1997-98 | 1998-99 | 1999-2000 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
|------------------------------|---------|----------|-----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Total Income | 4755.45 | 5604.53 | 6397.79 | 7397.65 | 8002.33 | 7969.16 | 9224.71 | 9961.69 | 9966.19 | 13766.42 | 14585.97 | 18645.02 |
| Sales | 4365.03 | 4963.43 | 5609.94 | 6561.04 | 7161.41 | 7629.65 | 8601.25 | 8841.23 | 9763.86 | 13119.55 | 14638.14 | 18247.75 |
| Exports | 3495.91 | 3640.04 | 3702.48 | 4501.28 | 4698.63 | 4684.77 | 5260.42 | 5424.82 | 6236.79 | 7968.00 | 7950.32 | 10141.82 |
| Pre-tax Profit/(Loss) | 853.91 | 768.38 | (370.46) | (170.89) | 367.83 | (467.02) | (645.82) | (217.49) | (365.65) | 721.83 | 728.91 | 2466.38 |
| Profit/(Loss) after tax | 753.91 | 677.38 | (485.42) | (198.22) | 441.45 | (311.05) | (645.82) | (239.72) | (379.65) | 592.05 | 666.07 | 1501.94 |
| Earnings per share (Rs.) | 17.95 | 8.06 | (5.78) | (2.36) | 5.26 | (3.70) | (7.69) | (2.85) | (4.52) | 7.05 | 7.93 | 17.88 |
| Dividend per share (Rs.) | 3.00 | 2.50 | - | - | - | - | - | - | - | 1.00 | 1.50 | 3.00 |
| Reserves & Retained Earnings | 4503.91 | 7731.52 | 7246.09 | 7047.87 | 7373.33 | 7077.28 | 6431.46 | 6191.75 | 5812.10 | 6305.88 | 6776.98 | 7984.09 |
| Share Capital | 420.00 | 840.00 | 840.00 | 840.00 | 840.00 | 840.00 | 840.00 | 840.00 | 840.00 | 840.00 | 840.00 | 840.00 |
| Shareholders' Funds | 4923.91 | 8571.52 | 8086.09 | 7887.87 | 8213.33 | 7917.28 | 7271.46 | 7022.83 | 6630.34 | 7110.95 | 7590.66 | 8824.09 |
| Return on Equity (%) | 15.31 | 7.90 | (6.00) | (2.51) | 5.37 | (3.93) | (8.88) | (3.41) | (5.73) | 8.33 | 8.77 | 17.02 |
| Book Value/ Share (Rs.) | 117.24 | 102.04 | 96.26 | 93.90 | 97.78 | 94.25 | 86.57 | 83.61 | 78.93 | 84.65 | 90.36 | 105.05 |
| Gross Block | 1662.48 | 10152.12 | 10515.63 | 10610.15 | 10746.77 | 10882.23 | 11028.25 | 11578.84 | 11718.26 | 11632.38 | 12402.03 | 13609.38 |
| Net Block | 880.81 | 9159.12 | 8761.70 | 8113.24 | 7531.66 | 6955.03 | 6411.08 | 6325.73 | 5777.68 | 5236.47 | 5384.24 | 5756.45 |

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN that the 33rd Annual General Meeting of Nitta Gelatin India Limited will be held on Thursday, the 18th June, 2009 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 2009 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. K. Ramakrishnan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. N. Soga, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Takeo Yamaki, appointed in the casual vacancy caused by the resignation of Mr. T. Nishio,

a retiring Director. Thus, Mr. Takeo Yamaki retires by rotation and being eligible, offers himself for re-appointment.

6. 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 re-appointment 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
11-05-2009

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 9.06.2009 to 18.06.2009 inclusive of both days.
3. The dividend, if declared at the meeting will be paid on or after 25th June, 2009 to those shareholders whose names appear on the Register of Members as on 18.06.2009 (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 the Dividend Warrants can be drawn indicating Account Number therein, in order to avoid possible fraud.
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 physi-

cal 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 Exchang-

es 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. Ramakrishnan | N. Soga | T. Yamaki |
|---|---|---|---|
| Age (Years) | 73 | 60 | 50 |
| Nationality | Indian | Japanese | Japanese |
| Qualification | M.Sc., CAIIB | Majored in Faculty of Textile Science from Kyoto Institute of Technology, | Engineer |
| Expertise | Former Managing Director of State Bank of Travancore and former Deputy Managing Director of State Bank of India. Vast experience in Finance and Banking | 35 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. | Long tenure with Nitta Gelatin Inc., Japan. Presently General Manager, Gelatin Division |
| Other Directorships excluding Foreign Companies | Nil | Nil | Nil |

DIRECTORS' REPORT

To

The Shareholders,

Your Directors have pleasure in presenting their Report and Statement of Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS

| | For the year ended 31 st March, 2009 (Rs. in Crores) | For the year ended 31 st March, 2008 (Rs. in Crores) |
|---|---|---|
| Sales (Net of Excise Duty + VAT) | 182.48 | 146.38 |
| Other Income (including Export incentive) | 4.98 | 4.90 |
| TOTAL | 187.46 | 151.28 |
| Gross Profit before Depreciation | 31.15 | 13.73 |
| Deducting therefrom: | | |
| Depreciation | 6.49 | 6.44 |
| Provision for Tax | | |
| Current Tax | 2.79 | 0.83 |
| Deferred Taxation | 6.57 | - |
| Fringe Benefit Tax | 0.15 | 0.14 |
| Income Tax provision for earlier years | 0.13 | (0.34) |
| Profit after Tax | 15.02 | 6.66 |
| Balance Profit Available for Appropriation | 15.02 | 6.66 |
| The appropriations are: | | |
| Dividend | 2.52 | 1.26 |
| Tax on Dividend | 0.43 | 0.21 |
| Transfer to General Reserve | 4.00 | 0.34 |
| Profit/(Loss) brought forward from Previous Year | (5.17) | (10.02) |
| Balance Profit (Loss) carried to Balance Sheet | 2.90 | (5.17) |

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 3 per share (30%) for the financial year ended 31st March 2009. The dividend payout will aggregate to Rs. 252.00 Lakhs and the tax on distributed profit payable by the Company would amount to Rs. 42.83 Lakhs.

PERFORMANCE

Sales increased by 25% over the previous year to Rs. 182.48 Crores mainly due to increased production, increase in unit sale realization and better sales mix. Cost of material remained almost same. The profit before tax has increased by 238% over the previous year to Rs. 24.66 Crores.

The Company had to make a provision of Rs. 6.57 Crores as deferred tax as per Accounting Standard AS 22. As a result, profit after tax increased by 126% only over the previous year to Rs 15.02 Crores. During the year, there was a wide fluctuation in US Dollar. The average realization of Rupee against US Dollar was Rs. 46.57 as against Rs. 39.55 during the previous year. The production at Ossein Division increased by 4%. However, production at Bamni Proteins Ltd. (BPL), the subsidiary Company, was almost same. Gelatin production increased from 3090 MT to 3522 MT an increase of 14%. This year the Company changed its drying operations from Furnace Oil to Firewood to more areas both at Ossein Division and Gelatin

Division, resulting in substantial savings. The increase in power tariff and introduction of power-cut by KSEB increased the power cost by Rs. 240.65 Lakhs. The Furnace Oil cost also increased substantially during the first nine months. However, increased realization of DCP, increased production of Gelatin, depreciation of Rupee against US Dollar, savings in fuel cost due to switch over from Furnace Oil to Wood helped your Company to increase the profit substantially. The achievement of 2008-09 can be attributed to the strength of our brand and, strong and enduring customer relationships backed by the commitment of collaborators M/s. Nitta Gelatin Inc., Japan. During the year Food and Veterinary Office of European Union conducted the Audit successfully, which helped your company to increase its exports to USA and Europe and also to Indian customers who are exporting their product to USA and Europe.

Your company increased the production capacity of Gelatin by 400 MT during the current year and work is under progress to increase the capacity by further 500 MT. Your Company is also making all out efforts for further improvement of performance by increasing the yield and reducing the production cost. Small groups of employees have been constituted for each area of operation to improve the efficiency and reduce cost and the results are encouraging.

Your Company sold 2064 MT of Gelatin in the export market in 19 Countries and 1413 MT in the domestic market. The continued patronage of our valued customers demonstrates their confidence in our Brand. The increased turnover gives credence to your company's ability to keep growing in most competitive Gelatin market as we continuously update and respond to the changes in customers' preferences. Your company also successfully commissioned a project for manufacture of Collagen Peptide, a value added Gelatin product used as functional food. Work for a plant to manufacture 660 MT of Meat Meal and 360 MT of Sterilized Bone Meal is almost completed. It will utilize the solids that go into effluent and convert to value added products used in pet food and poultry feed.

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 is an integral part of the Company's operating philosophy.

1. Environment

The Company has in place modern effluent treatment plants both at its Ossein Division and Gelatin Division for treating and discharge of waste water. Water conservation is a thrust area and recycling activities have continuously been encouraged and implemented. The emissions from boilers and generator stacks are monitored regularly. A part of the effluent waste is used for generating bio-gas. Activities are on to produce value added products from the production waste. As a part of various energy saving measures with the resultant decrease in carbon footprint, the Company has commissioned wood fired boilers which will help significant reduction in atmospheric emissions. The usage of wood instead of coal as an alternate source of Furnace Oil will enable the Company to secure the "Carbon Credit". Steps have already been taken to get the scheme registered. The Company continuously endeavors to improve the environmental management to minimize the adverse environmental impact.

2. Health and Safety

The Company is committed to promote health, and safety of its employees. The Company has a Safety Committee which meets regularly to review issues impacting plant safety and employee health. Regular health check up of the employees is carried out by a reputed hospital.

BAMNI PROTEINS LTD.

The annual production during the year was almost equal to that of the previous year. The Company also recorded a net profit of Rs. 64.22 Lakhs as against a profit of Rs. 20.19 Lakhs during the previous year. The increase in furnace oil cost, cost of coal and also power cost substantially reduced the profit margin of Bamni Proteins Ltd.

The Directors' Report, Balance Sheet and Profit & Loss Account of Bamni Proteins Ltd. for the year 2008-09 are attached as required under Section 212 of the Companies Act, 1956.

AUDITORS' REPORT

Note No. 16 (b) (i) 1 of Schedule No. 21 to the accounts referred to in the Auditors' Report are self explanatory and no further comments are called for.

COLLABORATORS

Your Collaborators continue to provide their whole-hearted support to your Company.

CHANGE OF NAME

M/s. Nitta Gelatin Inc., Japan, principal promoters of the Company, is one of the leading Gelatin manufacturers in the world and enjoys considerable brand name. In order to take advantage of the global acceptance of the brand name of "Nitta", the Company changed its name from Kerala Chemicals and Proteins Limited to Nitta Gelatin India Limited. The Registrar of Companies, Kerala has approved the change in name with effect from 02.06.2008. Your Directors would like to thank the collaborators, M/s. Nitta Gelatin Inc., Japan, for allowing your Company to use their brand name.

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) were revisited and reviewed regularly. Performance Management Workshops were also held to reinforce the understanding and philosophy of the Performance Management Process. Goals/Targets are set and each activity is monitored closely.

HUMAN RESOURCE

Relations with the employees remained cordial throughout the year. Various training

programmes are conducted regularly to enrich the knowledge of employees at all levels.

PARTICULARS OF EMPLOYEES

None of the employees of the Company is 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 21 forming part of the Accounts.

RESPONSIBILITY STATEMENT OF DIRECTORS

Directors responsibility statement on the Annual Accounts of the Company for the year ended 31.3.2009, pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956.

Your Directors confirm:

- i) That in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- ii) That they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2009 and of the profit of the Company for the year ended 31st March 2009.
- iii) That they have taken proper and sufficient care for the maintenance of adequate accounting records in safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That they have got prepared the annual accounts on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Report on Management Discussion and Analysis is annexed.

CORPORATE GOVERNANCE

A report on Corporate Governance along with Certificate of Compliance from the Auditors is Annexed.

ADDITIONAL DISCLOSURES

Keeping in view the requirements of the Listing Agreement and the Accounting Standards of the Institute of Chartered Accountants of India, your Company has made additional disclosures in respect of Consolidated Financial Statements, Related Party Transactions and Segmental Reporting.

DIRECTORS

Mr. P.H. Kurian IAS, who had been the Chairman of the Company with effect from 30.07.2004 ceased to hold Office consequent on the Kerala State Industrial Development Corporation Limited withdrawing his nomination upon his assuming office as Controller General of Patents, Designs and Trade Marks at Mumbai. Mr. Manoj Joshi IAS, was nominated as Director, and Chairman of the Company with effect from 23.01.2009. The Directors place on record their deep appreciation of the guidance and directions given by Mr. P.H. Kurian IAS, as the Chairman of the Company during the period when the Company was passing through difficult times, and extends warm welcome to Mr. Manoj Joshi IAS, as Chairman of the Company.

Mr. T. Nishio resigned from the Board with effect from 10.05.2009 and in the casual vacancy caused by his resignation, the Board appointed Mr. Takeo Yamaki as Director of the Company with

effect from 11.05.2009. The Directors place on record their appreciation of the valuable services rendered by Mr. T. Nishio and extends warm welcome to Mr. T. Yamaki.

Under the provisions of the Articles of Association of the Company and the Companies Act, 1956, Mr. K. Ramakrishnan, Mr. N. Soga and Mr. T. Yamaki (appointed at the Board Meeting dated 11th May 2009, in the casual vacancy caused by the resignation of Mr. T. Nishio) retire by rotation and are eligible for re-election. Necessary resolutions in this behalf have been proposed for consideration of the members. Your Directors have pleasure in recommending their appointment/re-appointment.

The information on the particulars of Directors seeking appointment/re-appointment as required under Clause 49 of the Listing Agreement executed with Stock Exchange has been furnished under Corporate Governance Report.

AUDITORS

M/s. Varma & Varma, the retiring auditors, are eligible for re-appointment and a Special Resolution is being proposed for their re-appointment.

ACKNOWLEDGEMENT

The Board wishes to place on record its sincere appreciation of the efforts put in by the Company's employees including staff and executives for achieving excellent results under difficult conditions.

The Board also wishes to thank the State and Central Governments, M/s. Nitta Gelatin Inc., M/s. Kerala State Industrial Development Corporation Limited, Company's Bankers, Customers, Suppliers and Shareholders for their continued co-operation and support.

For and on behalf of the Board,

Kochi,
11th May 2009

MANOJ JOSHI IAS
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

(A) CONSERVATION OF ENERGY

- (a) During the year energy conservation measures were continued.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

CONSERVATION OF ENERGY

Energy conservation activities carried out in Ossein Division :

1. Installation of 100 KVAR capacitor for power factor improvement to 0.95, at 0.6 Lakh investment.
2. Reduction of lighting loads by 20 units/day, by replacing 40 W tube lights with CFL lamps in specific areas.
3. For one series DCP drying, hot air generator was converted to wood fired furnace system from furnace oil fuel, thereby reducing FO consumption.
4. Installation of 1600 KVA energy efficient transformer is in progress.
5. Installation of 8 Nos. powerless roof turbine fans to replace exhaust fans to save 18 units per hour.

ACTIVITIES IN GELATIN DIVISION

1. 4 Nos. energy efficient cooling towers were installed at Rs 11 Lakh investment, to save 200 units per day.
2. Installed 100 KVAR capacitor bank to improve power factor to 0.98, at investment of 0.8 lakh.
3. Operating efficiency improvement by 10% was made for brine chiller units.
4. Turbine ventilator for wet process area building, using of energy savers for air compressors, using VFD for cooling towers, using energy efficient aeration system for aeration tank in effluent treatment area are in progress now.
5. New cooling tower for gelatin dryer was installed to improve the cooling efficiency and reducing chilled water requirement, at Rs 16 Lakh investment, to save 500 units per day.

Proposal

1. Additional 150 KVAR capacitor is planned in 2009-10 to improve Power Factor to 0.95.
2. Installation of cooling towers for liming unit to save 1500 unit per day in progress.

(B) TECHNOLOGY ABSORPTION

Technology for Ossein, Dicalcium Phosphate, Lined Ossein and Gelatin obtained from the foreign collaborators have been fully absorbed and improved upon. Your Collaborator has now supplied the technology for manufacture of Collagen Peptide, a food supplement. With the active support of the Collaborators the consumption of utilities like Furnace Oil, and power were reduced. The company is making continuous efforts towards technology absorption, adaptation and innovation in respect of Gelatin.

RESEARCH & DEVELOPMENT

The Company is constantly engaged in activities of research and development. These are carried out at the R&D Centre of the Company approved by the Department of Scientific & Industrial Research, Govt. of India. It continues to make significant contributions towards its assigned goals of product and process development besides cost reduction. The Company has continued to accelerate the pace of new product introduction viz., Collagen Peptide, Meat Meal, Chitosan, Sterilized Bone Meal and Organic Manure. The laboratory is currently working on line extensions of the existing products. The Company has set up a trained and dedicated research team within the R&D department to further strengthen the activities.

EXPENDITURE ON R&D

(Rs. in lakhs)

| | Current year | Previous year |
|-------------------------------|--------------|---------------|
| a. Capital | 5.76 | 12.02 |
| b. Development Expenses | 23.06 | 14.75 |
| c. Recurring Expenses | 13.28 | 14.38 |
| Percentage to turnover | 0.23 | 0.28 |

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in lakhs)

| | Current year | Previous year |
|-------------|--------------|---------------|
| a. Earnings | 10149.82 | 7950.31 |
| b. Outgo | 472.42 | 179.44 |

FORM-'A'

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO
CONSERVATION OF ENERGY**

A. POWER AND FUEL CONSUMPTION:

| | Current year (2008-09) | Previous year (2007-08) |
|---|---------------------------------------|--|
| 1. Electricity | | |
| a. Purchased | | |
| Units (KWH in lakhs) | 229.13 | 205.43 |
| Total Amount (Rs. in lakhs) | 1091.03 | 763.46 |
| Rate/Unit (Rs.) | 4.76 | 3.72 |
| b. Own Generation | | |
| Through Diesel Generator Unit (KWH in lacs) | 4.15 | 3.29 |
| Unit per litre of Diesel Oil | 2.88 | 2.10 |
| Cost/Unit (Rs.) | 12.43 | 15.78 |
| 2. Furnace Oil | | |
| Quantity (in KL.) | 2561.00 | 3943.00 |
| Total Amount (Rs. in lakhs) | 640.25 | 731.93 |
| Average rate (Rs. per KL.) | 25000.00 | 18562.00 |
| 3. Firewood | | |
| Quantity (in MT) | 30195.00 | 19380.00 |
| Total Amount (Rs. in lakhs) | 525.15 | 299.97 |
| Average rate (Rs. per MT.) | 1739.00 | 1548.00 |

B. CONSUMPTION PER UNIT OF PRODUCTION:

| | Current year (2008-09) | Previous year (2007-08) |
|-----------------------------|---------------------------------------|--|
| Product - Ossein | | |
| 1. Electricity (KWH) per MT | 1467.28 | 1389.27 |
| 2. Furnace Oil (KL) per MT | NIL | 0.003 |
| 3. Firewood (MT) per MT | 0.978 | 0.974 |
| Product - Gelatin | | |
| 1. Electricity (KWH) per MT | 3122.84 | 3405.91 |
| 2. Furnace Oil (KL) per MT | 0.53 | 0.98 |
| 3. Firewood (MT) per MT | 6.40 | 4.98 |

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

THE STRUCTURE AND DEVELOPMENTS IN THE GELATIN/OSSEIN INDUSTRY

Nitta Gelatin India Limited (NGIL) has been producing Gelatin, Ossein and Dicalcium Phosphate. Ossein is sold to M/s. Nitta Gelatin Inc., (NGI), the Collaborators. Gelatin caters to the demand of photo, food and pharmaceutical industry both in the domestic and international markets.

SEGMENT-WISE PERFORMANCE

1) Exports

NGIL continued with its efforts to increase its export market spread of Gelatin and could successfully increase the Gelatin export sales. The Ossein export demand has been steady from NGI.

2) Domestic

NGIL further increased the presence in the domestic market by targeting the quality conscious pharmaceutical customers. NGIL's Gelatin continues to command a premium in the domestic market. The market for DCP has been firm with the poultry industry doing well in the past year.

3) Opportunities

Besides its strong presence in the Pharmaceutical market, the company proposes to increase its market presence in the edible gelatin market. The edible market is not affected by recession and the demand of this segment is expected to be firm through the year. The company has started the manufacture and sale of Collagen Peptide a value added derivative of Gelatin used as a functional food. The company expects to market this product and increase its production in the medium term.

4) Threats

The biggest threat facing the industry is the global economic meltdown and consequent ripple effect in Gelatin consumption. Even though there is a possibility of drop in demand for capsules used in health and nutrition products, the demand for capsules for therapeutic products continues to grow. Also, being a food ingredient, the demand for edible grade Gelatin, will be steady. In anticipation of a likely fall in demand as a result of the economic recession, as a precautionary measure, the company plans to expand its market presence in the

edible market segment. Also the company is exercising strict credit control to avoid to the extent possible any risk of default in payment. Monsoon performance can also lead to increase in power cost. The demand of Gelatin for photographic applications is steadily declining. As a result, NGI's requirement of Ossein is also likely to vary.

5) Outlook

The Company proposes to further increase its Gelatin manufacturing capacity to 4000MT/annum. Various steps have been taken to increase its presence both in the Indian and overseas markets. The Company has already commenced export and domestic sale of its new product Collagen Peptide and the product is expected to be well accepted by the market as a functional food ingredient.

Our collaborators have intimated us that the offtake of Ossein during 2009-10 may be less than that of 2008-09. With a steady demand for all poultry products, the demand for DCP is expected to be steady during the current year.

INTERNAL CONTROL SYSTEM

NGIL has evolved a system of internal controls to ensure that assets are safeguarded, transactions are authorised, recorded and correctly reported. The internal control system is supported by management reviews. Planned periodic reviews are carried out for identification of control deficiencies, bridging gaps with best practices and formulation of time bound action plans to minimise risk. To further strengthen internal control, a firm of Chartered Accountants has been appointed to do internal audit whose scope of work and work programme is reviewed by the Audit Committee at the beginning of each year. The findings of the Internal Auditors are discussed with the Audit Committee regularly every quarter and adequate mitigatory steps are taken to plug weaknesses pointed out. The Board is of the view that appropriate procedures and controls are operating and monitoring procedures are in place.

In line with the requirement of Clause 49 of the Listing Agreement, the company has put in place a Risk Management Framework and the findings/ recommendations are discussed with the Board of Directors/Audit Committee. Risk Management as a formal concept is an integral part of

the business process and the recommendations are being implemented.

FINANCIAL PERFORMANCE

Turnover increased by 25% to Rs.182.48 Crores during the year ended 31st March 2009 as compared to Rs. 146.38 Crores during the previous year. Ossein turnover increased by 20% mainly on account of increase in price and depreciation of Rupee against US Dollar. Gelatin turnover increased by 30% to Rs. 84.06 Crores compared to 64.89 Crores during the previous year mainly on account of increase in sales quantity and weakening of Rupee against US Dollar. DCP sales increased by 21% to Rs. 52.31 Crores compared to Rs. 43.18 Crores mainly on account of increase in volume and price.

The Gross profit (earnings before interest, depreciation and taxes) for the current year was Rs. 34.49 Crores as against Rs.17.61 Crores in the previous year. The operating profit (including other income) was Rs. 31.16 Crores as against Rs. 13.73 Crores in the previous year.

The interest expenses and depreciation for the current year was Rs.3.34 Crores and Rs. 6.50 Crores as against Rs. 3.88 Crores and Rs.6.44 Crores of the previous year.

With reference to Working Capital, Accounts Receivable has slightly increased primarily due to increase in sales value and there has been increase in liability mainly on account of provision for Excise Duty & Duty Drawback claim. The secured and unsecured loan decreased considerably due to better inventory control and better performance of the Company.

DEVELOPMENT IN HUMAN RESOURCE MANAGEMENT

During the year under review, your Company focussed on further developing its employees' performance in Management Process to a more sharply differentiated one, improving every individual's clarity on the organizational expectation from its employees. During the year under review, your Company focussed on continuous engagement with its employees. We have embarked upon a number of initiatives to improve your Company's brand as an employer so as to attract and retain talent. Our initiatives continue to focus on making your Company a great place to work. We continue to provide growth opportunities for our employees based on their merits and this has proved to be one of the successful ways to attract and retain talent. The recruitment lead time was significantly reduced leading to availability of employees.

The Company has 356 employees on its rolls as on 31st March 2009.

RISKS AND CONCERNS

Certain statements in the "Management Discussion and Analysis" section may be forward looking and are made as required by applicable laws and regulations. Many factors including unforeseen developments may affect the actual results, which could be different from what the Directors envisage now in terms of the future performance and outlook.

The Management has belief that the strategic direction of your Company is sound and will continue to exceed the shareholders expectation both short-term and long-term.

CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY

The Company's philosophy of Corporate Governance is that it ensures excellence in every sphere of operation consistent with the highest ethical standards and transparent with all stakeholders in the Company including shareholders, lenders, creditors and employees.

2. BOARD OF DIRECTORS

Composition

The present strength of the Board is nine. The Board has a combination of executive and non

executive Directors who are eminent professionals in their respective fields with wide range of skills and experience. They are drawn from amongst persons with proven track record in business/finance/public enterprises.

No. of Board Meetings held during the year alongwith the dates of the meetings.

Five (5) Board meetings were held during the year 2008-09 on 9.05.08, 28.06.08, 30.07.08, 29.10.08, and 13.01.09.

The composition and attendance at the Board Meetings and Annual General Meeting during the year and the other Directorships/Committee Memberships in other Indian Public Limited Companies as on 31.03. 2009 were as follows:

| Sl. No. | Name of the Director | Category | Shareholding in the company | Board Meetings attended | Attendance in last AGM, Yes or No | Business relationship with NGIL | Other Directorships | Other Committee Memberships | |
|---------|--|---------------|-----------------------------|-------------------------|-----------------------------------|--|---------------------|-----------------------------|----------|
| | | | | | | | | Member | Chairman |
| 1. | Mr. Manoj Joshi, IAS Nominee of Kerala State Industrial Development Corporation Ltd. (Appointed as Chairman w.e.f. 23.01.2009) | Non-Executive | Nil | Nil | No | Nil | 7 | -- | -- |
| 2. | Mr. G. Suseelan (Appointed as Managing Director w.e.f. 1.04.2008) | Executive | Nil | 5 | Yes | Chairman, Bamni Proteins Ltd. | 1 | -- | -- |
| 3. | Mr. A.K. Nair (Originally appointed as Director w.e.f. 19-07-1996, Managing Director w.e.f. 01.04.1998 and Director w.e.f. 01.04.2008). | Non-Executive | 50 | 5 | Yes | Director, The Travancore Cochin Chemicals Ltd., Director, Strides Arcolab Ltd. Bangalore | 6 | 2 | 1 |
| 4. | Mr. K. Ramakrishnan (Appointed w.e.f. 16.04.1997) | Non-Executive | Nil | 5 | Yes | Nil | -- | -- | -- |
| 5. | Mr. K.L. Kumar (Appointed w.e.f. 8-12-2003) | Non-Executive | Nil | 5 | Yes | Nil | -- | -- | -- |
| 6. | Mr. Venu Nallur (Nominee of KSIDC (Appointed as Director w.e.f. 30.07.2004) | Non-Executive | Nil | 4 | Yes | Nil | 3 | -- | -- |

| Sl. No. | Name of the Director | Category | Shareholding in the company | Board Meetings attended | Attendance in last AGM, Yes or No | Business relationship with NGIL | Other Directorships | Other Committee Membership* | |
|---------|--|---------------|-----------------------------|-------------------------|-----------------------------------|--|---------------------|-----------------------------|----------|
| | | | | | | | | Member | Chairman |
| 7. | Mr. N. Soga Nominee of Nitta Gelatin Inc.(Appointed w.e.f.14.05.2005) | Non-Executive | Nil | 1 | No | President, Nitta Gelatin Inc., Japan | -- | -- | -- |
| 8. | Mr. T. Nishio Nominee of Nitta Gelatin Inc.(Appointed w.e.f.27-06-2005) | Non-Executive | Nil | 2 | Yes | Executive Officer, Nitta Gelatin Inc., Japan | 1 | -- | -- |
| 9. | K. Inoue (Nominee of Nitta Gelatin Inc.)(Appointed w.e.f 26-06-2005) | Non-Executive | Nil | 1 | No | Accountant, Nitta Gelatin Inc., Japan | -- | -- | -- |

* Chairmanship/Membership of the Audit Committee and Shareholders' Grievance Committee alone are considered.

