

Annual Report 2010-11

BOARD OF DIRECTORS

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

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

Legal Advisors	: 1) M. Pathrose Mathai Senior Advocate, Ernakulam 2) B.S. Krishnan Senior Advocate, Ernakulam
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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
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Registered Office	: POST BAG No. 4262 54/1446, PANAMPILLY NAGAR P. O. KOCHI - 682 036
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Factory	: OSSEIN DIVISION Kathikudam P. O., (Via) Koratty Trichur District - 680308 GELATIN DIVISION KINFRA Export Promotion Industrial Parks Ltd. P. B. No. 3109, Kusumagiri P. O., Kakkanad, Kochi - 682 030
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CONTENTS

Board of Directors, etc	... 1
Financial Highlights	... 2
Notice	... 3
Directors' Report	... 8
Balance Sheet	... 24
Profit & Loss Account	... 25
Schedules to the Balance Sheet	... 26
Schedules to the Profit & Loss Account	... 31
Notes on Accounts	... 34
Cash Flow Statement	... 52
Auditors' Report	... 54
Statement pursuant to Section 212(1) (e) of the Companies Act, 1956	... 57
Consolidated Financial Statements	... 58
Annual Report of Bamni Proteins Ltd.	... 85
Annual Report of Reva Proteins Ltd.	... 109

FINANCIAL HIGHLIGHTS (12 Years)

(Rs. in lakhs)

	1999.2000	2000.01	2001.02	2002.03	2003.04	2004.05	2005.06	2006.07	2007.08	2008.09	2009.10	2010.11
Total Income	6397.79	7397.65	8002.33	7969.16	9224.71	9961.69	9966.19	13766.42	14585.97	18645.02	19479.94	21011.69
Sales	5609.94	6561.04	7161.41	7629.65	8601.25	8841.23	9763.86	13119.55	14638.14	18247.75	18940.60	19650.08
Exports	3702.48	4501.28	4698.63	4684.77	5260.42	5424.82	6236.79	7968.00	7950.32	10141.82	9476.42	10092.68
Pre-tax Profit/(Loss)	(370.46)	(170.89)	367.83	(467.02)	(645.82)	(217.49)	(365.65)	721.83	728.91	2466.38	3076.36	251.45
Profit/(Loss) after tax	(485.42)	(198.22)	441.45	(311.05)	(645.82)	(239.72)	(379.65)	592.05	666.07	1501.94	2546.14	189.15
Earnings per share (Rs.)	(5.78)	(2.36)	5.26	(3.70)	(7.69)	(2.85)	(4.52)	7.05	7.93	17.88	30.31	2.25
Divided per share (Rs.)	-	-	-	-	-	-	-	1.00	1.50	3.00	6.00	4.00
Reserves & Retained Earnings	7246.09	7047.87	7373.33	7077.28	6431.46	6191.75	5812.10	6305.88	6776.98	7984.09	9942.52	9739.87
Share Capital	840.00	840.00	840.00	840.00	840.00	840.00	840.00	840.00	840.00	840.00	840.00	840.00
Shareholders' Funds	8086.09	7887.87	8213.33	7917.28	7271.46	7022.83	6630.34	7110.95	7590.66	8824.09	10782.52	10579.87
Return on Equity (%)	(6.00)	(2.51)	5.37	(3.93)	(8.88)	(3.41)	(5.73)	8.33	8.77	17.02	23.61	1.79
Book Value/Share (Rs.)	96.26	93.90	97.78	94.25	86.57	83.61	78.93	84.65	90.36	105.05	128.36	125.95
Gross Block	10515.63	10610.15	10746.77	10882.23	11028.25	11578.84	11718.26	11632.38	12402.03	13609.38	14336.36	15674.24
Net Block	8761.70	8113.24	7531.66	6955.03	6411.08	6325.73	5777.68	5236.47	5384.24	5756.45	6297.74	6813.56

NOTICE TO MEMBERS

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

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report, the Audited Balance Sheet as at 31st March 2011 and Profit and Loss Account for the year ended on that date and the Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. K.L. Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Takeo Yamaki, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this connection to pass with or without modification, the following resolution as a Special Resolution

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

Note:

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

Notes:

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on a poll on his behalf and a proxy need not be a member.** The proxy forms duly completed, stamped and signed must be deposited at the registered office of the company not less than forty-eight hours before the meeting.
2. The Register of Members and Share Transfer books of the company will remain closed from

SPECIAL BUSINESS

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

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

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

Kochi
11-05-2011

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

07.06.2011 to 14.06.2011 inclusive of both days.

3. The dividend, if declared at the meeting will be paid on or after 23rd June, 2011 to those shareholders whose names appear on the Register of Members as on record date.
4. Members holding shares in the same name or same order under different ledger folios are requested to apply for clubbing into one folio.
5. Members are requested to notify the Registrar and Share Transfer Agents

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

6. The Company has appointed M/s Cameo Corporate Services Limited, "Subramanian Building", 1, Club House Road, Chennai-600 002, as the Registrar and Share Transfer Agents of the Company w.e.f 1st April 2003 to deal with the physical as well as electronic share registry.
7. Members are requested to notify immediately any change in their addresses to the Registrar and Share Transfer Agents at their address as given above in the case of physical holdings and to their respective Depository Participant in case of demated shares.
8. Members are requested to furnish details of their nominee in the nomination form that can be obtained from the company on request.
9. Members desiring any information as regards the accounts are requested to write to the company so as to reach the Registered Office at least 5 days before the date of meeting to enable the management to keep the information ready.
10. Members are requested to note that trading of company's shares through Stock Exchanges are permitted only in electronic/ demat form. Those members who have not yet converted their holdings into the electronic form may please consider opening an account with an authorised Depository Participant and arrange for dematerialisation.
11. Members attending the Annual General Meeting are requested to invariably bring with them the following, in addition to the copy of the Annual Report sent by post.

