

live life to the fullest
34TH ANNUAL REPORT 2009-10



Dear Shareholders



NORIMICHI SOGA
President



Greetings from Nitta Gelatin Inc. Japan,

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

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

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

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

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

Norimichi Soga

Nitta Gelatin Inc.

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



T. BALAKRISHNAN I.A.S
Additional Chief Secretary



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

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

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

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

Best wishes,

T. Balakrishnan

Industries & Commerce Department
Government Secretariat
Thiruvananthapuram 695 001
Kerala

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

ATTENDANCE CARD

NITTA GELATIN INDIA LIMITED

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

**PLEASE HAND OVER THE ADMISSION SLIP
AT THE ENTRANCE OF THE
MEETING HALL, DULY COMPLETED**

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

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

**SIGNATURE OF THE
SHAREHOLDER / PROXY**

PROXY FORM

NITTA GELATIN INDIA LIMITED

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

I/We
 .. of being a member /
 members of NITTA GELATIN INDIA LIMITED, hereby appoint.....
of.....
 or failing him.
 of.....on my /
 our behalf at the 34th Annual General Meeting of the Company to be held on Monday, the 21st June, 2010 at
 10.00 AM, at GRAND Hotel, M.G. Road, Ernakulam, Kochi-682 011 and at any adjournment thereof.
 Signed this day of

Reg. Folio No.:

No. of Shares held:

Affix
 Revenue
 Stamp

 Signature

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

Annual Report 2009-10

BOARD OF DIRECTORS

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



Secretary	: G. R. Kurup
Auditors	: Varma & Varma Ernakulam
Bankers	: State Bank of India Canara Bank State Bank of Travancore Axis Bank Ltd. South Indian Bank Ltd.
Legal Advisor	: M. Pathrose Mathai Advocate, Ernakulam
Registrar & Share Transfer Agents	: Cameo Corporate Services Ltd. 1, ClubHouse Road, Chennai - 600 002 Tel : 044-28460390; Fax : 044-28460129 E-mail : cameo@cameoindia.com
Registered Office	: POST BAG No. 4262 54/1446, PANAMPILLY NAGAR P. O. KOCHI - 682 036
Factory	: OSSEIN DIVISION Kathikudam P. O., (Via) Koratty Trichur District - 680308 GELATIN DIVISION KINFRA Export Promotion Industrial Parks Ltd. P. B. No. 3109, Kusumagiri P. O., Kakkanad, Kochi - 682 030

CONTENTS

Board of Directors, etc	... 1
Financial Highlights	... 2
Notice	... 3
Directors' Report	... 5
Balance Sheet	... 20
Profit & Loss Account	... 21
Schedules to the Balance Sheet	... 22
Schedules to the Profit & Loss Account	... 27
Notes on Accounts	... 30
Cash Flow Statement	... 44
Auditors' Report	... 46
Statement pursuant to Section 212(1) (e) of the Companies Act, 1956	... 49
Consolidated Financial Statements	... 50
Annual Report of Bamni Proteins Ltd.	... 76
Annual Report of Reva Proteins Ltd.	... 101

FINANCIAL HIGHLIGHTS (12 Years)

(Rs. in lacs)

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

NOTICE TO MEMBERS

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

ORDINARY BUSINESS:

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

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

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

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

By Order of the Board,

Kochi
08-05-2010

G.RKurup
Company Secretary

Notes:

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

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

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

9. Members desiring any information as regards the accounts are requested to write to the company so as to reach the Registered Office at least 5 days before the date of meeting to enable the management to keep the information ready.
10. **Members are requested to note that trading of company's shares through Stock Exchanges are permitted only in electronic/demat form. Those members who have not yet converted their holdings into the**

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

11. Members attending the Annual General Meeting are requested to bring with them
- i) copy of the annual report received by post.
 - ii) members holding shares in dematerialised form-their DP Id & Client Id Nos.
 - iii) members holding shares in physical form - their folio no(s).

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

Name	K.Inoue	A. K. Nair
Age (Years)	47	66
Nationality	Japanese	Indian
Qualification	Majored in Economics	B Sc. Engineering, M.B.A
Expertise	Accountant, Nitta Gelatin Inc.	46 years experience as Manager, General Manager, Executive Director and Managing Director in different Companies which includes as MD of Kerala State Industrial Development Corporation Ltd., and as MD of Kerala Chemicals & Proteins Ltd.
Other Directorships excluding Foreign Companies	Nil	<ol style="list-style-type: none"> 1. Strides Arcolab Limited, Bangalore. 2. CII Guardian International Ltd., Kochi. 3. Guardian Controls India Ltd., 4. Merchem Ltd., Kochi. 5. The Alleppey Co. Ltd., Alleppey 6. V-Guard Industries Ltd., Kochi 7. The Kerala Bailers Pvt. Ltd., Alleppey 8. William Goodacre Sons India P Ltd., 9. Geojit Credits (P) Ltd., Kochi

DIRECTORS' REPORT

To

The Shareholders,

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

FINANCIAL RESULTS

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

DIVIDEND

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

PERFORMANCE

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

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

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

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

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

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

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

ENTERPRISE RESOURCE PLANNING

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

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

AWARDS & ACCOLADES

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

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

The following internationally recognized Certifications are maintained by your Company:

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

HEALTH, SAFETY AND ENVIRONMENT

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

1. Health and Safety

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

2. Environment

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

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

SUBSIDIARY COMPANIES

1) BAMNI PROTEINS LTD.

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

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

2) REVA PROTEINS LTD.

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

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

COLLABORATORS

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

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

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

PERFORMANCE MANAGEMENT PROCESS

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

HUMAN RESOURCE

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

PARTICULARS OF EMPLOYEES

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

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 Additional Cooling Tower to improve efficiency of Chiller.
2. Energy efficient Geared Motor at Paddle Washer to reduce power.
3. Air exit Turbine at Ossein drying bed to reduce drying time.

Activities in Gelatin Division

1. Installation of Diffused Aerator in Aeration Tank.
2. Installation of new additional Heat Exchanger in dryer.
3. Installation of new Ammonia Chiller
4. Turbine Ventilators instead of Exhaust Blowers.
5. Hot water production from Ammonia Chiller

Proposals

1. Installation of energy efficient geared motors in paddle washer, aerators and Dicalcium Phosphate (DCP) production area .
2. Ammonia refrigeration system for chilled water.
3. Installation of Maximum Demand Controller to limit normal Maximum Demand to contract demand.
4. Use VFDs for cooling tower fans.
5. Use diffused aeration to substitute surface aerators.
6. Usage of FRP blades for dryer blowers
7. Installation of screw chiller for Peptide plant
8. Flue gas heating in sludge drier

(B) TECHNOLOGY ABSORPTION AND DEVELOPMENT

Technology for Ossein, Dicalcium Phosphate, Limed Ossein and Gelatin obtained from 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

R&D plays a very active role in the growth of a manufacturing organisation in an increasingly competitive environment to lead the organisation to higher levels of leadership in global business. It is an ongoing process in an organisation which is thriving for the achievement of technical and economic excellence in the entire business chain. Development of value added products not only expand the company's business presence in the market but also adds value to the socio-economic status of the company. The long experience in research, technical expertise and support of M/s. Nitta Gelatin Inc, Japan, is the driving force to set up a full-fledged R&D department under the leadership of a Japanese Scientist who is permanently employed to the company.

The major focus of our R&D centre is to develop new products and maintain consistent and superior quality for the existing products. R&D studies of the Company are broadly classified into three areas. One area is the fundamental research to develop new processes or products. The creation of new products based on existing products by value addition or using new technology or new applications is another area in which the R&D centre is focussing on. The third area is the improvement in the quality of existing products by technology advancement or customer requirements.

EXPENDITURE ON R&D

(Rs. in lakhs)

	Current year	Previous year
a. Capital	5.57	5.76
b. Development Expenses	11.58	23.28
c. Recurring Expenses	14.81	13.28
Percentage to turnover	0.17	0.23

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in lakhs)

	Current year	Previous year
a. Earnings	9551.55	10178.04
b. Outgo	450.23	472.42

FORM-A

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

	Current Year 2009-10	Previous Year 2008-09
A. POWER AND FUEL CONSUMPTION:		
1. Electricity		
(a) Purchased		
Units (KWH in lacs)	254.24	229.13
Total Amount (Rs. In lacs)	956.28	1091.03
Rate/Unit (Rs.)	3.76	4.76
(b) Own Generation		
(i) Through Diesel Generator Unit		
(KWH in lacs)	2.59	4.15
Unit per litre of Diesel Oil	2.94	2.88
Cost/Unit (Rs)	11.63	12.43
2. Furnace Oil		
Quantity (in KL.)	1149	2561
Total Amount (Rs. in lacs)	285.22	640.25
Average rate (Rs.per KL)	24826.99	25000
3. Firewood		
Quantity (in MT)	43352.64	30195
Total Amount (Rs. in lacs)	730.96	525.15
Average rate (Rs.per MT)	1686.08	1739
B. CONSUMPTION PER UNIT OF PRODUCTION:		
Product - Ossein		
1. Electricity (KWH) per MT	1599.15	1467.28
2. Furnace Oil (KL) per MT	0.021	NIL
3. Firewood (MT) per MT	1.051	0.978
Product - Gelatin		
1. Electricity (KWH) per MT	3179.22	3122.84
2. Furnace Oil (KL) per MT	0.14	0.53
3. Firewood (MT) per MT	8.78	6.40

MANAGEMENT DISCUSSION AND ANALYSIS REPORT.

I. INDUSTRY STRUCTURE AND DEVELOPMENT

The Gelatin & Ossein Industry in India has been by and large stable with firm demand for all products, during the last year. The demand for Pharmaceutical Grade Gelatin has been firm with the steady double digit growth of the Pharmaceutical Industry in India.

SEGMENT-WISE PERFORMANCE

1) Export Market

Although NGIL could tide-over the aftermath of global economic recession by making changes in its product market mix, the Ossein export was less than last year due to lower demand from M/s. Nitta Gelatin Inc., Japan and lower production at Ossein Division due to shortage of raw material and local problems.

2) Domestic Market

The demand for Pharmaceutical Grade Gelatin in the domestic market was better than 2008-09. Your company could increase its market share in the Indian market by increasing sales volumes to existing customers and also attracting new customers. The market for Dicalcium Phosphate has been firm with the Poultry Industry doing well in the past year.

3) Collagen Peptide

Our new product, Collagen Peptide has been introduced as a dietary/functional food supplement through leading Pharmaceutical Companies into the Indian market and the response is very positive. Company is taking steps to further improve its market presence.

4) Other Products

The Company also commenced commercial production of Chitosan and Meat Meal during the year under review on a small scale.

II. Opportunities and Threats

The rapid growth of the Pharmaceutical, and Health & Nutrition market in India and across the world, has resulted in stable demand for Gelatin and Collagen Peptide. Your company shall seize this opportunity and increase its market spread.

The absence of an effective solution for joint health is by itself an excellent opportunity for your Company to enter the market with its product Collagen Peptide. Your Company proposes to offer a product addressed directly to the customer. Your

Company is also planning to introduce a few other product variants in the area of health and nutrition in the near future. Thus your Company will enter the B to C Segment. In the international market your Company has to meet the challenges posed by low priced Hide Gelatin. Your Company plans to overcome this challenge by highlighting its superior quality and traceability systems.

With the increasing demand for Gelatin in India, the last year witnessed an unprecedented shortage for its key raw material. The impact of the global economic recession on the export of meat from the country resulted in a lower availability of crushed bones in India. This resulted in a steep increase in the raw material costs.

The meat industry is now on a recovery path with the demand in the export as well as domestic markets picking up and we expect the raw material shortage situation to ease in the near term. Your Company is taking steps to reduce transportation costs so that we can be more competitive in the crushed bone market.

III. Outlook

The Company proposes to consolidate its current level of operations for Gelatin and at the same time explore growth avenues by introducing new products such as Collagen Peptide, Chitosan, Meat Meal etc. To meet the increased demand, the Company is setting up a new Limed Ossein Plant at Jhagadia in Gujarat State as a fully owned subsidiary Company. It is expected to commence commercial production in the first half of 2011. M/s. Nitta Gelatin Inc., Japan, has intimated us that the demand for Ossein for 2010-11 will be higher than that of 2009-10. With a steady demand for all poultry products, the demand for Dicalcium Phosphate, the by-product, is also 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 the internal audit whose scope of work and

work programmes are reviewed by the Audit Committee at the beginning of each year. The findings of the Internal Auditors are discussed in the Audit Committee with the Top Management regularly every quarter and adequate corrective steps are taken to plug any 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

The Net Turnover increased by 4% to Rs.189.56 Crores during the year ended 31st March 2010 as compared to Rs. 182.48 Crores during the previous year. The turnover of Ossein decreased by 8% due to reduced off-take by the Collaborators as a consequence of reduced production at Ossein Division. In the case of Ossein, unit price realization in Indian Rupee as well as US Dollar was higher than previous year. The turnover of Gelatin increased by 19% to Rs. 99.76 Crores as compared to Rs. 84.06 Crores during the previous year, mainly on account of increase in sales quantity and increase in domestic price. The sales of Dicalcium Phosphate decreased by 11% to Rs. 46.46 Crores compared to Rs. 52.31 Crores mainly on account of decrease in volume and price.

The Gross profit (earnings before interest, depreciation and taxes) for the current year was Rs. 39.46 Crores as against Rs. 36.54 Crores in the previous year. The operating profit (including other income) was Rs. 38.19 Crores as against Rs. 33.21 Crores in the previous year.

The interest expenses and depreciation for the current year were Rs. 1.26 Crores and Rs. 7.43 Crores as against Rs. 3.34 Crores and Rs. 6.50 Crores respectively for the previous year.

With reference to Working Capital, Loans & advances increased mainly on account of loan given to Reva Proteins Limited, a 100% subsidiary company for its project and there has been increase

in liability mainly on account of provision for Excise Duty & Duty Drawback claim and water charges. The working capital 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 on him. During the year under review, your Company focused on active involvement of employees in various decision making processes. Your Company has embarked upon a number of initiatives to improve your Company's brand as an employer so as to attract and retain talent and continue to focus on making your Company a great place to work. Company continued to provide growth opportunities for its 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 387 employees including Trainees on its rolls as on 31st March 2010.

RISKS AND CONCERNS

Certain statements in the "Management Discussion and Analysis" section may be forward looking and are made as required by the applicable laws and regulations. Many factors including unforeseen developments and future global scenario 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 a firm belief that the strategic direction of your Company is sound and will continue to exceed the shareholders expectation, both short-term and long-term.

On Behalf of the Board of Directors,

[G. SUSEELAN]

MANAGING DIRECTOR

[T. BALAKRISHNAN IAS]

CHAIRMAN

CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY

The Company's philosophy on Corporate Governance is to conduct its business in a manner, which is ethical and transparent to all stakeholders in the Company, including shareholders, lenders, creditors and employees. The Company operates in compliance with all regulatory and policy requirements as well as industry ethical guidelines. The Company's philosophy on Corporate Governance is thus concerned with the ethics, values and morals of the Company and its directors, who are expected to act in the best interests of the Company and remain accountable to shareholders and other beneficiaries for their action.

2. BOARD OF DIRECTORS

Composition

The present strength of the Board is ten. 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.

Number of Board Meetings held during the year along with the dates of the meetings.

Five (5) Board meetings were held during the year 2009-10 on 11-05-09, 18-06-09, 26-07-09, 23-10-09 and 19-01-10.

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 31.03.2010 are given in the table below:

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	Committee Membership	
								Member	Chairman
1.	Mr.T. Balakrishnan, IAS Addl. Chief Secretary, Govt. of Kerala (Nominee of KSIDC) Nominated as CHAIRMAN w.e.f. 17-07-2009.	Non-Executive	Nil	3	No	-	12	--	--
*	Mr.Manoj Joshi, IAS Nominee of KSIDC (Ceased to be Chairman and on the Board w.e.f. 17-07-2009)	NonExecutive	Nil	2	Yes	Chairman, The Travancore Cochin Chemicals Ltd.	7	--	--
2.	Mr. Alkesh Kumar Sharma, IAS Nominee and MD of KSIDC (Nominated w.e.f. 17-07-2009)	Non-Executive	Nil	2	No	-	14	1	-
3.	Mr. N. Soga Nominee of Nitta Gelatin Inc. (Appointed w.e.f. 14.05.2005)	Non-Executive	Nil	2	Yes	President, Nitta Gelatin Inc., Japan, director, Nitta Gelatin NA Inc., USA	--	--	--
4.	Mr. T. Yamaki (Nominee of Nitta Gelatin Inc.) (Appointed w.e.f. 11-05-2009)	Non-Executive	Nil	1	Yes	General Manager, Nitta Gelatin Inc. Japan	--	--	--
5.	Mr. K. Inoue (Nominee of Nitta Gelatin Inc.) (Appointed w.e.f. 26-06-2005)	Non-Executive	Nil	2	No	Accountant, Nitta Gelatin Inc., Japan	--	--	--

Sl. No.	Name of the Director	Category	Shareholding in the company	Board Meetings attended	Attendance in last AGS, Yes or No	Business relationship with NGIL	Other Directorships	Other Committee Membership	
								Member	Chairman
6.	Mr. K. Ramakrishnan (Appointed w.e.f.16.04.1997)	Non-Executive	Nil	5	Yes	--	--	--	--
7.	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	4	Yes	Director, Travancore Cochin Chemicals. (upto 04-06-2009) Director, Strides Acrolab Ltd., Bangalore	10	6	--
8.	Mr. K. L. Kumar (Appointed w.e.f. 8-12-2003)	Non-Executive	Nil	4	Yes	--	--	--	--
9.	Mr. Venu Nallur (Nominee of Kerala State Industrial Development Corporation Ltd. (Appointed as Director w.e.f. 30-07-2004)	Non-Executive	Nil	5	Yes	--	3	--	--
10.	Mr. G. Suseelan (Appointed as Whole-time Director w.e.f. 1.4.2005 and Managing Director w.e.f. 1.4.2008)	Executive	Nil	5	Yes	Chairman, Bamni Proteins Ltd. Chairman, Reva Proteins Ltd.	2	--	--

* During the year, Mr. Manoj Joshi IAS, Chairman (Nominee of KSIDC) ceased to hold office on being replaced by Mr. T. Balakrishnan IAS, as Chairman of the company. KSIDC also nominated Mr. Alkesh Kumar Sharma IAS, as Director of the Company with effect from 17.07.2009

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.

None of the Directors are disqualified under Section 274(1)(g) of the Companies Act, 1956 read with Companies(Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) and Rules 2003. Necessary disclosures have been made by the directors stating that they do not hold any membership in more than 10 committees or chairmanship of more than 5 committees in terms of clause 49 of the Listing Agreement.

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. Alkesh Kumar Sharma 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 finan-

cial and risk management policies and reviewing the related party transactions.

Five Audit Committee Meetings were held during the year 2009-10, the dates of which are 11.05.09, (25.07.09/26.07.09), 22.10.09, 19.01.10 and 29.03.10. The attendance of members are as follows:

Name of Directors	Category	No. of meetings attended
Mr. K. Ramakrishnan	Chairman	5
Mr. Manoj Joshi (upto 17.07.09)	Member	1
Mr. Alkesh Kumar Sharma* (w.e.f.17.07.09)	Member	3
Mr. K.L. Kumar	Member	5

*In place of Mr. Manoj Joshi IAS, pursuant to change in nomination by KSIDC

4. REMUNERATION COMMITTEE

The Remuneration Committee consists of Mr. Alkesh Kumar Sharma 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 2009-10, there was no meeting of the Remuneration Committee.

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 valid transfer requests received upto 31-03-10 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
33 rd	2009	Thursday	18.06.2009	10.00 AM	Grand Hotel, Ernakulam
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

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

Date of AGM	Nature of Special Resolution
18.06.2009	Appointment of auditors and fixation of remuneration
28.06.2008	Appointment of auditors and fixation of remuneration
16.06.2007	Appointment of auditors and fixation of remuneration

Details of remuneration for the year 2009-2010

Executive Directors:

Name	Salary (Rs.)	PF (Rs.)	Other benefits (Rs.)	Total (Rs.)
Mr. G. SUSEELAN	11,40,000	1,37,400	7,11,072	19,88,472

Non-Executive Directors:

Name	Sitting Fees (Rs.)
Mr. T. Balakrishnan IAS* (since 17.07.2009)	15,000
Mr. Manoj Joshi* (upto 17.07.2009)	20,000
Mr. Alkesh Kumar Sharma* (since 17.07.2009)	30,000
Mr. K. Ramakrishnan	60,000
Mr. A.K. Nair	75,000
Mr. K.L. Kumar	75,000
Mr. Veñu Nallur	25,000

* Nomination changed by KSIDC

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. Alkesh Kumar Sharma IAS, as Chairman, Mr. K. Ramakrishnan and Mr. K.L. Kumar, as members. The reconstituted committee met on 19.01.2010 to consider shareholder grievances pertaining to the financial year 2009-10

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. B8 in Schedule 19 of Standalone Financial Statement).

There were no instances of non compliance on any matter relating to the capital markets during the last three years. The Company has

1. Annual General Meeting, date, time & venue : 21st June, 2010 at 10.00 A.M at Grand Hotel, M.G.Road, Ernakulam, Kochi-682 011.
2. Financial calendar : 1st April 2009 to 31st March 2010
3. Dates of book closure : 12.06.2010 to 21.06.2010 (both days inclusive)
4. Dividend payment date : (if declared at the Annual General Meeting) latest by 28-06-2010
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., (BSE) 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 BSE, in comparison to BSE Sensex during the Period April 2009 to March 2010 is given below.