Recommendations complied with

The Board of Directors has an optimum combination of executive and non-executive directors with more than 50% of the Directors being non-executive Directors. The Company has not paid any commission to the non-executive Directors.

3. AUDIT COMMITTEE

The Company has a qualified and independent Audit Committee of the Board conforming to the requirements as prescribed by the SEBI on Corporate Governance as well as consequent amendment to the listing agreement with the Stock Exchanges. The Committee consists of 3 non-executive directors namely Mr. K. Ramakrishnan, Mr. Manoj Joshi IAS and Mr. K.L. Kumar. Mr. K. Ramakrishnan, former Managing Director of State Bank of Travancore with vast knowledge and experience in accounts and finance, is the Chairman of the Audit Committee. The terms of reference of the Audit Committee sufficiently covers the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with Stock Exchanges and include overseeing of financial reporting process and development of financial information, ensuring the correctness of financial statements, reviewing with management, internal and external Auditors the adequacy of internal control system, reviewing the Company's financial and risk management policies and reviewing the related party transactions.

Six Audit Committee Meetings were held during the year 2008-09, the dates of which are 22.04.08, 8.05.08, 30.07.08, 29.10.08, 13.01.09 and 23.03.09. The attendance of members are as follows:

| Name of Directors | Category | No. of meetings attended |
|---|----------|--------------------------|
| Mr. K. Ramakrishnan | Chairman | 6 |
| Mr.P.H. Kurian (upto 13.01.09) | Member | 5 |
| Mr Manoj Joshi IAS* (w.e.f.16.03.09) | Member | 1 |
| Mr. K.L. Kumar | Member | 5 |

*In place of Mr. P.H. Kurian, IAS pursuant to change in Chairmanship.

4. REMUNERATION COMMITTEE

The Remuneration Committee presently consists of Mr. Manoj Joshi IAS, as Chairman, Mr. K. Ramakrishnan and Mr. K.L. Kumar, as members. The terms of reference of the Committee includes remuneration and terms and conditions of appointment of Executive Directors and Senior Management Personnel. During 2008-09, the Remuneration Committee held one meeting on 28.06.2008.

Details of remuneration for the year 2008-2009

Executive Directors:

| Name | Salary (Rs.) | PF (Rs.) | Other benefits (Rs.) | Total (Rs.) |
|-----------------|--------------|----------|----------------------|-------------|
| Mr. G. SUSEELAN | 10,80,000 | 1,29,600 | 6,97,399 | 19,06,999 |

Non-Executive Directors:

| Name | Sitting Fees (Rs.) |
|---|--------------------|
| Mr P.H. Kurian IAS (1.04.08 to 22.01.09) | 41000 |
| Mr. Manoj Joshi IAS (23.01.09 to 31.03.09) | 5000 |
| Mr. A.K. Nair | 98000 |
| Mr. K. Ramakrishnan | 46000 |
| Mr. K.L. Kumar | 75000 |
| Mr. Venu Nallur | 20000 |

5. SHAREHOLDERS' GRIEVANCE COMMITTEE

The Board has set up a Shareholders' Grievance Committee to address matters/complaints concerning share transfers/transmission of shares issued by the Company, issue of duplicate Share Certificate, split, consolidation etc. Presently the committee consists of three non executive Directors, namely Mr. Manoj Joshi IAS, as Chairman, Mr. K. Ramakrishnan and Mr. K.L. Kumar, as members. The reconstituted committee met on 11.05.2009 to consider shareholder grievances pertaining to the financial year 2008-09

Name and designation of Compliance Officer : Mr. G. R. Kurup, Company Secretary
 Number of shareholders complaints received so far : 1
 Number not resolved to the satisfaction of the shareholders : Nil
 Number of pending share transfers : All transfer requests received upto 31-03-09 have been registered

6. GENERAL BODY MEETINGS:
a) Date, Time and Location of three preceding Annual General Meetings

| AGM | Financial year | Day | Date | Time | Location |
|------------------|----------------|----------|------------|----------|------------------------|
| 32 nd | 2008 | Saturday | 28.06.2008 | 10.00 AM | Grand Hotel, Ernakulam |
| 31 st | 2007 | Saturday | 16.06.2007 | 09.30 AM | Grand Hotel Ernakulam |
| 30 th | 2006 | Thursday | 22.06.2006 | 09.30 AM | Grand Hotel Ernakulam |

b) Special resolutions have been passed at the last three Annual General Meetings as under:

| Date of AGM | Nature of Special Resolution |
|-------------|--|
| 28.06.2008 | Appointment of auditors and fixation of remuneration |
| 16.06.2007 | Appointment of auditors and fixation of remuneration |
| 22.06.2006 | Appointment of auditors and fixation of remuneration |

c) Postal Ballot was proposed during the year vide notice dispatched on 15.04.08 which was aimed at amending the Name Clause and the Objects Clause of the Memorandum of Association and also for modifying the enabling clauses with respect to the promotional agreement entered between the joint venture partners i.e., Kerala State Industrial Development Corporation Ltd. and Nitta Gelatin Inc., Japan. Consequent to obtaining the requisite majority from the shareholders, approval was sought from the Registrar of Companies (ROC) and the ROC, Kerala had vide certificate dated 02.06.2008 approved the changes as aforesaid. The name of the company was thus changed to Nitta Gelatin India Limited.

While according approval, the ROC had prescribed that Clause 2 to 7 of the erstwhile 'Main Objects' clause of the Memorandum of Association has to be brought into the 'Other Objects' clause instead of 'Incidental and Ancillary Object' as originally proposed to the shareholders vide postal ballot dated 15.04.08.

Yet another Postal Ballot was undertaken vide notice dated 20.08.08 in order to carry out the above amendment, which obtained assent from the shareholders, declared by Chairman on 30.09.08 and consequent approval from ROC vide certificate dated 15.10.2008.

The aforesaid postal ballot exercises were conducted and scrutinised by Mr. Jayan K., Company Secretary-in-Practice.

The amendments were thus carried out in the Memorandum and Articles of Association of the Company.

7. CODE OF CONDUCT

The Board approved the Code of Conduct applicable to the Board Members and the senior management personnel of the Company at its meeting held on 30.01.2006. The code has been posted on the website of the Company www.gelatin.in. All Board members and senior management personnel have affirmed compliance with the code and a declaration to this effect signed by the CEO is annexed to this report.

8. DISCLOSURES

There have been no materially significant related party transactions with the Company's Promoters, Directors, the Management, their Subsidiaries which may have potential conflict with the interests of the Company. The necessary disclosures regarding the transactions with Related parties are given in the Notes to the Accounts (See Note No. 11B in Schedule 21 B of Standalone Financial Statement).

10. GENERAL SHAREHOLDERS' INFORMATION

1. Annual General Meeting, date, time & venue: 18th June, 2009 at 10.00 A.M at Grand Hotel, M.G.Road, Ernakulam, Kochi-682 011.
2. Financial calendar : 1st April 2008 to 31st March 2009
3. Dates of book closure : 9.06.2009 to 18.06.2009 (both days inclusive)
4. Dividend payment date : 25.06.2009
(if declared at the Annual General Meeting)
5. The Company's Equity Shares are listed on the following Stock Exchanges.
 1. Cochin Stock Exchange Ltd., MES Building, Kaloor Kochi - 682 017.
 2. Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.
6. Stock Code : 506532 (BSE)
7. Market price data (monthly High and Low) of the Company's Equity shares traded on Bombay Stock Exchange, in comparison to BSE Sensex during the Period April 2008 to March 2009 is given below.

| Year | Month | Market price of NGIL shares | | BSE Sensex | |
|----------|-----------|-----------------------------|-------|------------|-----------|
| | | High | Low | High | Low |
| 2008 | April | 68.00 | 52.00 | 17,480.74 | 15,297.96 |
| | May | 66.00 | 56.55 | 17,735.70 | 16,196.02 |
| | June | 63.25 | 46.00 | 16,632.72 | 13,405.54 |
| | July | 60.85 | 42.00 | 15,130.09 | 12,514.02 |
| | August | 67.50 | 55.40 | 15,579.78 | 14,002.43 |
| | September | 65.00 | 42.05 | 15,107.01 | 12,153.55 |
| | October | 53.90 | 29.75 | 13,203.86 | 7,697.39 |
| | November | 49.50 | 40.10 | 10,945.41 | 8,316.39 |
| | December | 50.00 | 38.30 | 10,188.54 | 8,467.43 |
| | 2009 | January | 65.10 | 46.00 | 10,469.72 |
| February | | 64.55 | 53.00 | 9,724.87 | 8,619.22 |
| March | | 69.65 | 51.60 | 10,127.09 | 8,047.17 |

There were no instances of non compliance on any matter relating to the capital markets during the last three years. The Company has complied with all the applicable accounting standards. No personnel of the Company has been denied access to the Audit Committee of the Company (in respect of matters involving alleged misconduct). The company has provided protection to "whistle blowers" from unfair termination and other unfair or prejudicial employment practices. The Company has laid down procedures to inform Board members about the risk assessment and minimisation procedures. These procedures are periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

9. MEANS OF COMMUNICATION

Quarterly results are published in prominent daily newspapers namely the Financial Express (English) and Mathrubhumi (Malayalam). Immediately after the approval of the Board, the financial results are transmitted to the Stock Exchanges where the shares of the Company are listed

8. Registrars and Share Transfer Agents:
With effect from 1st April, 2003 the company has appointed Cameo Corporate Services Limited, "Subramanian Building", 1, Club House Road, Chennai-600 002 as Registrars & Share Transfer Agents to deal with both physical and electronic Share Registry.

transfers/transmission of shares issued by the Company, issue of duplicate certificates and certificates after split/consolidation/renewal. The Share Transfer Committee comprised of Mr.A.K.Nair, Director as Chairman and Mr.G.Suseelan, Managing Director and Mr.K.L.Kumar, Director as members. During the year, the committee held eight meetings.

9. Share transfer system
The Share Transfer Committee considers

10. Distribution of Shareholding and Shareholders Profile

a) Distribution of shareholding as at 31st March, 2009

| No. of Equity Shares held | No. of shareholders | %age of shareholders | NO. OF SHARES HELD | | | Total | % of share holding |
|---------------------------|---------------------|----------------------|--------------------|---------|--------|---------|--------------------|
| | | | Physical | NSDL | CDSL | | |
| 1-500 | 4197 | 89.12 | 157327 | 313843 | 116200 | 587370 | 6.99 |
| 501-1000 | 256 | 5.44 | 32000 | 129656 | 38754 | 200410 | 2.39 |
| 1001-10000 | 241 | 5.12 | 46150 | 364260 | 194694 | 605104 | 7.20 |
| 10001 and above | 15 | 0.32 | 3900300 | 3017510 | 89306 | 7007116 | 83.42 |
| Total | 4709 | 100.00 | 4135777 | 3825269 | 438954 | 8400000 | 100.00 |

b) Shareholders Profile as on 31st March 2009

| Category | No. of shareholders | %age shareholders | No. of shares held | % of shareholding |
|---------------------------|---------------------|-------------------|--------------------|-------------------|
| Resident Indians | 4526 | 96.11 | 1442224 | 17.17 |
| Foreign Collaborator | 1 | 0.02 | 3900300 | 46.43 |
| Indian Collaborator | 1 | 0.02 | 2862220 | 34.07 |
| Domestic Companies | 122 | 2.59 | 139436 | 1.66 |
| Financial Institutions | 2 | 0.04 | 19248 | 0.23 |
| NRIs | 22 | 0.47 | 9010 | 0.11 |
| Mutual Funds | 6 | 0.13 | 3280 | 0.04 |
| Banks | 2 | 0.04 | 200 | 0.00 |
| Clearing Member NSDL/CDSL | 27 | 0.58 | 24082 | 0.29 |
| TOTAL | 4709 | 100.00 | 8400000 | 100.00 |

11. Dematerialisation of Shares
As at 31st March, 2009, there are 4264223 shares, representing 50.76% of the paid-up share capital in dematerialised form. This includes 3825269 shares (45.54%) in NSDL and 438954 shares (5.22%) in CDSL. Eighty seven shares have been re-materialised during the year.

2. Kinfra Export Promotion Industrial Parks Ltd., PB. No.3109, Kusumagiri P.O., Ernakulam District, Pin-682 030.

13. Address for investor correspondence:
Cameo Corporate Services Ltd,
"Subramanian Bldg", 1, Club House Road, Chennai-600 002. Tel: 044-28460390, Fax: 044-28460129 Email:cameo@cameoindia.com
Nitta Gelatin India Limited,
PB No. 4262, 54/1446, SBT Avenue, Panampilly Nagar, Kochi-682 036, Kerala. Tel: 0484 -2317805, Fax : 0484-2310568
Email : secretarial@nittagelindia.com

12. Plant Locations :
The Company's plants are located at:
1. Kathikudam P.O., Via. Koratty, Trichur District, Pin- 680 308.

14. Designated e-mail id for investor complaints/grievance redressal
investorcell@nittagelindia.com

Note: Shareholders holding shares in electronic mode should address all correspondence to their respective depository participant. Non-mandatory disclosures are not being included in the report except disclosures relating to Remuneration Committee

Kochi
11-05-2009

By Order of the Board
Manoj Joshi IAS
Chairman

**DECLARATION OF COMPLIANCE OF CODE OF BUSINESS
CONDUCT AND ETHICS**

As per the affirmations received from the Directors and Senior Executives of the Company, the Directors and Senior Executives have complied with the provisions of the Code of Business Conduct and Ethics applicable to Directors and Senior Executives of the Company.

Kochi
11-05-2009

Sd/-
G.SUSEELAN
Managing Director

CERTIFICATE

The Members,
Nitta Gelatin India Limited
Kochi-36

1. We have examined the compliance of conditions of corporate governance by Nitta Gelatin India Ltd, Kochi-36 for the year-ended 31.03.2009 as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges in India.
2. The compliance of conditions of corporate governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the above-mentioned Listing Agreement.
4. As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that no investor grievances are pending for the period exceeding one month against the company as per the records maintained by the Shareholders/ Investors Grievances Committee.
5. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For VARMA AND VARMA
Chartered Accountants

Kochi-16
11-05-2009

R. RAJASEKHARAN
M. No. 22703
Partner

NITTA GELATIN INDIA LIMITED
(Formerly Kerala Chemicals & Proteins Ltd.)
BALANCE SHEET AS AT 31ST MARCH , 2009

| | Schedule No | As at 31.3.2009 Rupees | As at 31.3.2008 Rupees |
|---|----------------|------------------------------|------------------------------|
| I. SOURCES OF FUNDS | | | |
| 1. Shareholders' Funds: | | | |
| (a) Capital | 1 | 84,000,000 | 84,000,000 |
| (b) Reserves & Surplus | 2 | 798,409,021 | 677,697,932 |
| | | 882,409,021 | 761,697,932 |
| 2. Loan Funds: | | | |
| (a) Secured Loans | 3 | 76,687,050 | 223,101,761 |
| (b) Unsecured Loans | 4 | - | 8,824,200 |
| 3. Deferred Tax Liability (See Note B (7)(a) of Schedule 21) | | | |
| | | 65,650,000 | - |
| | | 1,024,746,071 | 993,623,893 |
| II. APPLICATION OF FUNDS | | | |
| 1. Fixed Assets: | | | |
| (a) Gross Block | 5 | 1,360,937,735 | 1,240,203,447 |
| (b) Less: Depreciation | | 785,292,484 | 701,779,101 |
| (c) Net Block | | 575,645,251 | 538,424,346 |
| (d) Capital Work-in-Progress (See Note B (10) of Schedule 21) | | 39,477,071 | 17,752,284 |
| | | 615,122,322 | 556,176,630 |
| 2. Investments | | | |
| | 6 | 35,990,237 | 35,990,237 |
| 3. Current Assets, Loans & Advances: | | | |
| (a) Inventories | 7 | 312,425,030 | 340,028,316 |
| (b) Sundry Debtors | 8 | 117,448,677 | 110,028,294 |
| (c) Cash and Bank Balances | 9 | 6,818,273 | 13,477,063 |
| (d) Other Current Assets | 10 | 36,990,554 | 31,087,470 |
| (e) Loans & Advances | 11 | 46,976,177 | 33,338,944 |
| | | 520,658,711 | 527,960,087 |
| Less: Current Liabilities & Provisions: | | | |
| (a) Liabilities | 12 | 94,473,915 | 94,878,474 |
| (b) Provisions | 13 | 52,551,284 | 34,256,795 |
| | | 147,025,199 | 129,135,269 |
| Net Current Assets | | | |
| | | 373,633,512 | 398,824,818 |
| 4. Miscellaneous Expenditure (To the extent not written off or adjusted) | | | |
| | 14 | - | 2,632,208 |
| | | 1,024,746,071 | 993,623,893 |
| TOTAL | | | |
| Notes on Accounts | 21 | 1,024,746,071 | 993,623,893 |

As per our separate report of
even date attached
for VARMA AND VARAMA
Chartered Accountants

(R.RAJASEKHARAN)
M.No. 22703
Partner

Kochi
May 11, 2009

MANOJ JOSHI IAS
Chairman

A.K. NAIR
Director

VENU NALLUR
Director

G. RAJESH KURUP
Company Secretary

G. SUSEELAN
Managing Director

K. RAMAKRISHNAN
Director

K.L. KUMAR
Director

NITTA GELATIN INDIA LIMITED
(Formerly Kerala Chemicals & Proteins Ltd.)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

| | Schedule No. | Current Year Rupees | Previous Year Rupees |
|--|-----------------|------------------------|-------------------------|
| INCOME | | | |
| Gross Sales | | 1,873,377,235 | 1,511,124,479 |
| Less: Freight & insurance on export sales | | 12,258,009 | 12,358,614 |
| Less: Excise Duty collected on domestic sales | | 36,344,346 | 34,952,195 |
| Net Sales | | 1,824,774,880 | 1,463,813,670 |
| Other Income | 15 | 49,839,210 | 49,000,241 |
| Stock Differential-(Decrease)/Increase | 16 | (10,112,352) | (54,216,417) |
| | | 1,864,501,738 | 1,458,597,494 |
| EXPENSES | | | |
| Raw Materials consumed | 17 | 784,281,226 | 754,778,573 |
| Purchase of Finished Goods | | -- | 664,686 |
| Other Manufacturing, Administrative & Selling Expenses | 18 | 732,559,175 | 524,441,832 |
| Financial Charges | 19 | 36,043,933 | 41,445,942 |
| Depreciation | | 64,979,838 | 64,375,610 |
| | | 1,617,864,172 | 1,385,706,643 |
| PROFIT BEFORE TAX | | 246,637,566 | 72,890,851 |
| Less: Provision for Taxes | | | |
| Income Tax - Current Year | | 27,944,036 | 8,258,533 |
| Income Tax - Prior Years | | 1,324,956 | (3,375,169) |
| Income Tax - Deferred Tax | | 65,650,000 | -- |
| Fringe Benefit Tax | | 1,524,745 | 1,400,000 |
| PROFIT AFTER TAX | | 150,193,829 | 66,607,487 |
| APPROPRIATIONS | | | |
| Transfer to General Reserve | | 40,000,000 | 3,400,000 |
| Proposed Dividend | | 25,200,000 | 12,600,000 |
| Tax on proposed dividend | | 4,282,740 | 2,141,370 |
| BALANCE AFTER APPROPRIATIONS | | 80,711,089 | 48,466,117 |
| Less : Loss brought forward from last year | | 51,746,023 | 100,212,140 |
| PROFIT/(LOSS) CARRIED TO BALANCE SHEET | | 28,965,066 | (51,746,023) |
| Earnings per share -(Basic&Diluted) | 20 | 17.88 | 7.93 |
| Notes on Accounts and additional information | 21 | | |

As per our separate report of even date attached for VARMA AND VARAMA Chartered Accountants

(R.RAJASEKHARAN)
M.No. 22703
Partner

Kochi
May 11, 2009

MANOJ JOSHI IAS
Chairman

A.K. NAIR
Director

VENU NALLUR
Director

G. RAJESH KURUP
Company Secretary

G. SUSEELAN
Managing Director

K. RAMAKRISHNAN
Director

K.L. KUMAR
Director

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2009**

| Schedule No. | As at 31.3.2009 Rupees | As at 31.3.2008 Rupees |
|---|---------------------------|---------------------------|
| 1. SHARE CAPITAL | | |
| Authorised : | | |
| 10,000,000(10,000,000) Equity Shares of Rs.10/- each | <u>100,000,000</u> | <u>100,000,000</u> |
| Issued and Subscribed: | | |
| 8,400,000 (8,400,000) Equity Shares of Rs.10/ each fully paid up | 84,000,000 | 84,000,000 |
| Of the above shares, | | |
| (a) 2,24,000 (2,24,000) shares are allotted as fully paid up pursuant to a contract without payments being received in cash | | |
| (b) 28,00,000 (28,00,000) shares are allotted as fully paid up by way of Bonus Shares | <u>84,000,000</u> | <u>84,000,000</u> |
| 2. RESERVES & SURPLUS | | |
| Capital Reserve-Investment Subsidy | 1,500,000 | 1,500,000 |
| Security Premium account - as per last Balance Sheet | 273,000,000 | 273,000,000 |
| Special Export Reserve - as per last Balance Sheet | 7,900,000 | 7,900,000 |
| General Reserve - as per last Balance Sheet | 447,043,955 | 448,400,000 |
| Less : Transitional Liability as per Revised AS15 | - | (4,756,045) |
| Add : Transfer from Profit & Loss A/c | 40,000,000 | 3,400,000 |
| | 487,043,955 | 447,043,955 |
| Less : Debit Balance in Profit & Loss Account | -- | (51,746,023) |
| | 487,043,955 | 395,297,932 |
| Surplus in Profit & Loss A/c | 28,965,066 | -- |
| | <u>798,409,021</u> | <u>677,697,932</u> |
| 3. SECURED LOANS | | |
| FROM BANKS: | | |
| 1. Term Loan: | | |
| Canara Bank | 15,012,354 | 19,818,351 |
| (Secured by hypothecation of assets acquired under the loan arrangement) Repayable within one year - Rs. 50,04,118/- (Rs.55,86,520/-) | <u>15,012,354</u> | <u>19,818,351</u> |
| 2. Working Capital Loans: | | |
| a. State Bank of India | 14,127,293 | 126,721,006 |
| b. Canara Bank | 33,461,691 | 44,706,791 |
| c. State Bank of Travancore | 14,085,712 | 31,855,613 |
| (Secured by hypothecation of entire current assets of the Company namely inventories, debtors, cash & bank balances, other current assets and loans & advances, present & future and by way of pari passu charge on the fixed assets of the Company) Repayable within one year - Rs. 61,674,696/- (Rs. 203,283,410/-) | <u>61,674,696</u> | <u>203,283,410</u> |
| | <u>76,687,050</u> | <u>223,101,761</u> |
| 4. UNSECURED LOANS (Other than Short Term) | | |
| FROM: | | |
| a. Sumitomo Mitsui Banking Corporation | - | 8,824,200 |
| Repayable within one year - Rs. Nil (Rs.88,24,200/-) | - | <u>8,824,200</u> |

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2009 (Contd.)**

SCHEDULE 5 - FIXED ASSETS

(Amount in Rupees)

| Particulars | GROSS BLOCK (At Cost) | | | | DEPRECIATION | | | | Impairment Loss * | NET BLOCK | |
|---------------------------------------|------------------------------|-----------------------------|------------------------|--------------------------------|------------------------------|----------------------------|------------------------|------------------------------|-------------------|------------------------------|------------------------------|
| | As at 1-4-2008 | Additions 2008-09 | Disposals/ Adjustments | As at 31-3-2009 | As at 1-4-2008 | For the Year | Disposals/ Adjustments | As at 31-3-2009 | | As at 31-3-2009 | As at 31-3-2008 |
| Land and Development | 10,905,925 (10,905,925) | 926,440 - | - - | 11,832,365 (10,905,925) | - | - | - | - | - | 11,832,365 (10,905,925) | 10,905,925 (10,905,925) |
| Leasehold Land | 26,148,286 (26,148,286) | - - | - - | 26,148,286 (26,148,286) | 2,635,818 (2,345,572) | 290,246 (290,246) | - - | 2,926,064 (2,635,818) | - | 23,222,222 (23,512,468) | 23,512,468 (23,902,714) |
| Buildings | 198,573,129 (184,370,540) | 8,250,588 (14,202,589) | - - | 206,823,717 (198,573,129) | 114,464,701 (106,138,167) | 8,483,499 (8,326,534) | - - | 122,948,200 (114,464,701) | - | 83,875,517 (84,108,428) | 84,108,428 (78,232,373) |
| Plant & Machinery (See note below) | 966,568,091 (908,134,261) | 109,572,030 (62,840,880) | - (4,407,050) | 1,076,140,121 (968,568,091) | 556,835,665 (505,560,530) | 53,222,772 (52,963,126) | - (1,687,991) | 610,058,437 (556,835,665) | 20,531,555 | 445,550,129 (409,732,426) | 409,732,426 (402,573,731) |
| Service Equipments | 12,873,560 (11,563,046) | 1,161,255 (1,552,191) | 322,788 (241,677) | 13,712,027 (12,873,560) | 9,520,367 (8,900,377) | 929,253 (861,667) | 322,788 (241,677) | 10,126,832 (9,520,367) | - | 3,585,195 (3,353,193) | 3,353,193 (2,662,669) |
| Office Equipments | 13,830,660 (12,621,734) | 2,767,608 (1,556,036) | 774,452 (347,110) | 15,823,816 (13,830,660) | 10,041,291 (9,387,858) | 1,302,573 (911,308) | 738,561 (257,875) | 10,605,303 (10,041,291) | - | 5,218,513 (3,789,369) | 3,789,369 (3,233,876) |
| Furniture & Fittings | 6,844,799 (6,588,366) | 331,208 (256,433) | 61,398 - | 7,114,609 (6,844,799) | 5,977,209 (5,707,300) | 252,608 (209,366) | 48,456 - | 6,181,361 (5,977,209) | - | 933,248 (867,590) | 867,590 (881,066) |
| Vehicles | 4,458,997 (2,906,127) | - (1,552,870) | 1,116,203 - | 3,342,794 (4,458,997) | 2,304,050 (1,551,230) | 498,887 (752,820) | 888,205 - | 1,914,732 (2,304,050) | - | 1,428,062 (2,154,947) | 2,154,947 (1,354,897) |
| Total | 1,240,203,447 | 123,009,129 | 2,274,841 | 1,360,937,735 | 701,779,101 | 64,979,838 | 1,998,010 | 764,760,929 | 20,531,555 | 575,645,251 | 538,424,346 |
| Previous Year | 1,163,238,285 | 81,960,999 | 4,995,837 | 1,240,203,447 | 639,591,034 | 64,375,610 | 2,187,543 | 701,779,101 | - | 538,424,346 | 523,647,251 |

* (See Note B (9) of Schedule 21.