i) ATTENDANCE SLIP sent along with the Annual Report

EXPLANATORY STATEMENT

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

Item No: 6

As per the terms of Article 127(1) of the Articles of Association of the company, the Managing Director of the company, shall be appointed as per the

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

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

The re-appointment of Mr. G. Suseelan as the Managing Director with effect from 01.04.2011 and the revision of the terms of such re-appointment w.e.f 01.04.2010 as per the Abstract already sent to the shareholders; dated 16.08.2010, vide sec.302 of the Act; as hereinbelow detailed, require the approval of the share holders in the General Meeting as per Schedule XIII of the Companies Act, 1956. The Company had inadequate profits as envisaged under Section II, Part II of the said schedule; and hence, the motion is proposed as a Special Resolution, and a Statement of Information as per clause (B) thereof, forms part of this Explanatory Statement. The Special Resolution approving and confirming the terms and conditions being valid for a period of three years upto 31.03.2013, shall be reviewed thereafter.

1. Basic Pay - Rs.1,70,000 /-per month with an annual increment of Rs.15000/-
2. Housing
 - a) Company hired accommodation subject to a ceiling of 50% of Basic Pay over and

- above 20% payable, for which deduction of 20% shall be made from Basic Pay.
- b) If Company does not provide accommodation, HRA @50% of Basic Pay will be paid.
3. Furnishing, Gas, Electricity and Water
Reimbursement of actual expenses incurred on Gas, Electricity, Water and furnishing subject to a ceiling of 10% of Basic Pay.
4. Medical benefits
Expenses actually incurred for self and family subject to a ceiling of one month's salary. Unavailed medical benefits for the previous years will be allowed to be carried forward.
5. Personal Accident Insurance
The annual premium not to exceed Rs.5000/- to the Company.
6. Leave Travel concession
Return passage for self and family once in a year by Air by business class to any place subject to a limit of expenses to Rs.1,50,000/- per person.
7. Car
Free use of Company car with driver for official use. Use of car for personal purposes will be billed for.
8. Telephone
Free telephone facility at the residence.
9. Leave and Leave Encashment
On full pay and allowances not exceeding 30 days for every year of service. At the end of the tenure, unavailed leave will be allowed to be encashed on the basis of last pay drawn. Unavailed leave as on 31.03.2010 will be allowed to be carried forward.
10. Club Membership
Membership fee of any two clubs will be reimbursed. No admission or life membership fees will be paid.
11. Entertainment expenses
Entertainment expenses actually incurred in the course of business of the Company will be reimbursed subject to a limit fixed by the Board.
12. Provident Fund
Company's contribution to the Provident Fund- at rates as per Company's rules.
13. Gratuity
15 days' salary at the last drawn rates for every completed year of service. Past service in the Company will also be reckoned for the purpose.
14. Minimum remuneration
In the event of loss or inadequacy of profits in any financial year the Managing Director shall be paid remuneration by way of salary and perquisites as specified above.
15. Period of appointment
Till 31.03.2014 as agreed upon between M/s. Nitta Gelatin Inc., Japan and M/s. Kerala State Industrial Development Corporation Limited, Thiruvananthapuram.
16. Termination of term of office
The Company shall have the right to terminate the term of office of the Managing Director at any time by giving notice of not less than three months in writing or three month's salary and allowances in lieu thereof. The Managing Director shall also have the right to relinquish his office at any time before the expiry of his term by giving notice of not less than three months.
Except Mr. G. Suseelan, no other Director is concerned or interested in this resolution.

By Order of the Board,

Kochi
11-05-2011

G.R Kurup
Company Secretary

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

I GENERAL INFORMATION

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

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

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

(2) **Financial Performance based on given indicators**:

(Rs.in lacs)

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

(3) **Export performance and net foreign exchange collaborations**:

(Rs.in lacs)

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

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

II INFORMATION ABOUT THE APPOINTEE

1. **Background details** : Mr. G. Suseelan is a Bachelor of Engineering(1972) and a Master of Business Administration (1993). He joined the company as a Project Engineer in the year 1975. He associated with the implementation of the Plant for Ossein and Dicalcium Phosphate. He also headed the team for setting up the Gelatin plant at Cochin. He worked in several levels and across various departments, as Production Engineer (1979), Dy. Works Manager(1985), Deputy General Manager(1993), General Manager of Gelatin Division(1997), and was elevated as Executive Director(Operations & Materials) in the year 2001, Director(Operations) in the year2005

with Board participation, and finally as Managing Director in the year 2008. Mr. Suseelan was instrumental in receiving ISO 9002 Certification in the year 1999, EDQM Certification in the year 2002, Certification under the European Union Regulations and ISO 14001. During his tenure as Managing Director, the company diversified from B-2-B segment to the Retail Marketing through production and marketing of Collagen Peptide under the brand name of Gelixer; and also Nutrigold from Gelatin residue. The company is similarly poised to introduce many value-added products in the days to come. The company has during the year 2010-11 introduced the ERP system in software management.