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 Business Line (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.

10. GENERAL SHAREHOLDERS' INFORMATION

Year	Month	Market price of NGIL shares		BSE Sensex		
		High	Low	High	Low	
2009	April	81.95	66.55	11,492.10	9,546.29	
	May	108.45	72.60	14930.54	11621.30	
	June	113.70	85.05	15,600.30	14,016.95	
	July	133.00	92.00	15,732.81	13,219.99	
	August	152.95	102.15	16,002.46	14,684.45	
	September	144.90	124.05	17,142.52	15,356.72	
	October	173.00	132.20	17,493.17	15,805.20	
	November	164.80	144.50	17,290.48	15,330.56	
	December	237.65	156.00	17,530.94	16,577.78	
	2010	January	266.70	177.00	17,790.33	15,982.08
		February	225.95	172.35	16,669.25	15,651.99
		March	193.50	160.00	17,793.01	16,438.45

8. 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.
9. The Share Transfer Committee considers transfers/transmission of shares is-

sued 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 five meetings.

10. Distribution of Shareholding and Shareholders Profile

a) Distribution of shareholding as at 31st March, 2010

No. of Equity Shares held	No. of shareholders	% age of shareholders	NO. OF SHARES HELD			Total	% of Share holding
			Physical	NSDL	CDSL		
1-500	5091	90.44	148514	352620	149774	650908	7.75
501-1000	279	4.96	27050	130503	57582	215135	2.56
1001-10000	246	4.37	44550	337509	173003	555062	6.61
10001 and above	13	0.23	3900300	2972803	105792	6978895	83.08
TOTAL	5629	100	4120414	3793435	486151	8400000	100.00

b) Shareholders Profile as on 31st March 2010

Category	No. of shareholders	% age shareholders	No. of shares held	% of shareholding
Resident Indians	5336	94.79	1370877	16.33
Foreign Collaborator	1	0.02	3900300	46.43
Indian Collaborator	1	0.02	2862220	34.07
Domestic Companies	187	3.32	206553	2.46
Financial Institutions	2	0.04	19248	0.23
NRIs	46	0.81	22863	0.27
Overseas Corporate Bodies	1	0.02	75	0.00
Mutual Funds	6	0.11	3180	0.04
Banks	2	0.04	200	0.00
Clearing Member NSDL/CDSL	47	0.83	14484	0.17
TOTAL	5629	100.00	8400000	100.00

11. Dematerialisation of Shares

As at 31st March, 2010, there are 4279586 shares, representing 50.94% of the paid-up share capital in dematerialised form. This includes 3793435 shares (45.16%) in NSDL and 486151 shares (5.79%) in CDSL. 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.

**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.

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 Limited, Kochi-36 for the year ended 31.03.2010 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 explanations given to us, we certify that the company has complied with 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.

Kochi-16
07-05-2010

For VARMA & VARMA
(FRN : 004532S)

(R. RAJASEKHARAN)
Partner
CHARTERED ACCOUNTANTS
Membership No. 22703

NITTA GELATIN INDIA LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule No	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
I. SOURCES OF FUNDS			
1. Shareholders' Funds:			
(a) Share Capital	1	84,000,000	84,000,000
(b) Reserves & Surplus	2	994,252,201	798,409,021
		1,078,252,201	882,409,021
2. Loan Funds:			
(a) Secured Loans	3	2,627,566	76,687,050
3. Deferred Tax Liability (See Note B (6) of Schedule 19)		63,633,000	65,650,000
TOTAL		1,144,512,767	1,024,746,071
II. APPLICATION OF FUNDS			
1. Fixed Assets:			
(a) Gross Block	4	1,433,636,103	1,360,937,735
(b) Less: Depreciation/Impairment		803,862,219	785,292,484
(c) Net Block		629,773,884	575,645,251
(d) Capital Work-in-Progress		63,495,471	39,477,071
		693,269,355	615,122,322
2. Investments		81,490,237	35,990,237
3. Current Assets, Loans & Advances:			
(a) Inventories	6	290,226,680	312,425,030
(b) Sundry Debtors	7	119,344,389	117,448,677
(c) Cash and Bank Balances	8	39,884,913	6,818,273
(d) Other Current Assets	9	41,669,917	36,990,554
(e) Loans & Advances	10	90,393,562	46,976,177
		581,519,461	520,658,711
Less: Current Liabilities & Provisions:			
(a) Liabilities	11	114,413,835	94,473,915
(b) Provisions	12	97,352,451	52,551,284
		211,766,286	147,025,199
Net Current Assets		369,753,175	373,633,512
TOTAL		1,144,512,767	1,024,746,071
Notes on Accounts	19		

As per our separate report of even date attached

For and on behalf of the Board of Directors

For VARMA & VARMA
(FRN : 004532S)

(R. RAJASEKHARAN)
Partner
CHARTERED ACCOUNTANTS
Membership No. 22703

T. BALAKRISHNAN IAS
Chairman

G. SUSEELAN
Managing Director

K. RAMAKRISHNAN
Director

T. YAMAKI
Director

ALKESH KUMAR SHARMA IAS
Director

A.K. NAIR
Director

VENU NALLUR
Director

G. RAJESH KURUP
Company Secretary

Kochi
07.05.2010

Trivandrum
07.05.2010

NITTA GELATIN INDIA LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule No	For the year ended 31.3.2010 Rupees	For the year ended 31.3.2009 Rupees
INCOME			
Gross Sales		1,943,378,082	1,873,377,235
Less: Freight & insurance on export sales		9,871,999	12,258,009
Less: Excise Duty collected on domestic sales		37,879,243	36,344,346
Net Sales		1,895,626,840	1,824,774,880
Other Income	13	80,901,102	49,839,210
Stock Differential-(Decrease)/Increase	14	(25,892,080)	(10,112,352)
		1,950,635,862	1,864,501,738
EXPENSES			
Raw Materials consumed	15	878,487,551	784,281,226
Purchase of Traded Goods		1,266,500	--
Other Manufacturing, Administrative & Selling Expenses	16	671,836,685	712,027,620
Financial Charges	17	17,151,202	36,043,933
Depreciation/Impairment		74,258,121	85,511,393
		1,643,000,059	1,617,864,172
PROFIT BEFORE TAX		307,635,803	246,637,566
Less: Provision for Taxes			
- Current Year		99,300,000	27,944,036
- Prior Years		(579,677)	1,324,956
- Deferred Tax		(2,017,000)	65,650,000
- MAT Credit		(43,681,510)	--
- Fringe Benefit Tax		--	1,524,745
PROFIT AFTER TAX		254,613,990	150,193,829
APPROPRIATIONS			
Transfer to General Reserve		131,656,045	40,000,000
Proposed Dividend		50,400,000	25,200,000
Tax on proposed dividend		8,370,810	4,282,740
BALANCE AFTER APPROPRIATIONS		64,187,135	80,711,089
Profit/(Loss) brought forward from last year		28,965,066	(51,746,023)
PROFIT CARRIED TO BALANCE SHEET		93,152,201	28,965,066
Earnings per share -(Basic&Diluted)	18	30.31	17.88
Notes on Accounts	19		

As per our separate report of even date attached

For VARMA & VARMA
(FRN : 004532S)

(R. RAJASEKHARAN)
Partner
CHARTERED ACCOUNTANTS
Membership No. 22703

Kochi
07.05.2010

For and on behalf of the Board of Directors

T. BALAKRISHNAN IAS
Chairman

G. SUSEELAN
Managing Director

K. RAMAKRISHNAN
Director

T. YAMAKI
Director

ALKESH KUMAR SHARMA IAS
Director

A.K. NAIR
Director

VENU NALLUR
Director

G. RAJESH KURUP
Company Secretary

Trivandrum
07.05.2010

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2010**

Schedule No.	As at 31.3.2010 Rupees	As at 31.3.2009 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	487,043,955	447,043,955
Add : Transfer from Profit & Loss A/c	131,656,045	40,000,000
	618,700,000	487,043,955
Surplus in Profit & Loss A/c	93,152,201	28,965,066
	<u>994,252,201</u>	<u>798,409,021</u>
3. SECURED LOANS		
FROM BANKS:		
1. Term Loan:	--	15,012,354
(Secured by hypothecation of assets acquired under the loan arrangement) Repayable within one year - Nil (Rs.50.04,118/-)		
2. Working Capital Loans:	2,627,566	61,674,696
(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. 26,27,566/- (Rs. 6,16,74,696/-)		
	<u>2,627,566</u>	<u>76,687,050</u>

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2010 (Contd.)**

SCHEDULE 4 - FIXED ASSETS & CAPITAL WORK IN PROGRESS

Particulars	GROSS BLOCK (At Cost)				DEPRECIATION/ IMPAIRMENT				(Amount in Rupees) NET BLOCK	
	As at 1-4-2009	Additions 2009-10	Disposals/ Adjustments	As at 31-3-2010	As at 1-4-2009	For the Year	Disposals/ Adjustments	As at 31-3-2010	As at 31-3-2010	As at 31-3-2009
FIXED ASSETS:										
Land and Development	11,832,365 (10,905,925)	1,369,547 (926,440)	- -	13,201,912 (11,832,365)	- -	- -	- -	- -	13,201,912 (11,832,365)	11,832,365 (10,905,925)
Leasehold Land	26,148,286 (26,148,286)	- -	- -	26,148,286 (26,148,286)	2,926,064 (2,635,818)	290,246 (290,246)	- -	3,216,310 (2,926,064)	22,931,976 (23,222,222)	23,222,222 (23,512,468)
Buildings	206,823,717 (198,573,129)	17,574,626 (8,250,588)	241,716 -	224,156,627 (206,823,717)	122,948,200 (114,464,701)	9,005,478 (8,483,499)	162,587 -	131,791,091 (122,948,200)	92,365,536 (83,875,517)	83,875,517 (84,108,428)
Plant & Machinery (See Note below)	1,076,140,121 (966,568,091)	106,023,760 (109,572,030)	55,290,080 -	1,126,873,801 (1,076,140,121)	630,589,992 (556,835,665)	60,996,409 (73,754,327)	52,412,845 -	639,173,556 (630,589,992)	487,700,245 (445,550,129)	445,550,129 (409,732,426)
Service Equipments	13,712,027 (12,873,560)	2,822,087 (1,161,255)	1,367,993 (322,788)	15,166,121 (13,712,027)	10,126,832 (9,520,367)	1,585,658 (929,253)	1,314,328 (322,788)	10,398,162 (10,126,832)	4,767,959 (3,585,195)	3,585,195 (3,353,193)
Office Equipments	15,823,816 (13,830,660)	2,979,804 (2,767,608)	1,718,633 (774,452)	17,084,987 (15,823,816)	10,605,303 (10,041,291)	1,678,604 (1,302,573)	1,640,392 (738,561)	10,643,515 (10,605,303)	6,441,472 (5,218,513)	5,218,513 (3,789,369)
Furniture & Fittings	7,114,609 (6,844,799)	706,845 (331,208)	159,879 (61,398)	7,661,575 (7,114,609)	6,181,361 (5,977,209)	332,001 (252,608)	158,234 (48,456)	6,355,128 (6,181,361)	1,306,447 (933,248)	933,248 (867,590)
Vehicles	3,342,794 (4,458,997)	- -	- (1,116,203)	3,342,794 (3,342,794)	1,914,732 (2,304,050)	369,725 (498,887)	- (888,205)	2,284,457 (1,914,732)	1,058,337 (1,428,062)	1,428,062 (2,154,947)
Total	1,360,937,735	131,476,669	58,778,301	1,433,636,103	785,292,484	74,258,121	55,688,386	803,862,219	629,773,884	575,645,251
Previous Year	1,240,203,447	123,009,129	2,274,841	1,360,937,735	701,779,101	85,511,393	1,998,010	785,292,484	575,645,251	538,424,346
CAPITAL WORK IN PROGRESS:										
Building and plant under construction	29,076,866 (13,872,278)	137,699,654 (113,808,709)	105,399,814 (98,604,121)	61,376,706 (29,076,866)						
Capital Advances	10,400,205 (3,880,003)	4,663,841 (8,777,302)	12,945,281 (2,257,100)	2,118,765 (10,400,205)						
Total	39,477,071	142,363,495	118,345,095	63,495,471						
Previous Year	(17,752,281)	(122,586,011)	(100,861,221)	(39,477,071)						

Note: 1. Net block of Plant & Machinery includes Assets Held for Disposal Rs 9,65,256/- (Rs 35,00,000/-)
2. Depreciation/Impairment as at 31.03.2010 includes Rs 56,61,527/- (Rs 2,05,31,555/-) being impairment loss.

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2010 (Contd.)**

Schedule No.	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
5. 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) Equity 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 quoted Investments: Rs 8.73 Lakhs (Rs. 4.50 Lakhs)		
II. Unquoted :		
Trade Shares		
a. In Subsidiary Companies:		
i) 35,00,000 (35,00,000) fully paid up Equity shares of Rs.10/- each in Bamni Proteins Limited	35,000,437	35,000,437
ii) 45,00,000 (Nil) fully paid up Equity shares of 10/- each in Reva Proteins Limited	45,000,000	--
b. Others:		
i) 2,400 (2400) fully paid up Equity shares of Rs.100/- each in M/s. Organo Fertilizers (India) Pvt. Ltd.	240,000	240,000
ii) 50,000 (Nil) fully paid up Equity shares of Rs.10/- each in Cochin Waste 2 Energy Private Limited	500,000	--
iii) 60,000 (60,000) fully paid up Equity shares of Rs.10/- each in Kerala Enviro Infrastructure Limited	600,000	600,000
iv) 2,88,000 (2,88,000) fully paid up Equity 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
	81,490,237	35,990,237
6. INVENTORIES		
Finished Goods	39,020,470	68,481,422
Raw Materials	63,462,873	55,557,513
Work-in-process	124,218,267	120,649,395
Stores & Spares	59,254,769	63,085,054
Packing Materials	3,413,883	3,926,078
Loose tools	244,654	288,988
Materials in transit	611,764	436,580
	290,226,680	312,425,030

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2010 (Contd.)**

Schedule No.	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
7. SUNDRY DEBTORS (Unsecured, Considered Good)		
Over six months	4,883,178	2,642,669
Others	114,461,211	114,806,008
	119,344,389	117,448,677
8. CASH & BANK BALANCES		
Cash & Cheques on hand	823,836	486,435
Balance with Scheduled Banks:		
i) In Current Account	19,248,030	4,586,615
ii) In Deposit Account	19,813,047	1,745,223
(Includes Rs. 17,45,223(Rs.17,45,223) under lien towards Bank Guarantee)		
	39,884,913	6,818,273
9. OTHER CURRENT ASSETS		
Interest receivable	192,331	39,039
Claims Receivable		
- Duty Drawback (See Note No. B(7) of Schedule 19)	14,443,432	9,940,944
- Export incentive - DEPB	19,350,195	23,120,404
- Others	7,683,959	3,890,167
	41,669,917	36,990,554
10. LOANS & ADVANCES		
1. Secured (Considered Good)		
Vehicle/computer loan to employees	204,605	201,324
2. Unsecured (Considered Good)		
Trade Advance to Bamni Proteins Ltd. (Subsidiary Company)	10,561,282	10,564,697
Loan to Reva Proteins Limited (Subsidiary Company)	38,977,405	--
Advances recoverable in cash or in kind or for value to be received	28,819,355	21,060,848
Income Tax (Net)	347,856	1,256,713
Balances with Central Excise, Customs etc.	3,903,899	6,170,926
Deposits	7,579,160	7,721,669
	90,393,562	46,976,177

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2010 (Contd.)**

Schedule No.	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
11. CURRENT LIABILITIES		
Sundry Creditors:		
a. Total outstanding dues of Micro Enterprises and Small Enterprises (See Note No. B(1) of Schedule 19)	--	--
b. Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	107,675,292	88,541,191
	<u>107,675,292</u>	<u>88,541,191</u>
Investor Education & Protection Fund shall be credited by :-		
-Unpaid Dividend*	527,942	272,459
Other Liabilities	6,210,601	5,315,344
Interest accrued but not due	--	344,921
* Amount due to be transferred to Investor Education & Protection Fund : Rs. Nil (Nil)		
	<u>114,413,835</u>	<u>94,473,915</u>
12. PROVISIONS		
For Proposed Dividend	50,400,000	25,200,000
For Corporate Dividend Tax	8,370,810	4,282,740
Provision for liability		
- Excise Duty (See Note No. B(12) (a)(i) and (c) of Schedule 19)	5,191,879	4,095,386
- Water cess (See Note No. B(12)(a)(ii) of schedule 19)	7,077,500	--
Provision for receivables -		
- Duty Drawback	12,194,983	6,461,789
- Sales Tax	1,100,494	--
Provision for Employee benefits (See Note B(10) of Schedule 19)	13,016,785	12,511,369
	<u>97,352,451</u>	<u>52,551,284</u>

**SCHEDULES ATTACHED TO AND FORMING PART OF THE
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

Schedule No.	For the year ended 31.3.2010 Rupees	For the year ended 31.3.2009 Rupees
13. OTHER INCOME		
Miscellaneous Sales	11,617,946	13,868,706
Export Incentive - DEPB	36,419,947	34,592,798
-Duty drawback	5,307,847	1,136,057
Interest (Tax deducted at source - Rs 35,854/- (Rs.28,247/-))	636,230	219,064
Miscellaneous Income	921,527	2,333
Dividend Income	16,460	9,030
Profit on sale of assets (Net)	--	11,222
Foreign Exchange rate variation (Net)	25,981,145	--
	80,901,102	49,839,210
14. STOCK DIFFERENTIAL		
(a) Closing Stock		
Finished Goods	39,020,470	68,481,422
Work-in-process	124,218,267	120,649,395
	<u>163,238,737</u>	<u>189,130,817</u>
Less:		
(b) Opening 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>
	(25,892,080)	(10,112,352)
15. RAW MATERIALS CONSUMED		
Opening Stock	55,557,513	66,156,039
Add: Purchases	886,392,911	773,682,700
	<u>941,950,424</u>	<u>839,838,739</u>
Less: Closing Stock	63,462,873	55,557,513
	878,487,551	784,281,226

**SCHEDULES ATTACHED TO AND FORMING PART OF THE
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)**

Schedule No.	For the year ended 31.3.2010 Rupees	For the year ended 31.3.2009 Rupees
16. OTHER MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES		
Salaries, Wages & Bonus	90,750,914	79,595,114
Contribution to Gratuity, ESI and Provident Funds	8,036,210	9,916,742
Recruitment & Training	3,080,525	1,327,790
Workmen & Staff Welfare Expenses	21,530,900	19,010,274
Conversion charges	78,229,440	78,512,740
Stores & Spares Consumed	28,502,962	23,335,403
Packing Materials consumed	24,625,356	26,258,676
Research & Development Expenditure	2,638,707	3,656,368
Power, Fuel, Water & Gas	215,812,057	235,879,872
Repairs		
-- Building	86,659	1,156,480
-- Plant & Machinery	80,164,462	69,740,135
-- Others	14,164,637	12,263,264
Insurance	3,197,780	3,379,681
Rent	881,862	1,788,391
Rates & Taxes	4,544,069	8,633,685
Postage and Telephones	3,163,225	2,632,822
Printing & Stationery	2,236,358	1,729,175
Travelling & Conveyance	22,577,861	17,449,139
Director's sitting fee	300,000	284,250
Auditor's remuneration(See Note B(3) of Schedule 19)	786,388	971,599
Advertisement & Publicity	1,081,598	997,577
Loading, Transportation & Other charges on products	27,323,186	23,288,571
Discount & Commission on Sales	13,144,468	9,364,135
Miscellaneous Expenses	16,498,163	15,623,345
Loss on discarded/sold assets written off	1,649,211	--
Provision for Cenvat on inputs/ Drawback claims	6,829,687	10,557,175
Foreign Exchange rate variation (Net)	--	52,043,009
Compensation under Voluntary Retirement Scheme written off	--	2,632,208
	671,836,685	712,027,620

**SCHEDULES ATTACHED TO AND FORMING PART OF THE
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)**

Schedule No.	For the year ended 31.3.2010 Rupees	For the year ended 31.3.2009 Rupees
17. FINANCIAL CHARGES		
Bank Charges	4,494,175	2,690,488
Interest on Fixed Loans	1,018,510	1,937,632
Interest on Others	11,638,517	31,415,813
	17,151,202	36,043,933
18. EARNINGS PER SHARE		
Profit after taxation	254,613,990	150,193,829
Weighted Average Number of Equity Shares of Rs. 10/- each (fully paid-up)	8,400,000	8,400,000
Earnings per share -Basic & Diluted	30.31	17.88

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2010**

SCHEDULE - 19

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 notified by the Companies (Accounting Standards) Rules, 2006.

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 recognized in the period in which the results are known /materialized.

iii. 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 realisable value of such entitlements. Other incomes are recognized on accrual basis except when there are significant uncertainties.

iv. Fixed Assets

Fixed assets are stated at the cost of acquisition, which includes taxes, duties, freight and other incidental expenses incurred for bringing the assets to the working condition required for their intended use, 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 (amortized) 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 realizable 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 2010 (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 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

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.

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 recognized 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 recognized 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.

xi. Foreign Currency Transactions, Forward Contracts and Derivatives

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency outstanding at the Balance Sheet date are translated at the applicable exchange rates prevailing at the year-end. The exchange gain/loss arising during the year are adjusted to the Profit and Loss Account.