- Note :
- Additions include Rs. 2,486,000/- (Rs. Nil) towards exchange loss on foreign currency loans.
 - Disposals/adjustments include Rs. Nil (Rs. 1,238,050/-) towards exchange gain on foreign currency loans

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2009 (Contd.)**

| Schedule No. | As at 31.3.2009 Rupees | As at 31.3.2008 Rupees |
|---|---------------------------|---------------------------|
| 6. INVESTMENTS | | |
| Long Term Investments | | |
| I Quoted: | | |
| Non Trade Shares | | |
| i) 420 (420) Equity shares of Rs.10/- each in State Bank of India fully paid up | 146,300 | 146,300 |
| ii) 100 (100) Shares of Rs.10/- each in Industrial Finance Corporation of India fully paid up | 3,500 | 3,500 |
| Aggregate Face value of quoted investments : Rs 0.05 Lakhs(Rs 0.05 Lakhs) | | |
| Aggregate Market value of the quoted Investments: Rs 4.50 Lakhs(Rs. 6.76 Lakhs) | | |
| II. Unquoted : | | |
| Trade Shares | | |
| a. In Subsidiary Company:35,00,000 (35,00,000) fully paid up shares of Rs.10/- each in Bamni Proteins Limited | 35,000,437 | 35,000,437 |
| b. Others: | | |
| i) 2,400 (2400) fully paid up shares of Rs.100/- each in M/s. Organo Fertilizers (India) Pvt. Ltd. | 240,000 | 240,000 |
| ii) 60,000 (60,000) fully paid up shares of Rs.10/- each in Kerala Enviro Infrastructure Ltd. | 600,000 | 600,000 |
| iii) 2,88,000 (2,88,000) fully paid up shares of Rs.10/- each in K.K. Organics (P) Ltd | 2,880,000 | 2,880,000 |
| Less: Provision for loss in investments | 2,880,000 | 2,880,000 |
| | 35,990,237 | 35,990,237 |
| 7. INVENTORIES | | |
| Finished Goods (See Note B (14) of Schedule 21) | 68,481,422 | 74,931,562 |
| Raw Materials | 55,557,513 | 66,156,039 |
| Work-in-process (See Note B (14) of Schedule 21) | 120,649,395 | 124,311,607 |
| Stores & Spares | 63,085,054 | 70,784,514 |
| Packing Materials | 3,926,078 | 3,272,099 |
| Loose tools | 288,988 | 303,606 |
| Materials in transit | 436,580 | 268,889 |
| | 312,425,030 | 340,028,316 |

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2009 (Contd.)**

| Schedule No. | As at 31.3.2009 Rupees | As at 31.3.2008 Rupees |
|---|---------------------------|---------------------------|
| 8. SUNDRY DEBTORS (UNSECURED) | | |
| Considered Good: | | |
| Over six months | 2,642,669 | 2,364,200 |
| Others | 114,806,008 | 107,664,094 |
| Considered Doubtful: | | |
| Over six months | -- | 1,920,784 |
| Less: Provision | -- | 1,920,784 |
| | <u>117,448,677</u> | <u>110,028,294</u> |
| 9. CASH & BANK BALANCES | | |
| Cash & Cheques on hand | 486,435 | 551,124 |
| Balance with Banks: | | |
| Scheduled Banks : | | |
| i) In Current Account | 4,586,615 | 11,180,639 |
| ii) In Deposit Account | 1,745,223 | 1,745,300 |
| | <u>6,818,273</u> | <u>13,477,063</u> |
| 10. OTHER CURRENT ASSETS | | |
| Interest receivable | 39,039 | 240,680 |
| Claims Receivable | | |
| - Duty Drawback (See Note B(8) of Schedule 21) | 9,940,944 | 11,170,339 |
| - Export incentive - DEPB | 23,120,404 | 17,517,951 |
| - Others | 3,890,167 | 2,158,500 |
| | <u>36,990,554</u> | <u>31,087,470</u> |
| 11. LOANS & ADVANCES | | |
| 1. Secured (Considered Good) | | |
| Vehicle/computer loan to employees | 201,324 | 324,334 |
| 2. Unsecured (Considered Good) | | |
| Bamni Proteins Ltd. (Subsidiary Company): | | |
| Trade Advance | 10,564,697 | 6,449,269 |
| Advances recoverable in cash or in kind or for value to be received | 21,060,848 | 14,355,469 |
| Income Tax (Net) | 1,256,713 | 797,298 |
| Balances with Central Excise, Customs etc. | 6,170,926 | 1,602,747 |
| Deposits | 7,721,669 | 9,809,827 |
| | <u>46,976,177</u> | <u>33,338,944</u> |

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2009 (Contd.)**

| Schedule No. | As at 31.3.2009 Rupees | As at 31.3.2008 Rupees |
|---|---------------------------|---------------------------|
| 12. CURRENT LIABILITIES | | |
| Sundry Creditors: | | |
| a. Due to Micro and Small Enterprises (See Note B(1) of Schedule 21) | -- | -- |
| b. Due to others | 88,541,191 | 90,900,139 |
| | <u>88,541,191</u> | <u>90,900,139</u> |
| Investor Education & Protection Fund shall be credited by :- | | |
| -Unpaid Dividends | 272,459 | 92,164 |
| Other Liabilities | 5,315,344 | 3,623,579 |
| Interest accrued but not due | 344,921 | 262,592 |
| | <u>94,473,915</u> | <u>94,878,474</u> |
| 13. PROVISIONS | | |
| For Proposed Dividend | 25,200,000 | 15,600,000 |
| For Corporate Dividend Tax | 4,282,740 | 2,141,370 |
| For Excise Duty (See Note B(16)(a) and (b)(i)(2) of Schedule 21) | 4,095,386 | -- |
| For Duty Drawback claims (See Note B(8) of Schedule 21) | 6,461,789 | -- |
| For Sales Tax (See Note B(16) (a) of Schedule 21) | -- | 7,563,109 |
| For Employee benefits (See Note B(13) of Schedule 21) | 12,511,369 | 11,952,316 |
| | <u>52,551,284</u> | <u>34,256,795</u> |
| 14. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted) | | |
| Balance at the begining of the year | 2,632,208 | 3,492,367 |
| VRS Compensation paid during the year | -- | 567,480 |
| | <u>2,632,208</u> | <u>4,059,847</u> |
| Less: Written off (See Note B(13)(3) of Schedule 21) | 2,632,208 | 1,427,639 |
| | <u>-</u> | <u>2,632,208</u> |

**SCHEDULES ATTACHED TO AND FORMING PART OF THE
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

| Schedule No. | Current Year Rupees | Previous Year Rupees |
|--|------------------------|-------------------------|
| 15. OTHER INCOME | | |
| Miscellaneous Sales | 13,868,706 | 11,612,958 |
| Export Incentive - DEPB | 34,592,798 | 28,459,215 |
| -Duty drawback | 1,136,057 | 1,496,551 |
| Interest (Tax deducted at source - Rs 28,247/- Previous Year - Rs.24,584/-) | 219,064 | 485,785 |
| Miscellaneous Income | 2,333 | 19,604 |
| Dividend Income | 9,030 | 4,900 |
| Profit on discarded/sold assets written off (Net) | 11,222 | -- |
| Foreign Exchange rate variation (Net) | -- | 6,921,228 |
| | 49,839,210 | 49,000,241 |
| 16. STOCK DIFFERENTIAL | | |
| (a) Closing Stock | | |
| Finished Goods | 68,481,422 | 74,931,562 |
| Work-in-process | 120,649,395 | 124,311,607 |
| | <u>189,130,817</u> | <u>199,243,169</u> |
| Less: | | |
| (b) Opening Stock | | |
| Finished Goods | 74,931,562 | 100,302,156 |
| Work-in-process | 124,311,607 | 153,157,430 |
| | <u>199,243,169</u> | <u>253,459,586</u> |
| | (10,112,352) | (54,216,417) |
| 17. RAW MATERIALS CONSUMED | | |
| Opening Stock | 66,156,039 | 55,723,599 |
| Add: Purchases | 773,682,700 | 765,211,013 |
| | <u>839,838,739</u> | <u>820,934,612</u> |
| Less: Closing Stock | 55,557,513 | 66,156,039 |
| | 784,281,226 | 754,778,573 |

**SCHEDULES ATTACHED TO AND FORMING PART OF THE
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)**

| Schedule No. | Current Year Rupees | Previous Year Rupees |
|--|------------------------|-------------------------|
| 18. OTHER MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES | | |
| Salaries, Wages & Bonus | 79,595,114 | 66,481,244 |
| Contribution to Gratuity, ESI and Provident Funds | 9,759,954 | 8,479,237 |
| Gratuity Paid | 156,788 | 230,610 |
| Recruitment & Training | 1,327,790 | 1,044,365 |
| Workmen & Staff Welfare Expenses | 19,010,274 | 15,543,646 |
| Conversion charges | 78,512,740 | 67,471,747 |
| Stores & Spares Consumed | 23,335,403 | 15,443,764 |
| Packing Materials consumed | 26,258,676 | 22,062,489 |
| Research & Development Expenditure | 3,656,368 | 2,913,083 |
| Power, Fuel, Water & Gas | 235,879,872 | 188,612,454 |
| Repairs & Maintenance | | |
| -- Buildings | 1,156,480 | 2,645,868 |
| -- Plant & Machinery | 69,740,135 | 49,703,273 |
| -- Others | 11,638,505 | 7,104,677 |
| Insurance | 3,379,681 | 4,293,101 |
| Rent | 1,788,391 | 1,099,456 |
| Rates & Taxes | 8,633,685 | 6,376,070 |
| Postage and Telephones | 2,632,822 | 2,444,111 |
| Printing & Stationery | 1,729,175 | 1,330,080 |
| Travelling & Conveyance | 17,449,139 | 12,879,265 |
| Vehicle running & maintenance | 624,759 | 828,629 |
| Directors' sitting fee | 284,250 | 92,000 |
| Auditor's remuneration(See Note B(3) of Schedule 21) | 971,599 | 592,854 |
| Advertisement & Publicity | 997,577 | 765,197 |
| Loading,Transportation & Other charges on products | 23,288,571 | 21,788,570 |
| Discount & Commission on Sales | 10,761,209 | 12,259,795 |
| Miscellaneous Expenses | 14,226,271 | 9,696,652 |
| Impairment Loss on Plant and Machinery (See Note B(9) of Schedule 21) | 20,531,555 | -- |
| Loss on discarded/sold assets written off | -- | 831,956 |
| Provision for Cenvat on inputs/ Drawback claims | 10,557,175 | -- |
| Foreign Exchange rate variation (Net) | 52,043,009 | -- |
| Compensation under Voluntary Retirement Scheme written off (See Note B(13)(3) of Schedule 21) | 2,632,208 | 1,427,639 |
| | 732,559,175 | 524,441,832 |

**SCHEDULES ATTACHED TO AND FORMING PART OF THE
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)**

| Schedule No. | Current Year Rupees | Previous Year Rupees |
|---|--------------------------|--------------------------|
| 19. FINANCIAL CHARGES | | |
| Bank Charges | 2,690,488 | 2,612,137 |
| Interest on Fixed Loans | 1,937,632 | 3,042,883 |
| Interest on Others | 31,415,813 | 35,790,922 |
| | <u>36,043,933</u> | <u>41,445,942</u> |
| 20. EARNINGS PER SHARE | | |
| Profit after taxation | 150,193,829 | 66,607,487 |
| Weighted Average Number of Equity Shares ofRs. 10/- each (fully paid-up) | 8,400,000 | 8,400,000 |
| Earnings per share -Basic & Diluted | <u>17.88</u> | <u>7.93</u> |

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2009**

SCHEDULE - 21**A Significant Accounting Policies.****i. Basis of Accounting**

The financial statements are prepared under the historical cost convention, on accrual basis of accounting in conformity with the accounting principles generally accepted in India and comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 of India.

ii. Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known /materialised.

iii. Revenue recognition

Sales are recognised on transfer of title of the goods to the customers. Export incentives are recognised on exports on accrual basis, based on the estimated realisable value of such entitlements. Other incomes are recognised on accrual basis except when there are significant uncertainties.

iv. Fixed Assets

Fixed Assets are stated at cost less depreciation and impairment in value, if any, is adjusted.

v. Depreciation

1. Depreciation on Plant and Machinery (other than service equipment) is provided on Straight Line Method. The rates adopted are as prescribed in Schedule XIV of the Companies Act, 1956 read with Circular No. 1/1/86 dt.21.5.86, of the Department of Company Affairs, Govt. of India, except in respect of the following items, which are depreciated at higher rates on the basis of technical evaluation: -

- a) Plant and Machinery of Ossein Unit acquired after 16.12.1993 and having value in excess of Rs.5,000/- in individual case - 11.31%
- b) Plant and Machinery of Gelatin Division having value in excess of Rs.5000/- in individual case - 6.33%
- c) Effluent treatment plant at Ossein Unit - 19%
- d) Effluent treatment plant at Gelatin Division - 11.31%.

2. Depreciation on Service Equipment and other items of fixed assets is provided on Written Down value method at the rates provided in Schedule XIV of the Companies Act, 1956.

3. Lease Premium on land is depreciated (amortised) over the period of lease.

vi. Investments

Long Term Investments are stated at cost. Decline in value, if any, which is not considered temporary in nature, is provided for.

vii. Inventories

Inventories are valued at lower of cost or net realisable value, item wise. For this purpose, the cost of bought-out inventories comprise of the purchase cost of the items, net of applicable tax/duty credits and cost of bringing such items into the factory on a weighted average basis. The cost of manufactured inventories comprises of the direct cost of production plus appropriate overheads. The net realisable value of bought out inventories is taken at their current replacement value.

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2009 (Contd.)**

viii. Research & Development

Research & Development costs are expensed in the year in which it is incurred, unless the future benefit thereon is certain.

ix. Employee Benefits

a) Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and recognised in the period in which the employee renders the related service.

b) Defined Contribution Plans

The company has defined contribution plans for employees comprising of Provident Fund and Employee's State Insurance. The contributions paid/payable to these plans during the year are charged to the Profit and Loss Account for the year.

c) Defined Benefit Plans

Payment of Gratuity to employees is covered by the KCPL Gratuity Trust Scheme based on the Group Gratuity cum Assurance Scheme of the LIC of India, which is a defined benefit scheme and the company makes contributions under the said scheme. The net present value of the obligation for gratuity benefits as determined on independent actuarial valuation, conducted annually using the projected unit credit method, as adjusted for unrecognized past services cost if any and as reduced by the fair value of plan assets, is recognised in the accounts. Actuarial gains and losses are recognised in full in the Profit and Loss account for the period in which they occur.

d) Long Term Employee Benefits

Compensated Absences:

The company has a scheme for compensated absences for employees, the liability of which is determined on the basis of an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognised in full in the Profit and Loss account for the period in which they occur.

e) Termination Benefits

Termination benefits are recognized in the Profit and Loss Account for the period in which the same accrue.

x. Income Tax

Income tax is accounted in accordance with Accounting Standard on Accounting for Taxes on Income (AS-22), which includes current taxes and deferred taxes. Deferred Tax assets/liabilities representing timing differences between accounting income and taxable income are recognised to the extent considered capable of being reversed in subsequent years. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available, except that deferred tax assets arising due to unabsorbed depreciation and losses are recognised if there is a virtual certainty that sufficient future taxable income will be available to realise the same. Provision for fringe benefit tax is made in accordance with the provisions of the Income Tax Act, 1961.

xi. Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities outstanding at the Balance Sheet date are translated at the applicable exchange rates prevailing at the year end. Premium on forward exchange contracts, which are not intended for trading or speculative purposes, is recognised

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2009 (Contd.)**

over the period of the contract and exchange differences on such contracts are recognised in the year in which the exchange rates change. The exchange gain/loss arising during the year are adjusted to the Profit and Loss Account, except to the extent relatable to liabilities transacted prior to 1st April 2004 for acquisition of fixed assets, in which case the exchange differences are adjusted to the carrying cost of the relevant fixed assets.

xii. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are capitalised. Other borrowing costs are recognised as expenditure for the period in which they are incurred.

xiii. Grants / Subsidies

Grants / Subsidies, specifically identifiable with any capital asset, are credited to the carrying cost of the respective asset. Grants / Subsidies, not specifically identifiable as above, are credited to capital reserve.

xiv. Earnings Per Share

Basic/ diluted earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares/ dilutive potential equity shares outstanding as at the end of the year as the case may be.

xv. Impairment of Assets

The company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. An asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. Based on such assessment, impairment loss if any is recognized in the Profit and Loss account of the period in which the asset is identified as impaired. The impairment loss recognised in the prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

xvi. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has a present obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the correct management estimates.

Contingent Liabilities are disclosed when the company has a possible obligation or a present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent assets are neither recognised nor disclosed in the accounts.

B. NOTES TO ACCOUNTS

1. Amounts due to Micro and Small Enterprises

The company has taken steps to identify the suppliers who qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act 2006. Based on available information, there are no balances outstanding as payable to such suppliers at the year end. In the opinion of the management there are no amounts paid / payable towards interest under the said statute.

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2009 (Contd.)**

2. Managerial Remuneration under Section 198 of the Companies Act, 1956:

| | Managing Director Rs. | Whole Time Director Rs. |
|--------------------------------|--|------------------------------------|
| Salaries & Allowances | 1,080,000 (900,000) | - (648,000) |
| Perquisites* | 697,399 (1,382,865)** | - (418,025) |
| Contribution to Provident Fund | 129,600 (108,000) | - (77,760) |
| Total | 1,906,999 (2,390,865) | - (1,143,785) |

* Does not include value of non-monetary perquisites or retirement benefits funded with an insurance company.

** Includes retirement benefits paid Rs. 815,192/-

3. Provision and/or payments in respect of Auditors' remuneration

| | Current Year Rs. | Previous Year Rs. |
|---|-----------------------------|------------------------------|
| a) Statutory Audit fee | 300,000 | 250,000 |
| b) Other Services: | | |
| i. Taxation matters (including Tax Audit) | 302,500 | 169,500 |
| ii. Others | 369,099 | 173,354 |

4. Fixed Assets include lease premium paid Rs.234.00 lakhs (Rs.234.00 lakhs), for the Gelatin factory land taken on lease, the formal lease agreement for which is yet to be executed.
5. In the opinion of the Directors, the Current Assets, Loans and Advances have the value at which they are stated in the Balance Sheet, if realised in the ordinary course of business.
6. On the basis of an independent professional valuation carried out in an earlier year and taking into consideration the improved performance of the subsidiary company, Bamni Proteins Ltd., no loss in respect of the investments in and advances to the said company, aggregating to Rs 455.65 lakhs (Rs. 414.50 lakhs) is anticipated at this stage.

7. a) Deferred Tax Asset/ (Liability) consists of: **(Amount in Rs.)**

| | As at 31.03.2009 | As at 31.03.2008 |
|--|-----------------------------|-----------------------------|
| Deferred Tax Liability: | | |
| On excess of net book value over income tax written down value of fixed assets | 74,135,366 | 83,239,868 |
| Deferred Tax Asset: | | |
| On Unabsorbed Depreciation Loss | 40,90,280 | 95,955,379 |
| On Provisions | 3,588,384 | 11,889,965 |
| On other disallowances | 806,702 | 591,874 |
| Net Deferred Tax Asset/ (Liability) | (65,650,000) | 25,197,350 |

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2009 (Contd.)**

In terms of Accounting Standard on Accounting for Taxes on Income (AS-22), Deferred Tax Asset (net) as at 31st March 2008 had not been recognized in the accounts as a matter of prudence in the absence of virtual / reasonable certainty of future taxable profits at that stage.

- b) In the case of the Company the taxes provided/paid under Minimum Alternate Tax (MAT), which can be set off against the future tax liability, subject to the applicable provisions of the Income Tax Act, 1961, has not been carried forward as a matter of abundant caution.
8. Other current assets in the Balance Sheet include Rs. 64.62 lakhs (Rs. 64.62 lakhs) being Duty Drawback claims taken credit for in prior years not admitted by the Department and pending on writ petition filed before the Hon'ble High Court of Kerala. Though the company is actively pursuing the matter for recovery, a provision has been created in the accounts as a matter of abundant caution.
9. During the year, the company has substantially substituted the fuel for steam generation from furnace oil to firewood as a measure for reducing the expenditure on fuel. This has resulted in certain items of plant and machinery earlier used for steam generation being no longer economically usable. The resultant impairment in value of such assets aggregating to Rs. 205.32 lakhs computed with reference to net selling price, based on a quotation received by the management, has been charged to the Profit & Loss account for the year.
10. Capital Work in Progress includes Advances on Capital Account - Rs. 10,400,205/- (Rs. 4,29,243/-)
11. The following are the significant transactions with related parties during the year.

(A) Related parties and nature of relationship

- i. Nitta Gelatin Inc. - Enterprise having substantial interest in the Company.
- ii. Nitta Gelatin NA Inc. - Subsidiary of Nitta Gelatin Inc
- iii. Bamni Proteins Limited - Subsidiary Company
- iv. K. K. Organics (Pvt) Ltd - Associate Company
- v. Key Management Personnel:
- i) Mr. G. Suseelan - Whole Time Director till 31.03.2008 & Managing Director from 01.04.2008
- ii) Mr. A. K. Nair - Managing Director till 31.03.2008.

(B) Description of Transactions.

(Rs.in Lakhs)

| Nature of transaction | Subsidiary company | Enterprise having substantial interest in the company and its Subsidiary | Key Management Personnel | Total |
|-------------------------|--------------------|--|--------------------------|------------|
| Sales and Income | | | | |
| 1. Sale of Goods: | | | | |
| Nitta Gelatin Inc | | 6,384.67 | -- | 6,384.67 |
| | | (5,443.72) | | (5,443.72) |
| Nitta Gelatin NA Inc | | 1,916.39 | -- | 1,916.39 |
| | | (1,746.00) | | (1,746.00) |

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2009 (Contd.)**

| Nature of transaction | Subsidiary company | Enterprise having substantial interest in the company and its Subsidiary | Key Management Personnel | Total |
|---|--------------------|--|--------------------------|--------------------|
| Purchase and Expenses | | | | |
| 1. Purchase of assets: Nitta Gelatin Inc | | 134.00 (11.59) | -- | 134.00 (11.59) |
| 2. Purchase of Store items/ chemicals: Nitta Gelatin Inc | | 49.64 (23.84) | -- | 49.64 (23.84) |
| 3. Purchase of DCP for Sales: Nitta Gelatin Inc. | | Nil (6.65) | -- | Nil (6.65) |
| 4. Commission paid for sale of Gelatin: Nitta Gelatin Inc. | | 1.08 (5.44) | -- | 1.08 (5.44) |
| 5. Commission received for sale of Gelatin: Nitta Gelatin NA Inc. | | 0.50 (Nil) | -- | 0.50 (Nil) |
| 6. Conversion Charges: Bamni Proteins Ltd. | 785.13 (674.72) | | -- | 785.13 (674.72) |
| 7. Interest on loan: Nitta Gelatin Inc | | Nil (1.05) | -- | Nil (1.05) |
| 8. Rebate Paid : Nitta Gelatin Inc. | | 10.11 (Nil) | -- | 10.11 (Nil) |
| Nitta Gelatin NA Inc. | | 15.22 (Nil) | -- | 15.22 (Nil) |
| 9. Payment to Key Management Personnel: | | | | |
| a) Remuneration to Managing Director* | | | 19.07 (23.91) | 19.07 (23.91) |
| b) Remuneration to Whole time Director* *See Note B(2) of Schedule 21 | | | Nil (11.44) | Nil (11.44) |
| Receivables | | | | |
| 1. Nitta Gelatin Inc | | Nil (50.04) | -- | Nil (50.04) |
| 2. Bamni Proteins Ltd-Trade Advance | 105.65 (64.49) | -- | -- | 105.65 (64.49) |
| Payables | | | | |
| 1. Nitta Gelatin Inc | | 92.14 (3.47) | -- | 92.14 (3.47) |
| 2. Nitta Gelatin NA Inc. | | 6.21 (4.50) | -- | 6.21 (4.50) |

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2009 (Contd.)**

12. Segment Information

The company is engaged in the business of manufacture and sale of Gelatin, Ossein and DCP, which form broadly part of one product group and hence constitute a single business segment. However, based on geographical factors, reportable geographic segments have been identified as export sales and domestic sales. The segment wise information pertaining to the reportable geographical segments as above, is as follows:

| | Export | Domestic | Consolidated |
|-------------------------------------|--------------------------------|------------------------------|----------------------------------|
| Segment Revenue (External Sales) | 1,014,181,770 (795,031,588) | 810,593,110 (668,782,082) | 1,824,774,880 (1,463,813,670) |
| Segment Result | 185,400,084 (13,489,706) | 234,030,061 (164,700,348) | 419,430,145 (178,190,054) |
| Unallocated Expenditure (Net) | - | - | 136,748,646 (63,853,261) |
| Interest Expense | -- | -- | 36,043,933 (41,445,942) |
| Profit before taxation | -- | -- | 246,637,566 (72,890,851) |

Capital employed as also assets and liabilities of the company are not capable of being stated separately segment wise since all the assets and liabilities are held under composite undertaking for both the geographic segments.

13. Employee benefits

1. Consequent to Accounting Standard 15 - "Employee Benefits" (Revised 2005) becoming effective, the company has adopted the said standard with effect from 1st April 2007.
2. Disclosures required under Accounting Standard 15 - "Employee Benefits" (Revised 2005)
 - a) Defined Contribution Plans

During the year the following amounts have been recognised in the Profit and Loss Account on account of defined contribution plans:

| Particulars | Amount (Rs.) Current Year | Amount (Rs.) Previous Year |
|--|--------------------------------------|---------------------------------------|
| Employers contribution to Provident Fund | 6,167,063.00 | 5,463,978.50 |
| Employers contribution to Employee's State Insurance | 269,984.00 | 333,535.00 |

b) Defined Benefit Plans -Gratuity : Funded Obligation

| i | Actuarial Assumptions | Current Year | Previous Year |
|----------|--------------------------------|-----------------------------|-----------------------------|
| | Discount Rate (per annum) | 7.5% | 7.5% |
| | Expected return on plan assets | 8.00% | 9.25% |
| | Salary escalation rate* | 5.00% | 3.00% |
| | Mortality rate | LIC (1994-1996) Ultimate | LIC (1994-1996) Ultimate |

* The assumption of future salary increases takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2009 (Contd.)**

| ii | Reconciliation of present value of obligation | Amount (Rs.) Current Year | Amount (Rs.) Previous Year |
|----|--|--------------------------------------|---------------------------------------|
| | Present value of obligation at the beginning of the year | 19,029,308 | 17,468,106 |
| | Current Service Cost | 1,423,462 | 950,246 |
| | Interest Cost | 1,317,474 | 1,310,108 |
| | Actuarial (gain)/loss | 2,035,434 | 1,629,673 |
| | Benefits Paid | 2,925,976 | 2,328,825 |
| | Present value of obligation at the end of the year | 20,879,702 | 19,029,308 |

| iii | Reconciliation of fair value of plan assets | Amount (Rs.) Current Year | Amount (Rs.) Previous Year |
|-----|--|--------------------------------------|---------------------------------------|
| | Fair value of plan assets at the beginning of the year | 17,007,992 | 13,536,763 |
| | Expected return on plan assets | 1,436,453 | 1,300,054 |
| | Actuarial (gain)/loss | 105,550 | - |
| | Contributions | 4,821,316 | 4,500,000 |
| | Benefits paid | 2,925,976 | 2,328,825 |
| | Assets distributed on settlement (if applicable) | - | - |
| | Fair value of plan assets at the end of the year | 20,445,335 | 17,007,992 |

| iv | Description of Plan Assets | Amount (Rs.) Current Year | Amount (Rs.) Previous Year |
|----|--------------------------------------|--------------------------------------|---------------------------------------|
| | Insurer Managed Funds (LIC of India) | 20,445,335 | 17,007,992 |

| v | Net (Asset)/Liability recognised in the Balance Sheet as at year end | Amount (Rs.) Current Year | Amount (Rs.) Previous Year |
|---|---|--------------------------------------|---------------------------------------|
| | Present value of obligation at the end of the year | 20,879,702 | 19,029,308 |
| | Fair value of plan assets at end of the year | 20,445,335 | 17,007,992 |
| | Net present value of unfunded obligation recognised as (asset)/liability in the Balance Sheet | 434,367 | 2,021,316 |

| vi | Expenses recognised in the Profit and Loss Account | Amount (Rs.) Current Year | Amount (Rs.) Previous Year |
|----|---|--------------------------------------|---------------------------------------|
| | Current Service Cost | 1,423,462 | 950,246 |
| | Interest Cost | 1,317,474 | 1,310,108 |
| | Actuarial (gain) /loss recognised in the period | 1,929,884 | 1,629,673 |
| | Past Service Cost (if applicable) | - | - |
| | Expected return on plan assets | (1,436,453) | (1,300,054) |
| | Total expenses recognised in the Profit and Loss Account for the year | 3,234,367 | 2,589,973 |
| | Actual return on plan assets | 1,542,003 | 1,300,054 |

The above disclosures are based on information furnished by the independent actuary and relied upon by the auditors.