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

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

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

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

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

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

III OTHER INFORMATION

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

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

- Increase in cost of major input materials, mainly Crushed Bone and Hydrochloric Acid due to unavoidable external market factors.
- Increase in cost of utilities due to scarcity of Firewood and increase in cost of Firewood and Furnace oil.
- Additional Expenditure incurred on marketing and brand building of new consumer products.
- Inability to fully pass on the increased costs to customers in view of stiff market competition and impact of decline in exchange rates on sales realization.

The Company has taken several steps to address the adverse situations including

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

IV DISCLOSURE

- A draft resolution and detailed explanatory statement about the re-appointment and remuneration of Mr. G. Suseelan is presented under the Notice convening the ensuing Annual General Meeting.
- The details regarding remuneration package etc., of all other directors, are produced in the Corporate Governance Report, annexed to the Directors' Report.

By Order of the Board,

Kochi
11-05-2011

G.R Kurup
Company Secretary

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

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

DIRECTORS' REPORT

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

FINANCIAL RESULTS

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

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 4/- per share @ 40% of the face value of Rs.10/- per share on the equity capital for the financial year ended 31st March 2011, for the approval of the Company in General Meeting. The total outflow on account of dividend inclusive of Corporate Tax on dividend would be Rs. 3.92 Crores.

PERFORMANCE

The Gross sales of the company touched Rs. 202 crores during the year thereby maintaining the percentage increase of 4% over the previous year. During the year, the Company could achieve improvement in net realization for all its existing products over the previous year. Ossein prices

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

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

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

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

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

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

ACQUISITION OF FACTORY AT AROOR

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

AWARDS & ACCOLADES

Your Company has received several awards during the year. Some of the significant accolades received include:

1. Top Export Award from CAPEXIL - Ossein & Gelatin Panel.
2. ISO 14001:2004 for Gelatin Division for Environmental Management System.
3. Best SME Award 2010 for International Trade from Yes Bank and Business Today.
4. ISO 9000 for Quality Management System of the Company.
5. NABL Accreditation for in-house Laboratory.

The following internationally recognized Certifications have been maintained by your Company:

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

HEALTH, SAFETY AND ENVIRONMENT

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

1. Health and Safety

The Company is committed to promoting the health and safety of its employees for which regular medical check-ups are being arranged. All its Divisions have Safety Committee which includes representation from workmen. The Committee meets regularly to review issues impacting plant safety and employee health. The plants are equipped with first-aid room to meet any emergency. A cross functional team for employee health and safety and an emergency action plan are in place.

2. Environment

Out of the total plot area of approx. 1,53,900 Sq. Metres, about 10,000 Sq. Metres of land around the boundary of Gelatin Division and about 38,000 Sq. Metres of land in Ossein Division have been allocated as green area which constitute approximately 31% of the total land area comprised in the two divisions.

The Company has in place modern state of the art effluent treatment plants both at Ossein Division and Gelatin Division for treating and discharging effluent water well within the limits set by the

State Pollution Control Board. The emissions from boilers and generator stacks are monitored regularly. A part of the effluent waste is used for generating bio-gas for Ossein Division. We continue our endeavour to protect the environment and at the same time avail incentives like carbon credit. The Company continuously strives to improve on environmental management to minimize any adverse impact.

CORPORATE SOCIAL RESPONSIBILITY

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

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

SUBSIDIARY COMPANIES

1) BAMNI PROTEINS LTD.

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

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

2) REVA PROTEINS LTD.

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

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

AUDITORS' REPORT

i) Note No. B 13 (b) (1) of Schedule - 19 to the accounts referred to in para (3) of the Auditor's

Report is self-explanatory and no further comments are called for.

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

COLLABORATORS

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

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

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

PERFORMANCE MANAGEMENT PROCESS

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

HUMAN RESOURCE

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

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

PARTICULARS OF EMPLOYEES

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

RESPONSIBILITY STATEMENT OF DIRECTORS

Directors responsibility statement on the Annual Accounts of the Company for the year ended 31.3.2011, pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956.

Your Directors confirm:

- i) That in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- ii) That they have selected such accounting policies and applied them consistently and made 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 2011 and of the profit of the Company for the year ended 31st March 2011.
- iii) That they have taken proper and sufficient care for the maintenance of adequate accounting records in safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That they have got prepared the annual accounts on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Report on Management Discussion and Analysis is annexed.

CORPORATE GOVERNANCE

Your Directors reaffirm their continued commitment to good corporate governance practices. During the year under review, your Company was in compliance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges relating to Corporate Governance.

A separate section on Corporate Governance together with a certificate from your Company's Statutory Auditors forms a part of this Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements have been prepared in accordance with the provisions of Accounting Standards 21, 27 and other applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Listing Agreement with the Stock Exchanges and forms part of the Annual Report.

ADDITIONAL DISCLOSURES

Keeping in view the requirements of the Listing Agreements and the Accounting Standards of the Institute of Chartered Accountants of India, your Company has made additional disclosures in

respect of Related Party Transactions and Segmental Reporting.

DIRECTORS

Under the provisions of the Articles of Association of the Company and the Companies Act, 1956, Mr. K.L. Kumar and Mr. T. Yamaki retire by rotation and are eligible for re-appointment. The Managing Director Mr. G. Suseelan completed his tenure of three years in office as per the terms of his original appointment on 31.03.2011, while the Board of Directors, on recommendation by the Remuneration Committee based on the nomination received by it from M/s. Nitta Gelatin Inc., Japan, reappointed him as Managing Director for a further term of 3 years w.e.f. 01.04.2011. Necessary resolutions in this behalf have been proposed for consideration of the members. Your Directors have pleasure in recommending their re-appointment.