Premium or discount arising on inception of forward exchange contracts, which are intended to hedge the foreign currency risk of existing assets or liabilities has been amortised as income / expense over the life of the contract and exchange differences on such contracts are recognised in the Profit and Loss Account in the reporting period in which the exchange rates change.

NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010 (Contd.)

Exchange gain or loss on derivative instruments entered to hedge risks associated with foreign currency fluctuations and on forward exchange contracts, which are intended to hedge the foreign currency risks of future transactions in respect of which firm commitments are made or which are highly probable forecast transactions are determined by marking such contracts outstanding on Balance Sheet date to market, and the resultant loss, if any, is provided in the accounts, while gains are not recognised in accordance with the Announcement on Accounting for Derivatives issued by the Institute of Chartered Accountants of India.

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 recognized 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 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.

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2010 (Contd.)**

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

Particulars	Current Year Amount (Rs)	Previous Year Amount (Rs)
Payments to Managing Director:		
Salaries & Allowances	1,140,000	1,080,000
Perquisites*	711,072	697,399
Contribution to Provident Fund	137,400	129,600
Total	1,988,472	1,906,999

* Does not include the value of non-monetary perquisites and provision for retirement benefits.

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

	Current Year Rs.	Previous Year Rs.
a) Statutory Audit fee	330,000	300,000
b) Other Services		
i. Taxation matters (including Tax Audit)	182,000	302,500
ii. Others	274,388	369,099

4. 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 realized in the ordinary course of business.
5. 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 Limited, no loss in respect of the investments in and advances to the said company, aggregating to Rs 455.62 Lakhs (Rs. 455.65 Lakhs) is anticipated at this stage.
6. Deferred Tax Asset/ (Liability) consists of:

(Amount in Rs.)

Particulars	As at 31.03.2010	As at 31.03.2009
Deferred Tax Liability:		
On excess of net book value over income tax written down value of fixed assets	77,140,000	74,135,366
Deferred Tax Asset:		
On Unabsorbed Depreciation Loss	--	4,090,280
On Provisions	9,512,000	3,588,384
On other disallowances	3,995,000	806,702
Net Deferred Tax Asset/ (Liability)	(63,633,000)	(65,650,000)

7. 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. During the year a single bench of the Honourable High Court of Kerala had decided the matter in favour of the

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2010 (Contd.)**

company, which however has been challenged by the department before the division bench of the Honourable High Court of Kerala. Though the company is hopeful of a favourable decision, provision created in the accounts in the preceding year has been retained as a matter of abundant caution.

8. Disclosure of transactions with related parties as required by Accounting Standard – 18 on related party disclosures as prescribed by Companies (Accounting Standards) Rules, 2006.

(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. Reva Proteins Limited - Subsidiary Company
- v. K K Organics Private Limited - Associate Company
- vi. Key Management Personnel:
 - i) Mr. G. Suseelan - Managing Director

(B) Description of Transactions.

(Rs.in Lakhs)

Nature of transaction	Subsidiary company/ Associate 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		5395.51 (6384.67)		5395.51 (6384.67)
Nitta Gelatin NA Inc		2204.91 (1916.39)		2204.91 (1916.39)
2. Commission received for sale of Gelatin -				
Nitta Gelatin NA Inc.		Nil (0.50)		Nil (0.50)

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2010 (Contd.)**

Nature of transaction	Subsidiary company Associate 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		Nil (134.00)		Nil (134.00)
2. Purchase of Store items / chemicals: Nitta Gelatin Inc		Nil (49.64)		Nil (49.64)
3. Commission paid for sale of Gelatin: Nitta Gelatin Inc.		5.45 (1.08)		5.45 (1.08)
4. Conversion Charges Bamni Proteins Limited	782.29 (785.13)			782.29 (785.13)
5. Rebate Paid Nitta Gelatin Inc. Nitta Gelatin NA Inc		33.04 (10.11) 21.34 (15.22)		33.04 (10.11) 21.34 (15.22)
6. Reimbursement of Expenses Nitta Gelatin NA Inc Nitta Gelatin Inc.		1.73 (Nil) 8.22 (Nil)		1.73 (Nil) 8.22 (Nil)
7. Payment received for Clinical Study Nitta Gelatin Inc.		18.68 (Nil)		18.68 (Nil)
8. Expense allocated Reva Proteins Limited	2.39 (Nil)			2.39 (Nil)
9. Remuneration to Managing Director (See Note B2 of Schedule 19)			19.88 (19.07)	19.88 (19.07)
Investments				
Reva Proteins Limited	450.00 (Nil)			450.00 (Nil)
Bamni Proteins Limited	350.00 (350.00)			350.00 (350.00)
K.K Organics Private Limited*	28.80 (28.80)			28.80 (28.80)
* Provision created for loss in investments Rs 28.80 lakhs (Rs 28.80 lakhs).				
Receivables				
1. Nitta Gelatin Inc		21.73 (Nil)		21.73 (Nil)
2. Nitta Gelatin NA Inc		1.31 (Nil)		1.31 (Nil)
3. Bamni Proteins Limited Trade Advance	105.61 (105.65)			105.61 (105.65)
4. Reva Proteins Limited Loan	389.77 (Nil)			389.77 (Nil)
Payables				
1. Nitta Gelatin Inc		33.04 (92.14)		33.04 (92.14)
2. Nitta Gelatin NA Inc.		27.81 (6.21)		27.81 (6.21)

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2010 (Contd.)**

9. Segment Information

The company is engaged in the business of manufacture and sale of Gelatin, Ossein, DCP and Bovine Collagen Peptide, 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: (Amount in Rs.)

	Export	Domestic	Consolidated
Segment Revenue (External Sales)	947,641,764 (1,014,181,770)	947,985,076 (810,593,110)	1,895,626,840 (1,824,774,880)
Segment Result	283,137,454 (185,400,084)	170,345,645 (234,030,061)	453,483,099 (419,430,145)
Unallocated Expenditure (Net)	-	-	128,696,094 (136,748,646)
Interest Expense	--	--	17,151,202 (36,043,933)
Profit before taxation	--	--	307,635,803 (246,637,566)

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.

10. Employee benefits

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	6,924,116	6,167,063
Employers contribution to Employee's State Insurance	344,300	269,984

b) Defined Benefit Plans -Gratuity : Funded Obligation

i	Actuarial Assumptions	Current Year	Previous Year
	Discount Rate (per annum)	8.00%	7.50%
	Expected return on plan assets	9.00%	8.00%
	Salary escalation rate*	5.00%	5.00%
	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 2010 (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	20,879,702	19,029,308
	Current Service Cost	1,549,368	1,423,462
	Interest Cost	1,658,007	1,317,474
	Actuarial (gain)/loss	(815,063)	2,035,434
	Benefits Paid	(309,233)	(2,925,976)
	Present value of obligation at the end of the year	22,962,781	20,879,702

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	20,445,335	17,007,992
	Expected return on plan assets	1,787,071	1,436,453
	Actuarial (gain)/loss	(54,334)	105,550
	Contributions	3,617,389	4,821,316
	Benefits paid	(309,233)	(2,925,976)
	Assets distributed on settlement (if applicable)	-	-
	Fair value of plan assets at the end of the year	25,486,228	20,445,335

iv	Description of Plan Assets	Amount (Rs.) Current Year	Amount (Rs) Previous Year
	Insurer Managed Funds (LIC of India)	25,486,228	20,445,335

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	22,962,781	20,879,702
	Fair value of plan assets at end of the year	25,486,228	20,445,335
	Net present value of unfunded obligation recognised as (asset)/liability in the Balance Sheet	(2,523,447)	434,367

vi	Expenses recognised in the Profit and Loss Account	Amount (Rs.) Current Year	Amount (Rs) Previous Year
	Current Service Cost	1,549,368	1,423,462
	Interest Cost	1,658,007	1,317,474
	Actuarial (gain) /loss recognised in the period	(760,729)	1,929,884
	Past Service Cost (if applicable)	-	-
	Expected return on plan assets	(1,787,071)	(1,436,453)
	Total expenses recognised in the Profit and Loss Account for the year	659,575	3,234,367
	Actual return on plan assets	1,934,613	1,542,003

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 2010 (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)	8.00%	7.50%
	Salary escalation rate*	5.00%	5.00%
	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

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	12,077,002	9,931,000
	Current Service Cost	1,088,955	977,687
	Interest Cost	859,338	693,410
	Actuarial (gain)/loss	229,821	3,001,651
	Benefits Paid	(1,238,331)	(2,526,746)
	Present value of obligation at the end of the year	13,016,785	12,077,002

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	13,016,785	12,077,002
	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	13,016,785	12,077,002

iv	Expenses recognised in the Profit and Loss Account	Amount (Rs.) Current Year	Amount (Rs.) Previous Year
	Current Service Cost	1,088,955	977,687
	Interest Cost	859,338	693,410
	Actuarial (gain) /loss recognised in the period	229,821	3,001,651
	Past Service Cost (if applicable)	Nil	Nil
	Total expenses recognised in the Profit and Loss Account for the year	2,178,114	4,672,748

The above disclosures are based on information certified 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 2010 (Contd.)**

11. As a part of company's risk management policy, the exchange risks arising from foreign currency fluctuations are partly hedged by forward contracts.

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

	As at 31 st March 2010		As at 31 st March 2009	
	\$	Rs lakhs	\$	Rs lakhs
Receivables	26,90,513	1201.04	750,000	378.67
Payables	-	-	-	-

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

	As at 31 st March 2010		As at 31 st March 2009	
	\$	Rs lakhs	\$	Rs lakhs
Receivables	77,598	34.64	90,202.84	45.80
Payables	-	-	-	-

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

	As at 31 st March 2010		As at 31 st March 2009	
	FC	Rs lakhs	FC	Rs lakhs
Receivables				
GBP	297	0.20	297	0.26
EURO	4560	2.72	85,000	56.65
Payables				
USD	160,794	73.29	54,524.80	28.05
GBP	-	-	-	-
EURO	10,520	6.45	17,570	12.02
JAPANESE YEN	-	-	17,500,000	92.14

d) The outstanding forward contracts as at Balance Sheet date have been marked to market as at 31st March, 2010 and the Exchange Gain arising on the same amounting to Rs.49.80 lakhs (Rs.1.85 Lakhs) has not been recognized in the accounts.

12. The details of Provisions and Contingent Liabilities are as under. (Disclosed in terms of Accounting Standard -29 on Provisions, Contingent Liabilities & Contingent Assets notified by the Companies (Accounting Standards) Rules, 2006.)

a) Provisions

(Amount in Rs.)

Nature of Provision	Balance as at 01-04-2009	Additional Provision during the year	Amounts used/changed during the year	Unused amounts reversed	Balance as at 31-03-2010
i) Provision for Central Excise Duty	40,95,386	10,96,493	-	-	51,91,879
ii) Provision for water cess*	-	70,77,500	-	-	70,77,500

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2010 (Contd.)**

* The company has made representations before the Government of Kerala for waiver of water cess payable to the Government and has also obtained a stay from the Hon High Court of Kerala in respect of demands raised from 20.11.1998 towards the same. Pending final decision in the matter, provision of Rs 70.78 lakhs (Nil) has been made in the accounts, as estimated by the management, as a matter of prudence.

b) Contingent Liabilities not provided for: (Rs. In lakhs)

	For the Year Ended 31.03.2010	For the Year Ended 31.03.2009
Claims against the Company not acknowledged as debts:		
Disputed sales tax demands	Nil	138.23
Disputed excise duty demands (See Note 12 (c) and (d) below)	294.07	135.94
Foreign Bills Discounted	1931.15	2001.96
Counter Guarantee issued in favour of bankers	13.56	21.11
Letter of Credit	Nil	48.77
TOTAL	2238.78	2346.01

c) During the preceding year Central Excise authorities had 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 consumed for Gelatin production amounting to Rs 176.89 lakhs. (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 had created a provision of Rs 40.95 lakhs as a matter of abundant caution and the balance amount of Rs. 135.94 lakhs has been disclosed as a contingent liability.

d) Central excise authorities had issued a show cause notice in an earlier year demanding excise duty of Rs 158.13 Lakhs (Rs 158.13 Lakhs) along with interest and penalty for manufacture and clearance of Di-Calcium Phosphate (DCP) during the period from 1.03.2005 to 30.11.2005. Based on representation by the company that manufacture of DCP attracts 'Nil Rate of Duty' and hence falls under an exempt tariff classification, the above show cause notice had been dropped by the Commissioner. During the year the company has received an intimation regarding department appeal before CESTAT against the action of the Commissioner in dropping the show cause notice as above, in view of which the demand of Rs 158.13 lakhs (Rs 158.13 lakhs) has now been disclosed as a contingent liability.

e) Estimated amount of contracts remaining to be executed on capital account - Rs. 57.92 Lakhs (Rs. 234.16 lakhs).

13. Loans and advances include interest free loan to subsidiary company Reva Proteins Limited, Rs 389.77 lakhs (Nil) [Maximum amount outstanding during the year Rs 389.77 lakhs] in respect of which no fixed repayment schedule has been prescribed at this stage.

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2010 (Contd.)**

14. (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)		4000 (3500)		300 (300)	
Production for the Year	9283 (9283)		5247 (4695)		20146 (21664)		3988 (3522)		21 (7)	
Purchase for resale	-	-	-	-	-	-	10	1266500	-	-
Captive consumption	4961 (5194)	-	5379 (4574)	-	-	-	-	-	-	-
Turnover for the year	4553 (5096)	424094212 (460345594)	-	-	20014 (21969)	464577231 (523135137)	4045 (3478)	997606361 (840559756)	18 (1)	7517985 (734393)
Stock as on 31.03.09	394	27240755	134	11919961	17	251630	135	27967916	6	1101160
Stock as on 31.03.10	163	12350603	2	188498	149	3187454	88	19075340	9	2498358

- NOTE :**
- Licensed capacity - Not applicable
 - Installed Capacity is as technically reassessed by the management
 - Production includes quantity manufactured outside on job work basis as under:
Ossein - 2365.800 MT (2415.250 MT)
DCP - 5284.100 MT (5533.350 MT)

b) Quantitative particulars of raw materials consumed during the year

	YEAR ENDED 31-3-2010		YEAR ENDED 31-3-2009	
	Qty. (MT)	Value (Rs.)	Qty. (MT)	Value (Rs.)
Ossein	1199	93,256,682	420	32,251,223
Crushed Bone	39720	636,915,613	42,430	602,438,973
Hydrochloric Acid	39979	61,348,527	43,493	75,131,796
Hydrated Lime	6783	37,130,518	7,551	41,186,483
Others		49,836,211		33,272,751
TOTAL		878,487,551		784,281,226

15. (a) Break up of Consumption:

	Year ended 31.3.2010		Year ended 31.3.2009	
	(%)	Amount (Rs)	(%)	Amount (Rs)
Raw Materials				
- Imported	0.76	6,639,791	0.35	2,750,471
- Indigenous	99.24	871,847,760	99.65	781,530,755
	100.00	878,487,551	100.00	784,281,226
Stores & Spares *				
- Imported	9.14	7,728,452	3.59	2,529,592
- Indigenous	90.86	76,833,712	96.41	67,919,442
	100.00	84,562,164	100.00	70,449,034
* Debited under stores & spares consumed		28,502,962		23,335,403
* Debited under repairs & maintenance		56,059,202		47,113,631
TOTAL		84,562,164		70,449,034

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2010 (Contd.)**

(b) CIF Value of Imports:

	Current Year Rs.	Previous Year Rs.
Raw Materials	3,645,198	4,528,203
Packing Materials	662,927	2,289,385
Components, Stores & Spares	8,026,077	3,701,796
Capital Goods	5,847,301	19,033,368
	18,181,503	29,552,752

(c) Expenditure in foreign currency on account of:

	Current Year (Rs.)	Previous Year (Rs.)
Professional, Consultation fee and interest	1,508,905	2,067,153
Other Matters (including travel)	13,345,018	9,763,240

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

	Current Year	Previous Year
i) No. of non-resident shareholders to whom dividend was remitted	25	24
ii) No. of shares held by them	3,911,485	3,906,200
iii) Year to which the dividend related	2008-09	2007-08
iv) Amount remitted (Rs.)	11,734,455	5,859,300

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

	Current Year (Rs.)	Previous Year (Rs.)
Export of goods calculated on FOB basis	955,155,169	1,017,804,019
Commission	Nil	49,949

16. Figures have been rounded off to the nearest rupee. Previous year 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 19, which form integral part of accounts

As per our separate report of even date attached

For VARMA & VARMA
(FRN : 004532S)

(R. RAJASEKHARAN)
Partner
CHARTERED ACCOUNTANTS
Membership No. 22703

For and on behalf of the Board of Directors

T. BALAKRISHNAN IAS Chairman	G. SUSEELAN Managing Director
K. RAMAKRISHNAN Director	T. YAMAKI Director
ALKESH KUMAR SHARMA IAS Director	A.K. NAIR Director
VENU NALLUR Director	

G. RAJESH KURUP
Company SecretaryKochi
07.05.2010Trivandrum
07.05.2010

**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 are appended herein below:

I. Registration details	:	Registration No. 2691 of 1975
State Code No.	:	09
Balance Sheet Date	:	31.3.2010
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	:	1,144,513
Total Assets	:	1,144,513
Sources of Funds:		
Paid up Capital	:	84,000
Reserve & Surplus	:	994,253
Secured Loans	:	2,627
Unsecured Loans	:	Nil
Deferred tax liability	:	63,633
Application of Funds:		
Net Fixed Assets	:	693,269
Investments	:	81,490
Net Current Assets	:	369,754
Miscellaneous Expenditure	:	Nil
Accumulated Losses	:	Nil
IV. Performance of Company	:	(Rs. '000)
Turnover and Other Income	:	1,976,528
Total Expenditure	:	1,668,892
Profit before Tax	:	307,636
Profit after Tax	:	254,614
Earnings per share (Rs)	:	30.31
Dividend Rate %	:	60 % (including 20% Special Dividend)
V. Generic names of principal Products of 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

T.BALAKRISHNAN IAS
Chairman

T. YAMAKI
Director

VENU NALLUR
Director

G. SUSEELAN
Managing Director

ALKESH KUMAR SHARMA IAS
Director

K. RAMAKRISHNAN
Director

A.K. NAIR
Director

G. RAJESH KURUP
Company Secretary

Trivandrum
07.05.2010

NITTA GELATIN INDIA LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2010

(Rs in Lakhs)

	For the year ended 31.3.2010	For the year ended 31.3.2009
A. Cash Flows from Operating Activities		
Net Profit before Tax & Extraordinary Items	3,076.36	2,466.38
Adjustments for:		
Depreciation	742.58	649.80
Impairment Loss on Plant & Machinery	--	205.32
(Profit)/Loss on sale of fixed assets	16.49	(0.11)
Interest Expenditure	126.57	291.60
Interest Income	(6.36)	(2.19)
Dividend Received	(0.16)	(0.09)
Foreign Exchange (Gain)/Loss	(259.81)	520.43
Miscellaneous Expenditure Written Off	--	26.32
Provision for duty drawback/sales tax	68.34	64.62
	<u>687.65</u>	<u>1,755.70</u>
Operating Profit / (Loss) before Working Capital Changes	3,764.01	4,222.08
Adjustments for working capital changes:		
(Increase)/Decrease in Trade and Other Receivables	(507.48)	(267.03)
(Increase)/Decrease in Inventories	221.98	276.03
Increase/(Decrease) in Trade Payables	289.64	(35.76)
	<u>4.14</u>	<u>(26.76)</u>
Cash generated from Operations	3,768.15	4,195.32
Direct Taxes	(541.30)	(312.53)
Foreign Exchange Gain/(Loss)	260.11	(520.27)
Cash Flow Before Extraordinary Items	3,486.96	3,362.52
Extraordinary Items	--	--
Net Cash from/(used) in Operating Activities	<u>3,486.96</u>	<u>3,362.52</u>
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	(1,554.95)	(1,422.48)
Sale of Fixed Assets	14.41	2.88
Investment in shares	(455.00)	0.00
Interest Received	4.83	4.21
Dividend Received	0.16	0.09
Net Cash from/(used) in Investing Activities	<u>(1,990.55)</u>	<u>(1,415.30)</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March 2010

	(Rs in Lakhs)	
	For the year ended 31.3.2010	For the year ended 31.3.2009
C. Cash Flows from Financing Activities		
Dividend Paid	(252.00)	(124.20)
Corporate Dividend Tax	(42.83)	(21.41)
Increase/(Decrease) in Long Term Borrowings	(150.12)	(161.16)
Increase/(Decrease) in Short Term Borrowings	(590.47)	(1,416.10)
Interest Paid	(130.02)	(290.77)
Net Cash from/(used) in Financing Activities	(1,165.44)	(2,013.64)
 SUMMARY		
Net Cash from/(used) in Operating Activities	3,486.96	3,362.52
Net Cash from/(used) in Investing Activities	(1,990.55)	(1,415.30)
Net Cash from/(used) in Financing Activities	(1,165.44)	(2,013.64)
Net Increase/(Decrease) in Cash Equivalents	330.97	(66.42)
Cash and Cash Equivalents at beginning of the year	68.18	134.77
Cash and Cash Equivalents at the end of the year	398.85	68.18
Unrealised translation (gain)/ loss on foreign currency cash & cash equivalents	0.30	0.17
	330.97	(66.42)

Note: Cash and Cash Equivalents at the end of the year includes Rs. 17.45 Lakhs (Rs. 17.45 lakhs) under lien and Rs. 5.28 lakhs (Rs 2.72 lakhs) deposited in unclaimed dividend account which are not available for use as on the Balance Sheet date

As per our separate report of even date attached

For VARMA & VARMA
(FRN : 004532S)

(R. RAJASEKHARAN)
Partner
CHARTERED ACCOUNTANTS
Membership No. 22703

For and on behalf of the Board of Directors

T. BALAKRISHNAN IAS Chairman	G. SUSEELAN Managing Director
K. RAMAKRISHNAN Director	T. YAMAKI Director
ALKESH KUMAR SHARMA IAS Director	A.K. NAIR Director
VENU NALLUR Director	G. RAJESH KURUP Company Secretary

Kochi
07.05.2010

Trivandrum
07.05.2010

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 2010, 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, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010, from being appointed as a director in terms of clause (g) of sub-section 1 of Section 274 of the Companies Act, 1956;
3. Further 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 significant accounting policies and other notes attached thereto, 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 2010;
 - 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 & VARMA
(FRN : 004532S)

(R. RAJASEKHARAN)
Partner

CHARTERED ACCOUNTANTS
Membership No. 22703

Place : Kochi - 16
Date : 07.05.2010

**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 generally 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. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in 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 there under, are not applicable to the Company.
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 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 including Provident Fund, Investor Education

and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise duty, Cess and other 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 duties have not been deposited with the authorities as at 31st March 2010 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 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 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 and hence reporting requirement under clause 4 (xii) is not applicable.
13. The Company is not a chit fund/nidhi/mutual benefit fund/society and hence the reporting requirement under clause 4 (xiii) of the Order is not applicable.
14. The company is not dealing or trading in shares, securities, debentures or other investments and accordingly the reporting requirement under clause 4 (xiv) of the Order is 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 Companies Act, 1956.
19. The company has not issued any debentures during the year and accordingly the reporting requirement under clause 4 (xix) of the Order is not applicable to the company.
20. The company has not raised any money by public issues during the year and accordingly the reporting requirement under clause 4 (xx) of the Order is not applicable to the company.
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.