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2009 (Contd.)**

C) Long Term Employee Benefits

Compensated absences (Vesting and Non Vesting): Unfunded Obligation

| i | Actuarial Assumptions | Current Year | Previous Year |
|----------|------------------------------|-----------------------------|-----------------------------|
| | Discount Rate (per annum) | 7.5% | 8% |
| | Salary escalation rate* | 5% | 3% |
| | Mortality rate | LIC (1994-1996) Ultimate | LIC (1994-1996) Ultimate |

*The assumption of future salary increases takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market

| ii | Reconciliation of present value of obligation | Amount (Rs.) Current Year | Amount (Rs.) Previous Year |
|-----------|--|--------------------------------------|---------------------------------------|
| | Present value of obligation at the beginning of the year | 9,931,000 | 8,826,000 |
| | Current Service Cost | 977,687 | 966,000 |
| | Interest Cost | 693,410 | 630,000 |
| | Actuarial (gain)/loss | 3,001,651 | 1,420,000 |
| | Benefits Paid | 2,526,746 | 1,911,000 |
| | Present value of obligation at the end of the year | 12,077,002 | 9,931,000 |

| iii | Net (Asset)/Liability recognized in the Balance Sheet as at year end | Amount (Rs.) Current Year | Amount (Rs.) Previous Year |
|------------|---|--------------------------------------|---------------------------------------|
| | Present value of obligation at end of the year | 12,077,002 | 9,931,000 |
| | Fair value of plan assets at end of the year | Nil | Nil |
| | Net present value of unfunded obligation recognised as (asset)/liability in the Balance Sheet | 12,077,002 | 9,931,000 |

| vi | Expenses recognised in the Profit and Loss Account | Amount (Rs.) Current Year | Amount (Rs.) Previous Year |
|-----------|---|--------------------------------------|---------------------------------------|
| | Current Service Cost | 977,687 | 966,000 |
| | Interest Cost | 693,410 | 630,000 |
| | Actuarial (gain) /loss recognised in the period | 3,001,651 | 1,420,000 |
| | Past Service Cost (if applicable) | Nil | Nil |
| | Total expenses recognised in the Profit and Loss Account for the year | 4,672,748 | 3,016,000 |

The above disclosures are based on information certified by the independent actuary and relied upon by the auditors.

3. During the year the unamortized termination benefits carried over from the previous year has been fully written off to the profit and loss account, changing the accounting policy of amortising such benefits over the estimated payback period not exceeding 31st March, 2010. Consequently the profits for the year and the miscellaneous expenditure to the extent not written off or adjusted is lower by Rs. 12.05 Lacs.

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2009 (Contd.)**

14. During the year, for determining the cost of manufacture of finished goods, the company has changed the basis (i.e. proportion) of allocating the pre-separation costs between Ossein and DCP, which continue to be based on the relative aggregate sales value of each of the said products, by taking into consideration the need for the change in the estimate of the said proportion in the light of the actual operations over the past many years.
As a result of the change made as above, the cost of the closing stock of finished goods and work-in-process is lower by a sum of Rs. 2.36 Crores and consequently, profit for the year is also lower by a like amount.

15. The company has entered into forward exchange contracts/ options which are not intended for trading or speculative purposes, but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

- a) The following are the forward contracts entered by the company and outstanding as at Balance Sheet date:

| | As at 31 st March 2009 | | As at 31 st March 2008 | |
|-------------|-----------------------------------|----------|-----------------------------------|----------|
| | USD | Rs lakhs | USD | Rs lakhs |
| Receivables | 750,000 | 378.67 | 4,512,140 | 1781.84 |
| Payables | - | - | 220,000 | 88.24 |

- b) Un hedged foreign currency exposures as at Balance Sheet date:

| | As at 31 st March 2009 | | As at 31 st March 2008 | |
|--------------------|-----------------------------------|----------|-----------------------------------|----------|
| | FC | Rs lakhs | FC | Rs lakhs |
| Receivables | | | | |
| USD | 90,202.84 | 45.80 | 1,497 | 0.59 |
| GBP | 297 | 0.26 | 297 | 0.25 |
| EURO | 85,000 | 56.65 | 90,000 | 56.07 |
| Payables | | | | |
| USD | 54,524.80 | 28.05 | 1,682,767 | 669.08 |
| GBP | - | - | - | - |
| EURO | 17,570 | 12.02 | - | - |
| JAPANESE YEN | 17,500,000 | 92.14 | 46,600 | 0.19 |

16. The details of Provisions and Contingent Liabilities are as under. (Disclosed in terms of Accounting Standard -29 issued by the Institute of Chartered Accountants of India:)

- a) Provisions

(Amount in Rs.)

| Nature of Provision | Balance as at 01-04-2008 | Additional Provision during the year | Amounts used/changed during the year | Unused amounts reversed | Balance as at 31-03-2009 |
|-----------------------------------|--------------------------|--|--------------------------------------|-------------------------|--------------------------|
| Provision for Sales Tax | 7,563,109 | - | 7,563,109 | - | - |
| Provision for Central Excise Duty | - | 4,095,386 (See note (b) (i)(2) below) | - | - | 4,095,386 |

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2009 (Contd.)**

b) Contingent Liabilities not provided for:

i) Claims against the Company not acknowledged as debts

1. Sales tax demands raised under Bombay Sales Tax Act, 1959/ The Central Sales Tax Act, on sale of a product which is claimed as exempt by the company, against which appeal is filed and not provided for as per legal advice - Rs 138.23 Lakhs (Rs. 138.23 lakhs)
2. During the year Central Excise authorities have issued a show cause notice proposing to withdraw CENVAT credit availed by the company in prior years on Hydrochloric Acid used in the manufacture of Ossein captively consumed for Gelatin production amounting to Rs 176.89 lakhs. The company has disputed the matter. Though no demand has been raised by the department, based on legal advice received, the company has created a provision of Rs 40.95 lakhs as a matter of abundant caution.

ii) Foreign Bills Discounted - Rs. 2001.96 lakhs (Rs. 1382.41 lakhs)

iii) Counter Guarantee issued in favour of Bankers- Rs. 21.11 lakhs (Rs.215.78 lakhs)

iv) Letter of Credit - Rs. 48.77 lakhs (Rs. 4.35 lakhs)

c) Estimated amount of contracts remaining to be executed on capital account - Rs. 234.16 lakhs (Rs. 133.77 lakhs)

17. (a) Licensed and Installed Capacities Production, Turnover and opening and closing stock.

| | Ossein | | Ossein (Limed) | | Dicalcium Phosphate | | Gelatin | | Collagen Peptide | |
|------------------------------|----------------|--------------------------|----------------|-----------|---------------------|--------------------------|----------------|--------------------------|------------------|-----------------|
| | Qty. MT | Value Rs. | Qty. MT | Value Rs. | Qty. MT | Value Rs. | Qty. MT | Value Rs. | Qty. MT | Value Rs. |
| Installed Capacity Per annum | 5500 (5500) | | 3100 (3100) | | 11000 (11000) | | 3500 (2300) | | 300 (Nil) | |
| Production for the Year | 9928 (9676) | | 4695 (4060) | | 21664 (21538) | | 3522 (3090) | | 7 (Nil) | |
| Purchase for resale | | | | | (60) | (664686) | | | | |
| Captive consumption | 5194 (4754) | | 4574 (4111) | | | | | | | |
| Turnover for the year | 5096 (5080) | 460345594 (383118801) | | | 21969 (21276) | 523135137 (431751879) | 3478 (3149) | 840559756 (648942990) | 1 | 734393 (Nil) |
| Stock as on 31.03.08 | 756 | 54805998 | 13 | 1074974 | 322 | 3170867 | 91 | 15879723 | Nil | Nil |
| Stock as on 31.03.09 | 394 | 27240755 | 134 | 11919961 | 17 | 251630 | 135 | 27967916 | 6 | 1101160 |

NOTES1. Licensed capacity - Not applicable

2. Installed Capacity is as technically reassessed by the management

3. Production includes quantity manufactured outside on job work basis as under:
Ossein - 2415.250 MT (2447.950 MT) DCP - 5533.350 MT (5473.15MT)

b) Quantitative particulars of raw materials consumed during the year:

| | YEAR ENDED 31-3 2009 | | YEAR ENDED 31-3-2008 | |
|-------------------|----------------------|--------------------|----------------------|--------------------|
| | Qty. (MT) | Value (Rs.) | Qty. (MT) | Value (Rs.) |
| Ossein | 420 | 32,251,223 | - | Nil |
| Crushed Bone | 42430 | 602,438,973 | 41043 | 578,311,222 |
| Hydrochloric Acid | 43493 | 75,131,796 | 37953 | 113,050,709 |
| Hydrated Lime | 7551 | 41,186,483 | 7239 | 33,757,082 |
| Others | | 33,272,751 | | 29,659,560 |
| TOTAL | | 784,281,226 | | 754,778,573 |

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2009 (Contd.)**

18. (a) Break up of Consumption:

| | Year ended 31.3.2009 | | Year ended 31.3.2008 | |
|---|----------------------|--------------------|----------------------|--------------------|
| | (%) | Value (Rs) | (%) | Value (Rs) |
| Raw Materials | | | | |
| - Imported | 0.35 | 2,750,471 | 0.20 | 1,556,024 |
| - Indigenous | 99.65 | 781,530,755 | 99.80 | 753,222,549 |
| | 100.00 | 784,281,226 | 100.00 | 754,778,573 |
| Stores & Spares * | | | | |
| - Imported | 3.59 | 2,529,592 | 2.13 | 1,106,857 |
| - Indigenous | 96.41 | 67,919,442 | 97.87 | 50,673,628 |
| | 100.00 | 70,449,034 | 100.00 | 51,780,485 |
| *Debited under stores & spares consumed | | 23,335,403 | | 15,443,764 |
| Debited under repairs & maintenance | | 47,113,631 | | 36,336,721 |
| | | 70,449,034 | | 51,780,485 |

(b) CIF Value of Imports:

| | Current Year Rs. | Previous Year Rs. |
|-----------------------------|---------------------|----------------------|
| Raw Materials | 4,528,203 | 1,613,391 |
| Packing Materials | 2,289,385 | Nil |
| Components, Stores & Spares | 3,701,796 | 3,854,347 |
| Capital Goods | 19,033,368 | 1,159,243 |
| Finished Products | Nil | 664,686 |
| | 29,552,752 | 7,291,667 |

(c) Expenditure in foreign currency on account of:

| | (Rs.) | (Rs.) |
|---|-----------|-----------|
| Professional, Consultation fee and interest | 2,067,153 | 373,707 |
| Other Matters (including travel) | 9,763,240 | 7,278,989 |

(d) Remittance in foreign currencies on account of dividend (including remittance to NRE Account)

| | | |
|---|-----------|-----------|
| i) No. of non-resident shareholders to whom dividend was remitted | 24 | 23 |
| ii) No. of shares held by them | 3,906,200 | 3,906,614 |
| iii) Year to which the dividend related | 2007-08 | 2006-07 |
| iv) Amount remitted | 5,859,300 | 3,906,614 |

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2009 (Contd.)**

(e) Earnings in Foreign Exchange (actually received through banks) Rs.

| | | |
|---|---------------|-------------|
| Export of goods calculated on FOB basis | 1,017,804,019 | 780,557,644 |
| Others - Commission | 49,949 | Nil |

19. Figures have been rounded off to the nearest rupee. Previous year's figures, unless otherwise stated are given within brackets and have been re-grouped and recast wherever necessary to be in conformity with current year's layout.

Signatures to schedules 1 to 21, which form integral part of accounts

As per our separate report of
even date attached
for VARMA AND VARMA
Chartered Accountants

(R.R. JASEKHARAN)
M.N. No. 22703
Partner

Kochi
May 11, 2009

MANOJ JOSHI IAS
Chairman

A.K. NAIR
Director

VENU NALLUR
Director

G. RAJESH KURU
Company Secretary

G. SUSEELAN
Managing Director

K. RAMAKRISHNAN
Director

K.L. KUMAR
Director

**STATEMENT PURSUANT TO PART IV OF SCHEDULE VI
TO THE COMPANIES ACT, 1956**

Balance Sheet abstract and Company's general business profile as required in Part IV of Schedule VI of the Companies Act, 1956 is appended herein below:

| | | |
|--|---|-------------------------------|
| I. Registration details | : | Registration No. 2691 of 1975 |
| State Code No. | : | 09 |
| Balance Sheet Date | : | 31.3.2009 |
| II. Capital Raised during the year | : | (Rs. in '000) |
| Public Issue | : | Nil |
| Bonus Issue | : | Nil |
| Rights Issue | : | Nil |
| Private Placement | : | Nil |
| III. Position of Mobilization & Deployment of Funds (Rs. in '000) | | |
| Total Liabilities | : | 1,024,746 |
| Total Assets | : | 1,024,746 |
| Sources of Funds: | | |
| Paid up Capital | : | 84,000 |
| Reserve & Surplus | : | 798,409 |
| Secured Loans | : | 76,687 |
| Unsecured Loans | : | Nil |
| Deferred tax liability | : | 65,650 |
| Application of Funds: | | |
| Net Fixed Assets | : | 615,122 |
| Investments | : | 35,990 |
| Net Current Assets | : | 373,634 |
| Miscellaneous Expenditure | : | Nil |
| Accumulated Losses | : | Nil |
| IV. Performance of Company: (Rs. '000) | | |
| Turnover and Other Income | : | 1,874,614 |
| Total Expenditure | : | 1,627,976 |
| Profit before Tax | : | 246,638 |
| Profit after Tax | : | 150,194 |
| Earnings per share (Rs) | : | 17.88 |
| Dividend Rate % | : | 30% |
| V. Generic names of principal Products of company (as per monetary terms) | | |
| <i>Item Code No. (ITC Code)</i> | | <i>Product Description</i> |
| 050610.03 | | Ossein/Ossein (Limed) |
| 230990.90 | | Dicalcium Phosphate |
| 350300.20 | | Gelatin |
| 350400.10 | | Collagen Peptide |

MANOJ JOSHI IAS
Chairman

G. SUSEELAN
Managing Director

A. K. NAIR
Director

K. RAMAKRISHNAN
Director

VENU NALLUR
Director

K. L. KUMAR
Director

Kochi
11. 5. 2009

G. RAJESH KURUP
Company Secretary

NITTA GELATIN INDIA LIMITED
(Formerly Kerala Chemicals & Proteins Ltd.)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2009

(Rs in Lakhs)

| | For the year ended 31.03.2009 | For the year ended 31.03.2008 |
|--|----------------------------------|----------------------------------|
| A. Cash Flows from Operating Activities | | |
| Net Profit before Tax & Extraordinary Items | 2,466.38 | 728.91 |
| Adjustments for: | | |
| Depreciation | 649.80 | 643.76 |
| Impairment Loss on Plant & Machinery | 205.32 | 8.32 |
| Profit on sale of assets | (0.11) | 0.00 |
| Interest Expenditure | 291.60 | 388.34 |
| Interest Income | (2.19) | (4.86) |
| Dividend Received | (0.09) | (0.05) |
| Provision for Doubtful Debts/Advances | 0.00 | 5.03 |
| Foreign Exchange (Gain)/Loss | 520.43 | (69.21) |
| Miscellaneous Expenditure Written Off | 26.32 | 14.28 |
| | <u>1,691.08</u> | <u>985.61</u> |
| Operating Profit / (Loss) before Working Capital Changes | 4,157.46 | 1,714.52 |
| Adjustments for working capital changes: | | |
| (Increase)/Decrease in Trade and Other Receivables | (267.03) | (308.53) |
| (Increase)/Decrease in Inventories | 276.03 | 350.41 |
| Increase/(Decrease) in Trade Payables | 28.86 | 33.51 |
| | <u>37.86</u> | <u>75.39</u> |
| Cash generated from Operations | 4,195.32 | 1,789.91 |
| Voluntary Retirement Compensation Paid | 0.00 | (5.67) |
| Direct Taxes | (312.53) | (116.91) |
| Foreign Exchange Gain/(Loss) | (520.27) | 69.16 |
| Cash Flow Before Extraordinary Items | 3,362.52 | 1,736.49 |
| Extraordinary Items | 0.00 | 0.00 |
| Net Cash from/(used) in Operating Activities | <u>3,362.52</u> | <u>1,736.49</u> |
| B. Cash Flows from Investing Activities | | |
| Purchase of Fixed Assets | (1,422.48) | (810.15) |
| Sale of Fixed Assets | 2.88 | 7.38 |
| Investment in shares | 0.00 | (1.11) |
| Interest Received | 4.21 | 4.78 |
| Dividend Received | 0.09 | 0.05 |
| Net Cash from/(used) in Investing Activities | <u>(1,415.30)</u> | <u>(799.05)</u> |

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2009

(Rs in Lakhs)

| | For the year ended 31.03.2009 | For the year ended 31.03.2008 |
|---|----------------------------------|----------------------------------|
| C. Cash Flows from Financing Activities | | |
| Dividend Paid | (124.20) | (83.08) |
| Corporate Dividend Tax | (21.41) | (14.28) |
| Increase/(Decrease) in Long Term Borrowings | (161.16) | (89.45) |
| Increase/(Decrease) in Short Term Borrowings | (1,416.10) | (338.35) |
| Interest Paid | (290.77) | (388.28) |
| Net Cash from/(used) in Financing Activities | (2,013.64) | (913.44) |
| SUMMARY | | |
| Net Cash from/(used) in Operating Activities | 3,362.52 | 1,736.49 |
| Net Cash from/(used) in Investing Activities | (1,415.30) | (799.05) |
| Net Cash from/(used) in Financing Activities | (2,013.64) | (913.44) |
| Net Increase/(Decrease) in Cash Equivalents | (66.42) | 24.00 |
| Cash and Cash Equivalents at beginning of the year | 134.77 | 157.88 |
| Cash and Cash Equivalents at the end of the year | 68.18 | 181.93 |
| Unrealised translation gain/ (loss) on foreign currency cash & cash equivalents | 0.17 | (0.05) |
| | (66.42) | 24.00 |

As per our separate report of even date attached for VARMA AND VARMA Chartered Accountants

(R.RAJASEKHARAN)
M.No. 22703
Partner

Kochi
May 11, 2009

MANOJ JOSHI IAS
Chairman

A.K. NAIR
Director

VENU NALLUR
Director

G. RAJESH KURUP
Company Secretary

G. SUSEELAN
Managing Director

K. RAMAKRISHNAN
Director

K.L. KUMAR
Director

AUDITORS' REPORT

The Members,
Nitta Gelatin India Limited
Kochi - 36

We have audited the attached Balance Sheet of Nitta Gelatin India Limited, as at 31st March 2009, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - i. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii. in our opinion, proper books of account as required by law have been kept by the company, so far as appears from our examination of those books;
 - iii. the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the

Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

- v. on the basis of written representations received from directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009, from being appointed as a Director in terms of clause (g) of sub-section 1 of Section 274 of the Companies Act, 1956;
3. Without qualifying our opinion, we draw attention to Note No: B 6 of Schedule 21 attached to accounts, regarding investments in and advances to a subsidiary company, for which no loss is anticipated at this stage, for the reasons stated therein.
4. Further to the above, in our opinion and to the best of our information and according to the explanations given to us, *subject to Note No B: 16 (b)(i)(1) of Schedule 21 attached to accounts, regarding non-provision of disputed sales tax demands aggregating to Rs. 138.23 lakhs disclosed as contingent liability and not provided for, for the reasons stated therein, in respect of which the final liability if any, is not ascertainable at this stage and read together with the significant accounting policies and other notes attached thereto, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009;
 - ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For VARMA AND VARMA
Chartered Accountants

(R. RAJASEKHARAN)
M. No.22703
Partner

Kochi
May 11, 2009

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR
AUDIT REPORT OF EVEN DATE**

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) We are informed that major items of the fixed assets have been physically verified by the management during the year, which, in our opinion is reasonable having regard to the size of the company and the nature of its assets and that no material discrepancies have been noticed on such verification.
(c) The company has not disposed off a substantial part of the fixed assets during the year.
2. (a) We are informed that the physical verification of inventory has been conducted by the management at reasonable intervals having regard to the size of the company and the nature of its business.
(b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventory and discrepancies noticed on physical verification were properly dealt with in the books of account by the management.
3. According to the information and explanations given to us and the records of the company examined by us, the company has not granted or taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for sale of goods. During the course of our audit no major weakness has been noticed in the internal controls.
5. (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contract or arrangements with parties referred to in (a) above, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public during the year and hence the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder, are not applicable.
7. In our opinion, the company has an internal audit system, the scope and coverage of which is commensurate with its size of the Company and the nature of its business.
8. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 for the products of the Company;
9. (a) As per the information and explanations furnished to us and according to our examination of the records of the Company, the company has been generally regular in depositing undisputed statutory dues, with the appropriate authorities during the year.

There are no arrears of undisputed statutory dues outstanding as at the last day of the financial year, for a period of more than six months from the date on which they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, disputed amounts of taxes have not been deposited with the authorities as at 31st March 2009 as per details given below:

| Name of the Statute | Nature of the dues | Amount (Rs.) | Period to which the amount relates | Forum where the dispute is pending |
|---------------------------|--------------------|--------------|------------------------------------|--|
| The Central Sales Tax Act | Tax / Penalty | 60,03,156 | Financial year 2002-03 | Dy Commissioner (Appeals) |
| Bombay Sales Tax Act 1959 | Tax / Penalty | 78,20,228 | Financial year 2002-03 | Dy Commissioner (Appeals) |
| The Central Excise Act | Excise Duty | 176,88,827 | March 2006 to March 2008 | The company has filed reply for the show cause notice to the Commissioner of Customs & Central Excise. |

10. The Company does not have any accumulated losses as at the end of the financial year and the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in repayment of dues to the financial institutions and banks.
12. The Company has not given any loans or advances in the nature of loans on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a hit fund/nidhi/mutual benefit fund/society and hence the provisions thereof are not applicable.
14. The company is not dealing or trading in shares, securities, debentures or other investments and accordingly the relative reporting requirements of the order are not applicable to the Company.
15. According to the information and explanations given to us and the records of the company examined by us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us and the records of the company examined by us, the term loans availed by the company have been applied for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and the records of the company examined by us, the funds raised on short term basis have not been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies requiring to be entered in the Register pursuant to Section 301 of the Act.
19. The company has not issued any debentures during the year.
20. The company has not raised any money by public issues during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us and the records of the company examined by us, no fraud either on or by the company, has been noticed or reported during the year.