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

AUDITORS

The Board on the recommendation of the Audit Committee propose that M/s. Varma & Varma, the retiring auditors, be re-appointed as Auditors of the Company. M/s. Varma & Varma, Chartered Accountants, Cochin, has forwarded their Certificate to the Company stating that the re-appointment if made will be within the limit specified in that behalf in sub-section 1(B) of Section 224 of the Companies Act, 1956. A Special Resolution is being proposed for their re-appointment.

ACKNOWLEDGEMENT

Your Directors acknowledge the dedication and commitment of your Company's employees to the growth of your company. Their unstinted support has been and continues to be an integral part to your Company's on-going success.

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

For and on behalf of the Board,

Thiruvananthapuram
10th May 2011

T. BALAKRISHNAN IAS
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

(A) CONSERVATION OF ENERGY

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

Energy conservation activities carried out in Ossein Division :

1. Installation of Capacitors for power factor improvement.
2. Installation of energy efficient LED lamps.
3. Energy efficient Geared Motor at Paddle Washer to reduce power.
4. Air exit Turbines at Ossein drying bed to reduce drying time.

Activities in Gelatin Division

1. Installation of Capacitors for power factor improvement.
2. Installation of energy efficient LED lamps and Sodium Vapour Lamps.
3. Installation of timers for ON/OFF of street lights.
4. Installation of Turbine Ventilators instead of Exhaust Blowers.
5. Installation of VFD for Cooling Tower.

Proposals

1. Installation of second phase of diffused aerators
2. Installation of additional Capacitors.
3. Installation of Maximum Demand Controller to limit normal Maximum Demand.
4. Optimisation of power consumption in drying process.
5. Flash steam recovery from boiler blowdown.

(B) TECHNOLOGY ABSORPTION AND DEVELOPMENT

Production technology currently being adopted by the Company has proved to be state of the art as is evident from the market response for

all its products. The capabilities acquired by the Company from its overseas collaborators has enabled it to venture into various new products some of which were already launched and a few are under various stages of development. Continuous improvement in technology is inevitable for the industry for its sustained profitability in future. Towards this, the Company is contemplating technology transfers from collaborators on a regular basis.

RESEARCH & DEVELOPMENT

Development of new products and variants of existing ones, cost containment and improved productivity is an on-going process at your Company. The Company owns two Research & Development Centres at its Koratty and Kakkanad Divisions, both of which are approved by the Department of Scientific & Industrial Research, Ministry of Science & Technology, Government of India. These centres carry out extensive research and development activities. The Research & Development Centre is also the technical monitor and coordinator for all outsourced development projects. It has continued to make significant contributions towards its assigned goals of new product and process developments, new application development and quality improvement. The Company has continued the introduction of new products which are either in line with or incidental to its core business.

EXPENDITURE ON R&D

(Rs. in lakhs)

	Current year	Previous year
a. Capital	62.15	5.57
b. Development Expenses	71.91	32.12
Percentage to turnover	0.67	0.20

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in lakhs)

	Current year	Previous year
a. Earnings	9915.13	9551.55
b. Outgo	487.37	450.23

FORM-A

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

	Current Year 2010-11	Previous Year 2009-10
A. POWER AND FUEL CONSUMPTION:		
1. Electricity		
(a) Purchased		
Units (KWH in lacs)	257.40	254.24
Total Amount (Rs. In lacs)	1030.47	956.28
Rate/Unit (Rs.)	4.00	3.76
(b) Own Generation		
(i) Through Diesel Generator Unit		
(KWH in lacs)	2.05	2.59
Unit per litre of Diesel Oil	2.94	2.94
Cost/Unit (Rs)	12.98	11.63
2. Furnace Oil		
Quantity (in KL.)	975	1149
Total Amount (Rs. in lacs)	291.37	285.22
Average rate (Rs.per KL)	29883.36	24826.99
3. Firewood		
Quantity (in MT)	45813.99	43352.64
Total Amount (Rs. in lacs)	1124.08	730.96
Average rate (Rs.per MT)	2453.57	1686.08
B. CONSUMPTION PER UNIT OF PRODUCTION:		
Product - Ossein		
1. Electricity (KWH) per MT	1709.83	1599.15
2. Furnace Oil (KL) per MT	-	0.021
3. Firewood (MT) per MT	1.191	1.051
Product - Gelatin		
1. Electricity (KWH) per MT	3567.81	3179.22
2. Furnace Oil (KL) per MT	0.12	0.14
3. Firewood (MT) per MT	10.17	8.78
Product - Collagen Peptide		
1. Electricity (KWH) per MT	4436	-
2. Firewood (MT) per MT	3.73	-

MANAGEMENT DISCUSSION AND ANALYSIS REPORT.

I. INDUSTRY STRUCTURE AND DEVELOPMENT

As mentioned in the Directors' Report, Gelatin Industry is passing through a phase of correction and consolidation. The major threats faced by this Industry during the past decade were the development of digital technology in photography and occurrence of the Bovine Spongiform Encephelopathy (BSE) in cattle in certain parts of the globe. The loss of demand due to the development of digital technology in photography was more than offset by the growth of pharma market. But the occurrence of BSE affected mainly bovine bone Gelatin due to which its demand decreased in the global market. Many manufacturers either closed down their operations or changed their raw material from bone to hide or pig skin. Also the regulatory agencies introduced stringent precautions to prevent the transmission of BSE through Gelatin or animal products. The countries were categorized based on the risk posed by Transmissible Spongiform Encephalopathy (TSE). The Government of India have made considerable efforts and in the last year India was categorized as a negligible risk country by International Organisation for Animal Health (OIE). All these resulted in shift of demand for bone Gelatin from Europe to countries like India. The Hide Gelatin manufacturers concentrated production in South America and those from Pig skin in Europe and U.S.A. This has resulted in higher demand for crushed animal bone in India which is expected to prevail. Coupled to this, the domestic demand for bones for other applications also increased. This is likely to keep the Crushed Bone prices at high levels.