For VARMA & VARMA
(FRN : 004532S)

(R. RAJASEKHARAN)
Partner

Place : Kochi - 16
Date : 07.05.2010

CHARTERED ACCOUNTANTS
Membership No. 22703

**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.	Reva Proteins Ltd.
2. Financial year of the Subsidiary company ended on	31st March 2010	31st March 2010
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	45,00,000 ordinary shares of Rs. 10/- each
ii) Extent of Holding Company's interest	82.35% of the Paid-up Equity Share Capital	100% 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 31 st March 2010	Profit of Rs. 35.15 lakhs	Loss of Rs. 60.31 lakhs
ii) For the previous financial years of the Subsidiary Company since it became the Holding Company's subsidiary	Loss of Rs. 203.49 lakhs	Nil
b) Dealt with in the Holding Company's account:		
i) For the financial year ended 31st March 2010	Nil	Nil
ii) For the previous financial years of the Subsidiary Company since it became the Holding Company's subsidiary	Nil	Nil

T.BALAKRISHNAN IAS
Chairman

T. YAMAKI
Director

VENU NALLUR
Director

G. SUSEELAN
Managing Director

ALKESH KUMAR SHARMA IAS
Director

K. RAMAKRISHNAN
Director

A.K. NAIR
Director

G. RAJESH KURUP
Company Secretary

Trivandrum
07.05.2010

NITTA GELATIN INDIA LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule No.	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
I. SOURCES OF FUNDS			
1. Shareholders' Funds:			
(a) Share Capital	1	84,000,000	84,000,000
(b) Reserves & Surplus	2	971,387,581	778,060,159
		1,055,387,581	862,060,159
2. Loan Funds:			
(a) Secured Loans	3	2,627,566	81,946,501
3. Minority Interest	4	3,892,785	3,139,531
4. Deferred Tax Liability (See Note B (8)(a) of Schedule 20)		63,633,000	65,650,000
TOTAL		1,125,540,932	1,012,796,191
II. APPLICATION OF FUNDS			
1. Fixed Assets:			
(a) Gross Block	5	1,585,848,632	1,454,131,265
(b) Less: Depreciation/Impairment		862,510,187	839,551,378
(c) Net Block		723,338,445	614,579,887
(d) Capital Work-in-Progress		79,927,807	39,809,413
		803,266,252	654,389,300
2. Investments	6	1,489,800	989,800
3. Current Assets, Loans & Advances:			
(a) Inventories	7	294,478,655	317,345,449
(b) Sundry Debtors	8	119,551,849	117,656,137
(c) Cash and Bank Balances	9	40,523,602	7,165,803
(d) Other Current Assets	10	41,778,519	37,072,433
(e) Loans & Advances	11	58,161,994	41,900,233
		554,494,619	521,140,055
Less: Current Liabilities & Provisions:			
(a) Liabilities	12	122,947,921	100,365,915
(b) Provisions	13	110,761,818	63,357,049
		233,709,739	163,722,964
Net Current Assets		320,784,880	357,417,091
TOTAL		1,125,540,932	1,012,796,191
Notes on Accounts	20		

As per our separate report of even date attached

For and on behalf of the Board of Directors

For VARMA & VARMA
(FRN : 004532S)

(R. RAJASEKHARAN)
Partner
CHARTERED ACCOUNTANTS
Membership No. 22703

T. BALAKRISHNAN IAS
Chairman

G. SUSEELAN
Managing Director

K. RAMAKRISHNAN
Director

T. YAMAKI
Director

ALKESH KUMAR SHARMA IAS
Director

A.K. NAIR
Director

VENU NALLUR
Director

G. RAJESH KURUP
Company Secretary

Kochi
07.05.2010

Trivandrum
07.05.2010

NITTA GELATIN INDIA LIMITED
CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED
31ST MARCH, 2010

	Schedule No.	For the year ended 31.3.2010 Rupees	For the year ended 31.3.2009 Rupees
INCOME			
Gross Sales		1,943,378,082	1,873,377,235
Less: Freight & insurance on export sales		9,871,999	12,258,009
Less: Excise Duty collected on domestic sales		37,879,243	36,344,346
Net Sales		1,895,626,840	1,824,774,880
Other Income	14	81,594,508	50,071,598
Stock Differential-Increase/(Decrease)	15	(25,892,080)	(10,112,352)
		1,951,329,268	1,864,734,126
EXPENSES			
Raw Materials consumed	16	878,487,551	784,281,226
Purchase of Traded goods		1,266,500	—
Other Manufacturing, Administrative & Selling Expenses	17	665,783,562	701,419,549
Financial Charges	18	20,182,542	36,614,494
Depreciation/Impairment		79,225,814	89,236,586
		1,644,945,969	1,611,551,855
PROFIT BEFORE TAX		306,383,299	253,182,271
Less: Provision for Taxes -			
- Current Year		99,810,000	27,944,036
- Prior years		(579,677)	1,324,956
- Deferred Tax		(2,017,000)	65,650,000
- MAT Credit		(43,681,510)	--
- Fringe Benefit Tax		--	1,646,689
		252,851,486	156,616,590
PROFIT AFTER TAX		252,851,486	156,616,590
Less: Share of Profit of subsidiary for the year transferred to minority interest		753,254	1,133,429
		252,098,232	155,483,161
Appropriations:			
Transfer to General Reserve		131,656,045	40,000,000
Proposed Dividend		50,400,000	25,200,000
Tax on proposed dividend		8,370,810	4,282,740
Balance after appropriations		61,671,377	86,000,421
Less: Balance Profit/(Loss) brought forward			
-relating to holding company		28,965,066	(51,746,023)
-relating to subsidiary company		(20,348,862)	(25,638,194)
PROFIT CARRIED TO BALANCE SHEET		70,287,581	8,616,204
Earnings per share (Basic and Diluted)	19	30.01	18.51
Notes on Accounts	20		

As per our separate report of even date attached

For and on behalf of the Board of Directors

For VARMA & VARMA
(FRN : 004532S)

(R. RAJASEKHARAN)
Partner
CHARTERED ACCOUNTANTS
Membership No. 22703

T. BALAKRISHNAN IAS
Chairman

K. RAMAKRISHNAN
Director

ALKESH KUMAR SHARMA IAS
Director

VENU NALLUR
Director

G. SUSEELAN
Managing Director

T. YAMAKI
Director

A.K. NAIR
Director

Kochi
07.05.2010

Trivandrum
07.05.2010

G. RAJESH KURUP
Company Secretary

**SCHEDULES ATTACHED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010**

Schedule No.	As at 31.3.2010 Rupees	As at 31.3.2009 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 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	487,043,955	447,043,955
Add: Transfer from Profit & Loss A/c	131,656,045	40,000,000
	618,700,000	487,043,955
Add: Surplus in Profit & Loss A/c	70,287,581	8,616,204
	688,987,581	495,660,159
	<u>971,387,581</u>	<u>778,060,159</u>
3. SECURED LOANS		
FROM BANKS:		
I. Term loan :	--	20,271,805
Term loan due to State Bank of India by the subsidiary company Rs Nil (Rs 52,59,451/-) 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.		
Term loan due to Canara Bank by the holding company Rs Nil (Rs 1,50,12,354/-) is secured by hypothecation of assets acquired under the loan agreement. Repayable within one year - Nil (Rs 83,04,118/-)		
II. Working Capital Loans :	2,627,566	61,674,696
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 26,27,566/- (Rs 6,16,74,696/-)	<u>2,627,566</u>	<u>81,946,501</u>

**SCHEDULES ATTACHED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010 (Contd.)**

Schedule No.	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
4. MINORITY INTEREST		
Share Capital	7,500,000	7,500,000
Less:		
Share of accumulated loss upto previous year	4,360,469	5,493,898
	3,139,531	2,006,102
Add:		
Profit for the year transferred from Profit & Loss Account	753,254	1,133,429
	3,892,785	3,139,531
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) Equity 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 8.73 Lakhs(Rs. 4.50 Lakhs)		
II. Unquoted :		
Trade Shares		
i) 2,400 (2400) fully paid up Equity 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 Equity shares of Rs.10/- each in Kerala Enviro Infrastructure Ltd.	600,000	600,000
iii) 50,000 (Nil) fully paid up Equity shares of Rs. 10/- each in Cochin Waste 2 Energy Private Limited	500,000	--
iv) 2,88,000 (2,88,000) fully paid up Equity shares of Rs. 10/- each in K K Organics Private Limited	2,880,000	2,880,000
Less : Provision for loss in investments	2,880,000	2,880,000
	--	--
	1,489,800	989,800

**SCHEDULES ATTACHED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010 (Contd.)**

SCHEDULE 5 - FIXED ASSETS & CAPITAL WORK IN PROGRESS

Particulars	GROSS BLOCK (At cost)				DEPRECIATION/IMPAIRMENT				NET BLOCK	
	As at 1-4-2009	Additions 2009-10	Disposals/ Adjustments	As at 31-3-2010	As at 1-4-2009	For the year	Disposals/ Adjustments	As at 31-3-2010	As at 31-3-2010	As at 31-3-2009
FIXED ASSETS:										
Land and Development	15,272,091 (14,345,651)	1,369,547 (926,440)	- -	16,641,638 (15,272,091)	- -	- -	- -	- -	16,641,638 (15,272,091)	15,272,091 (14,345,651)
Leasehold Land	26,148,286 (26,148,286)	55,528,382 -	- -	81,676,668 (26,148,286)	2,926,064 (2,635,818)	539,501 (290,246)	- -	3,465,565 (2,926,064)	78,211,103 (23,222,222)	23,222,222 (23,512,468)
Buildings	233,831,670 (221,310,506)	20,018,026 (12,521,164)	241,716 -	253,607,980 (233,831,670)	136,025,439 (126,657,083)	10,130,988 (9,368,356)	162,587 -	145,993,840 (136,025,439)	107,614,140 (97,806,231)	97,806,231 (94,653,423)
Plant & Machinery (See note below)	1,132,156,216 (1,010,380,603)	107,196,059 (121,775,613)	55,769,928 -	1,183,582,347 (1,132,156,216)	667,490,015 (591,395,453)	63,994,990 (76,094,562)	52,892,693 -	678,592,312 (667,490,015)	504,990,035 (464,666,201)	464,666,201 (418,985,150)
Service Equipments	16,840,463 (15,615,654)	2,910,638 (1,547,597)	1,367,993 (322,788)	18,383,108 (16,840,463)	12,139,305 (11,372,500)	1,758,174 (1,089,593)	1,314,328 (322,788)	12,583,151 (12,139,305)	5,799,957 (4,701,158)	4,701,158 (4,243,154)
Office Equipments	18,011,427 (15,375,995)	3,292,377 (3,409,884)	1,831,323 (774,452)	19,472,481 (18,011,427)	11,950,270 (11,173,682)	1,947,115 (1,515,149)	1,739,163 (738,561)	12,158,222 (11,950,270)	7,314,259 (6,061,157)	6,061,157 (4,202,313)
Furniture & Fittings	7,859,218 (7,402,985)	773,177 (517,631)	159,879 (61,398)	8,472,516 (7,859,218)	6,721,311 (6,489,488)	411,571 (280,279)	158,234 (48,456)	6,974,648 (6,721,311)	1,497,868 (1,137,907)	1,137,907 (913,497)
Vehicles	4,011,894 (5,128,097)	- -	- (1,116,203)	4,011,894 (4,011,894)	2,298,974 (2,588,778)	443,475 (598,401)	- (888,205)	2,742,449 (2,298,974)	1,269,445 (1,712,920)	1,712,920 (2,539,319)
Total	1,454,131,265	191,088,206	59,370,839	1,585,848,632	839,551,378	79,225,814	56,267,005	862,510,187	723,338,445	614,579,887
Previous Year	1,315,707,777	140,698,329	2,274,841	1,454,131,265	752,312,802	89,236,586	1,998,010	839,551,378	614,579,887	563,394,975
CAPITAL WORK IN PROGRESS:										
Building and plant under construction	29,409,208 (16,377,104)	147,624,919 (114,015,794)	105,687,156 (100,983,690)	71,346,971 (29,409,208)						
Expenditure during construction period:										
- Salaries & wages	-	283,133	-	283,133						
- Finance charges	-	909,975	-	909,975						
- Others	-	736,111	-	736,111						
Capital Advances	10,400,205 (3,880,003)	9,196,693 (8,777,302)	12,945,281 (2,257,100)	6,651,617 (10,400,205)						
Total	39,809,413	158,750,831	118,632,437	79,927,807						
Previous Year	20,257,107	122,793,096	103,240,790	39,809,413						

Note: 1. Net block of Plant & Machinery includes Assets Held for Disposal Rs 9,65,256/- (Rs 35,00,000/-)
2. Depreciation/Impairment as at 31.03.2010 includes Rs 56,61,527/- (Rs 2,05,31,555/-) being impairment loss.

**SCHEDULES ATTACHED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010 (Contd.)**

Schedule No.	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
7. INVENTORIES		
Finished Goods	39,020,470	68,481,422
Raw Materials	63,462,873	55,557,513
Work-in-process	124,218,267	120,649,395
Stores & Spares	63,506,744	68,005,473
Packing Materials	3,413,883	3,926,078
Loose tools	244,654	288,988
Materials in transit	611,764	436,580
	294,478,655	317,345,449
8. SUNDRY DEBTORS		
(Unsecured, Considered good)		
Over six months	5,090,638	2,850,129
Others	114,461,211	114,806,008
	119,551,849	117,656,137
9. CASH & BANK BALANCES		
Cash & Cheques on hand	902,271	556,612
Balance with scheduled Banks:		
i) In Current Account	19,647,526	4,763,968
ii) In Deposit Account	19,973,805	1,845,223
(Includes Rs.19,05,981 (Rs.1845,223) under lien with banks towards guarantee		
	40,523,602	7,165,803
10. OTHER CURRENT ASSETS		
Interest receivable	300,933	120,918
Claims Receivable-		
- Duty Drawback (See Note B(9) of Schedule 20)	14,443,432	9,940,944
- Export incentive - DEPB	19,350,195	23,120,404
- Others	7,683,959	3,890,167
	41,778,519	37,072,433

**SCHEDULES ATTACHED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010 (Contd.)**

Schedule No.	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
11. LOANS & ADVANCES		
1. Secured (Considered Good)		
Vehicle/computer loan to employees	204,605	201,324
2. Unsecured (Considered Good)		
Advances recoverable in cash or in kind or for value to be received.	32,821,030	21,367,398
Income Tax (Net)	5,024,723	4,884,599
Balances with Central Excise, Customs etc.	3,903,899	6,170,926
Deposits	16,207,737	9,275,986
	58,161,994	41,900,233
12. CURRENT LIABILITIES		
Sundry Creditors:		
a. Total outstanding dues of Micro Enterprises and Small Enterprises (See Note B(1) of Schedule 20)	--	--
b. Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	114,681,702	94,166,418
	114,681,702	94,166,418
Investor Education & Protection Fund shall be credited by :-		
Unpaid Dividends*	527,942	272,459
Other Liabilities	7,738,277	5,582,117
Interest accrued but not due	--	344,921
* Amount due to be transferred to Investor Education and Protection Fund : Rs. Nil (Nil)		
	122,947,921	100,365,915
13. PROVISIONS		
For Proposed Dividend	50,400,000	25,200,000
For Corporate Dividend Tax	8,370,810	4,282,740
Provision for liability - Excise Duty (See Note B(14)(a) (i) and (c) of Schedule 20)	5,191,879	4,095,386
-Water cess (See Note B(14)(a)(ii) of Schedule 20)	7,077,500	-
Provision for receivables -		
- Duty Drawback	12,194,983	6,461,789
- Sales Tax	1,100,494	--
Provision for Employee Benefits (See Note B(12) of Schedule 20)	26,426,152	23,317,134
	110,761,818	63,357,049

**SCHEDULES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
 PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)**

Schedule No.	For the year ended 31.3.2010 Rupees	For the year ended 31.3.2009 Rupees
14. OTHER INCOME		
Miscellaneous Sales	11,973,375	14,008,669
Export Incentive		
- DEPB	36,419,947	34,592,798
- Duty drawback	5,307,847	1,136,057
Interest (Tax deducted at source -Rs. 56,534/- (Rs.44,280/-))	746,820	311,489
Miscellaneous Income	962,917	2,333
Dividend Income	16,460	9,030
Profit on sale of assets	185,997	11,222
Foreign Exchange rate variation (Net)	25,981,145	--
	81,594,508	50,071,598
15. STOCK DIFFERENTIAL		
(a) Closing Stock		
Finished Goods	39,020,470	68,481,422
Work-in-process	124,218,267	120,649,395
	<u>163,238,737</u>	<u>189,130,817</u>
Less:		
(b) Opening 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>
	(25,892,080)	(10,112,352)
16. RAW MATERIALS CONSUMED		
Opening Stock	55,557,513	66,156,039
Add: Purchases	886,392,911	773,682,700
	<u>941,950,424</u>	<u>839,838,739</u>
Less: Closing Stock	63,462,873	55,557,513
	878,487,551	784,281,226

**SCHEDULES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)**

Schedule No.	For the year ended 31.3.2010 Rupees	For the year ended 31.3.2009 Rupees
17. OTHER MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES		
Salaries, Wages & Bonus	113,008,399	99,510,971
Contribution to Gratuity, ESI and Provident Funds	11,860,339	13,675,702
Recruitment & Training	3,080,525	1,327,790
Workmen & Staff Welfare Expenses	22,251,834	19,736,608
Stores & Spares Consumed	32,057,908	26,843,609
Packing Materials consumed	24,625,356	26,258,676
Research & Development Expenditure	2,638,707	3,656,368
Power, Fuel, Water & Gas	244,769,246	266,031,264
Repairs		
- Buildings	955,568	1,781,157
- Plant & Machinery	81,908,879	71,303,072
- Others	14,743,820	13,104,155
Insurance	3,384,146	3,578,266
Rent	984,944	1,873,900
Rates & Taxes	5,283,631	8,954,139
Postage, Telephones , Telegrams etc.	3,421,957	2,918,770
Printing & Stationery	2,403,977	1,967,828
Travelling & Conveyance	24,111,001	18,988,831
Directors' sitting fee	300,000	284,250
Auditor's remuneration (See Note B(5) of Schedule - 20)	946,469	1,063,266
Advertisement & Publicity	1,081,598	997,577
Loading, Transportation and other charges on products	28,883,265	24,825,128
Discount & Commission on Sales	13,144,468	9,364,135
Miscellaneous Expenses	21,458,627	18,141,695
Loss on discarded/sold assets written off	1,649,211	--
Provision for Cenvat on inputs/ Drawback Claims	6,829,687	10,557,175
Foreign Exchange rate variation (Net)	--	52,043,009
Compensation under Voluntary Retirement Scheme written off	--	2,632,208
	665,783,562	701,419,549

**SCHEDULES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)**

Schedule No.	For the year ended 31.3.2010 Rupees	
18. FINANCIAL CHARGES		
Bank Charges	4,523,106	2,748,276
Interest on Fixed Loans	1,373,781	2,450,405
Interest on Others	14,285,655	31,415,813
	20,182,542	36,614,494
19. EARNINGS PER SHARE		
Profit after taxation	252,098,232	155,483,161
Weighted Average Number of Equity Shares of Rs. 10/- each (fully paid-up)	8,400,000	8,400,000
Earnings per share -Basic & Diluted	30.01	18.51

**NOTES ATTACHED TO AND FORMING PART OF THE
CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010**

SCHEDULE - 20

A Significant Accounting Policies.

i. Basis of Preparation

The consolidated Financial Statements of Nitta Gelatin India Limited (the Company) and its subsidiaries, Bamni Proteins Limited and Reva Proteins Limited, collectively referred to as the "group" have been prepared in accordance with Accounting Standard – 21 (AS 21), "Consolidated Financial Statements" notified by the Companies (Accounting Standards) Rules, 2006.