Kochi
May 11, 2009

For VARMA AND VARMA
Chartered Accountants
(R. RAJASEKHARAN)
M. No.22703
Partner

**STATEMENT PURSUANT TO SECTION 212 (1) (e) OF THE COMPANIES ACT,
1956, RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES**

1. Name of the Company : Bamni Proteins Ltd.
2. Financial year of the Subsidiary company ended on : 31st March 2009
3. Extent of Holding Company's interest :
 - i) Shares of the subsidiary held by the Company on the above date : 35.00.000 ordinary shares of Rs. 10 each
 - ii) Extent of Holding Company's interest : 82.35% of the Paid-up Equity Share Capital
4. The net aggregate amount of the Subsidiary Company's profit/loss so far as it concerns the members of the Holding Company
 - a) Not dealt with in the Holding company's accounts:
 - i) For the financial year ended 31st March 2009 : Profit of Rs. 52.89 lakhs
 - ii) For the previous financial years of the Subsidiary Company since it became the Holding Company's subsidiary : Loss of Rs. 256.38 lakhs
 - b) Dealt with in the Holding Company's account:
 - i) For the financial year ended 31st March 2009 : Nil
 - ii) For the previous financial years of the Subsidiary Company since it became the Holding Company's subsidiary : Nil

MANOJ JOSHI IAS
Chairman

G. SUSEELAN
Managing Director

A. K. NAIR
Director

K. RAMAKRISHNAN
Director

VENU NALLUR
Director

K. L. KUMAR
Director

Kochi
11. 5. 2009

G. RAJESH KURUP
Company Secretary

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH , 2009

| | Schedule No. | As at 31.3.2009 Rupees | As at 31.3.2008 Rupees |
|---|-----------------|------------------------------|------------------------------|
| I. SOURCES OF FUNDS | | | |
| 1. Shareholders' Funds: | | | |
| (a) Capital | 1 | 84,000,000 | 84,000,000 |
| (b) Reserves & Surplus | 2 | 778,060,159 | 652,059,738 |
| | | 862,060,159 | 736,059,738 |
| 2. Loan Funds: | | | |
| (a) Secured Loans | 3 | 81,946,501 | 227,021,468 |
| (b) Unsecured Loans | 4 | - | 8,824,200 |
| 3. Minority Interest | 5 | 3,139,531 | 2,006,102 |
| 4. Deferred Income Tax liability (See Note B (7)(a) of Schedule 22) | | 65,650,000 | - |
| TOTAL | | 1,012,796,191 | 973,911,508 |
| II. APPLICATION OF FUNDS | | | |
| 1. Fixed Assets: | | | |
| (a) Gross Block | 6 | 1,454,131,265 | 1,315,707,777 |
| (b) Less: Depreciation | | 839,551,378 | 752,312,802 |
| (c) Net Block | | 614,579,887 | 563,394,975 |
| (d) Capital Work-in-Progress (See Note B (10) of Schedule 22) | | 39,809,413 | 20,257,110 |
| | | 654,389,300 | 583,652,085 |
| 2. Investments | 7 | 989,800 | 989,800 |
| 3 Current Assets, Loans & Advances: | | | |
| (a) Inventories | 8 | 317,345,449 | 344,100,150 |
| (b) Sundry Debtors | 9 | 117,656,137 | 110,235,754 |
| (c) Cash and Bank Balances | 10 | 7,065,803 | 14,052,208 |
| (d) Other Current Assets | 11 | 37,072,433 | 31,141,964 |
| (e) Loans & Advances | 12 | 42,000,233 | 30,563,695 |
| | | 521,140,055 | 530,093,771 |
| Less: Current Liabilities & Provisions: | | | |
| (a) Liabilities | 13 | 100,365,915 | 99,538,561 |
| (b) Provisions | 14 | 63,357,049 | 43,917,795 |
| | | 163,722,964 | 143,456,356 |
| Net Current Assets | | 357,417,091 | 386,637,415 |
| 4. Miscellaneous Expenditure (to the extent not written off or adjusted) | 15 | - | 2,632,208 |
| TOTAL | | 1,012,796,191 | 973,911,508 |
| Notes on Accounts | 22 | | |

As per our separate report of
even date attached
for VARMA AND VARAMA
Chartered Accountants

(R.RAJASEKHARAN)
M.No. 22703
Partner

Kochi
May 11, 2009

MANOJ JOSHI IAS
Chairman

A.K. NAIR
Director

VENU NALLUR
Director

G. RAJESH KURUP
Company Secretary

G. SUSEELAN
Managing Director

K. RAMAKRISHNAN
Director

K.L. KUMAR
Director

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED
31ST MARCH, 2009**

| | Schedule No. | Current Year Rupees | Previous Year Rupees |
|---|-----------------|-----------------------------|-----------------------------|
| INCOME | | | |
| Gross Sales | | 1,873,377,235 | 1,511,124,479 |
| Less: Freight & insurance on export sales | | 12,258,009 | 12,358,614 |
| Less: Excise Duty collected on domestic sales | | 36,344,346 | 34,952,195 |
| Net Sales | | <u>1,824,774,880</u> | <u>1,463,813,670</u> |
| Other Income | 16 | 50,071,598 | 49,415,162 |
| Stock Differential-Increase/(Decrease) | 17 | (10,112,352) | (54,216,417) |
| | | <u>1,864,734,126</u> | <u>1,459,012,415</u> |
| EXPENSES | | | |
| Raw Materials consumed | 18 | 784,281,226 | 754,778,573 |
| Purchase of finished goods | | — | 664,686 |
| Other Manufacturing, Administrative & Selling Expenses | 19 | 721,951,104 | 517,550,776 |
| Financial Charges | 20 | 36,614,494 | 42,136,579 |
| Depreciation | | 68,705,031 | 68,873,375 |
| | | <u>1,611,551,855</u> | <u>1,384,003,989</u> |
| PROFIT BEFORE TAX | | 253,182,271 | 75,008,426 |
| Less: Provision for Taxes | | | |
| Income Tax - Current Year | | 27,944,036 | 8,258,533 |
| Income Tax - Prior years | | 1,324,956 | (3,375,169) |
| Income Tax - Deferred Tax | | 65,650,000 | - |
| Fringe Benefit Tax | | 1,646,689 | 1,498,290 |
| PROFIT AFTER TAX | | 156,616,590 | 68,626,772 |
| Less: Share of Profit of subsidiary for the year transferred to minority interest | | 1,133,429 | 356,345 |
| | | <u>155,483,161</u> | <u>68,270,427</u> |
| Appropriations: | | | |
| Transfer to General Reserve | | 40,000,000 | 3,400,000 |
| Proposed Dividend | | 25,200,000 | 12,600,000 |
| Tax on proposed dividend | | 4,282,740 | 2,141,370 |
| Balance after appropriations | | <u>86,000,421</u> | <u>50,129,057</u> |
| Less: Balance Loss brought forward from previous year | | | |
| -relating to holding company | | 51,746,023 | 100,212,140 |
| -relating to subsidiary company | | 25,638,194 | 27,301,134 |
| PROFIT/(LOSS) CARRIED TO BALANCE SHEET | | <u>8,616,204</u> | <u>(77,384,217)</u> |
| Earnings per share (Basic and Diluted) | 21 | 18.51 | 8.13 |
| Notes on Accounts and additional information | 22 | | |

As per our separate report of even date attached for VARMA AND VARMA Chartered Accountants

(R.RAJASEKHARAN)
M.No. 22703
Partner

Kochi
May 11, 2009

MANOJ JOSHI IAS
Chairman

A.K. NAIR
Director

VENU NALLUR
Director

G. RAJESH KURUP
Company Secretary

G. SUSEELAN
Managing Director

K. RAMAKRISHNAN
Director

K.L. KUMAR
Director

**SCHEDULES ATTACHED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009**

| Schedule No. | As at 31.3.2009 Rupees | As at 31.3.2008 Rupees |
|--|------------------------------|------------------------------|
| 1. SHARE CAPITAL | | |
| Authorised : | | |
| 10,000,000 (10,000,000) Equity Shares of Rs.10/- each | <u>100,000,000</u> | <u>100,000,000</u> |
| Issued and Subscribed: | | |
| 8,400,000 (8,400,000) Equity Shares of Rs.10/- each fully paid up | 84,000,000 | 84,000,000 |
| Of the above shares, | | |
| (a) 224,000 (224,000) shares are allotted as fully paid up pursuant to a contract without payment being received in cash | | |
| (b) 2,800,000 (2,800,000) shares are allotted as fully paid up by way of Bonus Shares | <u>84,000,000</u> | <u>84,000,000</u> |
| 2. RESERVES & SURPLUS | | |
| Capital Reserve - Investment Subsidy | 1,500,000 | 1,500,000 |
| Security Premium account - as per last Balance Sheet | 273,000,000 | 273,000,000 |
| Special Export Reserve - as per last Balance Sheet | 7,900,000 | 7,900,000 |
| General Reserve- as per last Balance Sheet | 447,043,955 | 448,400,000 |
| Less: Transitional Liability as per Revised AS-15 | - | (4,756,045) |
| Add: Transfer from Profit & Loss A/c | 40,000,000 | 3,400,000 |
| | <u>487,043,955</u> | <u>447,043,955</u> |
| Less : Debit Balance in Profit & Loss Account | -- | (77,384,217) |
| | 487,043,955 | 369,659,738 |
| Surplus in Profit & Loss A/c | 8,616,204 | -- |
| 3. SECURED LOANS | <u>778,060,159</u> | <u>652,059,738</u> |
| FROM BANKS: | | |
| I. Term Loan: | | |
| a. State Bank of India* | 5,259,451 | 3,919,707 |
| b. Canara Bank** | 15,012,354 | 19,818,351 |
| | <u>20,271,805</u> | <u>23,738,058</u> |
| II. Working Capital Loans***: | | |
| a. State Bank of India | 14,127,293 | 126,721,006 |
| b. Canara Bank | 33,461,691 | 44,706,791 |
| c. State Bank of Travancore | 14,085,712 | 31,855,613 |
| | <u>61,674,696</u> | <u>203,283,410</u> |
| | <u>81,946,501</u> | <u>227,021,468</u> |

* Due to State Bank of India by the subsidiary company is secured by first charge on present and future goods, book debts and of all other immovable assets and the entire fixed assets of the said company, both present and future.

** Due to Canara Bank by the holding company secured by hypothecation of assets acquired under the loan agreement. Repayable within one year - Rs. 8,304,118/- (Rs 80,86,520/-)

*** Secured by hypothecation of the entire Current Assets of the holding company namely inventories, debtors, cash & bank balances, other current assets and loans & advances, present & future of the said company and also secured by pari passu charge on the fixed assets of the said company. Repayable within one year Rs 61,674,696/- (Rs 203,283,410/-)

**SCHEDULES ATTACHED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009 (Contd.)**

| Schedule No. | As at 31.3.2009 Rupees | As at 31.3.2008 Rupees |
|---|------------------------------|------------------------------|
| 4. UNSECURED LOANS (Other than Short Term) | | |
| FROM: | | |
| a. Sumitomo Mitsui Banking Corporation | - | 8,824,200 |
| Repayable within one year -Rs. Nil (Rs.88,24,200/-) | - | <u>8,824,200</u> |
| 5. MINORITY INTEREST | | |
| Share Capital | 7,500,000 | 7,500,000 |
| Less: | | |
| Share of accumulated loss upto previous year" | 5,493,898 | 5,850,243 |
| | <u>2,006,102</u> | <u>1,649,757</u> |
| Add: | | |
| Profit for the year transferred from Profit & Loss Account | 1,133,429 | 356,345 |
| | <u>3,139,531</u> | <u>2,006,102</u> |
| 7. INVESTMENTS | | |
| Long Term Investments | | |
| I. Quoted: | | |
| Non Trade Shares | | |
| i) 420 (420) Equity shares of Rs.10/- each in State Bank of India fully paid up | 146,300 | 146,300 |
| ii) 100 (100) Shares of Rs.10/- each in Industrial Finance Corporation of India fully paid up | 3,500 | 3,500 |
| Aggregate Face value of quoted investments : Rs 0.05 Lakhs(Rs 0.05 Lakhs) | | |
| Aggregate Market value of the quoted Investment: Rs 4.50 Lakhs(Rs. 6.76 Lakhs) | | |
| II. Unquoted : | | |
| Trade Shares | | |
| i) 2,400 (2400) fully paid up shares of Rs.100/- each in M/s. Organo Fertilizers (India) Pvt. Ltd. | 240,000 | 240,000 |
| ii) 60,000 (60,000) fully paid up shares of Rs.10/- each in Kerala Enviro Infrastructure Ltd. | 600,000 | 600,000 |
| iii) 2,88,000 (2,88,000) fully paid up shares of Rs.10/- each in K.K. Organics (P) Ltd . | 2,880,000 | 2,880,000 |
| Less: Provision for loss in investments | <u>2,880,000</u> | <u>2,880,000</u> |
| | <u>989,800</u> | <u>989,800</u> |

**SCHEDULES ATTACHED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH,2009 (Contd.)**

SCHEDULE 6 - FIXED ASSETS

(Amount in Rupees)

| Particulars | GROSS BLOCK (At Cost) | | | | DEPRECIATION | | | | Impairment Loss* | NET BLOCK | |
|---------------------------------------|--------------------------------|-----------------------------|------------------------|----------------------------------|------------------------------|----------------------------|------------------------|------------------------------|-------------------|------------------------------|------------------------------|
| | As at 1-4-2008 | Additions 2008-09 | Disposals/ Adjustments | As at 31-3-2009 | As at 1-4-2008 | For the Year | Disposals/ Adjustments | As at 31-3-2009 | | As at 31-3-2009 | As at 31-3-2008 |
| Land and Development | 14,345,651 (14,345,651) | 926,440 - | - - | 15,272,091 (14,345,651) | - - | - - | - - | - - | - | 15,272,091 (14,345,651) | 14,345,651 (14,345,651) |
| Leasehold Land | 26,148,286 (26,148,286) | - - | - - | 26,148,286 (26,148,286) | 2,635,818 (2,345,572) | 290,246 (290,246) | - - | 2,926,064 (2,635,818) | - | 23,222,222 (23,512,468) | 23,512,468 (23,802,714) |
| Buildings | 221,310,506 (206,790,321) | 12,521,164 (14,520,185) | - - | 233,831,670 (221,310,506) | 126,657,083 (117,461,250) | 9,368,356 (9,195,833) | - - | 136,025,439 (126,657,083) | - | 97,806,231 (94,653,423) | 94,653,423 (89,329,071) |
| Plant & Machinery (See note below) | 1,010,380,603 (950,926,281) | 121,775,613 (63,974,210) | - (4,519,888) | 1,132,156,216 (1,010,380,603) | 591,395,453 (537,023,426) | 55,563,007 (56,172,856) | - (1,800,829) | 646,958,460 (591,395,453) | 20,531,555 | 464,666,201 (418,985,150) | 418,985,150 (413,902,855) |
| Service Equipments | 15,615,654 (14,287,081) | 1,547,597 (1,570,250) | 322,788 (241,677) | 16,840,463 (15,615,654) | 11,372,500 (10,596,346) | 1,089,593 (1,017,831) | 322,788 (241,677) | 12,139,305 (11,372,500) | - | 4,701,158 (4,243,154) | 4,243,154 (3,690,735) |
| Office Equipments | 15,375,995 (14,118,778) | 3,409,884 (1,627,289) | 774,452 (370,072) | 18,011,427 (15,375,995) | 11,173,682 (10,428,384) | 1,515,149 (1,020,371) | 738,561 (275,073) | 11,950,270 (11,173,682) | - | 6,061,157 (4,202,313) | 4,202,313 (3,690,394) |
| Furniture & Fittings | 7,402,985 (7,146,620) | 517,631 (265,039) | 61,398 (8,674) | 7,859,218 (7,402,985) | 6,489,488 (6,209,501) | 280,279 (288,661) | 48,456 (8,674) | 6,721,311 (6,489,488) | - | 1,137,907 (913,497) | 913,497 (937,119) |
| Vehicles | 5,128,097 (3,775,227) | - (1,552,870) | 1,116,203 (200,000) | 4,011,894 (5,128,097) | 2,588,778 (1,887,017) | 598,100 (887,577) | 598,100 (185,816) | 2,298,974 (2,588,778) | - | 1,712,920 (2,539,319) | 2,539,319 (1,888,210) |
| Total | 1,315,707,777 | 140,698,329 | 2,274,841 | 1,454,131,265 | 752,312,802 | 68,705,031 | 1,998,010 | 819,019,823 | 20,531,555 | 614,579,887 | 563,394,975 |
| Previous Year | 1,237,538,245 | 83,509,843 | 5,340,311 | 1,315,707,777 | 685,951,496 | 68,873,375 | 2,512,069 | 752,312,802 | - | 563,394,975 | 551,586,749 |

* See Note B (9) of Schedule 22

- Note :
1. Additions include Rs. 2,486,000/- (Rs. Nil) towards exchange loss on foreign currency loans.
 2. Disposals/adjustments include Rs. Nil (Rs. 1,238,050/-) towards exchange gain on foreign currency loans

**SCHEDULES ATTACHED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009 (Contd.)**

| Schedule No. | As at 31.3.2009 Rupees | As at 31.3.2008 Rupees |
|---|------------------------------|------------------------------|
| 8. INVENTORIES | | |
| Finished Goods(See Note B (14) of Schedule 22) | 68,481,422 | 74,931,562 |
| Raw Materials | 55,557,513 | 66,156,039 |
| Work-in-process(See Note B (14) of Schedule 22) | 120,649,395 | 124,311,607 |
| Stores & Spares | 68,005,473 | 74,856,348 |
| Packing Materials | 3,926,078 | 3,272,099 |
| Loose tools | 288,988 | 303,606 |
| Materials in transit | 436,580 | 268,889 |
| | 317,345,449 | 344,100,150 |
| 9. SUNDRY DEBTORS | | |
| Considered good: | | |
| Over six months | 2,850,129 | 2,571,660 |
| Others | 114,806,008 | 107,664,094 |
| Considered Doubtful : | | |
| Over six months | -- | 1,920,784 |
| Less: Provision | -- | 1,920,784 |
| | 117,656,137 | 110,235,754 |
| 10. CASH & BANK BALANCES | | |
| Cash & Cheques on hand | 556,612 | 626,234 |
| Balance with Banks: | | |
| Scheduled Banks : | | |
| i) In Current Account | 4,763,968 | 11,680,674 |
| ii) In Deposit Account | 1,745,223 | 1,745,300 |
| | 7,065,803 | 14,052,208 |
| 11. OTHER CURRENT ASSETS | | |
| Interest receivable | 120,918 | 295,174 |
| Claims Receivable | | |
| - Duty Drawback (See Note B(8) of Schedule 22) | 9,940,944 | 11,170,339 |
| - Export incentive - DEPB | 25,120,404 | 17,517,951 |
| - Others | 3,890,167 | 2,158,500 |
| | 37,072,433 | 31,141,964 |

**SCHEDULES ATTACHED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009 (Contd.)**

| Schedule No. | As at 31.3.2009 Rupees | As at 31.3.2008 Rupees |
|---|------------------------------|------------------------------|
| 12. LOANS & ADVANCES | | |
| 1. Secured (Considered Good) | | |
| Vehicle/computer loan to employees | 201,324 | 324,334 |
| 2. Unsecured (Considered Good) | | |
| Advances recoverable in cash or in kind or for value to be received. | 21,386,508 | 15,611,379 |
| Income Tax (Net) | 4,865,489 | 1,871,366 |
| Balances with Central Excise, Customs etc. | 6,170,926 | 1,602,747 |
| Deposits | 9,375,986 | 11,153,869 |
| | <u>42,000,233</u> | <u>30,563,695</u> |
| 13. CURRENT LIABILITIES | | |
| Sundry Creditors: | | |
| a. Due to Micro and Small Enterprises (See Note B(1) of Schedule 22) | - | - |
| b. Due to others | 94,166,418 | 95,298,845 |
| | <u>94,166,418</u> | <u>95,298,845</u> |
| Investor Education & Protection Fund shall be credited by-Unpaid Dividends | 272,459 | 92,164 |
| Other Liabilities | 5,582,117 | 3,884,960 |
| Interest accrued but not due | 344,921 | 262,592 |
| | <u>100,365,915</u> | <u>99,538,561</u> |
| 14. PROVISIONS | | |
| For Proposed Dividend | 25,200,000 | 12,600,000 |
| For Corporate Dividend Tax | 4,282,740 | 2,141,370 |
| For Excise Duty(See Note B(16)(a) and (b)(i)(2) of Schedule 22) | 4,095,386 | - |
| For Duty Drawback(See Note B(8) of Schedule 22) | 6,461,789 | - |
| For Sales Tax(See Note B(16)(a) of Schedule 22) | - | 7,563,109 |
| For Employee Benefits(See Note B(13) of Schedule 22) | 23,317,134 | 21,613,316 |
| | <u>63,357,049</u> | <u>43,917,795</u> |
| 15. MISCELLANEOUS EXPENDITURE | | |
| (To the extent not written off or adjusted) | | |
| As per last balance sheet | 2,632,208 | 3,492,367 |
| VRS Compensation paid during the year | - | 567,480 |
| | <u>2,632,208</u> | <u>4,059,847</u> |
| Less:Written off (See Note B(13)(3) of Schedule 22) | 2,632,208 | 1,427,639 |
| | <u>-</u> | <u>2,632,208</u> |

**SCHEDULES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
 PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)**

| Schedule No. | Current Year Rupees | Previous Year Rupees |
|---|------------------------|-------------------------|
| 16. OTHER INCOME | | |
| Miscellaneous Sales | 14,008,669 | 11,912,582 |
| Export Incentive | | |
| - DEPB | 34,592,798 | 28,459,215 |
| - Duty drawback | 1,136,057 | 1,496,551 |
| Interest (Tax deducted at source -Rs. 44,280/- Previous Year - Rs.24, 584/-) | 311,489 | 554,184 |
| Miscellaneous Income | 2,333 | 66,502 |
| Dividend Income | 9,030 | 4,900 |
| Profit on discarded or sold assets written off | 11,222 | -- |
| Foreign Exchange rate variation (Net) | - | 6,921,228 |
| | 50,071,598 | 49,415,162 |
| 17. STOCK DIFFERENTIAL | | |
| (a) Closing Stock | | |
| Finished Goods | 68,481,422 | 74,931,562 |
| Work-in-process | 120,649,395 | 124,311,607 |
| | <u>189,130,817</u> | <u>199,243,169</u> |
| Less: | | |
| (b) Opening Stock | | |
| Finished Goods | 74,931,562 | 100,302,156 |
| Work-in-process | 124,311,607 | 153,157,430 |
| | <u>199,243,169</u> | <u>253,459,586</u> |
| | (10,112,352) | (54,216,417) |
| 18. RAW MATERIALS CONSUMED | | |
| Opening Stock | 66,156,039 | 55,723,599 |
| Add: Purchases | 773,682,700 | 765,211,013 |
| | <u>839,838,739</u> | <u>820,934,612</u> |
| Less: Closing Stock | 55,557,513 | 66,156,039 |
| | 784,281,226 | 754,778,573 |

**SCHEDULES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)**

| Schedule No. | Current Year Rupees | Previous Year Rupees |
|--|------------------------|-------------------------|
| 19. OTHER MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES | | |
| Salaries, Wages & Bonus | 99,510,971 | 85,092,151 |
| Contribution to Gratuity, ESI and Provident Funds | 13,518,914 | 10,935,003 |
| Gratuity paid | 156,788 | 230,610 |
| Recruitment & Training | 1,327,790 | 1,044,365 |
| Workmen & Staff Welfare Expenses | 19,736,608 | 16,060,846 |
| Stores & Spares Consumed | 26,855,809 | 18,010,507 |
| Packing Materials consumed | 26,258,676 | 22,062,489 |
| Research & Development Expenditure | 3,656,368 | 2,913,083 |
| Power, Fuel, Water & Gas | 266,031,264 | 218,202,956 |
| Repairs & Maintenance - Buildings | 1,781,157 | 2,759,699 |
| - Plant & Machinery | 71,290,872 | 50,871,397 |
| - Others | 12,479,396 | 7,685,884 |
| Insurance | 3,578,266 | 4,531,071 |
| Rent | 1,873,900 | 1,196,054 |
| Rates & Taxes | 8,954,139 | 6,661,463 |
| Postage, Telephones and Telegram, etc | 2,918,770 | 2,661,384 |
| Printing & Stationery | 1,967,828 | 1,456,693 |
| Travelling & Conveyance | 18,988,831 | 14,062,700 |
| Vehicle running & maintenance | 624,759 | 828,629 |
| Directors' sitting fee | 284,250 | 92,000 |
| Auditor's remuneration (See Note B(4) of Schedule - 22) | 1,063,266 | 672,068 |
| Advertisement & Publicity | 997,577 | 765,197 |
| Loading, Transportation and other charges | 24,825,128 | 22,876,101 |
| Discount & Commission on Sales | 10,761,209 | 12,259,795 |
| Miscellaneous Expenses | 16,744,621 | 11,429,138 |
| Impairment Loss on Plant and Machinery (See Note B(9) of Schedule 22) | 20,531,555 | -- |
| Loss on discarded/sold assets written off (Net) | -- | 761,854 |
| Provision for Cenvat on inputs/ Drawback Claims | 10,557,175 | -- |
| Foreign Exchange rate variation (Net) | 52,043,009 | -- |
| Compensation under Voluntary Retirement Scheme written off (See Note B(13)(3) of Schedule 22) | 2,632,208 | 1,427,639 |
| | 721,951,104 | 517,550,776 |

**SCHEDULES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
 PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)**

| Schedule No. | Current Year Rupees | Previous Year Rupees |
|--|--------------------------|--------------------------|
| 20. FINANCIAL CHARGES | | |
| Bank Charges | 2,748,276 | 2,668,912 |
| Interest on Fixed Loans | 2,450,405 | 3,676,745 |
| Interest on Others | 31,415,813 | 35,790,922 |
| | <u>36,614,494</u> | <u>42,136,579</u> |
| 21. EARNINGS PER SHARE | | |
| Profit after taxation | 155,483,161 | 68,270,427 |
| Weighted Average Number of Equity Shares of Rs. 10/- each (fully paid-up) | 8,400,000 | 8,400,000 |
| Earnings per share -Basic & Diluted | <u>18.51</u> | <u>8.13</u> |

**NOTES ATTACHED TO AND FORMING PART OF THE
CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009**

SCHEDULE - 22

A Significant Accounting Policies.

i. Basis of Preparation :

This Consolidated Financial Statements of Nitta Gelatin India Limited (the company) and its subsidiary, Bamni Proteins Limited (subsidiary), collectively referred to as the group have been prepared in accordance with Accounting Standard -21 (AS-21), "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India (ICAI).

ii. Basis of Accounting

The financial statements are prepared under the historical cost convention, on accrual basis of accounting in conformity with the accounting principles generally accepted in India and comply with the accounting standards referred to in Section 211 (3C) of the Companies Act 1956 of India.

iii. Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known /materialised.

iv. Revenue Recognition

Sales are recognized on transfer of title of the goods to the customers. Export incentives are recognized on exports on accrual basis, based on the estimated realizable value of such entitlements. Other incomes are recognized on accrual basis except when there are significant uncertainties.

v. Fixed Assets

Fixed Assets are stated at cost less depreciation and impairment in value, if any, is adjusted.

vi. Depreciation

1. Depreciation on Plant and Machinery (other than service equipment) is provided on Straight Line Method. The rates adopted are as prescribed in Schedule XIV of the Companies Act, 1956 read with Circular No. 1/1/86 dt.21.5.86, of the Department of Company Affairs, Govt. of India, except in respect of the following items, which are depreciated at higher rates on the basis of technical evaluation: -

- a) Plant and Machinery of Ossein Unit acquired in the company and in the subsidiary company after 16.12.1993 and having value in excess of Rs.5,000/- in individual case - 11.31%
- b) Plant and Machinery of Gelatin Division having value in excess of Rs.5000/- in individual case - 6.33%
- c) Effluent treatment plant at Ossein Unit - 19%
- d) Effluent treatment plant at Gelatin Division - 11.31%.

2. Depreciation on Service Equipment and other items of fixed assets is provided on Written Down value method at the rates provided in Schedule XIV of the Companies Act 1956.

3. Lease Premium on land is depreciated (amortised) over the period of lease.

**NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009 (CONTD.)**

vii. Investments

Long Term Investments are stated at cost. Decline in value, if any, which is not considered temporary in nature, is provided for.

viii. Inventories

Inventories are valued at lower of cost or net realizable value, item wise. For this purpose, the cost of bought-out inventories comprise of the purchase cost of the items, net of applicable tax/duty credits and cost of bringing such items into the factory on a weighted average basis. The cost of manufactured inventories comprises of the direct cost of production plus appropriate overheads. The net realisable value of bought out inventories is taken at their current replacement value.

ix. Research & Development

Research & Development costs are expensed in the year in which it is incurred, unless the future benefit thereon is certain.

x. Employee Benefits:

a) Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and recognized in the period in which the employee renders the related service.

b) Defined Contribution Plans

The Company has defined contribution plans for employees comprising of Provident Fund and Employee's State Insurance. The contributions paid / payable to these plans during the year are charged to the Profit and Loss Account for the year.

c) Defined Benefit Plans

In the case of the Company

Payment of Gratuity to employees is covered by the KCPL Gratuity Trust Scheme based on the Group Gratuity cum Assurance Scheme of the LIC of India, which is a defined benefit scheme and the company makes contributions under the said scheme. The net present value of the obligation for Gratuity benefits as determined on independent actuarial valuation, conducted annually using the projected unit credit method, as adjusted for unrecognized past services cost if any and as reduced by the fair value of plan assets, is recognized in the accounts. Actuarial gains and losses are recognized in full in the Profit and Loss Account for the period in which they occur.

In the case of Subsidiary

The net present value of the obligation for Gratuity benefits as determined on independent actuarial valuation, conducted annually using the projected unit credit method, as adjusted for unrecognized past services cost if any is recognized in the accounts. The actuarial gains and losses are recognized in full in the Profit and Loss Account for the period in which they occur.

d) Long Term Employee Benefits

Compensated Absences

The company has a scheme for compensated absences for employees, the liability of which is determined on the basis of an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. The actuarial gains and losses are recognized in full in the Profit and Loss Account for the period in which they occur.

**NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009 (Contd.)**

e) Termination Benefits

Termination benefits are recognized in the Profit and Loss Account for the period in which the same accrue.

xi. Income Tax

Income Tax is accounted in accordance with the Accounting Standard for Accounting for Taxes on Income (AS-22), which includes current taxes and Deferred Taxes. Deferred Tax Assets/Liabilities representing timing differences between accounting income and taxable income are recognized to the extent considered capable of being reversed in subsequent years. Deferred Tax Assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available, except that deferred tax assets arising due to unabsorbed depreciation and losses are recognized if there is a virtual certainty that sufficient future taxable income will be available to realize the same. Provision for Fringe Benefit Tax is made in accordance with the provisions of Income Tax Act 1961.

xii. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are capitalised. Other borrowing costs are recognised as expenditure for the period in which they are incurred.

xiii. Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities outstanding at the Balance Sheet date are translated at the applicable exchange rates prevailing at the year end. Premium on forward exchange contracts, which are not intended for trading or speculative purposes, is recognised over the period of the contract and exchange differences on such contracts are recognised in the year in which the exchange rates change. The exchange gain/loss arising during the year are adjusted to the Profit and Loss Account, except to the extent relatable to liabilities transacted prior to 1st April 2004 for acquisition of fixed assets, in which case the exchange differences are adjusted to the carrying cost of the relevant fixed assets.

xiv. Grants / Subsidies

Grants / Subsidies, specifically identifiable with any capital asset, are credited to the carrying cost of the respective asset. Grants / Subsidies, not specifically identifiable as above, are credited to capital reserve

xv. Earnings Per Share

Basic/ diluted earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares/ dilutive potential equity shares outstanding as at end of the year as the case may be.

xvi. Impairment of Assets

The company assess at each Balance Sheet date whether there is any indication that an asset may be impaired. An asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. Based on such assessment, impairment loss if any is recognized in the Profit and Loss account of the period in which the asset is identified as impaired. The impairment loss recognised in the prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

**NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009 (Contd.)**

xvii. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the company has a present obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the correct management estimates.