Your Company has taken concrete measures to tide over this situation. In order to be competitive, we have set up a new wholly owned subsidiary viz., M/s. Reva Proteins Limited in Gujarat to produce Limed Ossein. This unit along with our other two production centres at Koratty and Chandrapur shall be able to economise on transportation cost eventually leading to a reduction in the overall landed cost of Crushed Bone. Moreover, there are many Hydrochloric Acid manufacturers very close to it whereby we expect the minimum transportation costs for HCl.

Another step has been to venture into value added products. We are the first Gelatin manufacturer in India to diversify into Collagen Peptide. Collagen Peptide has wide applications in Bone and skin care. Our R&D department together with other

recognized institutes in the country, is in the process of developing value added products based on Collagen Peptide. We hope that your Company will help the Indian society in combating ailments such as Osteoarthritis, Osteoporosis, skin problems etc. The launch of Gelixer CollagenPep has been the first step in this direction. It is heartening to note that this product has been found to be very effective for knee pain and has been well accepted in the market within a very short time.

Yet another recourse has been to look for alternate raw materials. Acquisition of the facility at Aroor has been a positive step in this direction. Chitosan is another product that has application in skin care, bio-medical and nutritional products. We have set up a plant to manufacture Chitosan and the demand has been encouraging. We are also working on new applications for our existing products.

You will agree that any new product or application will take some time to stabilize. Currently we are passing through this transitional phase. It is expected that within a short time, we will have a wider base with more number of products for different applications, based on a variety of raw materials complying with various regulatory requirements for multiple segments of the global community but within our core area of competence. It will help us to grow faster, have stable performance, and transform us from the status of an excipient manufacturer to that of a manufacturer of food and health care products.

In order to attain this goal, we are also in the process of building the infrastructure development of human resources and installation of the operational systems. We are working very closely with our collaborators, our promoters and other institutions who can guide us in these areas.

The Koratty Panchayat where one of our Ossein Plants is situated, has not renewed our factory licence for the year commencing from 01.04.2011 alleging some pollution issues. The Committee constituted by the Government of Kerala to study and report the matter is yet to give their final report. In the meanwhile, your Company has moved the Hon'ble High Court of Kerala seeking renewal of our factory licence. The matter is currently pending before the said Court and the unit is in operation. Based on a critical evaluation of the measures taken by your Company for pollution control, good environment management, extent of compliance

of pollution control norms, we are quite hopeful of favourable orders from the Hon'ble High Court.

II. Outlook

According to Inter-continental Marketing Services (IMS) Health, global drug sales will raise in 2011 by 5-7% compared with 4-5% in 2010 according to its annual forecast. Much of the raise is expected from the 17 'pharmerging' markets, where sales are forecast to raise 15-17% boosted by greater Government spending on health care. A great majority of the expansion is driven by explosive growth in China, now the world's third largest market for pharmaceutical sales. Drug sales in that emerging market are expected to grow 25-27% next year. Your Company with its world class infrastructural facilities and rich technical expertise is poised to make appreciable strides in the aforesaid growth scenario. The Company proposes to consolidate its current level of operations in the pharmaceutical grade Gelatin business which offer excellent growth opportunities. Also the Company plans to further expand its market reach. With the new products launched along with the equally novel ones scheduled for launch in the next year give a very promising outlook for your Company.

Chicken and chicken products are in great demand in India, besides an ever increasing export potential. In the context of health hazards associated with red meat and the growing health consciousness among the people, poultry industry already in fast track of growth is expected to grow by leaps and bounds. Demand for our Dicalcium Phosphate is therefore quite promising for the future.

Your Company's maiden consumer product Gelixer CollagenPep has already achieved a good market reach. With more value added derivatives on the anvil besides our market expansion plans there is a promising outlook for this product too.

INTERNAL CONTROL SYSTEM

NGIL has evolved a system of internal control 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 regular intervals. 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 of your Company increased by 4% to Rs.196.50 Crores during the year ended 31st March 2011 as compared to Rs. 189.41 Crores during the previous year. Ossein exports grew up by 17% in volume and 8% in price despite a decline in USD/INR exchange rate by Rs. 1.70. Attributable mainly to the poor quality of Crushed Bone, Gelatin yield and hence the absolute production quantity was lower at 3447 MT as against 3988 MT during the previous year. This has led to a reduction in the net sales realization of Gelatin also to Rs. 88.14 Crores as against Rs. 99.76 Crores in the previous financial year. In the aftermath of the global recession, coupled with the decline in USD/INR exchange rate, the improvement in Gelatin prices was only 3%. Whereas the increase in turnover of Dicalcium Phosphate in quantitative terms was only minimal, net realization thereof has increased by 15%. Sales performance of the new products were also quite promising. However, the adverse impact of higher Crushed Bone and Hydrochloric Acid prices, poor quality of Crushed Bone, decline in USD/INR exchange rate and the initial consumer product launch expenses have caused substantial reduction in Net Profit before tax from Rs. 30.76 Crores in the previous year to Rs. 2.51 Crores in the current year.