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 notified by the Companies (Accounting Standards) Rules, 2006.

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 recognized in the period in which the results are known /materialised.

iv. Revenue Recognition

Sales are recognised on transfer of title of the goods to the customers. Export incentives are recognized 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.

v. Fixed Assets

Fixed Assets are stated at cost of acquisition, which includes taxes, duties, freight and other incidental expenses incurred for bringing the assets to the working condition required for their intended use, 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/cost of leasehold land is depreciated (amortized) over the period of lease.

vii. Investments

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

**NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010 (CONTD.)**

viii. 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 realizable 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

In the case of the Company

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.

In the case of Bamni Proteins Limited (Subsidiary)

The company has defined contribution plan for employees, i.e. for Provident Fund. The contributions paid/payable to this plan during the year are charged to 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 Bamni Proteins Limited (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 group 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.

NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010 (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 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 realise the same.

xii. Foreign Currency Transactions, Forward Contracts and Derivatives

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency outstanding at the Balance Sheet date are translated at the applicable exchange rates prevailing at the year end. The exchange gain/loss arising during the year are adjusted to the Profit and Loss Account. Premium or discount arising on inception of forward exchange contracts, which are intended to hedge the foreign currency risk of existing assets or liabilities has been amortised as income / expense over the life of the contract and exchange differences on such contracts are recognised in the Profit and Loss Account in the reporting period in which the exchange rates change.

Exchange gain or loss on derivative instruments entered to hedge risks associated with foreign currency fluctuations and on forward exchange contracts, which are intended to hedge the foreign currency risks of future transactions in respect of which firm commitments are made or which are highly probable forecast transactions are determined by marking such contracts outstanding on Balance Sheet date to market, and the resultant loss, if any, is provided in the accounts, while gains are not recognised in accordance with the Announcement on Accounting for Derivatives issued by the Institute of Chartered Accountants of India

xiii. 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 capitalized. Other borrowing costs are recognized as expenditure for the period in which they are incurred.

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 the end of the year as the case may be.

xvi. Impairment of Assets

The group 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

**NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010 (Contd.)**

loss recognized in the prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

xvii. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the group 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 group 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 group 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 Limited has controlling interest in the following entities during the year ended 31.03.2010:

Name of Entity	Country of Incorporation	Controlling interest
Bamni Proteins Limited	India	82.35% (82.35%)
Reva Proteins Limited (Incorporated on 30 th July 2009.)	India	100% (Nil)

3. The company has made full provision towards permanent diminution in the value of investments made in an associate company M/s K. K. Organics Private Limited and there is no further amount of loss to be recognized towards the same in the Consolidated financial statements in accordance with Accounting Standard- 23 (Accounting for investments in Associates in Consolidated Financial Statements) notified under Companies (Accounting Standards) Rules 2006.

4. Managerial Remuneration under Section 198 of the Companies' Act 1956: (Amount in Rs.)

	Holding Company Managing Director	Subsidiary Company Managing Director (Resident Director till 26.01.2010)
Salaries & Allowances	1,140,000 (1,080,000)	1,081,931 (1,040,031)
Perquisites*	711,072 (697,399)	157,394 (185,505)
Contribution to Provident Fund	1,37,400 (129,600)	67,146 (64,986)
TOTAL	1,988,472 (1,906,999)	1,306,471 (1,290,522)

* Does not include value of non-monetary perquisites and provision for retirement benefits.

**NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010 (Contd.)**

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

	Current Year Rs.	Previous Year Rs.
a. Statutory Audit fee	4,10,665	3,55,150
b. Other Services		
i. Taxation matters (including Tax Audit)	2,04,060	3,39,017
ii. Others	3,31,744	3,69,099

6. In the case of Reva Proteins Limited (subsidiary company), fixed Assets include lease premium paid Rs 541.53 lakhs (Nil) for the land taken on lease, the formal lease agreement for which is yet to be executed.
7. 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 realized in the ordinary course of business.
8. a) Deferred Tax Asset/ (Liability) consists of:

(Amount in Rs.)

	As at 31.03.2010	As at 31.03.2009
Deferred Tax Liability:		
On excess of net book value over income tax written down value of fixed assets	77,140,000	74,135,366
Deferred Tax Asset:		
On Unabsorbed Depreciation Loss	--	40,90,280
On Provisions	9,512,000	3,588,384
On other disallowances	3,995,000	806,702
Net Deferred Tax Asset/ (Liability)	(63,633,000)	(65,650,000)

In the case of subsidiary companies, 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) In the case of Bamni Proteins Limited (subsidiary 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.
9. 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. During the year a single bench of the Honourable High Court of Kerala had decided the matter in favour of the company, which however has been challenged by the department before the division bench of the Honourable High Court of Kerala. Though the company is hopeful of a favourable decision, a provision created in the accounts in the preceding year has been retained as a matter of abundant caution.
10. Disclosure of transactions with related parties as required by Accounting Standard – 18 on related party disclosures as prescribed by Companies (Accounting Standards) Rules, 2006.

(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. Key Management Personnel:
- a) Mr. G. Suseelan - Managing Director of Nitta Gelatin India Limited(Holding Company)
- b) Mr. T P Philip - Managing Director(Resident Director till 26.01.2010)of
Bamni Proteins Limited (Subsidiary Company)

**NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010 (Contd.)**

(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	5395.51 (6384.67)		5395.51 (6384.67)
Nitta Gelatin NA Inc	2204.91 (1916.39)		2204.91 (1916.39)
2. Commission received for sale of Gelatin - Nitta Gelatin NA Inc.	Nil (0.50)		Nil (0.50)
Purchase and Expenses			
1. Purchase of assets:			
Nitta Gelatin Inc	Nil (134.00)		Nil (134.00)
2. Purchase of Store items / chemicals:			
Nitta Gelatin Inc	Nil (49.64)		Nil (49.64)
3. Commission paid for sale of Gelatin:			
Nitta Gelatin Inc.	5.45 (1.08)		5.45 (1.08)
4. Rebate Paid			
Nitta Gelatin Inc.	33.04 (10.11)		33.04 (10.11)
Nitta Gelatin NA Inc.	21.34 (15.22)		21.34 (15.22)
5. Reimbursement of Expenses			
Nitta Gelatin NA Inc	1.73 (Nil)		1.73 (Nil)
Nitta Gelatin Inc.	8.22 (Nil)		8.22 (Nil)
7. Payment received for Clinical Study			
Nitta Gelatin Inc.	18.68 (Nil)		18.68 (Nil)
9. Payment to Key Management Personnel:			
a) Remuneration to Managing Director*		19.88 (19.07)	19.88 (19.07)
b) Remuneration to Managing Director * (Subsidiary Company)* Refer Note B (3) of Schedule 20		13.06 (12.91)	13.06 (12.91)
Receivables			
1. Nitta Gelatin Inc	21.73 (Nil)		21.73 (Nil)
2. Nitta Gelatin NA Inc	1.31 (Nil)		1.31 (Nil)
Payable			
1. Nitta Gelatin Inc	33.04 (92.14)		33.04 (92.14)
2. Nitta Gelatin NA Inc.	27.81 (6.21)		27.81 (6.21)

**NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010 (Contd.)**

11. Segment Information

In respect of the Company: The company is engaged in the business of manufacture and sale of Gelatin, Ossein, DCP and Bovine Collagen Peptide, 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:

(Amount in Rs.)

	Export	Domestic	Consolidated
Segment Revenue (External Sales)	947,641,764 (1,014,181,770)	947,985,076 (810,593,110)	1,895,626,840 (1,824,774,880)
Segment Result	283,137,454 (185,400,084)	170,345,645 (234,030,061)	453,483,099 (419,430,145)
Unallocated Expenditure (Net)			128,696,094 (136,748,646)
Interest Expense			17,151,202 (36,043,933)
Profit before taxation			307,635,803 (246,637,566)

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 company: The Company is engaged in the business of manufacture/job conversion of Ossein and hence has only one business segment.

12. Employee benefits - Disclosures required under Accounting Standard 15 - "Employee Benefits"

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	Company (Rs.)	Subsidiary (Rs)
Employers contribution to Provident Fund	6,924,116 (6,167,063)	1,739,663 (1,531,231)
Employers contribution to Employee's State Insurance	344,300 (269,984)	Nil Nil

b. Defined Benefit Plans -Gratuity

i Actuarial Assumptions	Company (Funded)	Subsidiary (Unfunded)
Discount Rate (per annum)	8.00% (7.50%)	7.50% (7.00%)
Expected return on plan assets	9% (8.00%)	-- --
Salary escalation rate*	5.00% (5.00%)	4.00% (4.00%)
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 CONSOLIDATED
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010 (Contd.)**

ii	Reconciliation of present value of obligation	Company (Rs.)	Subsidiary (Rs)
	Present value of obligation at the beginning of the year	20,879,702 (19,029,308)	8,853,640 (7,813,000)
	Current Service Cost	1,549,368 (1,423,462)	477,381 (392,020)
	Interest Cost	1,658,007 (1,317,474)	616,002 (575,318)
	Actuarial (gain)/loss	(815,063) (2,035,434)	1,049,247 (1,316,359)
	Benefits Paid	(309,233) [(2,925,976)]	(107,229) [(1,243,057)]
	Present value of obligation at the end of the year	22,962,781 (20,879,702)	10,889,041 (8,853,640)

iii	Reconciliation of fair value of plan assets	Company (Rs.)	Subsidiary (Rs)
	Fair value of plan assets at the beginning of the year	20,445,335 (17,007,992)	-
	Expected return on plan assets	1,787,071 (1,436,453)	-
	Actuarial (gain)/loss	(54,334) (105,550)	-
	Contributions	3,617,389 (4,821,316)	-
	Benefits paid	(309,233) [(2,925,976)]	-
	Assets distributed on settlement (if applicable)	-	-
	Fair value of plan assets at the end of the year	25,486,228 (20,445,335)	-

iv	Description of Plan Assets	Company (Rs.)	Subsidiary (Rs)
	Insurer Managed Funds (LIC of India)	25,486,228 (20,445,335)	-

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	22,962,781 (20,879,702)	10,889,041 (8,853,640)
	Fair value of plan assets at the end of the year	25,486,228 (20,445,335)	-
	Net present value of unfunded obligation recognised as (asset)/liability in the Balance Sheet	2,523,447 (434,367)	10,889,041 (8,853,640)

**NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010 (Contd.)**

vi	Expenses recognised in the Profit and Loss Account	Company (Rs.)	Subsidiary (Rs)
	Current Service Cost	1,549,368 (1,423,462)	477,381 (392,020)
	Interest Cost	1,658,007 (1,317,474)	616,002 (575,318)
	Actuarial (gain)/loss recognised in the period	(760,729) (1,929,884)	1,049,247 (1,316,359)
	Past Service Cost (if applicable)	-	-
	Expected return on plan assets	(1,787,071) [(1,436,453)]	-
	Total expenses recognised in the Profit and Loss Account for the year	659,575 (3,234,367)	2,142,630 (2,283,697)
	Actual return on plan assets	1,934,613 (1,542,003)	-

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)	8.00% (7.50%)	7.50% (7.00%)
	Salary escalation rate*	5.00% (5.00%)	4.00% (4.00%)
	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

ii	Reconciliation of present value of obligation	Company (Rs.)	Subsidiary (Rs)
	Present value of obligation at the beginning of the year	12,077,002 (9,931,000)	1,952,125 (1,848,000)
	Current Service Cost	1,088,955 (977,687)	245,603 (196,878)
	Interest Cost	859,338 (693,410)	135,604 (121,150)
	Actuarial (gain)/loss	229,821 (3,001,651)	216,852 (453,351)
	Benefits Paid	(1,238,331) [(2,526,746)]	(29,858) [(667,254)]
	Present value of obligation at the end of the year	13,016,785 (12,077,002)	2,520,326 (1,952,125)

**NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010 (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	13,016,785 (12,077,002)	2,520,326 (1,952,125)
	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	13,016,785 (12,077,002)	2,520,326 (1,952,125)

vi	Expenses recognised in the Profit and Loss Account	Company (Rs.)	Subsidiary (Rs)
	Current Service Cost	1,088,955 (977,687)	245,603 (196,878)
	Interest Cost	859,338 (693,410)	135,604 (121,150)
	Actuarial (gain) /loss recognised in the period	229,821 (3,001,651)	216,852 (453,351)
	Past Service Cost (if applicable)	Nil	Nil
	Total expenses recognised in the Profit and Loss Account for the year	2,178,114 (4,672,748)	598,059 (771,379)

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

13. As a part of company's risk management policy, the exchange risks arising from foreign currency fluctuations are partly hedged by forward contracts
- a) The following are the forward contracts entered by the company and outstanding as at Balance Sheet date:

	As at 31st March 2010		As at 31st March 2009	
	\$	Rs lakhs	\$	Rs lakhs
Receivables	2,690,513	1201.04	750,000	378.67
Payables	-	-	-	-

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

	As at 31st March 2010		As at 31st March 2009	
	\$	Rs lakhs	\$	Rs lakhs
USD	77,598	34.64	90,202.84	45.80

**NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010 (Contd.)**

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

	As at 31 st March 2010		As at 31 st March 2009	
	FC	Rs lakhs	FC	Rs lakhs
Receivables				
GBP	297	0.20	297	0.26
EURO	4560	2.72	85,000	56.65
Payables				
USD	160,794	73.29	54,524.80	28.05
GBP	-	-	-	-
EURO	10,520	6.45	17,570	12.02
JAPANESE YEN	-	-	17,500,000	92.14

d) The outstanding forward contracts as at Balance Sheet date have been marked to market as at 31st March, 2010 and the Exchange gain arising on the same amounting to Rs.49.80 Lakhs (Rs.1.85 Lakhs) has not been recognized in the accounts.

14. The details of Provisions and Contingent Liabilities are as under. (Disclosed in terms of Accounting Standard -29 on Provisions, Contingent Liabilities & Contingent Assets notified by the Companies (Accounting Standards) Rules, 2006.

a) Provisions

(Amount in Rs.)

Nature of provision	Balance as at 01-04-2009	Additional provision during the year	Amounts used/changed during the year	Unused amounts reversed	Balance as at 31-03-2010
(i) Provision for Central Excise Duty	4,095,386	1,096,493	-	-	51,91,879
(ii) Provision for water cess*	-	70,77,500	-	-	70,77,500

* The company has made representations before the Government of Kerala for waiver of water cess payable to the Government and has also obtained a stay from the Hon High Court of Kerala in respect of demands raised from 20.11.1998 towards the same. Pending final decision in the matter, provision of Rs 70.78 Lakhs (Nil) has been made in the accounts, as estimated by the management, as a matter of prudence.

(Rs. in Lakhs)

b) Contingent Liabilities not provided for:

	For the Year Ended 31.03.2010	For the Year Ended 31.03.2009
Claims against the group not acknowledged as debts:		
Disputed sales tax demands	Nil	138.23
Disputed excise duty demands (See Note 14 (c) and (d) below)	294.07	135.94
Foreign Bills Discounted	1931.15	2001.96
Counter Guarantee issued in favour of bankers	15.16	22.11
Letter of Credit	Nil	48.77
Others	Nil	5.24
TOTAL	2240.38	2352.25

**NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
 ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010 (Contd.)**

- c) During the preceding year Central Excise authorities had 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 consumed for Gelatin production amounting to Rs 176.89 lakhs. (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 had created a provision of Rs 40.95 lakhs as a matter of abundant caution and the balance amount of Rs. 135.94 lakhs has been disclosed as a contingent liability.
- d) Central excise authorities had issued a show cause notice in an earlier year demanding excise duty of Rs 158.13 lakhs (Rs 158.13 lakhs) along with interest and penalty for manufacture and clearance of Di-Calcium Phosphate (DCP) during the period from 1.03.2005 to 30.11.2005. Based on representation by the company that manufacture of DCP attracts 'Nil Rate of Duty' and hence falls under an exempt tariff classification, the above show cause notice had been dropped by the Commissioner. During the year the company has received an intimation regarding department appeal before CESTAT against the action of the Commissioner in dropping the show cause notice as above, in view of which the demand of Rs 158.13 lakhs (Rs 158.13 lakhs) has now been disclosed as a contingent liability.
- e) Estimated amount of contracts remaining to be executed on capital account
- | | | |
|--------------------|---|-----------------------------------|
| Company | - | Rs. 57.92 Lakhs (Rs.234.16 lakhs) |
| Subsidiary Company | - | Rs.558.52 Lakhs (Rs.2 lakhs) |

15. Sundry Debtors include an amount of Rs.2.07 lakhs (Rs 2.07 lakhs), carried from earlier years as due from a customer(M/s Mineral Udyog,Pune) in respect of whom Bamni Proteins Limited (subsidiary company) has received a favourable judicial order, in view of which this amount is considered fully recoverable at this stage.

16. Figures have been rounded off to the nearest rupee. Previous year 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 20, which form integral part of accounts

As per our separate report of
 even date attached

For VARMA & VARMA
 (FRN : 004532S)

(R. RAJASEKHARAN)
 Partner
 CHARTERED ACCOUNTANTS
 Membership No. 22703

For and on behalf of the Board of Directors

T. BALAKRISHNAN IAS
 Chairman

G. SUSEELAN
 Managing Director

K. RAMAKRISHNAN
 Director

T. YAMAKI
 Director

ALKESH KUMAR SHARMA IAS
 Director

A.K. NAIR
 Director

VENU NALLUR
 Director

G. RAJESH KURUP
 Company Secretary

Kochi
 07.05.2010

Trivandrum
 07.05.2010

**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 are appended herein below:

I. Registration details	:	Registration No. 2691 of 1975
State Code No.	:	09
Balance Sheet Date	:	31.3.2010
In respect of Subsidiaries		
(a) Bamni Proteins Limited		
Registration No.	:	11971 of 1997
State Code No.	:	09
Balance Sheet Date	:	31.3.2010
(b) Reva Proteins Limited		
Registration No.	:	24529 of 2009
State Code No.	:	09
Balance Sheet Date	:	31.3.2010
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	:	1,125,540
Total Assets	:	1,125,540
Sources of Funds:		
Paid up Capital	:	84,000
Reserve & Surplus	:	971,387
Secured Loans	:	2,627
Unsecured Loans	:	Nil
Deferred tax liability	:	63,633
Minority Interest	:	3,893
Application of Funds:		
Net Fixed Assets	:	803,266
Investments	:	1,489
Net Current Assets	:	320,785
Miscellaneous Expenditure	:	Nil
Accumulated Losses	:	Nil
IV. Performance of Company		(Rs. '000)
Turnover and Other Income	:	1,977,221
Total Expenditure	:	1,670,838
Profit before Tax	:	306,383
Profit after Tax	:	252,851
Earnings per share (Rs)	:	30.01
Dividend Rate %	:	60 % (including 20% Special Dividend)
V. Generic names of principal Products of 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

T.BALAKRISHNAN IAS
Chairman

G. SUSEELAN
Managing Director

K. RAMAKRISHNAN
Director

T. YAMAKI
Director

ALKESH KUMAR SHARMA IAS
Director

A.K. NAIR
Director

VENU NALLUR
Director

G. RAJESH KURUP
Company Secretary

NITTA GELATIN INDIA LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED
31ST MARCH, 2010

	(Rs in Lakhs)	
	For the Year Ended 31.3.2010	For the Year Ended 31.3.2009
A. Cash Flows from Operating Activities		
Net Profit before Tax & Extraordinary Items	3,063.83	2,531.82
Adjustments for :		
Depreciation	792.26	687.06
Impairment Loss on Plant & Machinery	-	205.32
(Profit)/Loss on sale of assets	14.63	(0.11)
Interest Expenditure	156.59	298.55
Interest Income	(7.47)	(3.12)
Dividend Received	(0.16)	(0.09)
Foreign Exchange (Gain)/Loss	(259.81)	520.43
Provision for Duty drawback/Sales tax	68.34	64.62
Miscellaneous Expenditure Written Off	-	26.32
	764.38	1,798.98
Operating Profit / (Loss) before Working Capital Changes	3,828.21	4,330.80
Adjustments for working capital changes:		
(Increase)/Decrease in Trade and Other Receivables	(225.43)	(219.68)
(Increase)/Decrease in Inventories	228.67	267.55
Increase/(Decrease) in Trade Payables	342.10	(11.99)
	345.34	35.88
Cash generated from Operations	4,173.55	4,366.68
Direct Taxes	(556.89)	(339.10)
Foreign Exchange Gain/(Loss)	260.11	(520.27)
Cash Flow Before Extraordinary Items	3,876.77	3,507.31
Extraordinary Items	-	-
Net Cash from/(used) in Operating Activities	3,876.77	3,507.31
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	(2,312.07)	(1,577.64)
Sale of Fixed Assets	16.41	2.88
Investment in shares	(5.00)	-
Interest Received	5.67	4.86
Dividend Received	0.16	0.09
Net Cash from/(used) in Investing Activities	(2,294.83)	(1,569.81)
C. Cash Flows from Financing Activities		
Dividend Paid	(252.00)	(124.20)
Corporate Dividend Tax	(42.83)	(21.41)
Increase/(Decrease) in Long Term Borrowings	(202.72)	(147.77)
Increase/(Decrease) in Short Term Borrowings	(590.47)	(1,416.08)
Interest Paid	(160.04)	(297.73)
Net Cash from/(used) in Financing Activities	(1,248.06)	(2,007.19)

Summary

Net Cash from/(used) in Operating Activities	3,876.77	3,507.31
Net Cash from/(used) in Investing Activities	(2,294.83)	(1,569.81)
Net Cash from/(used) in Financing Activities	(1,248.06)	(2,007.19)
Net Increase/(Decrease) in Cash Equivalents	333.88	(69.69)
Cash and Cash Equivalents at beginning of the year	71.66	140.52
Cash and Cash Equivalents at the end of the year	405.24	70.66
Unrealised translation (gain)/ loss on foreign currency cash & cash equivalents	0.30	0.17
	333.88	(69.69)

Note: Cash and cash equivalents at the end of the year includes Rs 19.06 lakhs (Rs 18.45 lakhs) under lien and Rs 5.28 lakhs (Rs 2.72 lakhs) deposited in unclaimed dividend account which are not available for use as on the Balance Sheet date.