Contingent Liabilities are disclosed when the company has a possible obligation or a present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent Assets are neither recognized nor disclosed in the accounts.

B. NOTES TO ACCOUNTS

1. Amounts due to Micro and Small Enterprises

The company has taken steps to identify the suppliers who qualify under the definition of Micro and Small Enterprises, as defined under the Micro Small and Medium Enterprises Development Act 2006. Based on available information, there are no balances outstanding as payable to such suppliers at the year end. In the opinion of the management there are no amounts paid/payable towards interest under the said statute.

2. Nitta Gelatin India Ltd. has controlling interest in the following entity during the year ended 31.03.2009

| Name of Entity | Country of Incorporation | Controlling Interest |
|---------------------|--------------------------|----------------------|
| Bamni Proteins Ltd. | INDIA | 82.35% (82.35%) |

3. Managerial Remuneration under Section 198 of the Companies' Act 1956:

| | Holding Company | | Subsidiary Company |
|--------------------------------|--|--------------------------------|--|
| | Managing Director Rs. | Whole Time Director Rs. | Resident Director Rs. |
| Salaries & Allowances | 1,080,000 (900,000) | — (648,000) | 1,040,031 (926,769) |
| Perquisites* | 697,399 (1,382,865)** | — (418,025) | 185,505 (131,065) |
| Contribution to Provident Fund | 129,600 (108,000) | — (77,760) | 64,986 (56,272) |
| TOTAL | 1,906,999 (2,390,865) | — (1,143,785) | 1,290,522 (1,114,106) |

* Does not include value of non-monetary perquisites or retirement benefits funded with an insurance company.

** Includes retirement benefits paid Rs. 815,192/-

Remuneration paid to Resident Director of the Subsidiary Company for the period from 01.04.2008 to 31.03.2009 amounting to Rs.1,290,522/- (Previous year from 28.02.2008 to 31.03.2008 -- Rs. 103,787/-) is subject to the approval of Central Government.

**NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009 (Contd.)**

4. Provision and/or payments in respect of Auditors' remuneration

| | Current Year Rs. | Previous Year Rs. |
|---|---------------------|----------------------|
| a. Statutory Audit fee | 355,150 | 300,562 |
| b. Other Services: | | |
| i. Taxation matters (including Tax Audit) | 339,017 | 198,152 |
| ii. Others | 369,099 | 173,354 |

5. Fixed Assets include lease premium paid Rs.234.00 lakhs (Rs.234.00 lakhs), for the Gelatin factory land taken on lease, the formal lease agreement for which is yet to be executed.

6. In the opinion of the Directors of the company and the subsidiary, the Current Assets, Loans and Advances have the value at which they are stated in the Balance Sheet, if realised in the ordinary course of business.

7. a) Deferred Tax Asset/ (Liability) of the Company consists of: (Amount in Rs.)

| | As at 31.03.2009 | As at 31.03.2008 |
|--|---------------------|-------------------|
| Deferred Tax Liability: | | |
| On excess of net book value over income tax written down value of fixed assets | 74,135,366 | 83,239,868 |
| Deferred Tax Asset: | | |
| On Unabsorbed Depreciation Loss | 4,090,280 | 95,955,379 |
| On Provisions | 3,588,384 | 11,889,965 |
| On other disallowances | 806,702 | 591,874 |
| Net Deferred Tax Asset/ (Liability) | (65,650,000) | 25,197,350 |

In terms of Accounting Standard on Accounting for Taxes on Income (AS-22), Deferred Tax Asset (net) as at 31st March 2008 had not been recognized in the accounts of the company as a matter of prudence in the absence of virtual / reasonable certainty of future taxable profits at that stage.

In the case of subsidiary, Deferred Tax Asset (net) has not been recognized in the accounts, as a matter of prudence in the absence of virtual / reasonable certainty of future taxable profits.

b) The taxes provided/paid under Minimum Alternate Tax (MAT), which can be set off against the future tax liability, subject to the applicable provisions of the Income Tax Act, 1961, has not been carried forward as a matter of abundant caution.

8. Other current assets in the Balance Sheet include Rs. 64.62 lakhs (Rs. 64.62 lakhs) being Duty Drawback claims taken credit for in prior years not admitted by the Department and pending on writ petition filed before the Hon'ble High Court of Kerala. Though the company is actively pursuing the matter for recovery, a provision has been created in the accounts as a matter of abundant caution.

9. During the year, the company has substantially substituted the fuel for steam generation from furnace oil to firewood as a measure for reducing the expenditure on fuel. This has resulted in certain items of plant and machinery earlier used for steam generation being no longer economically usable. The resultant impairment in value of such assets aggregating to Rs. 205.32 lakhs computed with reference to net selling price, based on a quotation received by the management, has been charged to the Profit & Loss account for the year.

10. Capital Work in Progress includes Advances on Capital Account : Rs. 10,400,205/- (Rs. 4,292,243/-)

11. The following are the significant transactions with related parties during the year.

**NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
 ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009 (Contd.)**

(A) Related parties and nature of relationship

- i. Nitta Gelatin Inc. - Enterprise having substantial interest in the Company.
- ii. Nitta Gelatin NA Inc. - Subsidiary of Nitta Gelatin Inc
- iii. K. K. Organics (Pvt) Ltd - Associate Company
- iv. Key Management Personnel:
 - a) Company:
 - 1) Mr. G. Suseelan - Whole Time Director till 31.03.2008 & Managing Director from 01.04.2008
 - 2) Mr. A. K. Nair - Managing Director (till 31.03.2008)
 - b) Subsidiary Company: Mr. T. P. Philip, Resident Director

(B) Description of Transactions.

(Rs.in Lakhs)

| Nature of transaction | Enterprise having substantial interest in the company and its Subsidiary | Key Management Personnel | Total |
|--|--|--------------------------|-----------------------|
| Sales and Income | | | |
| 1. Sale of Goods : Nitta Gelatin Inc | 6,384.67 (5,443.72) | - - | 6384.67 (5,443.72) |
| Nitta Gelatin NA Inc | 1916.39 (1,746) | - - | 1916.39 (1,746) |
| Purchase and Expenses | | | |
| 1. Purchase of assets: Nitta Gelatin Inc. | 134.00 (11.59) | - - | 134.00 (11.59) |
| 2. Purchase of Store items/chemicals: Nitta Gelatin Inc | 49.64 (23.84) | - - | 49.64 (23.84) |
| 3. Purchase of DCP for Sales: Nitta Gelatin Inc. | Nil (6.65) | - - | Nil (6.65) |
| 4. Commission paid for sale of Gelatin: Nitta Gelatin Inc. | 1.08 (5.44) | - - | 1.08 (5.44) |
| 5. Commission received for sale of Gelatin: Nitta Gelatin Inc. | 0.50 (Nil) | - - | 0.50 (Nil) |
| 6. Interest on loan: Nitta Gelatin Inc | Nil (1.05) | - - | Nil (1.05) |
| 7. Rebate Paid: Nitta Gelatin Inc | 10.11 (Nil) | - - | 10.11 (Nil) |
| Nitta Gelatin NA Inc | 15.22 (Nil) | - - | 15.22 (Nil) |
| 8. Payment to Key Management Personnel: | | 19.07 | 19.07 |
| a) Remuneration to Managing Director* | | (23.91) | (23.91) |
| b) Whole time Director* | | Nil | Nil |
| | | (11.44) | (11.44) |
| c) Resident Director (Subsidiary Company) *See Note B(3) | | 12.91 (11.14) | 12.91 (11.14) |
| Receivables | | | |
| Nitta Gelatin Inc | Nil (50.04) | - - | Nil (50.04) |
| Payables | | | |
| Nitta Gelatin Inc | 92.14 (3.47) | - - | 92.14 (3.47) |
| Nitta Gelatin NA Inc. | 6.21 (4.50) | - - | 6.21 (4.50) |

**NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009 (Contd.)**

12. Segment Information

In respect of the Company: The company is engaged in the business of manufacture and sale of Gelatin, Ossein and DCP, which form broadly part of one product group and hence constitute a single business segment. However, based on geographical factors, reportable geographic segments have been identified as export sales and domestic sales. The segment wise information pertaining to the reportable geographical segments as above, is as follows:

| | Export | Domestic | Consolidated |
|-------------------------------------|--------------------------------|------------------------------|----------------------------------|
| Segment Revenue (External Sales) | 1,014,181,770 (795,031,588) | 810,593,110 (668,782,082) | 1,824,774,880 (1,463,813,670) |
| Segment Result | 185,400,084 (13,489,706) | 234,030,061 (164,700,348) | 419,430,145 (178,190,054) |
| Unallocated Expenditure (Net) | | | 136,748,646 (63,853,261) |
| Interest Expense | | | 36,043,933 (41,445,942) |
| Profit before taxation | | | 246,637,566 (72,890,851) |

Capital employed as also assets and liabilities of the company are not capable of being stated separately segment wise since all the assets and liabilities are held under composite undertaking for both the geographic segments. In respect of Subsidiary: The Company is engaged in the business of manufacture/job conversion of Ossein and hence only one business segment.

13. Employee benefits

1. Consequent to Accounting Standard 15 - "Employee Benefits" (Revised 2005) becoming effective, the company has adopted the said standard with effect from 1st April 2007.
2. Disclosures required under Accounting Standard 15 - "Employee Benefits" (Revised 2005)
 - a. *Defined Contribution Plans* : During the year the following amounts have been recognised in the Profit and Loss Account on account of defined contribution plans.

| | Company (Rs.) | Subsidiary (Rs) |
|--|-----------------------------|--------------------------|
| Employers contribution to Provident Fund | 6,167,063 (5,463,978.50) | 1,531,231 (1,318,182) |
| Employers contribution to Employee's State Insurance | 269,984 (333,535) | Nil |

b. *Defined Benefit Plans - Gratuity*

| i | Actuarial Assumptions | Company (Funded) | Subsidiary (Unfunded) |
|----------|--------------------------------|-----------------------------|------------------------------|
| | Discount Rate (per annum) | 7.5% (7.5%) | 7% (8%) |
| | Expected return on plan assets | 8% (9.25%) | -- |
| | Salary escalation rate* | 5% (3%) | 4% (4%) |
| | Mortality rate | LIC (1994-1996) Ultimate | LIC (1994-1996) Ultimate |

*The assumption of future salary increases takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market

**NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009 (Contd.)**

| ii | Reconciliation of present value of obligation | Company (Rs.) | Subsidiary (Rs) |
|-----------|--|----------------------------|--------------------------|
| | Present value of obligation at the beginning of the year | 19,029,308 (17,468,106) | 7,813,000 (6,705,000) |
| | Current Service Cost | 1,423,462 (950,246) | 392,020 (352,000) |
| | Interest Cost | 1,317,474 (1,310,108) | 575,318 (533,000) |
| | Actuarial (gain)/loss | 2,035,434 (1,629,673) | 1,316,359 (300,000) |
| | Benefits Paid | 2,925,976 (2,328,825) | 1,243,057 (77,000) |
| | Present value of obligation at the end of the year | 20,879,702 (19,029,308) | 8,853,640 (7,813,000) |

| iii | Reconciliation of fair value of plan assets | Company (Rs.) | Subsidiary (Rs) |
|------------|--|----------------------------|------------------------|
| | Fair value of plan assets at the beginning of the year | 17,007,992 (13,536,763) | - |
| | Expected return on plan assets | 1,436,453 (1,300,054) | - |
| | Actuarial (gain)/loss | 105,550 (-) | - |
| | Contributions | 4,821,316 (4,500,000) | - |
| | Benefits paid | 2,925,976 (2,328,825) | - |
| | Assets distributed on settlement (if applicable) | - | - |
| | Fair value of plan assets at the end of the year | 20,445,335 (17,007,992) | - |

| iv | Description of Plan Assets | Company (Rs.) | Subsidiary (Rs) |
|-----------|-----------------------------------|----------------------------|------------------------|
| | Insurer Managed Funds | 20,445,335 (17,007,992) | - |

| v | Net (Asset)/Liability recognised in the Balance Sheet as at year end | Company (Rs.) | Subsidiary (Rs) |
|----------|---|----------------------------|--------------------------|
| | Present value of obligation at the end of the year | 20,879,702 (19,029,308) | 8,853,640 (7,813,000) |
| | Fair value of plan assets at the end of the year | 20,445,335 (17,007,992) | - |
| | Net present value of unfunded obligation recognised as (asset)/liability in the Balance Sheet | 434,367 (2,021,316) | 8,853,640 (7,813,000) |

**NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009 (Contd.)**

| vi | Expenses recognised in the Profit and Loss Account | Company (Rs.) | Subsidiary (Rs) |
|----|---|----------------------------|--------------------------|
| | Current Service Cost | 1,423,462 (950,246) | 392,020 (352,000) |
| | Interest Cost | 1,317,474 (1,310,108) | 575,318 (533,000) |
| | Actuarial (gain)/loss recognised in the period | 1,929,884 (1,629,673) | 1,316,359 (300,000) |
| | Past Service Cost (if applicable) | - | - |
| | Expected return on plan assets | (1,436,453) (1,300,054) | - |
| | Total expenses recognised in the Profit and Loss Account for the year | 3,234,367 (2,589,973) | 2,283,697 (1,185,000) |
| | Actual return on plan assets | 1,542,003 (1,300,054) | - |

The above disclosures are based on information furnished by the independent actuary and relied upon by the auditors.

c. Long Term Employee Benefits
Compensated absences (Vesting and Non Vesting): Unfunded Obligation

| i | Actuarial Assumptions | Company | Subsidiary |
|---|---------------------------|--------------------------------|--------------------------------|
| | Discount Rate (per annum) | 7.5% (8%) | 7% (8%) |
| | Salary escalation rate* | 5% (3%) | 4% (4%) |
| | Mortality rate | LIC (1994-1996) Ultimate | LIC (1994-1996) Ultimate |

*The assumption of future salary increases takes into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market

| ii | Reconciliation of present value of obligation | Company (Rs.) | Subsidiary (Rs) |
|----|--|---------------------------|--------------------------|
| | Present value of obligation at the beginning of the year | 9,931,000 (8,826,000) | 1,848,000 (1,482,000) |
| | Current Service Cost | 977,687 (966,000) | 196,878 (117,000) |
| | Interest Cost | 693,410 (630,000) | 121,150 (152,000) |
| | Actuarial (gain)/loss | 3,001,651 (1,420,000) | 453,351 (146,000) |
| | Benefits Paid | 2,526,746 (1,911,000) | 667,254 (49,000) |
| | Present value of obligation at the end of the year | 12,077,002 (9,931,000) | 1,952,125 (1,848,000) |

**NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009 (Contd.)**

| iii | Net (Asset)/Liability recognised in the Balance Sheet as at year end | Company (Rs.) | Subsidiary (Rs) |
|-----|---|---------------------------|--------------------------|
| | Present value of obligation at the end of the year | 12,077,002 (9,931,000) | 1,952,125 (1,848,000) |
| | Fair value of plan assets at the end of the year | Nil | Nil |
| | Net present value of unfunded obligation recognised as (asset)/liability in the Balance Sheet | 12,077,002 (9,931,000) | 1,952,125 (1,848,000) |

| vi | Expenses recognised in the Profit and Loss Account | Company (Rs.) | Subsidiary (Rs) |
|----|---|--------------------------|----------------------|
| | Current Service Cost | 977,687 (966,000) | 196,878 (152,000) |
| | Interest Cost | 693,410 (630,000) | 121,150 (117,000) |
| | Actuarial (gain) /loss recognised in the period | 3,001,651 (1,420,000) | 453,351 (146,000) |
| | Past Service Cost (if applicable) | Nil | Nil |
| | Total expenses recognised in the Profit and Loss Account for the year | 4,672,748 (3,016,000) | 771,378 (415,000) |

The above disclosures are based on information certified by the independent actuary and relied upon by the auditors.

3. During the year the unamortized termination benefits carried over from the previous year has been fully written off to the profit and loss account, changing the accounting policy of amortising such benefits over the estimated payback period not exceeding 31st March, 2010. Consequently the profits for the year and the miscellaneous expenditure to the extent not written off or adjusted is lower by Rs.12.05 Lacs.
14. During the year, for determining the cost of manufacture of finished goods, the company has changed the basis (i.e. proportion) of allocating the pre-separation costs between Ossein and DCP, which continue to be based on the relative aggregate sales value of each of the said products, by taking into consideration the need for the change in the estimate of the said proportion in the light of the actual operations over the past many years.
- As a result of the change made as above, the cost of the closing stock of finished goods and work-in-process is lower by a sum of Rs. 2.36 Crores and consequently, profit for the year is also lower by a like amount.
15. The company has entered into forward exchange contracts/ options which are not intended for trading or speculative purposes, but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.
- a) The following are the forward contracts entered by the company and outstanding as at Balance Sheet date:

NITTA GELATIN INDIA LTD. AND ITS SUBSIDIARY

NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009 (Contd.)

| | As at 31 st March 2009 | | As at 31 st March 2008 | |
|-------------|--------------------------------------|----------|--------------------------------------|----------|
| | USD | Rs lakhs | USD | Rs lakhs |
| Receivables | 750,000 | 378.67 | 4,512,140 | 1,781.84 |
| Payables | - | - | 220,000 | 88.24 |

b) Unhedged foreign currency exposures as at Balance Sheet date:

| | As at 31 st March 2009 | | As at 31 st March 2008 | |
|--------------------|--------------------------------------|----------|--------------------------------------|----------|
| | FC | Rs lakhs | FC | Rs lakhs |
| Receivables | | | | |
| USD | 90,202.84 | 45.80 | 1497 | 0.59 |
| GPP | 297 | 0.26 | 297 | 0.25 |
| EURO | 85,000 | 56.65 | 90000 | 56.07 |
| Payables: | | | | |
| USD | 54,524.80 | 28.05 | 1,682,767 | 669.08 |
| GBP | - | - | - | - |
| EURO | 17,570 | 12.02 | - | - |
| JAPANESE YEN | 17,500,000 | 92.14 | 46,600 | 0.19 |

16. The details of Provisions and Contingent Liabilities are as under. (Disclosed in terms of Accounting Standard -29 issued by the Institute of Chartered Accountants of India.)

a) Provisions

(Amount in Rs.)

| Nature of provision | Balance as at 01-04-2008 | Additional provision during the year | Amounts used/changed during the year | Unused amounts reversed | Balance as at 31-03-2009 |
|-----------------------------------|--------------------------|---|--------------------------------------|-------------------------|--------------------------|
| Provision for Sales Tax | 7,563,109 | - | 7,563,109 | - | - |
| Provision for Central Excise Duty | - | 4,095,386 (See note (b) (i) (2) below) | - | - | 4,095,386 |

b) Contingent Liabilities not provided for:

i) Claims against the Company not acknowledged as debts

1. Sales tax demands raised under Bombay Sales Tax Act, 1959/ The Central Sales Tax Act, on sale of a product which is claimed as exempt by the company, against which appeal is filed and not provided for as per legal advice - Rs 138.23 Lakhs (Rs. 138.23 lakhs)
2. During the year Central Excise authorities have issued a show cause notice proposing to withdraw CENVAT credit availed by the company in prior years on Hydrochloric

**NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
 ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009–(Contd.)**

2. During the year Central Excise authorities have issued a show cause notice proposing to withdraw CENVAT credit availed by the company in prior years on Hydrochloric Acid used in the manufacture of Ossein captively consumed for Gelatin production amounting to Rs 176.89 lakhs. The company has disputed the matter. Though no demand has been raised by the department, based on legal advice received, the company has created a provision of Rs 40.95 lakhs as a matter of abundant caution.
- ii) Foreign Bills Discounted - Rs. 2001.96 lakhs (Rs. 1382.41 lakhs)
- iii) Counter Guarantee issued in favour of Bankers - Rs. 21.11 lakhs (Rs.215.78 lakhs)
- iv) Letter of Credit - Rs. 48.77 lakhs (Rs. 4.35 lakhs)
- v) Others - Rs. 5.24 Lacs (Rs 5.24 lakhs)
- c) Estimated amount of contracts remaining to be executed on capital account:
 Company - Rs. 234.16 lakhs (Rs. 133.77 lakhs)
 Subsidiary - Rs. 2 lakhs (Rs. 38 lakhs)
17. Sundry Debtors include an amount of Rs.2.07 lacs, due from a customer against whom the company has initiated legal proceedings for recovery. This amount is considered fully recoverable at this stage.
18. Fixed assets/capital work in progress includes borrowing cost capitalized - Rs. 2, 46.543/- (Previous Year - 75.286)
19. Figures have been rounded off to the nearest rupee. Previous year's figures, unless otherwise stated are given within brackets and have been re-grouped and recast wherever necessary to be in conformity with current year's layout.

Signatures to schedules 1 to 22, which form integral part of accounts

As per our separate report of
 even date attached
 for VARMA AND VARAMA
 Chartered Accountants

(R.RAJASEKHARAN)
 M.No. 22703
 Partner

Kochi
 May 11, 2009

MANOJ JOSHI IAS
 Chairman

A.K. NAIR
 Director

VENU NALLUR
 Director

G. RAJESH KURUP
 Company Secretary

G. SUSEELAN
 Managing Director

K. RAMAKRISHNAN
 Director

K.L. KUMAR
 Director

**STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES
ACT, 1956**

Balance Sheet Abstract and Company's General-Business profile as required in
part IV of Schedule VI to the Companies Act, 1956 is appended herein below:

| | | | |
|------------|---|---|----------------------------|
| I | Registration details | | |
| | In respect of holding company | | |
| | Registration No. | : | 2691 of 1975 |
| | State Code No. | : | 09 |
| | Balance Sheet Date | : | 31.3.2009 |
| | In respect of Subsidiary | | |
| | Registration No. | : | 11971 of 1997 |
| | State Code No. | : | 09 |
| | Balance Sheet Date | : | 31.3.2009 |
| II | Capital Raised during the year | | Rs. (in '000) |
| | Public Issue | : | Nil |
| | Bonus Issue | : | Nil |
| | Rights Issue | : | Nil |
| | Private Placement | : | Nil |
| III | Position of Mobilization & Deployment of Funds | | Rs. (in '000) |
| | Total Liabilities | : | 1,012,796 |
| | Total Assets | : | 1,012,796 |
| | Sources of Funds: | | |
| | Paid up Capital | : | 84,000 |
| | Reserve & Surplus | : | 778,060 |
| | Secured Loans | : | 81,946 |
| | Unsecured Loans | : | Nil |
| | Deferred tax liability | : | 65,650 |
| | Minority Interest | : | 3,140 |
| | Application of Funds: | | |
| | Net Fixed Assets | : | 654,389 |
| | Investments | : | 990 |
| | Net Current Assets | : | 357,417 |
| | Miscellaneous Expenditure | : | Nil |
| | Accumulated Losses | : | Nil |
| IV | Performance of Company | | (Rs. '000) |
| | Turnover and Other Income | : | 1,874,846 |
| | Total Expenditure | : | 1,621,664 |
| | Profit before Tax | : | 253,182 |
| | Profit after Tax | : | 156,616 |
| | Earnings per share (Rs) | : | 18.51 |
| | Dividend Rate % | : | 30 % |
| V | Generic names of principal Products of the company (as per monetary terms) | | |
| | Item Code No. (ITC Code) | | Product Description |
| | 050610.03 | | Ossein/Ossein (Limed) |
| | 230990.90 | | Dicalcium Phosphate |
| | 350300.20 | | Gelatin |
| | 350400.10 | | Collagen Peptide |

MANOJ JOSHI IAS
Chairman

G. SUSEELAN
Managing Director

A. K. NAIR
Director

K. RAMAKRISHNAN
Director

VENU NALLUR
Director

K. L. KUMAR
Director

Kochi
11. 5. 2009

G. RAJESH KURUP
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2009

| | (Rs in Lakhs) | |
|--|----------------------------------|----------------------------------|
| | For the Year Ended 31.03.2009 | For the Year Ended 31.03.2008 |
| A. Cash Flows from Operating Activities | | |
| Net Profit before Tax & Extraordinary Items | 2,531.82 | 750.08 |
| Adjustments for: | | |
| Depreciation | 687.06 | 688.73 |
| Impairment Loss on Plant & Machinery | 205.32 | 0.00 |
| (Profit)/Loss on sale of assets | (0.11) | 7.62 |
| Interest Expenditure | 298.55 | 394.68 |
| Interest Income | (3.12) | (5.54) |
| Dividend Received | (0.09) | (0.05) |
| Provision for Doubtful Debts/ Advances | 0.00 | 5.03 |
| Foreign Exchange (Gain)/Loss | 520.43 | (69.21) |
| Miscellaneous Expenditure Written Off | 26.32 | 14.28 |
| | <u>1,734.36</u> | <u>1,035.54</u> |
| Operating Profit / (Loss) before Working Capital Changes | 4,266.18 | 1,785.62 |
| Adjustments for working capital changes: | | |
| (Increase)/Decrease in Trade and Other Receivables | (219.68) | (370.74) |
| (Increase)/Decrease in Inventories | 267.55 | 339.41 |
| Increase/(Decrease) in Trade Payables | 52.63 | 65.67 |
| | <u>100.50</u> | <u>34.34</u> |
| Cash generated from Operations | 4,366.68 | 1,819.96 |
| Voluntary Retirement Compensation Paid | 0.00 | (5.67) |
| Direct Taxes | (339.10) | (118.03) |
| Foreign Exchange Gain/(Loss) | (520.27) | 69.16 |
| Cash Flow Before Extraordinary Items | 3,507.31 | 1,765.42 |
| Extraordinary Items | 0.00 | 0.00 |
| Net Cash from/(used) in Operating Activities | <u>3,507.31</u> | <u>1,765.42</u> |
| B. Cash Flows from Investing Activities | | |
| Purchase of Fixed Assets | (1,577.64) | (804.94) |
| Sale of Fixed Assets | 2.88 | 8.28 |
| Investment in shares | 0.00 | (1.11) |
| Interest Received | 4.86 | 5.39 |
| Dividend Received | 0.09 | 0.05 |
| Net Cash from/(used) in Investing Activities | <u>(1,569.81)</u> | <u>(792.33)</u> |

C. Cash Flows from Financing Activities

| | | |
|--|--------------------------|------------------------|
| Dividend Paid | (124.20) | (83.08) |
| Corporate Dividend Tax | (21.41) | (14.28) |
| * Increase/(Decrease) in Long Term Borrowings | (147.77) | (107.31) |
| Increase/(Decrease) in Short Term Borrowings | (1,416.08) | (394.34) |
| Interest Paid | (297.73) | (394.62) |
| Net Cash from/(used) in Financing Activities | <u>(2,007.19)</u> | <u>(993.63)</u> |
| Summary | | |
| Net Cash from/(used) in Operating Activities | 3,507.31 | 1,765.42 |
| Net Cash from/(used) in Investing Activities | (1,569.81) | (792.33) |
| Net Cash from/(used) in Financing Activities | <u>(2,007.19)</u> | <u>(993.63)</u> |
| Net Increase/(Decrease) in Cash Equivalents | <u>(69.69)</u> | <u>(20.54)</u> |
| Cash and Cash Equivalents at beginning of the year | 140.52 | 161.01 |
| Cash and Cash Equivalents at the end of the year | 70.66 | 140.52 |
| Unrealised translation gain/ (loss) on foreign currency | | |
| cash & cash equivalents | <u>0.17</u> | <u>(0.05)</u> |
| | <u>(69.69)</u> | <u>(20.54)</u> |

As per our separate report of
even date attached
for VARMA AND VARAMA
Chartered Accountants

(R.RAJASEKHARAN)
M.No. 22703
Partner

Kochi
May 11, 2009

MANOJ JOSHI, IAS
Chairman

A.K. Nair
Director

Venu Nallur
Director

G. Rajesh Kurup
Company Secretary

G. Suseelan
Managing Director

K. Ramakrishnan
Director

K.L. Kumar
Director

**AUDITORS' REPORT ON
CONSOLIDATED FINANCIAL
STATEMENTS**

The Members,
Nitta Gelatin India Limited
Kochi - 36

We have audited the attached Consolidated Balance Sheet of Nitta Gelatin India Limited, Kochi and its Subsidiary Company (Bamni Proteins Limited) as at 31st March, 2009, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited fi-

nancial statements of Nitta Gelatin India Limited and its aforesaid subsidiary included in the Consolidated Financial Statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual financial statements of Nitta Gelatin India Limited and its aforesaid subsidiary, and read together with the significant accounting policies and other notes attached thereto, we are of the opinion that the Consolidated Accounts, *subject to Note No B: 16 (b)(i)(1) of Schedule 22 attached to the consolidated financial statements, regarding non-provision of disputed sales tax demands aggregating to Rs. 138.23 lakhs disclosed as contingent liability and not provided for, for the reasons stated therein, in respect of which the final liability if any, is not ascertainable at this stage,* give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company as at 31st March 2009;
- ii. in the case of the Consolidated Profit and Loss Account, of the consolidated results of operation of Nitta Gelatin India Limited and its subsidiary for the year ended on that date; and
- iii. in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Nitta Gelatin India Limited and its subsidiary for the year ended on that date.