Financial charges and depreciation for the year were Rs. 3.09 Crores and Rs. 8.43 Crores as against Rs. 1.60 Crores and Rs. 7.43 Crores respectively for the previous year. Working capital requirements, solely financed out of own funds, were met from working capital borrowings in the

context of major capex programmes taken up during the year, leading to an increase in finance charges.

Increase in inventories is mainly due to the increase in Crushed Bone cost and new products. Loan given to the fully owned subsidiary, M/s. Reva Proteins Limited, is the major reason for the increase in loans and advances.

DEVELOPMENTS IN HUMAN RESOURCES MANAGEMENT

Your Company believes that Human Resources will play a key role in its future growth. Planned efforts are made to develop and retain talent. Learning and development initiatives focus on updating the professional capabilities. Your Company continues to provide growth opportunities to internal talent by assigning them higher responsibilities after adequate training and experience.

Your Company endeavours to maintain a positive work environment and constructive relationship with its employees with a continuing focus on productivity and efficiency.

The total number of permanent employees in your Company as on 31st March 2011 was 340.

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 scenerio 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

Corporate Governance ensures high standards of transparency, accountability, ethical operating practices, professional management thereby enhancing shareholders' value and protecting the interest of the stakeholders such as shareholders, suppliers, buyers, other customers and employees. The company is committed to attain reasonable standards of Corporate Governance by ensuring integrity in financial reporting, disclosure of material information, continuous improvement of internal controls and sound investor relations.

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.

Six (6) Board meetings were held during the year 2010-11 on 07.05.2010, 21.06.2010, 05.08.2010, 01.11.2010, 17.12.2010 and 14.02.2011.

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. 2011 were as follows:

Sl. No.	Name of the Director	Category	Shareholding in the company	Board Meetings attended	Attendance in last AGM, Yes or No	Business relationship with NGIL	Other Directorships	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- Exe- cutive	Nil	6	Yes	-	10	-	-
2.	Mr. Alkesh Kumar Sharma, IAS Nominee and MD of KSIDC (Nominated w.e.f. 17-07-2009)	Non- Exe- cutive	Nil	6	Yes	-	10	2	-
3.	Mr. N. Soga Nominee of Nitta Gelatin Inc. (Appointed w.e.f. 14.05.2005)	Non- Exe- cutive	Nil	1	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- Exe- cutive	Nil	2	No	General Manager, Nitta Gelatin Inc, Japan	-	-	-
5.	Mr. K. Inoue (Nominee of Nitta Gelatin Inc.) (Appointed w.e.f. 26-06-2005)	Non- Exe- cutive	Nil	2	Yes	Accountant, Nitta Gelatin Inc., Japan	-	-	-
6.	Mr. K. Ramakrishnan (Appointed w.e.f.16.04.1997)	Non- Exe- cutive	Nil	5	Yes	-	-	-	-

Sl. No.	Name of the Director	Category	Shareholding in the company	Board Meetings attended	Attendance in last AGM, Yes or No	Business relationship with NGIL	Other Directorships	Other Committee Membership	
								Member	Chairman
7.	Mr. A. K. Nair (Appointed as Director w.e.f. 28-06-2008)	Non-Executive	50	6	Yes	Director, Strides Acrolab Ltd., Bangalore	6	6	--
8.	Mr. K. L. Kumar (Appointed w.e.f. 8-12-2003)	Non-Executive	Nil	5	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	6	Yes	--	3	--	--
10.	Mr. G. Suseelan (Appointed as Managing Director w.e.f. 1.4.2008)	Executive	Nil	6	Yes	Chairman, Bamni Proteins Ltd. Chairman, Reva Proteins Ltd.	2	--	--

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

Four Audit Committee Meetings were held during the year 2010-11, the dates of which are 06.05.2010, 05.08.2010, 01.11.2010 and 14.02.2011. The attendance of members are as follows:

Name of Directors	Category	No. of meetings attended
Mr. K. Ramakrishnan	Chairman	4
Mr Alkesh Kumar Sharma	Member	4
Mr. K.L. Kumar	Member	4

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 2010-11, the Remuneration Committee held one meeting, on 05.08.2010.

Attendance during the Year:

Name of Directors	Category	No. of meetings attended
Mr. K. Ramakrishnan	Chairman	1
Mr. Alkesh Kumar Sharma	Member	1
Mr. K.L. Kumar	Member	1

Remuneration Policy:

Remuneration Policy is directed towards rewarding performance based on review of achievements, which is in consonance with the existing industry practices. The committee meets as often as required.

5. SHAREHOLDERS' GRIEVANCE COMMITTEE

The Board has set up a Shareholders' Grievance Committee to address matters/complaints

<i>Name and designation of Compliance Officer</i>	: Mr. G. Rajesh Kurup, Company Secretary.
<i>Number of shareholders complaints received so far</i>	: 1
<i>Number not solved to the satisfaction of the shareholders</i>	: Nil
<i>Number of pending share transfers</i>	: Nil . All valid transfer requests received upto 31.03.2011 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
34 th	2010	Monday	21.06.2010	10.00 AM	Grand Hotel Ernakulam
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

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

No. and date of AGM	Nature of Special Resolution
21.06.2010	Appointment of auditors and fixation of remuneration
18.06.2009	Appointment of auditors and fixation of remuneration
28.06.2008	Appointment of auditors and fixation of remuneration

Details of remuneration for the year 2010-2011

Executive Directors:

Name	Salary (Rs.)	PF (Rs.)	Other benefits (Rs.)	Total (Rs.)
Mr. G . SUSEELAN	20,40,000	2,44,800	13,14,039	35,98,839