As per our separate report of even date attached

For VARMA & VARMA
(FRN : 004532S)

(R. RAJASEKHARAN)
Partner
CHARTERED ACCOUNTANTS
Membership No. 22703

Kochi
07.05.2010

For and on behalf of the Board of Directors

T. BALAKRISHNAN IAS Chairman	G. SUSEELAN Managing Director
K. RAMAKRISHNAN Director	T. YAMAKI Director
ALKESH KUMAR SHARMA IAS Director	A.K. NAIR Director
VENU NALLUR Director	G. RAJESH KURUP Company Secretary

Trivandrum
07.05.2010

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 Companies (Bamni Proteins Limited and Reva Proteins Limited) as at 31st March 2010, 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 financial statements of Nitta

Gelatin India Limited and its aforesaid subsidiaries 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 subsidiaries, and read together with the significant accounting policies and other notes attached thereto, we are of the opinion that the Consolidated Accounts, 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 Nitta Gelatin India Limited and its subsidiaries as at 31st March 2010;
- ii. in the case of the Consolidated Profit and Loss Account, of the consolidated results of operation of Nitta Gelatin India Limited and its subsidiaries 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 subsidiaries for the year ended on that date.

For VARMA & VARMA
(FRN : 004532S)

(R. RAJASEKHARAN)
Partner

Place : Kochi - 16
Date : 07.05.2010

CHARTERED ACCOUNTANTS
Membership No. 22703

BAMNI PROTEINS LTD.**DIRECTORS' REPORT**

To the Shareholders,

Your Directors present the 13th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2010.

FINANCIAL HIGHLIGHTS

	Rs.in lacs	
	Current Year	Previous Year
Profit/(Loss) before interest and depreciation	98.49	108.40
Less: Interest	3.76	5.70
Profit/(Loss) before depreciation	94.73	102.70
Less: Depreciation	46.95	37.25
Fringe Benefit Tax	--	1.22
Income Tax Current Year	5.10	--
Net Profit/(Loss) carried to Balance Sheet.	42.68	64.23

REVIEW OF OPERATIONS

The Company continued to manufacture Ossein and Dicalcium Phosphate on behalf of Nitta Gelatin India Limited (NGIL), the holding company and processed 9779 MT of CB as against 10235.621 MT during last year. Net Profit for the year was Rs. 42.68 Lakhs as against Net Profit of Rs. 64.23 Lakhs in the previous year. The main reason for reduction in Profit is increased power cost & reduction in production.

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 Com-

panies (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 judgments 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 2010 and of the profit or loss of the Company for the year ended 31st March 2010.
- 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.

DIRECTORS

Under the provisions of the Articles of Association of the Company and the Companies Act, 1956, Mr. G. Suseelan 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 Annual 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 achieving excellent result under difficult conditions.

For and on behalf of the Board,

Kochi
5th May, 2010

G.Suseelan
Chairman

ANNEXURE TO THE DIRECTORS REPORT**A) CONSERVATION OF ENERGY.****a) Energy conservation measures taken :-**

- 1) Lime pump with 5 HP connected load for lime slurry transfer is replaced by 3 HP motor. As a result the power saving is (2HP * 24 HRS = 48 HP) 35.8 kw per day.
- 2) Acid unloading pump with 3 HP connected load replaced by another pump with 2 HP. As a result the power saving is(1HP * 6Hrs = 6 HP) 4.48 kw per day.
- 3) Old cooling tower replaced with higher capacity energy efficient 2 HP connected load cooling tower. As a result the power saving is (3HP * 22Hrs = 66 HP) 49 kw per day.
- 4) Partial utilisation of collected animal bone fat as a fuel for boiler. It results in reduction in firewood consumption around 400 kgs per day.

B) CONSERVATION OF ENERGY.

Modification of boiler to utilise Bio-gas generated from biogas plant as a fuel .Biogas plant will be operational in the next year. This will result in substantial reduction in the consumption of Fire-wood.

C) CONSERVATION OF ENERGY.

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

1. Reduction of fuel cost per ton of ossein and DCP
2. Utilisation of Fat in boiler results in reduction in fuel cost and reduction of fat content in raw effluent water

D) Total energy consumption per unit of production as per form attached

1. Introduction of Thermic fluid system requires 30 KW per hour additional load for DCP filtration over HTV operation. But this requirement overcomes by saving in Furnace oil consumption.
2. As a corrective actions to reduce fresh acid temperature and maintain in the range of 13.5 to 14.5 Oc during summer 2 units of 80 TR (chilling unit) requires running. This is the main cause of power consumption. Above running cost is compensated in terms of improved quality of ossein .Hence compare to year 2008-2009 power consumption per ton of ossein more during the year 2009-2010.

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.

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

A. Power & Fuel Consumption:	Current year 2009-2010	Previous year 2008-2009
1. Electricity		
(a) Purchased		
Units (KWH in Lacs)	38.29	33.78
Total Amount (Rs. in lacs)	191.07	150.82
Rate/Unit (Rs.)	4.99	4.46
(b) Own generation		
(i) Through Diesel Generator Units (KWH in lacs)	0.21	0.52
Unit per litre of diesel oil	1.57	1.60
Cost per unit (Rs.)	22.75	23.85
(ii) Through steam turbine/ generator	--	---
2 Coal		
Quantity (MT)	1,761.068	2071.45
Total cost (Rs. in lacs)	34.33	46.23
Average Rate (Rs./MT)	1,950	2232
3 Bamboo/ Wood Dust		
Quantity (MT)	2,126.81	467.45
Total Cost (Rs. In lacs)	46.40	6.72
Average Rate (Rs./ MT)	2,182	1437
4 Furnace Oil		
Quantity (KL)	32	245.213
Total Cost (Rs. In lacs)	8.03	79.20
Average rate (Rs./ KL)	25,135	32299
5 Others / internal generation	--	--
B Consumption per unit of production:		
Product – Ossein		
1 Electricity (KWH/MT)	1,627.35	1420.11
2 Coal/Firewood (MT/MT)	0.74	0.86
3 Bamboo Dust (MT/MT)	0.00	0.07
Product- Di – Calcium Phosphate		
1 Furnace Oil (KL/MT)	0.061	0.047
2 Bamboo Dust (MT/MT)	0.447	0.050

**SECRETARIAL COMPLIANCE
CERTIFICATE**

CIN : U24231KL1997PLC011971

Nominal Capital: Rs 4,25,00,000/- (Rupees Four
Crore Twenty Five Lakh only)

To

The Members

BAMNI PROTEINS LIMITED

54/1446 SBT AVENUE

PANAMPILLY NAGAR

ERNAKULAM - 682036

We 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, 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company its Officers and agents, we 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 4 times on 09.05.09, 28.07.09, 22.10.09 and 27.01.10 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, 2009 was held on 17.06.2009 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 Extraordinary 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 was no allotment/transfer/transmission of securities during the financial 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 changed the designation of its Whole-time Director to Managing Director during the financial year and duly complied with the provisions of the Act.
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. However, approval of the Form 25A from the Central Government for remuneration paid to Whole-time Director filed during the previous year was received vide Letter dated 25.05.2009.
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 Company has not made any borrowings during the financial year ended 31.03.2010.
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.

For SVJS & ASSOCIATES
Company Secretaries

Ernakulam
05.05.2010

S/d
P.D. Vincent
CP No. 7940
Partner

BAMNI PROTEINS LIMITED
CIN : U24231KL1997PLC011971

SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31.03.2010

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, 2010:

Sl. No	Form No / Return	Filed u/s	For	Date of filing	SRN	Whether filed in time Yes/No	Additional fee paid Yes/No
1	Form 8	125	Registration of Particulars of Charge	04.12.09	A73928046	Yes	No
2	Form 32	303(2)	Appointment of director	18.07.09	A65497992	No	Yes
3	Form 32	303(2)	Resignation of director	18.07.09	A65499170	No	Yes
4	Form 32	303(2)	Change in designation of director	25.02.10	A79338117	Yes	No
5	Form 22B	187C(4)	Declaration of beneficial interest	17.09.09	A69489854	Yes	No
6	Form 23	192	Registration of Resolution	25.02.10	A79338687	Yes	No
7	Form 66	383A(1)	Compliance Certificate	16.07.09	P33307430	Yes	No
8	Form 23AC	220	The Financial year ended 31.03.2009	18.07.09	P33342478	No	Yes
9	Form 20B	159	Annual return made upto 27.06.2009	14.08.09	P33818964	Yes	No

For SVJS & ASSOCIATES
Company Secretaries

Sd/-

P.D. Vincent
CP No. 7940
Partner

Ernakulam
05.05.2010

BAMNI PROTEINS LIMITED**BALANCE SHEET AS AT 31ST MARCH, 2010**

	Sch. No.	As at 31.3.2010 (Rs)	As at 31.3.2009 (Rs)
I. SOURCES OF FUNDS			
1. Shareholders' Funds:			
Share Capital	1	42,500,000	42,500,000
2. Loan Funds:			
Secured Loans	2	--	5,259,451
TOTAL		42,500,000	47,759,451
II. APPLICATION OF FUNDS			
1. Fixed Assets:			
(a) Gross Block	3	96,541,100	93,193,530
(b) Less: Depreciation		58,375,494	54,258,894
(c) Net Block		38,165,606	38,934,636
(d) Capital Work-in-Progress		1,341,223	332,342
		39,506,829	39,266,978
2 Current Assets, Loans & Advances:			
(a) Inventories	4	4,251,975	4,920,419
(b) Sundry Debtors	5	207,460	207,460
(c) Cash and Bank Balances	6	374,445	347,530
(d) Other Current Assets	7	108,602	81,879
(e) Loans and Advances	8	7,700,951	5,488,316
		12,643,433	11,045,604
Less: Current Liabilities & Provisions:			
(a) Liabilities	9	16,681,788	16,456,697
(b) Provisions	10	13,409,367	10,805,765
		30,091,155	27,262,462
Net Current Assets		(17,447,722)	(16,216,858)
3. Profit & Loss Account			
		20,440,893	24,709,331
TOTAL		42,500,000	47,759,451
Notes on Accounts	16		-

As per our separate report of even date attached

For and on behalf of the Board of Directors

For VARMA & VARMA
(FRN : 004532S)G. Suseelan
ChairmanT.P. Philip
Managing DirectorP. R. PRASANNA VARMA
Partner
CHARTERED ACCOUNTANTS
Membership No : 25854Keiji Suzuki
DirectorB. Mohana Prabhu
DirectorPlace: Chennai
Date: 06.05.2010Place : Kochi
Date : 05.05.2010

BAMNI PROTEINS LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Sch. No.	For the year ended 31.3.2010 (Rs)	For the year ended 31.3.2009 (Rs)
INCOME			
Income from job charges	11	78,229,440	78,512,740
Other Income	12	<u>693,406</u>	232,388
		<u>78,922,846</u>	<u>78,745,128</u>
EXPENSES			
Manufacturing, Administrative & Selling Expenses	13	69,073,349	67,904,669
Financial Charges	14	375,840	570,561
Depreciation		4,695,219	3,725,193
		<u>74,144,408</u>	<u>72,200,423</u>
PROFIT FOR THE YEAR BEFORE TAXATION		4,778,438	6,544,705
LESS: PROVISION FOR TAXES			
Income Tax - current year		510,000	--
Fringe Benefit Tax		-	121,944
PROFIT AFTER TAX		<u>4,268,438</u>	<u>6,422,761</u>
PROFIT/ (LOSS) CARRIED FORWARD FROM LAST YEAR		<u>(24,709,331)</u>	<u>(31,132,092)</u>
PROFIT/ (LOSS) CARRIED TO BALANCE SHEET		<u>(20,440,893)</u>	<u>(24,709,331)</u>
Earnings Per Share (Basic & Diluted)	15	1.00	1.51
Notes on Accounts	16		

As per our separate report of even date attached

For and on behalf of the Board of Directors

For VARMA & VARMA
(FRN : 004532S)

G. Suseelan
Chairman

T.P. Philip
Managing Director

P. R. PRASANNA VARMA
Partner

Keiji Suzuki
Director

B. Mohana Prabhu
Director

CHARTERED ACCOUNTANTS
Membership No : 25854

Place: Chennai
Date: 06.05.2010

Place : Kochi
Date : 05.05.2010

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2010**

Schedule No.	As at 31.3.2010 (Rs)	As at 31.3.2009 (Rs)
1. SHARE CAPITAL		
Authorised :		
42,50,000(42,50,000) Equity Shares of Rs.10/- each	42,500,000	42,500,000
Issued and Subscribed:		
42,50,000 (42,50,000) 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		
I Term Loan	--	5,259,451
Repayable within one year Nil (Rs.33,00,000)	--	5,259,451
4. INVENTORIES		
Stores & Spares	4,251,975	4,920,419
	4,251,975	4,920,419
5. SUNDRY DEBTORS		
(Unsecured-considered good)		
Over six months	207,460	207,460
Others	-	-
	207,460	207,460
6. CASH & BANK BALANCES		
Cash in Hand	78,435	70,177
Balances with scheduled banks		
In current account	196,010	177,353
In Deposit Account	100,000	100,000
(Under Lien with bank towards guarantee)		
	374,445	347,530
7. OTHER CURRENT ASSETS		
Interest Receivable	108,602	81,879
	108,602	81,879

BAMNI PROTEINS LIMITED

SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2010

SCHEDULE NO. 3

FIXED ASSETS & CAPITAL WORK IN PROGRESS

Amount in Rs

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01.04.2009	ADDITIONS	DISPOSALS/ ADJUSTMENTS	AS AT 31.03.2010	AS AT 01.04.2009	FOR THE YEAR	DISPOSALS/ ADJUSTMENTS	AS AT 31.03.2010	AS AT 31.03.2010	AS AT 31.03.2009
FIXED ASSETS:										
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)
BUILDING	27,007,953 (22,737,377)	2,443,400 (4,270,576)	- -	29,451,353 (27,007,953)	13,077,239 (12,192,382)	1,125,510 (884,857)	- -	14,202,749 (13,077,239)	15,248,604 (13,930,714)	13,930,714 (10,544,995)
PLANT & MACHINERY	56,016,095 (43,812,512)	1,172,299 (12,203,583)	479,848 -	56,708,546 (56,016,095)	36,900,023 (34,559,788)	2,998,581 (2,340,235)	479,848 -	39,418,756 (36,900,023)	17,289,790 (19,116,072)	19,116,072 (9,252,724)
SERVICE EQUIPMENT	3,128,436 (2,742,094)	88,551 (386,342)	- -	3,216,987 (3,128,436)	2,012,473 (1,852,133)	172,516 (160,340)	- -	2,184,989 (2,012,473)	1,031,998 (1,115,963)	1,115,963 (889,961)
OFFICE EQUIPMENT	2,187,611 (1,545,335)	213,089 (642,276)	112,690 -	2,288,010 (2,187,611)	1,344,967 (1,132,391)	265,050 (212,576)	98,771 -	1,511,246 (1,344,967)	776,764 (842,644)	842,644 (412,944)
VEHICLE	669,100 (669,100)	- -	- -	669,100 (669,100)	384,242 (284,728)	73,750 (99,514)	- -	457,992 (384,242)	211,108 (284,858)	284,858 (384,372)
FURNITURE & FIXTURES	744,609 (558,186)	22,769 (186,423)	- -	767,378 (744,609)	539,950 (512,279)	59,812 (27,671)	- -	599,762 (539,950)	167,616 (204,659)	204,659 (45,907)
TOTAL	93,193,530	3,940,108	592,538	96,541,100	54,258,894	4,695,219	578,619	58,375,494	38,165,606	38,934,636
PREVIOUS YEAR	(75,504,330)	(17,689,200)	-	(93,193,530)	(50,533,701)	(3,725,193)	-	(54,258,894)	(38,934,636)	(24,970,629)
CAPITAL WORK IN PROGRESS:	332,342	1,296,223	287,342	1,341,223						
	(2,504,826)	(207,085)	(2,379,569)	(332,342)						

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2010**

Schedule No.	As at 31.3.2010 (Rs)	As at 31.3.2009 (Rs)
8. LOANS & ADVANCES		
Unsecured - Considered good		
Advances recoverable in cash or in kind or for value to be received	795,738	306,113
Income tax (net)	4,676,867	3,627,886
Deposits	2,228,346	1,554,317
	7,700,951	5,488,316
9. CURRENT LIABILITIES		
Sundry Creditors		
a) Total outstanding dues of Micro Enterprises and Small Enterprises (See Note B(1) of Schedule 16)	-	-
b) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	5,762,342	5,625,227
Advance from Holding Company :		
Nitta Gelatin India Limited	10,561,282	10,564,697
Other Liabilities	358,164	266,773
	16,681,788	16,456,697
10. PROVISIONS		
For Employee Benefits (See Note B(8) of Schedule 16)	13,409,367	10,805,765
	13,409,367	10,805,765

**SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2010**

Schedule No.	For the year ended 31.3.2010 Rs.	For the year ended 31.3.2009 Rs.
11. INCOME FROM JOB CHARGES		
Income from Job Charges (TDS - Rs. 15,34,996/- (Rs. 17,79,098/-))	78,229,440	78,512,740
	78,229,440	78,512,740
12. OTHER INCOME		
Miscellaneous Sales	355,429	139,963
Interest (TDS Rs.20,680/- (Rs. 16,033))	110,590	92,425
Miscellaneous Income	41,390	-
Profit on sale of assets	185,997	-
	693,406	232,388
13. MANUFACTURING, ADMINISTRATION & SELLING EXPENSES		
Salaries, Wages & Bonus	22,257,485	19,915,857
Contribution to Provident Fund and other Funds	3,824,129	3,758,960
Staff Welfare Expenses	720,934	726,334
Stores & Spares Consumed	3,554,946	3,508,206
Power & Fuel	28,957,189	30,151,392
Repairs		
- Buildings	868,909	624,677
- Plant & Machinery	1,744,417	1,562,937
- Others	579,183	840,891
Insurance	186,366	198,585
Rent	103,082	85,509
Rates & Taxes	360,947	320,454
Postage, Telephones, Telegrams etc.	258,732	285,948
Printing & Stationery	167,619	238,653
Travelling & Conveyance	1,533,140	1,539,692
Auditor's remuneration (See Note No. B(3) to Schedule 16)	82,725	91,667
Loading, Transportation and other charges on products	1,560,079	1,536,557
Miscellaneous Expenses	2,313,467	2,518,350
	69,073,349	67,904,669

**SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2010**

Schedule No.	For the year ended 31.3.2010 Rs.	For the year ended 31.3.2009 Rs.
14. FINANCIAL CHARGES :		
Bank Charges	20,569	57,788
Interest on Term Loan	355,271	512,773
	375,840	570,561
15. EARNINGS PER SHARE		
Profit for the year	4,268,438	6,422,761
Weighted average number of equity shares of Rs 10/- each fully paid up	4,250,000	4,250,000
Earnings per Share (Basic & Diluted)	1.00	1.51

NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010

Schedule – 16

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 notified by the Companies (Accounting Standards) Rules, 2006.
- ii. **Use of Estimates**
The presentation of financial statements in conformity with the generally accepted accounting principles 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 the cost of acquisition, which includes taxes, duties, freight and other incidental expenses incurred for bringing the assets to the working condition required for their intended use, 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 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 net realizable value of bought out inventories is taken at 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 to this plan during the year are charged to Profit and Loss Account for the year.
 - c) **Defined Benefit Plans: 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: 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 capitalized. 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.

ix. 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/diluted potential equity shares outstanding as at the end of the year, as the case may be.

x. 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

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

Particulars	Current Year Amount (Rs)	Previous Year Amount (Rs)
Payments to Managing Director (Resident Director till 26.01.2010):		
Salaries & Allowances	10,81,931	10,40,031
Perquisites	1,57,394	1,85,505
Contribution to P F	67,146	64,986
Total	13,06,471	12,90,522

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

Particulars	Current Year Amount (Rs)	Previous Year Amount (Rs)
Statutory Audit fee	60,665	55,150
Other Services:		
i. Taxation matters (including Tax Audit)	22,060	36,517
ii. Others	-	-

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 of the assets of the company within the meaning of Accounting Standard – 28 on Impairment of Assets, as notified under Companies (Accounting Standards) Rules 2006.
6. a) 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.
- b) In case of the company the taxes provided/paid under Minimum Alternate Tax (MAT), which can be set off against 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.
7. The Company is engaged in the business of manufacture / job conversion of Ossein and has only one business segment.
8. Employee Benefits: Disclosure required under AS 15 – “Employee Benefits” (Revised 2005)
1. Defined Contribution Plan

Particulars	Amount (Rs.) Current Year	Amount (Rs.) Previous Year
Employers contribution to Provident Fund	17,39,663.00	15,31,231.00