For VARMA & VARMA
Chartered Accountants

Kochi - 16
11.05.2009

R. RAJASEKHARAN
M. No. 22703
Partner

BAMNI PROTEINS LTD.**DIRECTORS' REPORT**

To the Shareholders,

Your Directors present the 12th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2009.

FINANCIAL HIGHLIGHTS

| | Rs.in lacs | |
|---|-------------------------|--------------------------|
| | Current Year | Previous Year |
| Profit before interest and depreciation | 108.40 | 73.05 |
| Less: Interest | 5.70 | 6.90 |
| Profit before depreciation | 102.70 | 66.15 |
| Less: Depreciation | 37.25 | 44.98 |
| Fringe Benefit Tax | 1.22 | 0.98 |
| Net Profit carried to Balance Sheet. | 64.23 | 20.19 |

REVIEW OF OPERATIONS

The Company continued to manufacture Ossein on behalf of Nitta Gelatin India Limited (NGIL), the holding company and processed 10235.621 MT of crushed bone as against 10070.41 MT during last year. Net Profit for the year was Rs.64.23 Lakhs as against Net Profit of Rs. 20.19 Lakhs in the previous year. The modernization of plant taken up during the last year enhanced the production capacity and the profitability of the company.

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

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.

PARTICULARS OF EMPLOYEES

None of the employees of the Company comes under the purview of Section 217(2A) of the Companies Act, 1956. The details of the Managerial Remuneration under Section 198 are furnished under Note B (2) of Schedule 16 forming part of the accounts.

INDUSTRIAL RELATIONS

The industrial relations during the period were cordial.

DIRECTORS' RESPONSIBILITY STATEMENT

As per the provisions of Section 217(2AA) of the Companies Act, 1956 your Directors confirm :

- i) That in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2009 and of the profit or loss of the Company for the year ended 31st March 2009.
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the Directors have prepared the annual accounts on a going concern basis.

AUDITORS' REPORT

Note No. B 2(b) of Schedule 16 forming part of the account referred to in the Auditors' Report is self explanatory.

DIRECTORS

During the year Mr. T.Yamaki has been nominated as a Director on the Board by Nitta Gelatin INC., Japan in the casual vacancy caused by the resignation of Mr. T. Nishio. The Board of Directors have accordingly appointed Mr. T.Yamaki as a Director of the Company w.e.f 9.5.2009. The Directors place on record their appreciation of the services rendered by Mr.T.Nishio.

Under the provisions of the Articles of Association of the Company and the Companies Act, 1956, Dr. Keiji Suzuki retires by rotation and is eligible for re-election. Necessary resolution in this behalf has been proposed for consideration of members.

AUDITORS

M/s. Varma & Varma, the retiring auditors are eligible for re-appointment and a resolution is being proposed for their re-appointment.

SECRETARIAL COMPLIANCE REPORT

The Secretarial Compliance Report as envisaged under Section 383 A of the Companies Act, 1956, obtained from Company Secretary in Practice, Mr.P.D.Vincent, Partner, SVJS & Associates is annexed as part of Directors' Report.

ACKNOWLEDGEMENT

Your Directors place on record their gratitude to the Govt. of Maharashtra, Nitta Gelatin India Limited, the holding Company, Nitta Gelatin Inc. and the Company's Bankers for their co-operation and support. They also wish to acknowledge the valuable contribution of the employees of the Company at all levels.

For and on behalf of the Board,

Kochi
9th May, 2009

G.Suseelan
Chairman

ANNEXURE TO THE DIRECTORS REPORT**(A) CONSERVATION OF ENERGY:****(a) Energy Conservation measures taken**

- (1) 30 HP Lagoon Pump replaced with 20 HP pump resulting in a saving of 7.5 KW/hour Total saving 7.5KWx15 Hrs.=112.5 K VH/day
- (2) (i) Drying Fan blowers inserted with four row of heating coil- Total 7 nos
(ii) Periodical Boiler smoke tube cleaning
(iii) Fire wood used as a fuel in Boiler in place of steam coal. Hence total reduction in drying time around 2 Hrs. per day. Total HP= 140 HP (104.5 KW)* 2 Hrs=209 KWH/day.
- (3) Bio fuel based Thermic fluid system is installed in place of furnace oil based HTV system for DCP drying thereby saving in fuel consumption for DCP and cost reduced by Rs.500/MT of DCP produced.

(b) Additional Investment and proposals

Installation of Biogas plant to gasify entire daily produced sludge in ETP. Saving expected is 80 HP per hour for 12 hours/day for filtration and gas can be used as a fuel in boiler.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

- (1) Better drying of Ossein and reduction in fuel cost per ton of Ossein
- (2) Smooth functioning of process on scheduled time
- (3) Fuel cost per ton of DCP reduced

(d) Total energy consumption per unit of production as per form 'A' attached**(B) TECHNOLOGY ABSORPTION**

The Technology for Ossein and Di-calcium phosphate has been updated to be in line with NGIL standards and efforts are being put in continuously towards technology upgradation.

(C) FOREIGN EXCHANGE EARNING AND OUTGO

| | | |
|---------|---|------------|
| Earning | - | Nil |
| Outgo | - | Rs.27923/- |

FORM 'A'
FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO
CONSERVATION OF ENERGY

| A. Power & Fuel Consumption: | Current year 2008-2009 | Previous year 2007-2008 |
|---|-----------------------------------|------------------------------------|
| 1. Electricity | | |
| (a) Purchased | | |
| Units (KWH in Lacs) | 33.78 | 36.17 |
| Total Amount (Rs. in lacs) | 150.82 | 158.93 |
| Rate/Unit (Rs.) | 4.46 | 4.39 |
| (b) Own generation | | |
| (i) Through Diesel Generator Units (KWH in lacs) | 0.52 | 0.86 |
| Unit per litre of diesel oil | 1.60 | 2.73 |
| Cost per unit (Rs.) | 23.85 | 12.74 |
| (ii) Through steam turbine/ generator | -- | --- |
| 2 Coal | | |
| Quantity (MT) | 2071.45 | 1232.235 |
| Total cost (Rs. in lacs) | 46.23 | 30.33 |
| Average Rate (Rs./MT) | 2,232 | 2461 |
| 3 Bamboo/ Wood Dust | | |
| Quantity (MT) | 467.45 | 1066.1 |
| Total Cost (Rs. In lacs) | 6.72 | 7.46 |
| Average Rate (Rs./ MT) | 1,437 | 700 |
| 4 Furnace Oil | | |
| Quantity (KL) | 245.213 | 334.415 |
| Total Cost (Rs. In lacs) | 79.20 | 86.82 |
| Average rate (Rs./ KL) | 32,299 | 25963 |
| 5 Others / internal generation | -- | -- |
| B Consumption per unit of production: | | |
| Product - Ossein | | |
| 1 Electricity (KWH/MT) | 1420.11 | 1512.71 |
| 2 Coal / FIRE WOOD (MT/MT) | 0.86 | 0.50 |
| 3 Bamboo Dust (MT/MT) | 0.07 | 0.44 |
| Product- Di - Calcium Phosphate | | |
| 1 Furnace Oil (KL/MT) | 0.047 | 0.062 |
| 2 Bamboo Dust (MT/MT) | 0.05 | -- |

**SECRETARIAL COMPLIANCE
CERTIFICATE**

CIN : U24231KL1997PLC011971

Nominal Capital : Rs. 42,500,000/- (Rs. Four Crore Twenty Five Lakh only)

To,

The Members

BAMNI PROTEINS LIMITED

54/ 446, Panampilly Nagar, Kochi-682036

I have examined the Registers, Records, Books and Papers of M/s. **BAMNI PROTEINS LIMITED** (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the Rules made there under and also the Provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2009. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company its Officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all Registers as stated in **Annexure A** to this certificate, as per the Provisions of the Companies Act, 1956 and the Rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the Forms and Returns as stated in **Annexure B** to this certificate, with the Registrar of Companies within the time prescribed under the Act and the Rules made there under.
3. The Company being a Public Limited Company, has the minimum prescribed paid up capital.
4. The Board of Directors duly met 5 times on 08.05.08, 27.06.08, 30.07.08, 29.10.08 and 21.01.09 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on 31st March, 2008 was held on 27.06.2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra ordinary General Meetings were held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The Company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
10. The Company has made necessary entries in the Register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approval from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. (i) There were 3 (three) share transfers during the year.
(ii) The Company has not deposited any amount in a separate bank account as no dividend was declared during the financial year.
(iii) The Company was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
(iv) No amount was due to be transferred to the Investor Education and Protection Fund pursuant to Section 205 C of the Act.
(v) The Company has duly complied with the requirements of Section 217 of the Act.

14. The Board of Directors of the Company is duly constituted and the appointment of directors, alternate directors and directors to fill casual vacancy have been duly made.
15. The Company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approval of the Central Government / Company Law Board / Regional Director / Registrar of Companies and / or such authorities prescribed under the various provisions of the Act.
18. The Directors have generally disclosed their interest in other Firms / Companies to the Board of Directors pursuant to the provisions of the Act and the Rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares / debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares in compliance with the Provisions of the Act.
23. The Company has not invited / accepted any deposits falling within the purview of section 58A during the financial year.
24. The amounts borrowed by the company during the year under report were within the borrowing limits of the Company.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the Provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the Provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the Provisions of the Memorandum with respect to the name of the Company during the year under scrutiny.
29. The Company has not altered the Provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year under report.
31. There was no prosecution initiated against the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not constituted a separate provident fund trust for its employees or class of its employees as contemplated under section 418 of the Act.

Ernakulam
09.05.2009

For SVJS & ASSOCIATES
Company Secretaries

P.D. Vincent
CP No. 7940
Partner

BAMNI PROTEINS LIMITED
CIN : U24231KL1997PLC011971

SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31.03.2009

Annexure A

Registers as maintained by the Company

Statutory Registers

1. Register of Charges u/s 143
2. Register of Members u/s 150
3. Minutes Book of Meetings of Directors u/s 193
4. Minutes Books of Proceedings of General Meetings u/s 193
5. Books of Account u/s 209
6. Register of Particulars of Contracts in which the Directors are interested u/s 301
7. Register of Directors, Managing Director, Manager and Secretary u/s 303
8. Register of Directors shareholding u/s 307

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ended on 31st March, 2009:

| Sl. | Form No/Return | Filed u/s | For | Date of filing | SRN | Whether filed in time Yes/No | Additional fee paid Yes/No |
|-----|---------------------|-------------|--|----------------|-----------|------------------------------|----------------------------|
| 1 | Form 25A* | 198/269/309 | Registration of and payment of remuneration to director | 09.04.08 | A35350388 | Yes | No |
| 2 | Form 8 | 125 | Registration of Particulars of Charge | 29.04.08 | A36562262 | No | Yes |
| 3 | Form 32 | 303(2) | Appointment of Director | 18.04.08 | A35885813 | Yes | No |
| 4 | Form 32 | 303(2) | Resignation of Secretary | 29.04.08 | A36557940 | Yes | No |
| 5 | Form 32 | 303(2) | Appnmt./Resgn. of Director | 20.06.08 | A39776745 | No | Yes |
| 6 | Form 32 | 303(2) | Change in Desgn. of Director | 24.07.08 | A41909250 | Yes | No |
| 7 | Form 20B | 159 | Annual Return upto 27.06.08 | 25.08.08 | P20683249 | Yes | No |
| 8 | Form 23AC and 23ACA | 220 | Balance Sheet & Profit & Loss Account for the Yr-2007-08 | 24.07.08 | P20060950 | Yes | No |

* Form 25A filed on 09-04-2008 is pending for approval.

Ernakulam
09.05.2009

For SVJS & ASSOCIATES
Company Secretaries

Sd/-

P.D VINCENT, CP No.7940

Partner

BAMNI PROTEINS LIMITED**BALANCE SHEET AS ON 31ST MARCH , 2009**

| | Sch. No. | As at 31.3.2009 (Rs) | As at 31.3.2008 (Rs) |
|---|---------------------|-------------------------------------|-------------------------------------|
| I. SOURCES OF FUNDS | | | |
| 1. Shareholders' Funds: | | | |
| Capital | 1 | 42,500,000 | 42,500,000 |
| 2. Loan Funds: | | | |
| a) Secured Loans | 2 | 5,259,451 | 3,919,707 |
| TOTAL | | 47,759,451 | 46,419,707 |
| II. APPLICATION OF FUNDS | | | |
| 1. Fixed Assets: | | | |
| (a) Gross Block | 3 | 93,193,530 | 75,504,330 |
| (b) Less: Depreciation | | 54,258,894 | 50,533,701 |
| (c) Net Block | | 38,934,636 | 24,970,629 |
| (d) Capital Work-in-Progress | 4 | 332,342 | 2,504,826 |
| | | 39,266,978 | 27,475,455 |
| 2. Current Assets, Loans & Advances: | | | |
| (a) Inventories | 5 | 4,920,419 | 4,071,834 |
| (b) Sundry Debtors | 6 | 207,460 | 207,460 |
| (c) Cash and Bank Balances | 7 | 247,530 | 575,145 |
| (d) Loans & Advances | 8 | 5,670,195 | 3,728,077 |
| | | 11,045,604 | 8,582,516 |
| Less: Current Liabilities & Provisions: | | | |
| (a) Liabilities | 9 | 16,456,697 | 11,109,356 |
| (b) Provisions | 10 | 10,805,765 | 9,661,000 |
| | | 27,262,462 | 20,770,356 |
| Net Current Assets | | -16,216,858 | -12,187,840 |
| 3. Profit & Loss Account | | | |
| Opening Balance | | 31,132,092 | 33,151,377 |
| Less: Profit for the year | | 6,422,761 | 2,019,285 |
| | | 24,709,331 | 31,132,092 |
| TOTAL | | 47,759,451 | 46,419,707 |
| Notes on Accounts | 16 | | |

As per our report of even date attached
For VARMA & VARMA
Chartered Accountants

P.R.PRASANNA VARMA
M.No.25854
Partner

Camp: Kochi
Date: 9-5-2009

G. Suseelan
Chairman

T.P. Philip
Resident Director

Dr. Keiji Suzuki
Director

B. Mohanaprabhu
Director

BAMNI PROTEINS LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

| | Sch. No. | Current Year (Rs) | Previous Year (Rs) |
|---|-------------|----------------------|-----------------------|
| INCOME | | | |
| Income from job charges | 11 | 78,512,740 | 67,471,747 |
| Other Income | 12 | 232,388 | 490,787 |
| | | <u>78,745,128</u> | <u>67,962,534</u> |
| EXPENSES | | | |
| Manufacturing, Administrative & Selling Expenses | 13 | 67,904,669 | 60,616,557 |
| Financial Charges | 14 | 570,561 | 690,637 |
| Depreciation | | 3,725,193 | 4,497,765 |
| | | <u>72,200,423</u> | <u>65,844,959</u> |
| PROFIT FOR THE YEAR BEFORE TAXATION | | 6,544,705 | 2,117,575 |
| LESS: PROVISION FOR TAXES | | | |
| Fringe Benefit Tax | | 121,944 | 98,290 |
| PROFIT FOR THE YEAR AFTER TAX CARRIED TO BALANCE SHEET | | <u>6,422,761</u> | <u>2,019,285</u> |
| Earnings Per Share (Basic) of Face Value Rs.10/- each | 15 | 1.51 | 0.48 |
| Significant Accounting Policies & Notes on Accounts | 16 | | |

As per our report of even date attached
For VARMA & VARMA
Chartered Accountants

P.R.PRASANNA VARMA
M.No.25854
Partner

Camp: Kochi
Date: 9-5-2009

G. SUSEELAN
Chairman

T.P. PHILIP
Resident Director

DR. KEIJI SUZUKI
Director

B. MOHANAPRABHU
Director

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2009**

| Schedule No. | As at 31.3.2009 (Rs) | As at 31.3.2008 (Rs) |
|--|----------------------------|----------------------------|
| 1. SHARE CAPITAL | | |
| Authorised : | | |
| 4250000(4250000) Equity Shares of Rs.10/- each | 42,500,000 | 42,500,000 |
| Issued and Subscribed: | | |
| 4250000 (4250000) Equity Shares of Rs.10/- each fully paid up | 42,500,000 | 42,500,000 |
| Of this 3,500,000 (3,500,000) shares of Rs.10/- each is held by the holding company, Nitta Gelatin India Limited | | |
| 2. SECURED LOANS | | |
| From State Bank of India | | |
| I Term Loan | 5,259,451 | 3,919,707 |
| (Secured by first charge on all present & future goods, book debts and all other movable assets and entire fixed assets of the company both present and future.) Repayable within one year Rs.33,00,000 (Rs.25,00,000) | <u>5,259,451</u> | <u>3,919,707</u> |
| 4. CAPITAL WORK-IN-PROGRESS | | |
| Plant & Machinery under Erection | 45,000 | 1,822,741 |
| Building under Construction / Modification | 287,342 | 682,085 |
| | <u>332,342</u> | <u>2,504,826</u> |
| 5. INVENTORIES | | |
| Stores & Spares | 4,920,419 | 4,071,834 |
| | <u>4,920,419</u> | <u>4,071,834</u> |
| 6. SUNDRY DEBTORS | | |
| Unsecured-considered good | | |
| Over six months | 207,460 | 207,460 |
| Others | - | - |
| | <u>207,460</u> | <u>207,460</u> |
| 7. CASH & BANK BALANCES | | |
| Cash in Hand | 70,177 | 75,110 |
| Balances with scheduled banks in current account | 177,353 | 500,035 |
| | <u>247,530</u> | <u>575,145</u> |

SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2009

SCHEDULE NO. 3
FIXED ASSETS

| CO DE | Particulars | GROSS BLOCK | | | | DEPRECIATION BLOCK | | | | NET BLOCK | |
|----------|--------------------------|------------------------------|-----------------------------|--------------------------|------------------------------|------------------------------|----------------------------|--------------------------|------------------------------|------------------------------|------------------------------|
| | | As at 1-4-2008 | Additions | Disposal/ Adjustments | As at 31-3- 2009 | As at 1-4-2008 | For the year | Disposal/ Adjustments | As at 31-3- 2009 | As at 31-3- 2009 | As at 31-3-2008 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| I | LAND | 3,439,726. (3,439,726.) | - | - | 3,439,726. (3,439,726.) | - | - | - | - | 3,439,726. (3,439,726.) | 3,439,726. (3,439,726.) |
| II | BUILDING | 22,737,377. (22,419,781.) | 4,270,576. (317,596.) | - | 27,007,953. (22,737,377.) | 12,192,382. (11,323,083.) | 884,857. (869,299.) | - | 13,077,239. (12,192,382.) | 13,930,714. (10,544,995.) | 10,544,995. (11,096,698.) |
| III | PLANT & MA- CHINERY | 43,812,512. (42,792,020.) | 12,203,583. (1,133,330.) | - | 56,016,095. (43,812,512.) | 34,559,788. (31,462,896.) | 2,340,235. (2,200,700.) | - | 36,900,023. (34,559,788.) | 19,116,072. (9,252,724.) | 9,252,724. (11,329,124.) |
| IV | SERVICE EQUIPMENT | 2,742,094. (2,724,035.) | 386,342. (18,059.) | - | 3,128,436. (2,742,094.) | 1,852,133. (1,695,969.) | 160,340. (156,164.) | - | 2,012,473. (1,852,133.) | 1,115,963. (889,961.) | 889,961. (1,028,066.) |
| V | OFFICE EQUIP- MENT | 1,545,335. (1,497,044.) | 642,276. (71,253.) | - | 2,187,611. (1,545,335.) | 1,132,391. (1,040,526.) | 212,576. (109,063.) | - | 1,344,967. (1,132,391.) | 842,644. (412,944.) | 412,944. (456,518.) |
| VI | VEHICLE (MO- TOR CAR) | 669,100. (869,100.) | - | - | 669,100. (669,100.) | 284,728. (335,787.) | 99,514. (134,757.) | - | 384,242. (284,728.) | 284,858. (384,372.) | 384,372. (533,313.) |
| VII | FURNITURE & FIXTURES | 558,186. (558,254.) | 186,423. (8,606.) | - | 744,609. (558,186.) | 512,279. (502,201.) | 27,671. (18,752.) | - | 539,950. (512,279.) | 204,659. (45,907.) | 45,907. (56,053.) |
| | GRAND TOTAL | 75,504,330. | 17,689,200. | - | 93,193,530. | 50,533,701. | 3,725,193. | - | 54,258,894. | 38,934,636. | 24,970,629. |
| | PREVIOUS YEAR | 74,299,960. | 1,548,844. | 344,474. | 75,504,330. | 46,360,462. | 4,497,765. | 324,526. | 50,533,701. | 24,970,629. | 27,939,498. |

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2009**

| Schedule No. | As at 31.3.2009 (Rs) | As at 31.3.2008 (Rs) |
|---|----------------------------|----------------------------|
| 8. LOANS & ADVANCES | | |
| Unsecured - Considered good | | |
| Advance recoverable in cash or in kind or for value to be received | 325,223 | 1,255,473 |
| Interest receivable on Sec. Deposits | 81,879 | 54,494 |
| Tax deducted at Source | 3,608,776 | 1,074,068 |
| Other deposits | 1,654,317 | 1,344,042 |
| | 5,670,195 | 3,728,077 |
| 9. CURRENT LIABILITIES | | |
| Sundry Creditors | | |
| a) Due to Small Scale Industrial Undertakings | - | - |
| b) Due to others | 5,625,227 | 4,398,706 |
| Advance from Holding Company | | |
| Nitta Gelatin India Limited | 10,564,697 | 6,449,269 |
| Other Liabilities | 266,773 | 261,381 |
| | 16,456,697 | 11,109,356 |
| 10. PROVISIONS | | |
| For Employee Benefits | 10,805,765 | 9,661,000 |
| | 10,805,765 | 9,661,000 |

**SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2009**

| Schedule No. | Current Year Rs. | Previous Year Rs. |
|--|-------------------------|--------------------------|
| 11. INCOME FROM JOB CHARGES | 78,512,740 | 67,471,747 |
| TDS Current Year - Rs.17,79,098/- (Rs.7,54,341/-) | <u>78,512,740</u> | <u>67,471,747</u> |
| 12. OTHER INCOME | | |
| Miscellaneous Sales | 139,963 | 299,624 |
| Interest Income (including TDS Rs.16,033/-) | 92,425 | 68,399 |
| Miscellaneous Income | - | 46,898 |
| Profit on sale of assets | - | 75,866 |
| | <u>232,388</u> | <u>490,787</u> |
| 13. MANUFACTURING, ADMINISTRATION & SELLING EXPENSES | | |
| Salaries, Wages & Bonus | 18,625,335 | 17,496,801 |
| Remuneration to Resident Director | 1,290,522 | 1,114,106 |
| Company's contribution to PF & Other Funds | 1,475,263 | 1,270,982 |
| Provision for Gratuity | 2,283,697 | 1,184,784 |
| Staff Welfare Expenses | 726,334 | 517,200 |
| Stores & Spares Consumed | 3,508,206 | 2,562,547 |
| Loose Tools consumed | 12,200 | 4,196 |
| Power & Fuel | 30,151,392 | 29,590,502 |
| Repairs & Maintenance - Buildings | 624,677 | 113,831 |
| - Plant & Machinery | 1,550,737 | 1,168,124 |
| -others | 840,891 | 581,207 |
| Insurance | 198,585 | 237,970 |
| Rent, Rates & Taxes | 405,963 | 381,991 |
| Postage, Telephones, Telegrams etc. | 285,948 | 217,273 |
| Printing & Stationery | 238,653 | 126,613 |
| Travelling & Conveyance | 1,539,692 | 1,183,435 |
| Auditor's remuneration for Audit(See Note No. 3 to Schedule 16B attached to accounts) | 91,667 | 79,214 |
| Loading, Transportation and other charges on products | 1,536,557 | 1,087,531 |
| Security service charges | 1,198,664 | 1,007,161 |
| Miscellaneous Expenses | 1,319,686 | 725,325 |
| Loss on disposal of Assets | - | 5,764 |
| | <u>67,904,669</u> | <u>60,656,557</u> |

**SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2009**

| Schedule No. | Current Year Rs. | Previous Year Rs. |
|--|-----------------------------|------------------------------|
| 14. FINANCIAL CHARGES | | |
| Bank Charges | 57,788 | 56,775 |
| Interest on Term Loan | 512,773 | 633,862 |
| | <u>570,561</u> | <u>690,637</u> |
| 15. EARNINGS PER SHARE | | |
| Profit/(Loss) for the year | 6,422,761 | 2,019,287 |
| Number of equity shares (Of Rs 10 each fully paid up) | 4,250,000 | 4,250,000 |
| Earnings per Share (Basic) | <u>1.51</u> | <u>0.48</u> |

SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2009

Schedule - 16 : Significant Accounting Policies and Notes to accounts

A. Significant Accounting Policies.

i. Basis of Accounting

The financial statements are prepared under the historical cost convention, on accrual basis of accounting in conformity with the accounting principles generally accepted in India and comply with the accounting standards referred to in Section 211 (3C) of The Indian Companies Act, 1956.

ii. Use of Estimates

The presentation of financial statements is in conformity with the Generally Accepted Accounting Principles that requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

iii. Fixed Assets

Fixed Assets are stated at cost less depreciation and impairment in value, if any, is adjusted.

iv. Depreciation

1. Depreciation on Plant and Machinery (other than Service equipments) is provided on Straight Line Method. The rates adopted are as prescribed under Schedule XIV of the Companies Act, 1956, read with Circular No. 1/1/86 dt. 21.05.86 of Department of Company Affairs, Government of India, except in respect of items having value in excess of Rs. 5,000/-, which are depreciated at higher rates of 11.31% on the basis of technical evaluation by the Management.