Non-Executive Directors:

Name	Sitting Fees (Rs.)
Mr. T. Balakrishnan IAS	30,000
Mr. Alkesh Kumar Sharma	55,000
Mr. K. Ramakrishnan	50,000
Mr. A.K. Nair	80,000
Mr. K.L. Kumar	80,000
Mr. Venu Nallur	30,000

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 committee met on 08.05.2011 to consider shareholder grievances pertaining to the financial year 2010-11

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. B9 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 complied with all the applicable accounting standards. No personnel of the Company has been denied access

10. GENERAL SHAREHOLDERS' INFORMATION

Annual General Meeting, date, time & venue	: 14th June, 2011 at 10.00 A.M at Grand Hotel, M.G.Road, Ernakulam, Kochi-682 011.
Financial calendar	: 1 st April 2010 to 31 st March 2011
Dates of book closure	: 07.06.2011 to 14.06.2011 (both days inclusive)
Dividend payment date	: (if declared at the Annual General Meeting) 23.06.2011

The Company's Equity Shares are listed on the following Stock exchanges.

1. Cochin Stock Exchange Ltd. MES Building, Kaloor Kochi - 682 017.
2. Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.
Stock Code : 506532 (BSE)

11. Market price data (monthly High and Low) of the Company's Equity shares traded on Mumbai Stock Exchange, in comparison to BSE Sensex during the period April 2010 to March 2011 is given below.

Year	Month	Market price of NGIL shares		BSE Sensex		
		High	Low	High	Low	
2010	April	211.70	173.35	18,047.86	17,276.80	
	May	199.00	162.50	17,536.86	15,960.15	
	June	201.95	148.25	17,919.62	16,318.39	
	July	232.90	192.95	18,237.56	17,395.58	
	August	247.00	170.00	18,475.27	17,819.99	
	September	186.40	169.25	20,267.98	18,027.12	
	October	179.90	165.00	20,854.55	19,768.96	
	November	202.25	138.25	21,108.64	18,954.82	
	December	156.50	135.00	20,552.03	19,074.57	
	2011	January	158.65	119.00	20,664.80	18,038.48
		February	125.00	98.00	18,690.97	17,295.62
		March	106.80	85.00	19,575.16	17,792.17

12. Registrars and Share Transfer Agents:

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

13. Share transfer system

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

14. Distribution of Shareholding and Shareholders Profile

a) Distribution of Shareholding as at 31st March 2011

No of Equity Shares held	No. of Share holders	% of share holders	No. of shares held				% of share holding
			Physical	NSDL	CDSL	Total	
1-500	5685	91.83	139340	377889	172174	689403	8.21
501-1000	275	4.45	24200	124296	65984	214480	2.55
1001-10000	219	3.54	35475	325454	179630	540559	6.44
10001and above	11	0.18	3900300	3012136	43122	6955558	82.80
Total	6190	100.00	4099315	3839775	460910	8400000	100.00

b) Shareholders Profile as on 31st March 2011

Category	No. of Shareholders	% of shareholders	No. of shares held	% of share-holding
Resident Indians	5945	96.04	1340768	15.96
Foreign Collaborator	1	0.02	3900300	46.43
Indian Collaborator	1	0.02	2862220	34.07
Domestic Companies	174	2.81	267666	3.19
Financial Institutions	1	0.02	4550	0.05
NRIs	47	0.76	18210	0.22
Overseas Corporate Bodies	0	0.00	0	0.00
Mutual Funds	6	0.10	3180	0.04
Banks	2	0.03	200	0.00
Clearing Member NSDL/CDSL	13	0.20	2906	0.04
Total	6190	100.00	8400000	100.00

15. Dematerialisation of Shares

As at 31st March, 2011, there are 4300685 shares, representing 51.20% of the paid-up share capital in dematerialised form. This includes 3839775 shares (45.71%) in NSDL and 460910 shares (5.49%) in CDSL. Only one share was re-materialised during the year.

16. Plant Locations

The Company's plants are located at:

1. Kathikudam P.O., Via. Koratty, Trichur District, Pin- 680 308.
2. Kinfra Export Promotion Industrial Parks Ltd., PB. No.3109, Kusumagiri P.O., Ernakulam District, Pin- 682 030.

17. Address for investor correspondence:

1. Cameo Corporate Services Ltd,
 "Subramanian Building",
 1, Club House Road,
 Chennai - 600 002
 Tel : 044-28460390,
 Fax: 044-28460129
 Email:cameo@cameoindia.com

2. Nitta Gelatin India Limited,
 PB No.4262, 54/11446,
 SBT Avenue Panampilly Nagar,
 Kochi - 682 036,
 Kerala
 Tel : 0484 -2317805,
 Fax : 0484 -2310568
 Email :secretarial@nittagelindia.com

18. 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.

CEO/CFO Certification

Mr. G. Suseelan, Managing Director and Mr. K. Muraleedharan Nair, General Manager (Finance & Accounts) have given CEO/CFO Certificate to the Board. The Board has taken on record the CEO/CFO certificate as per the format given under clause 49(v) at its meeting held on 10.05.2011.