2 Defined Benefit Plans

Gratuity – Unfunded Obligation

i)	Actuarial Assumptions	Current Year	Previous Year
	Discount Rate (per annum)	7.50%	7.00%
	Salary escalation rate*	4.00%	4.00%
	Expected rate of return on Plan Assets	0.00%	0.00%

* 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.) Current Year	Amount (Rs.) Previous Year
	Present value of obligation at beginning of the year	88,53,640	78,13,000
	Current Service Cost	4,77,381	3,92,020
	Interest Cost	6,16,002	5,75,318
	Actuarial (gain)/loss	10,49,247	13,16,359
	Benefits Paid	(1,07,229)	(12,43,057)
	Present value of obligation at the end of the year	1,08,89,041	88,53,640

iii)	Net (Asset)/ Liability recognized in the Balance Sheet as at year end	Amount (Rs.) Current Year	Amount (Rs.) Previous Year
	Present value of obligations at the end of the year	1,08,89,041	88,53,640
	Net present value of unfunded obligation recognized as (asset)/ liability in the Balance Sheet	1,08,89,041	88,53,640

iv)	Expenses recognised in the Profit and Loss Account	Amount (Rs.) Current Year	Amount (Rs.) Previous Year
	Current Service Cost	4,77,381	3,92,020
	Interest Cost	6,16,002	5,75,318
	Actuarial (gain) / loss recognised in the period	10,49,247	13,16,359
	Past Service Cost	-	-
	Total expenses recognised in the Profit and Loss Account for the year	21,42,630	22,83,697

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

3) Long Term Employee Benefits

Compensated absences (Vesting and Non Vesting): Unfunded Obligation

i)	Actuarial Assumptions	Current Year	Previous Year
	Discount Rate (per annum)	7.50%	7.00%
	Salary escalation rate*	4.00%	4.00%
	Attrition rate	1.00%	1.00%
	Expected rate of return on Plan Assets	0.00%	0.00%

* 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.) Current Year	Amount (Rs.) Previous Year
	Present value of obligation at beginning of the year	19,52,125	18,48,000
	Current Service Cost	2,45,603	1,96,878
	Interest Cost	1,35,604	1,21,150
	Actuarial (gain)/loss	2,16,852	4,53,351
	Benefits Paid	(29,858)	(6,67,254)
	Present value of obligation at the end of the year	25,20,326	19,52,125

iii)	Net (Asset)/ Liability recognized in the Balance Sheet as at year end	Amount (Rs.) Current Year	Amount (Rs.) Previous Year
	Present value of obligations at the end of the year	25,20,326	19,52,125
	Net present value of unfunded obligation recognized as (asset)/ liability in the Balance Sheet	25,20,326	19,52,125

iv)	Expenses recognised in the Profit and Loss Account	Amount (Rs.) Current Year	Amount (Rs.) Previous Year
	Current Service Cost	2,45,603	1,96,878
	Interest Cost	1,35,604	1,21,150
	Expected return on plan assets	--	--
	Actuarial (gain) / loss recognised in the period	2,16,852	4,53,351
	Past Service Cost	-	-
	Total expenses recognised in the Profit and Loss Account for the year	5,98,059	7,71,379
	Actual return on plan assets	--	--

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

9. Disclosure of transactions with related parties as required by Accounting Standard – 18 on related party disclosures as prescribed by Companies (Accounting Standards) Rules, 2006.

i) **Related parties and nature of relationship**

(i) Nitta Gelatin India Limited- Holding Company

(ii) Key Management Personnel:

a) Mr.T.P Philip - Managing Director
(Resident Director till 26.01:2010)

ii) **Description of Transactions.**

(Amount Rs.)

Nature of transaction	Key Management Personnel	Holding Company	Total
Conversion Job Charges received		782,29,440 (785,12,740)	782,29,440 (785,12,740)
Remuneration to Managing Director (See Note B2 of Schedule 16)	13,06,471 (12,90,522)		13,06,471 (12,90,522)
Payable as at 31.03.2010: - Nitta Gelatin India Limited		105,61,282 (105,64,697)	105,61,282 (105,64,697)

10. Contingent Liabilities not provided for:

- a) Claims against the company not acknowledged as debts Nil (Rs. 5.24 lakhs)
- b) Bank Guarantee Rs. 1 lakh (Rs. 1 lakh)

11. Estimated amount of contracts remaining to be executed on capital account Rs.12.04 lakhs (2.00 lakhs)

12. Sundry Debtors represents an amount of Rs.2.07 lakhs (Rs 2.07 lakhs) carried from earlier years as due from a customer (M/s. Mineral Udyog, Pune) in respect of which the Company has received a favourable judicial order, in view of which this amount is considered fully recoverable at this stage.

13. Additional Information pursuant to Part II of Schedule VI of the Companies Act, 1956, (to the extent applicable):

- a) Licensed and installed capacities, production, turnover and opening and closing stock

	Ossein		Di-Calcium Phosphate	
	Qty(MT)	Amount(Rs.)	Qty (MT)	Amount (Rs)
Installed Capacity per annum	1800 (1800)	-	3600 (3600)	-
Production for the year *	2365.800 (2415.250)	-	5284.100 (5533.350)	-
Stock as on 31.03.2009	Nil	Nil	Nil	Nil
Stock as on 31.03.2010	Nil	Nil	Nil	Nil

* Quantity processed for Nitta Gelatin India Limited on contract basis.

Note : 1. Licensed Capacity - Not Applicable

2. Installed Capacity is as technically reassessed by the management

14. (a) Break-up of Consumption

	Year ended 31.3.2010		Year ended 31.3.2009	
	%	Amount (Rs.)	%	Amount (Rs.)
Raw Materials	--	--	--	--
Stores & Spares				
Imported	--	--	--	--
Indigenous	100	35,54,946	100	35,08,206
	100	35,54,946	100	35,08,206

(b) Expenditure in foreign currency – Nil (Rs. 27,923)

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 separate report of even date attached

For and on behalf of the Board of Directors

For VARMA & VARMA
(FRN : 004532S)

G. Suseelan
Chairman

T.P. Philip
Managing Director

P. R. PRASANNA VARMA
Partner
CHARTERED ACCOUNTANTS
Membership No : 25854

Keiji Suzuki
Director

B. Mohana Prabhu
Director

Place: Chennai
Date: 06-05-2010

Place : Kochi
Date : 05.05.2010

**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	: 31-03-2010

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	: 42,500
Total Assets	: 42,500

Sources of Funds

Paid up Capital	: 42,500
Reserves & Surplus	: Nil
Secured Loans	: Nil

Application of Funds

Net Fixed Assets	: 38166
Capital Work-in-Progress	: 1341
Net Current Assets	: (17448)
Miscellaneous Expenditure	: Nil
Profit & Loss Account	: 20441

IV Performance of Company : Rs.(in '000)

Turnover and Other income	: 78,922
Total Expenditure	: 74,144
Profit/(Loss) before tax	: 4,778
Profit/(Loss) after Tax	: 4,268
Earning per Share (Rs.)	: 1.00
Dividend Rate %	: Nil

V Generic names of principal products of company (As per monetary terms)

Item Code No.	: Product Description
050610.03	: Ossein
230990.90	: Di-Calcium Phosphate

G. SUSEELAN
Chairman

T.P. PHILIP
Managing Director

Place : Kochi
Date : 05.05.2010

KELJI SUZUKI
Director

B. MOHANA PRABHU
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

Rs in Lakhs

	For the year ended 31.3.2010	For the year ended 31.3.2009
--	---	---

A.Cash Flows from Operating Activities

Net Profit / (Loss) before Tax & Extraordinary Items	47.78	65.45
--	-------	-------

Adjustments for:

Depreciation	46.95	37.25
(Profit) / loss on sale of assets	(1.86)	0.00
Interest expenditure	3.55	5.13
Interest income	(1.11)	(0.92)

	<u>47.53</u>	<u>41.46</u>
Operating Profit / (Loss) before Working Capital Changes	95.31	106.91

Adjustments for working capital changes:

(Increase)/Decrease in Trade and Other Receivables	(11.64)	6.12
(Increase)/Decrease in Inventories	6.68	(8.49)
Increase/(Decrease) in Trade Payables	28.29	64.92

	<u>23.33</u>	<u>62.55</u>
Cash generated from Operations	118.64	169.46

Direct Taxes paid	(15.59)	(26.76)
-------------------	---------	---------

Cash Flow Before Extraordinary Items	103.05	142.70
--------------------------------------	--------	--------

Extraordinary Items	-	-
---------------------	---	---

Net Cash from/(used) in Operating Activities	103.05	142.70
---	---------------	---------------

B.Cash Flows from Investing Activities

Purchase of Fixed Assets	(49.49)	(155.16)
--------------------------	---------	----------

Sale of Fixed Assets	2.00	-
----------------------	------	---

Interest Received	0.84	0.92
-------------------	------	------

Net Cash from/(used) in Investing Activities	(46.65)	(154.24)
---	----------------	-----------------

C.Cash Flows from Financing Activities

Increase/(Decrease) in Long Term Borrowings	(52.59)	13.40
---	---------	-------

Interest paid	(3.55)	(5.13)
---------------	--------	--------

Net Cash from/(used) in Financing Activities	(56.14)	8.27
---	----------------	-------------

Summary

Net Cash from/(used) Operating Activities	103.05	142.70
--	---------------	---------------

Net Cash from/(used) in Investing Activities	(46.65)	(154.24)
---	----------------	-----------------

Net Cash from/(used) in Financing Activities	(56.14)	8.27
---	----------------	-------------

Net Increase (Decrease) in Cash Equivalents	0.26	(3.27)
--	-------------	---------------

Cash and Cash Equivalents at beginning of the year	3.48	6.75
---	-------------	-------------

Cash and Cash Equivalents at the end of the year	3.74	3.48
---	-------------	-------------

	<u>0.26</u>	<u>(3.27)</u>
--	-------------	---------------

Note: Cash and Cash equivalents at the end of the year includes Rs. 1.00 lakhs (1.00 lakhs) under lien, which is not available for the immediate use as on the Balance Sheet date.

As per our separate report of even date attached

For and on behalf of the Board of Directors

For VARMA & VARMA
(FRN : 004532S)

G. Suseelan
Chairman

T.P. Philip
Managing Director

P. R. PRASANNA VARMA
Partner

Keiji Suzuki
Director

B. Mohana Prabhu
Director

Place: Chennai
Date: 06-05-2010

CHARTERED ACCOUNTANTS
Membership No : 25854

Place: Kochi
Date: 05-05-2010

Auditors' Report

To:
The Members,
Bamni Proteins Limited

We have audited the attached Balance Sheet of Bamni Proteins Limited as at 31st March 2010, 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 subsection (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 directors 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. 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 thereto, 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:
 - a. in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2010 ;
 - 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
FRN No.04532S

Place : Chennai
Date : 06.05.2010

P.R. Prasanna Varma
Partner
M. No 25854

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/cess, which has not been deposited with the authorities as at 31st March, 2010.

10. The accumulated losses of the company as at the end of the financial year is not 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 not defaulted in repayment of loan instalments/Interest due to a Bank from whom Term loan has been availed
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 the company has not availed any fresh term loan during the year.
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**

FRN No.04532S

**P.R. Prasanna Varma
Partner
M. No 25854**

Place: Chennai
Date: 06.05.2010

REVA PROTEINS LIMITED

DIRECTORS' REPORT

To the Shareholders,

Your Directors have pleasure in presenting their first Annual report and the Audited Annual Accounts of the Company for the year ended 31st March 2010.

REVIEW OF OPERATIONS

The Company was incorporated on 30.07.2009. M/s. Gujarat Industrial Development Corporation allotted 20 acres of land under 99 years lease at Jhagadia Industrial Estate to set up the Limed Ossein Plant. The full amount has been paid and lease agreement is expected to be executed shortly. The Company also received clearance from Pollution control Board to set up the plant and your company started construction activities from 15th March 2010. The consultant for civil work as well as effluent treatment plant has been finalised and Company is in the process of awarding major orders for capital work. The total project cost is Rs. 30 Crores. The Kerala State Industrial Development Corporation Limited has sanctioned the term loan of Rs. 20 Crores and the parent company has sanctioned an amount of Rs. 10 Crores towards Share Capital and Term Loan.

DIRECTORS

1. Mr. B. Mohana Prabhu was appointed as the Managing Director of the Company with effect from 08.04.2010. A resolution has been included in the notice of the Annual General Meeting for his appointment.
2. Under the provisions of the Articles of Association of the Company and as per the provisions of Section 255 of the Companies Act, 1956, 1/3rd of the total number of Directors who are liable to retire by rotation, are to retire at each Annual General Meeting, beginning the 1st Annual General Meeting. Accordingly, it is proposed that Mr. Keiji Suzuki, Director, may retire at the 1st Annual General Meeting, and being eligible, such retirement shall be subject to reappointment.
3. Mr. Ranjit Ramachandran who was appointed as an Additional Director at the Board Meeting dated 21.08.2009 shall hold office till the ensuing Annual General Meeting. Having duly received a notice for the same, a proposal is put up at the

Annual General Meeting for appointment of Mr. Ranjit Ramachandran as a Director on the Board.

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 not applicable since company has not started production.

PARTICULARS OF EMPLOYEES

None of the employees of the Company comes under the purview of Section 217(2A) of the Companies Act, 1956.

INDUSTRIAL RELATIONS

The Company has just started the project.

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 judgments 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 2010 and of the profit or loss of the Company for the year ended 31st March 2010.
- 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

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 Annual Report.

ACKNOWLEDGEMENT

Your Directors place on record their gratitude to the Government of Gujarat, Nitta Gelatin India Limited, the holding Company, Nitta Gelatin Inc., Japan, 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.

Kochi
5th May, 2010

For and on behalf of the Board,
G. Suseelan
Chairman

ANNEXURE TO THE DIRECTOR'S REPORT

I CONSERVATION OF ENERGY

This being 1st year this clause is not applicable.

II.(A) Technology Absorption etc

Not applicable

(B) Expenditure on R&D

Not applicable

III. Foreign Exchange Earnings and Outgo

Not applicable

IV. FORM 'A'

Form for disclosure of particulars with respect to conservation of energy

Not applicable

**SECRETARIAL COMPLIANCE
CERTIFICATE**

CIN : U24295KL2009PLC024529

Nominal Capital: Rs 50,000,000/- (Rupees
Five Crore only)

TO

THE MEMBERS

REVA PROTEINS LIMITED

54 /1446,

PANAMPILLY NAGAR

ERNAKULAM - 682036

We have examined the Registers, Records, Books and Papers of M/s. **REVA 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, 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company its Officers and agents, we 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 4 times on 21.08.2009, 21.12.2009, 20.02.2010 and 17.03.2010 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 Company was not required to hold Annual General Meeting during the financial year as it was incorporated on 30.07.2009.
7. One Extraordinary Meeting(s) was held on 16.03.2010 after giving due notice to the mem-

bers of the company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.

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 not entered into any contracts falling within the purview of Section 297 of the Act.
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) The Company has delivered all the certificates on allotment of securities in accordance with the provisions of the Act. There was no transfer/ transmission of securities 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) Since the Company is incorporated on 30.07.2009, the Company was not required to hold Annual General Meeting and hence Section 217 is not applicable.
14. The Board of Directors of the Company is duly constituted and the appointment of additional director during the financial year was duly made.
15. The Company has appointed Managing Director during the financial year and has duly complied with the provisions of the Act. However Form 25C and Form 23 has been filed after the period under scrutiny but within the prescribed filing time.

16. The Company has not appointed any sole selling agents during the financial year.
17. The Company has obtained all necessary approvals of the Central Government / Company Law Board / Regional Director / Registrar of Companies and / or such authorities prescribed under the various provisions of the Act as detailed below:
- (i) Commencement of business u/s 149 (2) (b)
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 issued 44,50,000/- shares during the financial year and complied with the provisions of the Act but Form 2 has been filed after the period under scrutiny.
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 amount borrowed by the Company from its Holding Company during the financial year ending 31st March 2010 are within the borrowing limits of the Company and necessary resolution as per section 293(1)(d) of the Act has been passed in the duly convened Extra-ordinary General meeting (statutory meeting held on 23.01.2010).
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 altered the Provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny and complied with the provisions of the Act.
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.

For SVJS & ASSOCIATES
Company Secretaries

S/d

P.D. Vincent
CP No. 7940
Partner

Ernakulam
05.05.2010

Reva Proteins Limited

CIN: U24295KL2009PLC024529

SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31.03.2010

Annexure A

Registers as maintained by the Company

Statutory Registers

1. Register of Members u/s 150
2. Minutes Book of Meetings of Directors u/s 193
3. Minutes Book of Proceedings of General Meetings u/s 193
4. Books of Account u/s 209
5. Register of Disclosure of Interest by Directors
6. Register of Directors, Managing Director, Manager and Secretary u/s 303
7. Register of Directors shareholding u/s 307

Annexure B

Sl. No	Form No / Return	Filed u/s	For	Date of filing	SRN	Whether filed in time Yes/No	Additional fee paid Yes/No
1	Form 1	33(2)	Incorporation of the company	29.07.09	A65849986	Yes	No
2	Form 18	146	Notice of situation of Registered Office	24.07.09	A65849986	Yes	No
3	Form 32	303(2)	Appointment of Director	24.07.09	A65849986	Yes	No
4	Form 20	149(2) (b)	Commencement of Business	18.09.09	A69538221	Yes	No
5	Form 22B	187C(4)	Declaration of Beneficial Interest	17.09.09	A69488476	Yes	No
6	Form 32	260	Appointment of Additional Director	08.10.09	A70535521	No	Yes
7	Form 22	165	Statutory Report	20.01.10	A76821388	No	Yes

REVA PROTEINS LIMITED
BALANCE SHEET AS AT 31 ST MARCH, 2010

	Sch No	As at 31.3.2010 (Rs.)
SOURCES OF FUNDS		
1. Shareholders' Funds		
a) Share Capital	1	45,000,000
2. Loan Funds		
a) Unsecured Loan	2	38,977,405
Total		83,977,405
APPLICATION OF FUNDS		
1. Fixed Assets		
a) Gross Block	3	55,671,429
b) Less: Depreciation		272,474
c) Net Block		55,398,955
d) Capital work in progress		15,091,113
		<u>70,490,068</u>
2. Current Assets, Loans and Advances		
a) Cash & Bank Balances	4	264,244
b) Loans & Advances	5	9,605,731
		<u>9,869,975</u>
Less: Current Liabilities and Provisions		
a) Liabilities	6	2,413,580
b) Provisions		-
		<u>2,413,580</u>
Net current Assets		<u>7,456,395</u>
3. Profit & Loss Account		<u>6,030,942</u>
		83,977,405
Notes on accounts	10	

As per our separate report
of even date attached

For VARMA & VARMA
(F R N : 004532S)

(VIJAY NARAYAN GOVIND)
Partner
CHARTERED ACCOUNTANTS
Membership No. 203094

Place: Kochi
Date : 05.05.2010

For and on behalf of the Board of Directors

G. Suseelan
Chairman

B Mohana Prabhu
Managing Director

Keiji Suzuki
Director

R Ranjit
Director

**REVA PROTEINS LIMITED
PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED
31 ST MARCH, 2010**

	Schedule No	For the period ended 31.3.2010
INCOME		-
EXPENSE		-
Administrative Expenses	7	3,102,968
Financial Charges	8	2,655,500
Depreciation		272,474
		<u>6,030,942</u>
LOSS BEFORE TAX		(6,030,942)
Less: provision for taxes		--
LOSS AFTER TAX		(6,030,942)
LOSS CARRIED TO BALANCE SHEET		<u>(6,030,942)</u>
Earning per share- (Basic & Diluted)	9	(18.57)
Notes on Accounts	10	

As per our separate report
of even date attached

For and on behalf of the Board of Directors

For VARMA & VARMA
(F R N : 004532S)

G. Suseelan
Chairman

B Mohana Prabhu
Managing Director

(VIJAY NARAYAN GOVIND)
Partner
CHARTERED ACCOUNTANTS
Membership No. 203094

Keiji Suzuki
Director

R Ranjit
Director

Place: Kochi
Date : 05.05.2010

REVA PROTEINS LIMITED
SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31 ST MARCH, 2010

	As at 31.3.2010
SCHEDULE 1	
SHARE CAPITAL	
Authorised :	
50,00,000 Equity Shares of Rs. 10/- each	50,000,000
Issued and Subscribed:	
45,00,000 Equity Shares of Rs. 10/- each fully paid up	<u>45,000,000</u>
(The above shares are held by the Holding Company Nitta Gelatin India Limited)	<u>45,000,000</u>
SCHEDULE 2	
UNSECURED LOANS	
From Holding Company Nitta Gelatin India Limited	<u>38,977,405</u>
(See Note B(8) of Schedule 10)	<u>38,977,405</u>
SCHEDULE 4	
CASH & BANK BALANCES	
Balance with Scheduled banks:	
i) In Current Account	203,486
ii) In Deposit Account	60,758
(Under Lien with bank towards guarentee)	<u>264,244</u>
SCHEDULE 5	
LOANS & ADVANCES	
(Unsecured, Considered Good)	
Advances recoverable in cash or in kind or for value to be received	3,205,500
deposits	<u>6,400,231</u>
	<u>9,605,731</u>
SCHEDULE 6	
CURRENT LIABILITIES	
Sundry Creditors:	
a) Total outstanding dues of Micro Enterprises and Small Enterprises (See Note No. B (7) of Schedule 10)	--
b) Total outstanding dues of Creditors other than the Micro Enterprises and Small Enterprises	<u>1,244,068</u>
	1,244,068
Deposits	1,010,000
Other Liabilities	<u>159,512</u>
	<u>2,413,580</u>

SCHEDULES ATTACHED TO AND FORMING PART OF THE
BALANCE SHEET AS AT 31ST MARCH, 2010

**SCHEDULE 3
FIXED ASSETS & CAPITAL WORK IN PROGRESS**

Amount in Rs

Particulars	Gross Block			Depreciation			Net Block
	Additions during the period	Disposals/ Adjustments	As at 31.03.2010	Additions during the period	Disposals/ Adjustments	As at 31.03.2010	As at 31.03.2010
<u>Fixed Assets:</u>							
Lease hold Land	55,528,382	-	55,528,382	249,255	-	249,255	55,279,127
Office Equipment	99,484	-	99,484	3,461	-	3,461	96,023
Furniture and Fittings	43,563	-	43,563	19,758	-	19,758	23,805
	55,671,429	-	55,671,429	272,474	-	272,474	55,398,955
<u>Capital Work in progress:</u>	8,629,042		8,629,042			-	8,629,042
Expenditure during construction period							
- Salaries & wages	283,133	-	283,133			-	283,133
- Finance charges	909,975	-	909,975			-	909,975
- Others	736,111	-	736,111			-	736,111
Capital Advances	4,532,852	-	4,532,852			-	4,532,852
	15,091,113	-	15,091,113				15,091,113

REVA PROTEINS LIMITED
SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS
ACCOUNT FOR THE PERIOD ENDED 31st MARCH, 2010

For the period ended
31.3.2010
(Rs.)