2. Depreciation on Service Equipments and other items of fixed assets is provided on Written Down Value basis at the rates provided in Schedule XIV of the Companies Act, 1956.

v. Inventories

Inventories are valued at lower of cost or net realisable value, item wise. For this purpose, the cost of bought out inventories comprises the purchase cost of the items and the cost of bringing the items to the factory on a weighted average basis. The net realisable value of bought out inventories is their current replacement value.

vi. Employee Benefits :

a) Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and recognized in the period in which the employee renders the related service.

b) Defined Contribution Plans

The company has defined contribution plan for employees, i.e. for Provident Fund. The contributions paid/payable under these plans during the year are charged to Profit and Loss Account for the year.

c) Defined Benefit Plans

i. Gratuity

The net present value of the obligation for gratuity benefits as determined on independent actuarial valuation, conducted annually using the projected unit credit method, as adjusted for

unrecognized past services cost if any is recognized in the accounts. Actuarial gains and losses are recognised in full in the Profit and Loss account for the period in which they occur.

d) Long Term Employee Benefits

ii. Compensated absences

The company has a scheme for compensated absences for employees, the liability of which is determined on the basis of an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognized in full in the Profit and Loss Account for the period in which they occur.

vii. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are capitalised. Other borrowing costs are recognised as expenditure for the period in which they are incurred.

viii. Income Tax

Income tax is accounted in accordance with Accounting Standard on Accounting for Taxes on Income (AS-22), which includes current taxes and deferred taxes. Deferred Tax assets / liabilities representing timing differences between accounting income and taxable income are recognized to the extent considered capable of being reversed in subsequent years. Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available, except that deferred tax assets arising due to unabsorbed depreciation and losses are recognized if there is a virtual certainty that sufficient future taxable income will be available to realize the same. Provision for fringe benefit tax is made in accordance with the provisions of the Income Tax Act, 1961.

ix. Impairment of Assets.

The company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. An asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. Based on such assessment, impairment loss if any is recognized in the Profit and Loss account of the period in which the asset is identified as impaired. The impairment loss recognised in the prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

x. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has a present obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance sheet date and adjusted to reflect the correct management estimates. Contingent Liabilities are disclosed when the company has a possible obligation or a present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent assets are neither recognised nor disclosed in the accounts.

B. Notes to Accounts

1. The company has taken steps to identify the suppliers who qualify under the definition of Micro and Small Enterprises, as defined under the Micro Small and Medium Enterprises Development Act 2006. Based on available information, there are no balances outstanding as payable to such suppliers at the year-end. In the opinion of the management there are no amounts paid/ payable towards interest under the said statute.

2. a) Managerial Remuneration under Section 198 of Companies Act, 1956:

| | Resident Director | |
|----------------------|----------------------|-----------------------|
| | Current Year (Rs) | Previous Year (Rs) |
| Salary & Allowances | 10,40,031 | 9,26,769 |
| Perquisites | 1, 85,505 | 1,31,065 |
| Contribution to P.F. | 64,986 | 56,272 |
| | 12, 90,522 | 11, 14,106 |

b) Managerial Remuneration paid to Resident Director for the year from 01.04.2008 to 31.03.2009 amounting to Rs. 12, 90,522 (Previous year from 28.02.2008 to 31.03.2008 Rs. 1, 03,787/-) is subject to the approval of Central Government.

3. Provision and / or payments in respect of Auditors' remuneration.(including Service Tax)

| | Current Year (Rs) | Previous Year (Rs) |
|---|----------------------|-----------------------|
| a) Audit fee | 55,150/- | 50,562/- |
| b)Taxation Matters (Including tax audit) | 36,517/- | 28,652/- |

4. In the opinion of the Directors, Current assets, Loans & Advances have the value at which they are stated in the Balance Sheet, if realised in the ordinary course of business.
5. On the basis of technical assessment of operation parameters by the company, as also the performance as a cash generating unit during the year, the management is of the opinion that there is no impairment in the carrying value of of the assets of the company within the meaning of Accounting Standard- 28 on Impairment of Assets, issued by the Institute of Chartered Accountants of India.
6. a) There is no liability towards Current Tax as per the Company's computation in view of the carried forward losses.
- b) In terms of the Accounting Standard on Accounting for Taxes on Income (AS 22) deferred tax asset (net) has not been recognised in the accounts, as a matter of prudence, in the absence of virtual / reasonable certainty of future taxable profits.
7. The Company is engaged in the business of manufacture / job conversion of ossein and has only one business segment.
8. Employee Benefits
- a) Consequent to Accounting Standards 15 – "Employee Benefits" (Revised 2005) becoming effective, the company has adopted the said Standard with effect from 1st April 2007. In the absence of balance in Reserves and Surplus as on/or that date, the difference in opening liability computed in accordance with the Revised Standard amounting to Nil (Rs. 2.95 lakhs) has been charged to the Profit & Loss Account for the year.

b) Disclosure required under AS 15 – “Employee Benefits” (Revised 2005)

1. Defined Contribution Plan

During the year, the company has recognized in the Profit and Loss Account, an amount of Rs. 15, 31,231/- (Previous Year Rs. 13, 18,182/-) on account of defined contribution towards Provident Fund.

2. Defined Benefit Plans

a) Gratuity – Unfunded Obligation

| i) | Actuarial Assumptions | Current Year | Previous Year |
|----|--|--------------------------|--------------------------|
| | Discount Rate (per annum) | 7% | 8% |
| | Salary escalation rate* | 4% | 4% |
| | Expected average remaining lives of working employees (year) | LIC (1994-1996) Ultimate | LIC (1994-1996) Ultimate |

* The assumption of future salary increases takes into account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

| ii) | Reconciliation of present value of obligations | Amount (Rs.) | Amount (Rs.) |
|-----|--|--------------|--------------|
| | Present value of obligation at beginning of the year | 78,13,000 | 67,05,000 |
| | Current Service Cost | 3,92,020 | 3,52,000 |
| | Interest Cost | 5,75,318 | 5,33,000 |
| | Actuarial (gain)/loss | 13,16,359 | 3,00,000 |
| | Benefits Paid | 12,43,057 | 77,000 |
| | Present value of obligation at the end of the year | 88,53,640 | 78,13,000 |

| iii) | Net (Asset)/ Liability recognized in the Balance Sheet as at year end | Amount (Rs.) | Amount (Rs.) |
|------|--|--------------|--------------|
| | Present value of obligations at the end of the year | 88,53,640 | 78,13,000 |
| | Net present value of unfunded obligation recognized as (asset)/ liability in the Balance Sheet | 88,53,640 | 78,13,000 |

| iv) | Expenses recognised in the Profit and Loss Account | Amount (Rs.) | Amount (Rs.) |
|-----|---|--------------|--------------|
| | Current Service Cost | 3,92,020 | 3,52,000 |
| | Interest Cost | 5,75,318 | 5,33,000 |
| | Actuarial (gain) / loss recognised in the period | 13,16,359 | 3,00,000 |
| | Past Service Cost | - | - |
| | Total expenses recognised in the Profit and Loss Account for the year | 22,83,697 | 11,85,000 |

The above disclosures are based on information certified by the independent actuary and relied upon by the auditors.

1. Long Term Employee Benefits

Compensated absences (Leave encashment) : Unfunded Obligation

| i) | Actuarial Assumptions | Current Year | Previous Year |
|----|--|-----------------------------|-----------------------------|
| | Discount Rate (per annum) | 7% | 8% |
| | Salary escalation rate* | 4% | 4% |
| | Expected average remaining lives of working employees (year) | LIC (1994-1996) Ultimate | LIC (1994-1996) Ultimate |

* The assumption of future salary increases takes into account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

| ii) | Reconciliation of present value of obligations | Amount (Rs.) | Amount (Rs.) |
|-----|--|--------------|--------------|
| | Present value of obligation at beginning of the year | 18,48,000 | 14,82,000 |
| | Current Service Cost | 1,96,878 | 1,17,000 |
| | Interest Cost | 1,21,150 | 1,52,000 |
| | Actuarial (gain)/loss | 4,53,351 | 1,46,000 |
| | Benefits Paid | 6,67,254 | 49,000 |
| | Present value of obligation at the end of the year | 19,52,125 | 18,48,000 |

| iii) | Net (Asset)/ Liability recognized in the Balance Sheet as at year end | Amount (Rs.) | Amount (Rs.) |
|------|--|--------------|--------------|
| | Present value of obligations at the end of the year | 19,52,125 | 18,48,000 |
| | Net present value of unfunded obligation recognized as (asset)/ liability in the Balance Sheet | 19,52,125 | 18,48,000 |

| iv) | Expenses recognised in the Profit and Loss Account | Amount (Rs.) | Amount (Rs.) |
|-----|---|--------------|--------------|
| | Current Service Cost | 1,96,878 | 1,52,000 |
| | Interest Cost | 1,21,150 | 1,17,000 |
| | Expected return on plan assets | - | - |
| | Actuarial (gain) / loss recognised in the period | 4,53,351 | 1,46,000 |
| | Past Service Cost | - | - |
| | Total expenses recognised in the Profit and Loss Account for the year | 7,71,379 | 4,15,000 |
| | Actual return on plan assets | - | - |

The above disclosures are based on information certified by the independent actuary and relied upon by the auditors.

9. The following are the significant transactions with related parties (other than remuneration to Directors disclosed separately in Note No.2 to Schedule 16B attached to the accounts) during the year ended March 31,2009

| Name of the related party | Nature of relationship | Nature of transactions | Amount(Rs) |
|-----------------------------|------------------------|--|---------------|
| Nitta Gelatin India Limited | Holding Company | Conversion Job Charges | 7,85,12,740/- |
| | | Amount payable as on 31.03.2009 on account of: Trade advance | 10,564,697/- |

10. Contingent Liabilities not provided for:

- Claims against the company not acknowledged as debts Rs. 5.24 lacs (Previous year - Rs. 5.24 lacs)
 - Estimated amount of contracts remaining to be executed on capital account Rs.2.00 Lacs (Previous year 38.00 Lacs)
11. Sundry Debtors include an amount of Rs.2.07 lacs, due from a customer (M/s Mineral Udyog, Pune) against whom the company has initiated legal proceedings for recovery. This amount is considered fully recoverable at this stage.

Additional Information pursuant to Part II of Schedule VI of the Companies Act, 1956, to the Extent applicable:

12. a) Licensed and installed capacities, production, turnover and opening and closing stock to the extent applicable

| | Ossein | | Di Calcium Phosphate | |
|------------------------------|------------------------|-------------|------------------------|-------------|
| | Qty(MT) | Value (Rs.) | Qty(MT) | Value (Rs.) |
| Licensed Capacity per annum | License not required | --- | License not required | --- |
| Installed Capacity per annum | 1800 | --- | 3600 | --- |
| Production for the year * | 2415.250 (2447.950) | | 5533.350 (5473.150) | --- |
| Stock as on 31.03.2009 | NIL | NIL | NIL | NIL |

* Quantity processed for Nitta Gelatin India Limited.

- b) Quantitative particulars of raw materials consumed during the year - Not Applicable
13. Fixed assets / capital work in progress includes on borrowing cost capitalized - Rs. 2, 46,543/- (Previous Year - 75,286)

14. Break-up of Consumption

| | Current Year | | Previous Year | |
|--|--------------|------------------|---------------|------------------|
| | % | Amount (Rs.) | % | Amount (Rs.) |
| Raw Materials | NIL | NIL | NIL | NIL |
| Stores & Spares | 100 | 35,08,206 | 100 | 25,62,547 |
| TOTAL | 100 | 35,08,206 | 100 | 25,62,547 |
| d) Expenditure in foreign currency | | 27,923/- | | Nil |
| e) Earnings in Foreign Exchange : | | Nil | | Nil |
| f) i) No. of non-resident shareholders : | | 1 | | 1 |
| ii) Dividend remitted to them : | | Nil | | Nil |

15. Figures have been rounded off to the nearest rupee. Previous year's figures, unless otherwise stated are given within brackets and have been re-grouped and recast wherever necessary to be in conformity with current year's layout.

(Signature to Schedules 1 to 16 which form integral part of accounts)

As per our report of even date attached
For VARMA & VARMA
Chartered Accountants

P.R.PRASANNA VARMA
M.No.25854
Partner

Camp: Kochi
Date: 9-5-2009

G. SUSEELAN
Chairman

T.P. PHILIP
Resident Director

DR. KEIJI SUZUKI
Director

B. MOHANAPRABHU
Director

Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956.
Balance Sheet abstract and Company's general business profile as required
in Part IV of Schedule VI of the Companies Act, 1956 is appended
herein below:-

| | |
|---|------------------------|
| I Registration details | |
| Registration No. | : 09 - 11971 of 1997 |
| State Code No. | : 09 |
| Balance Sheet date | : 31-03-2009 |
| II Capital Raised during the year | : Rs. (in '000) |
| Public Issue | : Nil |
| Bonus Issue | : Nil |
| Rights Issue | : Nil |
| Private placement | : Nil |
| III Position of Mobilisation and Deployment of Funds | : Rs. (in '000) |
| Total Liabilities | : 47,759 |
| Total Assets | : 47,759 |
| Sources of Funds | |
| Paid up Capital | : 42,500 |
| Reserves & Surplus | : Nil |
| Secured Loans | : 5,259 |
| Application of Funds | |
| Net Fixed Assets | : 38,935 |
| Capital Work-in-Progress | : 332 |
| Net Current Assets | : (16,217) |
| Miscellaneous Expenditure | : 0 |
| Profit & Loss Account | : 24,709 |
| IV Performance of Company | : Rs.(in '000) |
| Turnover and Other income | : 78,745 |
| Total Expenditure | : 72,200 |
| Profit/(Loss) before tax | : 6,545 |
| Profit/(Loss) after Tax | : 6,423 |
| Earning per Share (Rs.) | : 1.51 |
| Dividend Rate % | : Nil |
| V Generic names of principal products of company (As per monetary terms) | |
| Item Code No. | : Product Description |
| 050610.03 | : Ossein |
| 230990.01 | : Di-Calcium Phosphate |

G. SUSEELAN DR. KEIJI SUZUKI
Chairman Director

T.P. PHILIP B. MOHANAPRABHU
Resident Director Director

Kochi
9-5-2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

Rs in Lakhs

| | |
|----------------------------------|----------------------------------|
| For the Year Ended 31.03.2009 | For the year ended 31.03.2008 |
|----------------------------------|----------------------------------|

| | | |
|---|-----------------|----------------|
| A. Cash Flows from Operating Activities | | |
| Net Profit / (Loss) before Tax & Extraordinary Items | 65.45 | 21.17 |
| Adjustments for: | | |
| Depreciation | 37.25 | 44.98 |
| (Profit) / loss on sale of assets – | 0.00 | (0.70) |
| Interest expenditure | 5.13 | 6.34 |
| Interest income | (0.92) | (0.68) |
| | <u>41.46</u> | <u>49.94</u> |
| Operating Profit / (Loss) before Working Capital Changes | 106.91 | 71.11 |
| Adjustments for working capital changes: | | |
| (Increase)/Decrease in Trade and Other Receivables | (19.26) | (10.80) |
| (Increase)/Decrease in Inventories | (8.49) | (11.00) |
| Increase/(Decrease) in Trade Payables | 64.92 | 14.76 |
| | <u>37.17</u> | <u>(7.04)</u> |
| Cash generated from Operations | 144.08 | 64.07 |
| Direct Taxes paid | (1.38) | (1.12) |
| Cash Flow Before Extraordinary Items | 142.70 | 62.95 |
| Extraordinary Items | - | - |
| Net Cash from/(used) in Operating Activities | 142.70 | 62.95 |
| B. Cash Flows from Investing Activities | | |
| Purchase of Fixed Assets | (155.17) | (37.71) |
| Sale of Fixed Assets | - | 0.90 |
| Interest Received | 0.92 | 0.68 |
| Net Cash from/(used) in Investing Activities | (154.24) | (36.13) |
| C. Cash Flows from Financing Activities | | |
| Issue of shares | - | - |
| Increase/(Decrease) in Long Term Borrowings | 13.40 | (17.86) |
| Interest paid | (5.13) | (6.34) |
| Net Cash from/(used) in Financing Activities | 8.27 | (24.20) |
| Summary | | |
| Net Cash from/(used) Operating Activities | 142.70 | 62.95 |
| Net Cash from/(used) in Investing Activities | (154.24) | (36.13) |
| Net Cash from/(used) in Financing Activities | 8.27 | (24.20) |
| Net Increase (Decrease) in Cash Equivalents | (3.27) | 2.62 |
| Cash and Cash Equivalents at beginning of the year | 5.75 | 3.13 |
| Cash and Cash Equivalents at the end of the year | 2.48 | 5.75 |
| | <u>(3.27)</u> | <u>2.62</u> |

As per our report of even date attached
For VARMA & VARMA
Chartered Accountants

P.R.PRASANNA VARMA
M.No.25854
Partner

Camp: Kochi
Date: 9-5-2009

G. SUSEELAN
Chairman

T.P. PHILIP
Resident Director

DR. KEIJI SUZUKI
Director

B. MOHANAPRABHU
Director

Auditors' Report

To:
The Members,
Bamni Proteins Limited

We have audited the attached Balance Sheet of Bamni Proteins Limited as at 31st March 2009, Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.

2. Further to our comments in the Annexure referred to in paragraph 3 above we report that

i. We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit;

ii. In our opinion, proper books of account as required by law have been kept by the company, so far as appears from our examination of those books;

iii. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report read with the notes thereon are in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

v. On the basis of written representation received from the directors and taken on record by the Board of Directors, we report that none of the di-

rectors are disqualified from being appointed as a director as at the year end, in terms of Section 274(1)(g) of the Companies Act 1956;

vi. As stated note no: B2(b) in schedule 16 attached to the accounts, remuneration paid to resident director during the year amounting to Rs. 12,90,522 is subject to approval of Central Government.

vii. *Subject to the above in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the accounting policies and notes attached there to, give there information required by the companies act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*

a. in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2009 ;

b. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

c. in the case of the Cash Flow Statement, of the cash flows of the company for the Year ended on that date.

For VARMA & VARMA

Chartered Accountants

P.R. Prasanna Varma

Partner

M. No 25854

Camp : Kochi
Date 9-5-2009

Annexure to Auditors Report

Referred to in Paragraph 3 of our report of even date

1. In respect of its fixed assets:
 - a) The Company is maintaining records showing full particulars, including quantitative details and situation of fixed assets.
 - b) We are informed that, the major items of the fixed assets have been physically verified by the management, at the end of the year, which, in our opinion is reasonable having regard to the size of the company and the nature of assets and that no material discrepancies have been noticed on such verification.
 - c) The company has not disposed of a substantial part of fixed assets during the year.
2. In respect of inventories:
 - a) We are informed that the inventories have been physically verified by the management at the end of the year which, in our opinion, is reasonable having regard to the size of the company
 - b) In our opinion and according to the explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business;
 - c) The company is maintaining proper records of inventory and no discrepancies were noticed on physical verification, by the management.
3. a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956
- b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties requiring to be entered in the register in terms of section 301 of the Companies Act, 1956
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets and for sale of goods. During the course of our audit no major weaknesses of a continuing nature have been noticed in the internal controls.
5. (a) According to the information and explanations given to us, the company has not entered into any transaction that needs to be entered in the register to be maintained under section 301 of the Companies Act 1956.
6. The Company has not accepted any deposits from the public during the year and hence the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the companies act 1956 and the rules framed there under are not applicable
7. In our opinion the company has an internal audit system, the scope and coverage of which is commensurate with the size of the company and the nature of its business.
8. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of the Companies products.
9. a) As per information and explanations furnished to us and according to our examination of the records of the Company, the company has been generally regular in depositing undisputed statutory dues with the appropriate authorities during the year. There are no arrears of undisputed statutory dues outstanding as at the last day of the financial year, for a period of more than six months from the date on which they became payable.
 - b) According to the information and explanations given to us, and the records of the company examined by us, there are no disputed amounts of taxes/duty/cesses, which has not been deposited with the authorities as at 31st March, 2009.
10. The accumulated losses of the company as at the end of the financial year is more than fifty percent of its net worth. The company has not incurred cash losses in the financial year and in the immediately preceding financial year.
11. According to the information and explanation given to us, and the records of the Company examined by us, the Company has defaulted in repayment of loan instalments/Interest due to a Bank from whom Term loan has been availed:

BAMNI PROTEINS LIMITED**SBI TERM LOAN**

| Principal | | | | Interest | | | |
|-----------|------------------------|-----------|---------------|----------------|------------------------|-------------------------|---------------|
| Amt.(Rs) | Due date (mm/dd/yy) | Paid Date | Delay Days | Amount (Rs) | Due date (mm/dd/yy) | Paid Date (mm/dd/yy) | Delay Days |
| 400000.00 | 12/31/2008 | 2/5/2009 | 36 | 286.00 | 3/31/2008 | 8/16/2008 | 138 |
| | | | | 8568.00 | 4/30/2008 | 9/27/2008 | 150 |
| | | | | 8954.00 | 5/31/2008 | 9/27/2008 | 119 |
| | | | | 11749.00 | 6/30/2008 | 9/27/2008 | 89 |
| | | | | 26501.00 | 7/31/2008 | 9/27/2008 | 58 |
| | | | | 27626.00 | 8/31/2008 | 9/27/2008 | 27 |
| | | | | 45050.00 | 9/30/2008 | 11/4/2008 | 35 |
| | | | | 61338.00 | 10/31/2008 | 11/4/2008 | 4 |
| | | | | 56757.00 | 11/30/2008 | 12/31/2008 | 31 |
| | | | | 58149.00 | 12/31/2008 | 2/5/2009 | 36 |
| | | | | 54880.00 | 1/31/2009 | 2/5/2009 | 5 |
| | | | | 52947.00 | 2/28/2009 | 3/30/2009 | 30 |
| | | | | 59451.00 | 3/31/2009 | 4/3/2009 | 3 |

BAMNI PROTEINS LIMITED**SBI EKM TERM LOAN**

| Principal | | | | Interest | | | |
|------------|------------------------|-------------------------|---------------|------------|------------------------|-------------------------|---------------|
| Amt.(Rs) | Due date (mm/dd/yy) | Paid Date (mm/dd/yy) | Delay Days | Amount(Rs) | Due date (mm/dd/yy) | Paid Date (mm/dd/yy) | Delay Days |
| 12,000.00 | 3/31/2008 | 4/18/2008 | 18 | 38,252.00 | 3/31/2008 | 4/18/2008 | 18 |
| 588,477.86 | 3/31/2008 | 4/18/2008 | 18 | 33,663.00 | 4/30/2008 | 6/4/2008 | 35 |
| 600,477.86 | 6/30/2008 | 9/27/2008 | 89 | 30,644.00 | 5/31/2008 | 6/4/2008 | 4 |
| 600,477.86 | 9/30/2008 | 11/4/2008 | 35 | 29,473.00 | 6/30/2008 | 9/27/2008 | 89 |
| 600,477.86 | 12/31/2008 | 3/30/2009 | 89 | 31,666.00 | 7/31/2008 | 9/27/2008 | 58 |
| | | | | 33,465.00 | 8/31/2008 | 9/27/2008 | 27 |
| | | | | 32,323.00 | 9/30/2008 | 11/4/2008 | 35 |
| | | | | 25,491.00 | 10/31/2008 | 11/4/2008 | 4 |
| | | | | 16,505.00 | 11/30/2008 | 12/31/2008 | 31 |
| | | | | 16,106.00 | 12/31/2008 | 2/5/2009 | 36 |
| | | | | 15,303.00 | 1/31/2009 | 2/5/2009 | 5 |
| | | | | 13,695.00 | 2/28/2009 | 3/30/2009 | 30 |

12. The company has not given any loans or advances in the nature of loans on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund / nidhi / mutual benefit fund and hence the provisions thereof are not applicable.
14. The company is not dealing or trading in shares, securities, debentures or other investments, and accordingly the relative reporting requirements of the Order are not applicable to the company.
15. According to the information and explanations given to us, and the records of the company examined by us, the company has not given any guarantee for loan taken by others from banks or financial institutions.
16. According to the information and explanations given to us and the records of the company examined by us, the term loans availed by the company has been applied for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and the records of the company examined by us, the funds raised on short term basis have not been used for long term investment.
18. The company has not made any preferential allotment of shares to parties and companies requiring to be entered in the register pursuant to section 301 of the Act.
19. The company has not issued any debentures during the year.
20. The company has not raised any money by way of public issues during the year.
21. According to the information and explanations given to us, and the records of the company examined by us, no fraud either on or by the company has been noticed or reported during the year.

For VARMA & VARMA
Chartered Accountants

P.R. Prasanna Varma

Partner

M. No 25854

Camp: Kochi
Date : 9.05.2009

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. Members attending the Annual General Meeting are requested 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.

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 | Holding |
| Memeber <input style="width: 50px; height: 20px;" type="text"/> | Proxy <input style="width: 50px; height: 20px;" type="text"/> |

I hereny record my presence at the THIRTY THIRD 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 falling him
 of on my /
 our behalf at the 33rd Annual General Meeting of the Company to be held on Thursday, the 18th
 June, 2009 at 10.00 AM, at GRAND Hotel, M.G. Road,Ernakulam, Kochi-682 011 and at any ad-
 journment thereof.

Signed this day of

Reg. Folio No./DP ID & Client ID

No. of Shares held:

Affix
Revenue
Stamp

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.

Gelatin

Gelatin for pharmaceutical use

Gelatin is a vital ingredient in the most popular drug delivery systems in the world such as hard capsules, soft capsules, tablets, mini, micro capsules etc.

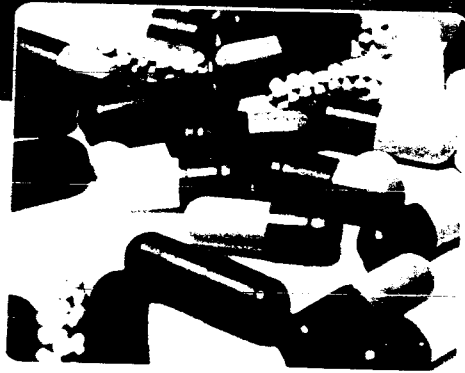
Gelatin for food and drinks use

This type of gelatin is widely used as an ingredient in desserts, confections, frozen foods, ready-to-eat meals and drinks because of its high purity protein and fat free property, as well as its gelation and water retention properties.

Gelatin for digital camera prints

Gelatin is popular as the ideal material upon which to reproduce quality images.

Nitta Gelatin India Limited (NGIL) is the leading manufacturer of premium Gelatin, meeting global quality standards.



Collagen Peptide

In recent years, Collagen has been found to physiologically activate the human body. The proper usage of an enzyme that splits the peptide bonds will enable the control of the amino acid sequence involved in the digestion of the collagen. If the intentional ingestion of peptides with amino acid sequences that result in such positive physiological benefits becomes possible, it will be an enormous step forward for health.

NGIL Collagen Peptide helps in maintaining health and well being. Collagen Peptide is a functional food:

- ▶ For joint health.
- ▶ For controlling bone mineral density
- ▶ For healthy and younger Skin.



Nitta Gelatin India Limited

(Formerly Kerala Chemicals and Proteins Limited)

www.gelatin.in

REGISTERED OFFICE: Post Box 4262, 54/1446 SBT Avenue, Panampilly Nagar, Cochin - 682 036, India

Tel: 0484 2317805, 4099444 Fax: 0484 2310568. Email: ro@nittagelindia.com

GELATIN DIVISION: Post Box 3109, PO Kusumagiri Kakkanad, Cochin - 682 030 India

OSSEIN DIVISION: PO Kathakudam, (Via) Koratty, Trichur - 680 308 India

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