SCHEDULE 7**ADMINISTRATIVE EXPENSES**

Preliminary Expenses	56,830
Rates & Taxes	378,615
Professional Charges	31,860
Auditors Remuneration (See Note B(5) of Schedule 10	77,356
Miscellaneous Expenditure	2,558,307
	<u>3,102,968</u>

SCHEDULE 8**FINANCIAL CHARGES**

Bank Charges	8,362
Interest - Other than on Fixed Loans	2,647,138
	<u>2,655,500</u>

SCHEDULE 9**EARNINGS PER SHARE**

Profit/(Loss) for the period as per Profit & Loss Account	(6,030,942)
Weighted average number of equity shares at the rate of Rs 10 each, fully Paid up	324,691
Earnings per Share(Basic/ Diluted)	<u>(18.57)</u>

**NOTES ATTACHED TO AND FORMING PART OF THE
ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2010**

SCHEDULE - 10

A Significant Accounting Policies.

1. Basis of Preparation

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 as notified by the Companies (Accounting Standards) Rules, 2006.

2. Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles 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.

3. Fixed Assets

Fixed assets are stated at the cost of acquisition, which includes taxes, duties, freight and other incidental expenses incurred for bringing the assets to the working condition required for their intended use, less depreciation and impairment in value if any, is adjusted.

4. Depreciation

Depreciation is provided on written down value method at the rates specified in Schedule XIV to the Companies Act, 1956.

Cost of Lease hold land is depreciated (amortised) over the period of lease.

5. Borrowing Costs

Borrowing costs that are directly attributable to acquisition, construction or production of an asset that takes 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.

6. 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.

7. 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.

8. Provisions and contingencies

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.

**NOTES ATTACHED TO AND FORMING PART OF THE
ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2010**

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 ON ACCOUNTS

1. The company was incorporated on 30th July 2009. The financial statements of the company have been drawn up from the date of incorporation till 31st March 2010 and hence there are no comparable figures of the previous year.
2. Fixed Assets include lease premium paid Rs 541.53 lakhs for the land taken on lease , the formal lease agreement for which is yet to be executed.
3. Estimated amount of contracts remaining to be executed on capital account and not provided for: - Rs 546.48 lakhs
4. Contingent liabilities not provided for:
Bank Guarantee - Rs 0.60 lakhs
5. Provision and/or payments in respect of Auditors' remuneration

Particulars	Amount(Rs.)
Statutory Audit fee	20,000
Other Services:	
i. Taxation matters (including Tax Audit)	-
ii. Others*	68,386

* Includes Rs. 11,030/- included under preliminary expenses.

6. Disclosure of Related Party transactions as per Accounting Standard-18 on Related Party Disclosures as notified by the Companies (Accounting Standards) Rules 2006.
 - a) Related party and their relationship:
 - i. Nitta Gelatin India Limited - Holding Company
 - b) Transactions with related party:

Particulars	Holding Company(Rs)	Total(Rs)
Expenses reimbursed	239,243	239,243
Loan Received	389,77,405	389,77,405

Balances outstanding as at 31.3.2010:

Particulars	Amount (Rs)
Loan received: Nitta Gelatin India Limited	389,77,405

**NOTES ATTACHED TO AND FORMING PART OF THE
ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2010**

7. 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.
8. Unsecured Loan represents interest free loan from holding company Nitta Gelatin India Limited, Rs 389.77 lakhs in respect of which no fixed repayment schedule has been prescribed at this stage.
9. 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.
10. In terms of Accounting Standard on Accounting for Taxes on Income (AS-22), Deferred Tax Asset has not been recognized in the accounts, as a matter of prudence in the absence of virtual/reasonable certainty of future taxable profits.
11. There are no particulars requiring disclosure as Additional Information pursuant to Part II to Schedule VI of the Companies Act, 1956 at this stage.

As per our separate report
of even date attached

For VARMA & VARMA
(F R N : 004532S)

(VIJAY NARAYAN GOVIND)
Partner
CHARTERED ACCOUNTANTS
Membership No. 203094

Place: Kochi
Date : 05.05.2010

For and on behalf of the Board of Directors

G. Suseelan
Chairman

B Mohana Prabhu
Managing Director

Keiji Suzuki
Director

R Ranjit
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.	:	024529 of 2009	
	State Code No.	:	09	
	Balance Sheet Date	:	31.3.2010	
II.	Capital Raised during the year	:	(Rs. in '000)	
	Public Issue	:	Nil	
	Bonus Issue	:	Nil	
	Rights Issue	:	Nil	
	Private Placement	:	45,000	
III.	Position of Mobilization & Deployment of Funds			(Rs. in '000)
	Total Liabilities	:	83,977	
	Total Assets	:	83,977	
	Sources of Funds:			
	Paid up Capital	:	45,000	
	Reserve & Surplus	:	Nil	
	Secured Loans	:	Nil	
	Unsecured Loans	:	38,977	
	Deferred tax liability	:	Nil	
	Application of Funds:			
	Net Fixed Assets	:	70,490	
	Investments	:	Nil	
	Net Current Assets	:	7,456	
	Miscellaneous Expenditure	:	Nil	
	Accumulated Losses	:	6,031	
IV.	Performance of Company:			(Rs. In '000)
	Turnover and Other Income	:	Nil	
	Total Expenditure	:	6031	
	Profit/(Loss) before Tax	:	(6031)	
	Profit/(Loss) after Tax	:	(6031)	
	Earnings per share (Rs.)	:	(18.57)	
	Dividend Rate %	:	Nil	
V.	Generic names of principal Products of company (as per monetary terms) – Not Applicable			
	Item Code No. (ITC Code)		Product Description	

For and on behalf of the Board of Directors

G. Suseelan
Chairman

B Mohana Prabhu
Managing Director

Keiji Suzuki
Director

R Ranjit
Director

Place: Kochi
Date : 05.05.2010

**REVA PROTEINS LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED 31-3-2010**

(Rs in Lakhs)

For the period ended
31.3.2010

A. Cash Flows from Operating Activities		
Net Loss before Tax & Extraordinary Items		(60.31)
Adjustments for:		
Depreciation	2.72	
Interest Expenditure	26.47	29.19
Operating Profit/(loss) before working capital changes		(31.12)
Adjustments for working capital changes:		
(Increase)/Decrease in Trade and Other Receivables	(96.05)	
(Increase)/Decrease in Inventories	24.14	(71.91)
Cash generated from Operations		
Cash Flow Before Extraordinary Items		(103.03)
Extraordinary Items		--
Net Cash from/(used) in Operating Activities		(103.03)
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets		(707.63)
Proceeds from issue of equity shares		450.00
Net Cash from/(used) in Investing Activities		(257.63)
C. Cash Flows from Financing Activities		
Interest Paid		(26.47)
Proceeds from unsecured borrowing		389.77
Net Cash from/(used) in Financing Activities		363.30
SUMMARY		
Net Cash from/(used) in Operating Activities		(103.03)
Net Cash from/(used) in Investing Activities		(257.63)
Net Cash from/(used) in Financing Activities		363.30
Net Increase/(Decrease) in Cash Equivalents		2.64
Cash and Cash Equivalents at beginning of the year		-
Cash and Cash Equivalents at the end of the year		2.64

Note: Cash and Cash Equivalents at the end of the year includes Rs. 0.60 Lakhs under lien and which is not available for the immediate use as on the Balance sheet date

As per our separate report of even date attached

For and on behalf of the Board of Directors

For VARMA & VARMA
(F R N : 004532S)

G. Suseelan
Chairman

B Mohana Prabhu
Managing Director

(VIJAY NARAYAN GOVIND)
Partner
CHARTERED ACCOUNTANTS
Membership No. 203094

Keiji Suzuki
Director

R Ranjit
Director

Place: Kochi
Date : 05.05.2010

AUDITORS' REPORT

The Members,
Reva Proteins Limited

We have audited the attached Balance Sheet of REVA PROTEINS LIMITED, as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement for the period 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 the report are in agreement with the books of accounts;

- 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, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010, from being appointed as a director in terms of clause (g) of sub-section 1 of Section 274 of the Companies Act, 1956.
- vi. 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 other notes attached thereto, 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 2010;
 - ii. in the case of the Profit and Loss Account, of the loss for the period ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

For VARMA & VARMA
(F R N : 004532S)

(VIJAY NARAYAN GOVIND)
Partner
CHARTERED ACCOUNTANTS
Membership No. 203094

Place: Kochi-16
Date : 05.05.2010

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

- | | |
|---|--|
| <p>1 (a) The company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets.</p> <p>(b) We are informed that major items of the fixed assets have been physically verified by the management during the period, 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.</p> <p>(c) The company has not disposed off a substantial part of the fixed assets during the period.</p> | <p>pursuance of Section 301 of the Companies Act, 1956.</p> |
| <p>2 The company has not commenced commercial operations during the period and does not have any inventory. Consequently the reporting requirements contained in clause numbers 4 (ii) of the Order regarding inventory are not applicable to the Company.</p> | <p>6 The company has not accepted any deposits from the public during the period 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 to the Company.</p> |
| <p>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.</p> | <p>7 The paid up capital and reserves of the company does not exceed Rs 50 lakhs at the commencement of the period and the company does not have any turnover. Consequently the reporting requirement regarding internal audit system contained in clause 4 (vii) of the Order is not applicable to the Company.</p> |
| <p>4 The company has not commenced commercial operations during the period and hence the reporting requirements regarding internal control procedures for purchase of inventory and sale of goods are not applicable at this stage. 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 fixed assets. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal controls.</p> | <p>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.</p> |
| <p>5 According to the information and explanations given to us, the company has not entered into any contracts or arrangements that need to be entered in the register maintained in</p> | <p>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 including Income Tax, Sales Tax and other statutory dues with the appropriate authorities during the period.</p> <p>There are no arrears of undisputed statutory dues outstanding for a period of more than six months from the date on which they become payable.</p> <p>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 and duties outstanding to be deposited with the appropriate authorities, as at 31st March 2010.</p> |
| <p></p> | <p>10 The company has been registered for a period of less than five years and consequently reporting requirement regarding losses under</p> |

- clause 4 (x) of the Order is not applicable to the company.
- 11 The company does not have any borrowings from financial institutions, banks or debenture holders and hence the reporting requirement under clause 4 (xi) of the Order is not applicable to the company.
- 12 According to the information and explanations given to us and based on the records and documents examined by us the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities, and hence the reporting requirement under clause 4 (xii) is not applicable.
- 13 In our opinion the company is not a chit fund/ nidhi/mutual benefit fund/society and hence the reporting requirement under clause 4 (xiii) of the Order is not applicable.
- 14 The company is not dealing in or trading in shares, securities, debentures or other investments and accordingly the reporting requirement under clause 4 (xiv) of the Order is 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 company has not availed any loans and hence the reporting requirement under clause 4 (xvi) of the Order is not applicable to the company.
- 17 According to the information and explanations given to us and the records of the company examined by us, no funds have been raised on short term basis and hence the reporting requirement under clause 4 (xvii) of the Order is not applicable to the company.
- 18 The company has not made any preferential allotment of shares to parties requiring to be entered in the register pursuant to section 301 of the Companies Act, 1956.
- 19 The company has not issued any debentures during the period and accordingly the reporting requirement under clause 4 (xix) of the Order is not applicable to the company.
- 20 The company has not raised money by public issues during the period and accordingly the reporting requirement under clause 4 (xx) of the Order is not applicable to the company.
- 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 period.

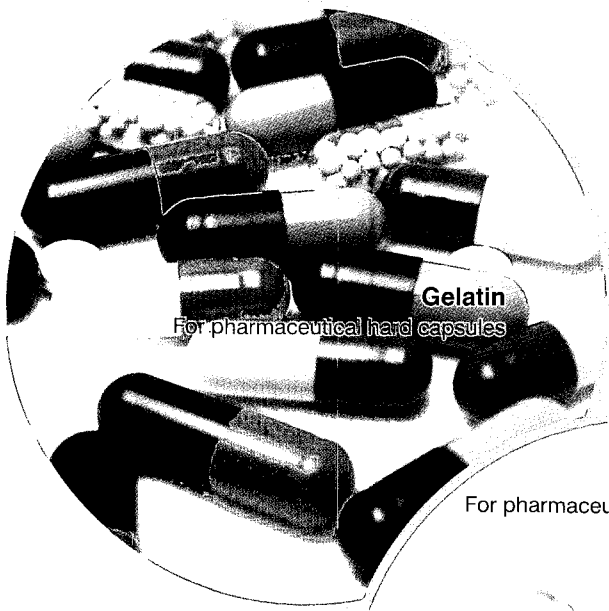
For VARMA & VARMA
(F R N : 004532S)

(VIJAY NARAYAN GOVIND)
Partner
CHARTERED ACCOUNTANTS
Membership No. 203094

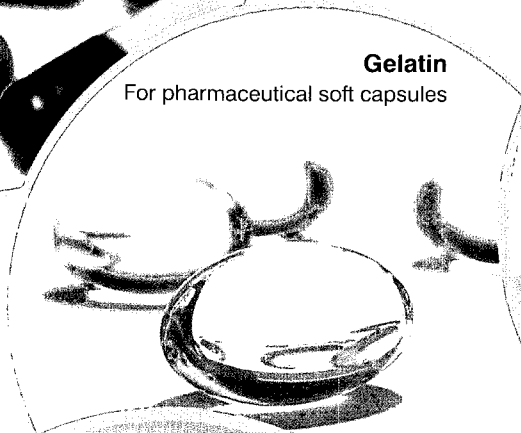
Kochi-16

Date: 05.05.2010

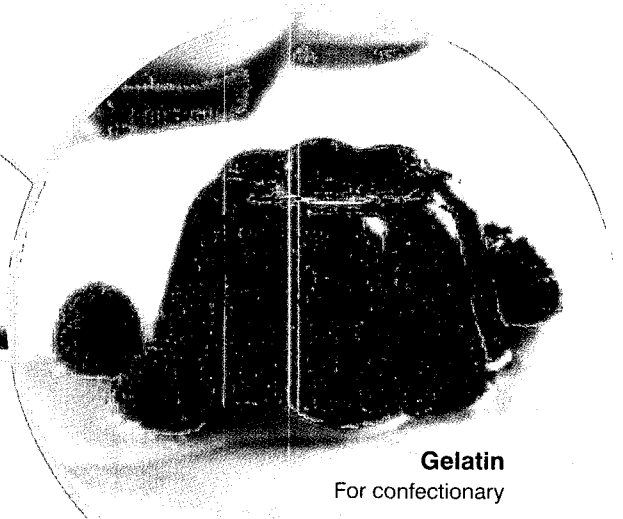
With you in all walks of life



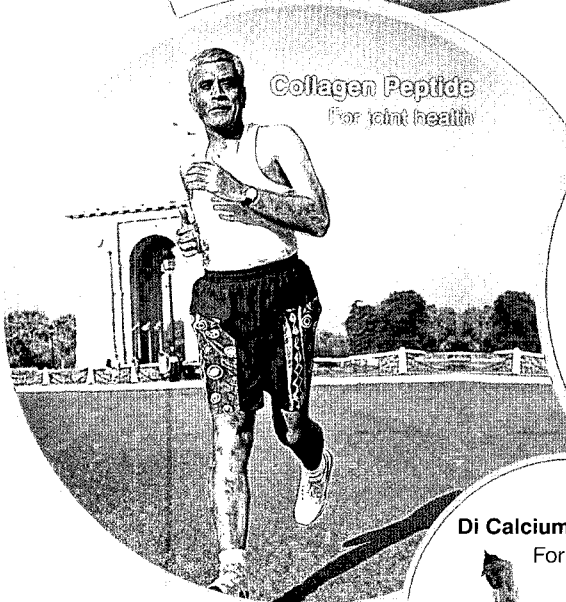
Gelatin
For pharmaceutical hard capsules



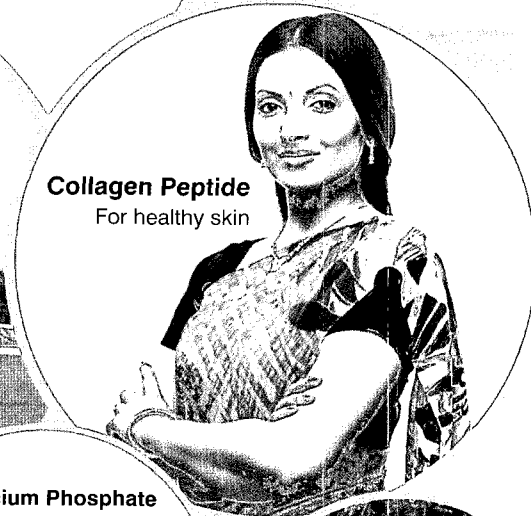
Gelatin
For pharmaceutical soft capsules



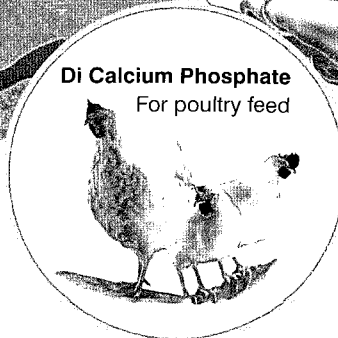
Gelatin
For confectionary



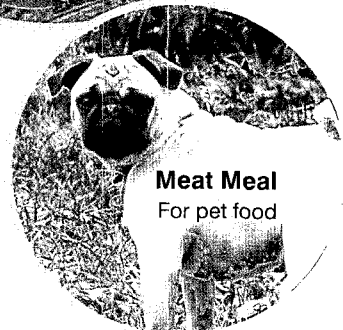
Collagen Peptide
For joint health



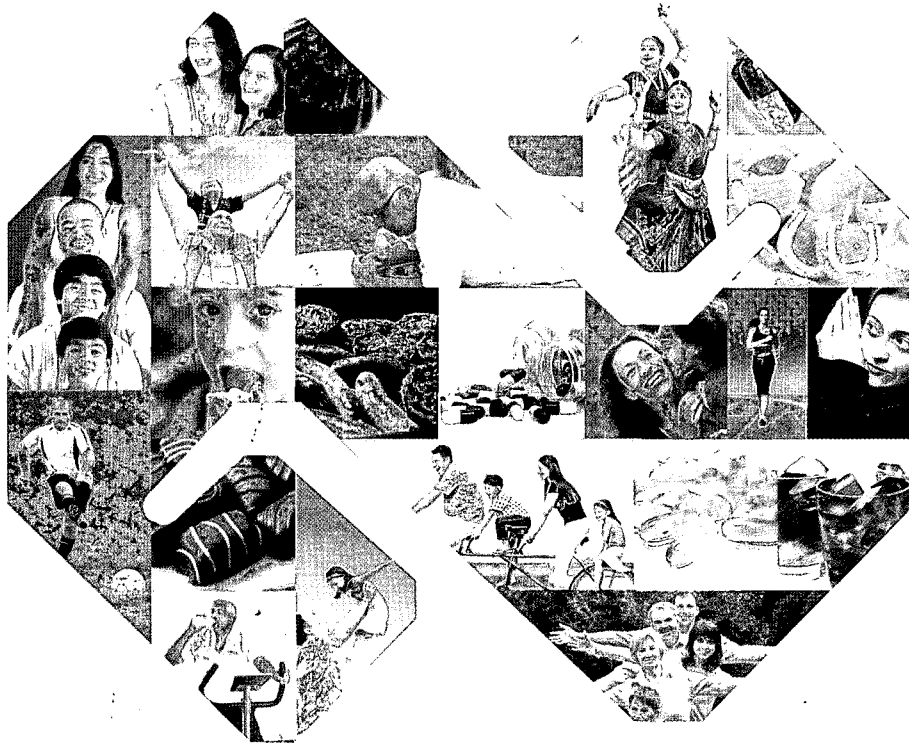
Collagen Peptide
For healthy skin



Di Calcium Phosphate
For poultry feed



Meat Meal
For pet food



Nitta Gelatin India Limited

www.gelatin.in

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Tel: 0484 2317805, 4099444. Fax: 0484 2310568. E-mail: ro@nittagelindia.com

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

OSSEIN DIVISION : PO Kathikudam, (Via) Koratty, Trichur 680 308, Kerala, India.

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

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