**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 for the year ended 31st March 2011 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 31.03.2011 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. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For VARMA & VARMA
(FRN : 004532S)

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

Place : Kochi
Date : 11-05-2011

NITTA GELATIN INDIA LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule No	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
I. SOURCES OF FUNDS			
1. Shareholders' Funds:			
(a) Share Capital	1	84,000,000	84,000,000
(b) Reserves & Surplus	2	<u>973,987,139</u>	<u>994,252,201</u>
		<u>1,057,987,139</u>	<u>1,078,252,201</u>
2. Loan Funds:			
Secured Loans	3	271,660,028	2,627,566
3. Deferred Tax Liability (See Note B (6) of Schedule 19)		67,724,000	63,633,000
TOTAL		<u>1,397,371,167</u>	<u>1,144,512,767</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets:			
(a) Gross Block	4	1,567,424,458	1,433,636,103
(b) Less: Depreciation/Impairment		<u>886,067,990</u>	<u>803,862,219</u>
(c) Net Block		<u>681,356,468</u>	<u>629,773,884</u>
(d) Capital Work-in-Progress		<u>97,532,924</u>	<u>63,495,471</u>
		<u>778,889,392</u>	<u>693,269,355</u>
2. Investments		81,490,237	81,490,237
3. Current Assets, Loans & Advances:			
(a) Inventories	6	401,891,094	290,226,680
(b) Sundry Debtors	7	143,863,029	119,344,389
(c) Cash and Bank Balances	8	9,814,206	39,884,913
(d) Other Current Assets	9	51,428,046	39,254,655
(e) Loans & Advances	10	<u>174,101,530</u>	<u>92,808,824</u>
		<u>781,097,905</u>	<u>581,519,461</u>
Less: Current Liabilities & Provisions:			
(a) Liabilities	11	165,773,059	114,413,835
(b) Provisions	12	<u>78,333,308</u>	<u>97,352,451</u>
		<u>244,106,367</u>	<u>211,766,286</u>
Net Current Assets		536,991,538	369,753,175
TOTAL		<u>1,397,371,167</u>	<u>1,144,512,767</u>
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)(VIJAY NARAYAN GOVIND)
Partner
CHARTERED ACCOUNTANTS
Membership No. 203094T. BALAKRISHNAN IAS
ChairmanK.L. KUMAR
DirectorK. INOUE
DirectorG. SUSEELAN
Managing DirectorALKESH KUMAR SHARMA IAS
DirectorA.K. NAIR
DirectorG. RAJESH KURUP
Company SecretaryTrivandrum
10.05.2011

NITTA GELATIN INDIA LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule No	For the year ended 31.3.2011 Rupees	For the year ended 31.3.2010 Rupees
INCOME			
Gross Sales		2,020,223,792	1,941,810,981
Less: Freight & insurance on export sales		12,370,715	9,871,999
Less: Excise Duty collected on domestic sales		42,845,043	37,879,243
Net Sales		1,965,008,034	1,894,059,739
Other Income	13	86,532,189	79,826,537
Stock Differential-(Decrease)/Increase	14	49,628,777	(25,892,080)
		2,101,169,000	1,947,994,196
EXPENSES			
Raw Materials consumed	15	1,177,051,712	878,016,943
Purchase of Traded Goods		5,005,450	1,266,500
Other Manufacturing, Administrative & Selling Expenses	16	778,756,106	670,740,192
Financial Charges	17	30,891,411	16,076,637
Depreciation		84,319,367	74,258,121
		2,076,024,046	1,640,358,393
PROFIT BEFORE TAX			
		25,144,954	307,635,803
Less: Provision for Taxes			
- Current Year		5,210,000	99,300,000
- MAT Credit Entitlement		-	(43,681,510)
- Prior Years		(3,071,524)	(579,677)
- Deferred Tax		4,091,000	(2,017,000)
PROFIT AFTER TAX			
		18,915,478	254,613,990
Profit brought forward from last year		93,152,201	28,965,066
		112,067,679	283,579,056
APPROPRIATIONS			
Transfer to General Reserve		1,892,000	131,656,045
Proposed Dividend		33,600,000	50,400,000
Tax on proposed dividend		5,580,540	8,370,810
PROFIT CARRIED TO BALANCE SHEET			
		70,995,139	93,152,201
Earnings per share -(Basic&Diluted)	18	2.25	30.31
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)

T. BALAKRISHNAN IAS
Chairman

G. SUSEELAN
Managing Director

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

K.L. KUMAR
Director

ALKESH KUMAR SHARMA IAS
Director

K. INOUE
Director

A.K. NAIR
Director

Trivandrum
10.05.2011

G. RAJESH KURUP
Company Secretary

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2011**

Schedule No.	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
1. SHARE CAPITAL		
Authorised :		
10,000,000(10,000,000) Equity Shares of Rs.10/- each	100,000,000	100,000,000
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		
	84,000,000	84,000,000
2. RESERVES & SURPLUS		
Capital Reserve-Investment Subsidy - as per last Balance Sheet	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	618,700,000	487,043,955
Add : Transfer from Profit & Loss A/c	1,892,000	131,656,045
	620,592,000	618,700,000
Surplus in Profit & Loss A/c	70,995,139	93,152,201
	973,987,139	994,252,201
3. SECURED LOANS		
FROM BANKS: For Working Capital	271,660,028	2,627,566
(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. 271,660,028/- (Rs. 26,27,566/-)		
	271,660,028	2,627,566

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2011 (Contd.)**

SCHEDULE 4 - FIXED ASSETS & CAPITAL WORK IN PROGRESS

Particulars	GROSS BLOCK (At cost)			DEPRECIATION/IMPAIRMENT			(Amount in Rupees) NET BLOCK		
	As at 01-04-2010	Additions 2010-11	Disposals/ Adjustments	As at 31-03-2011	As at 1-04-2010	For the year	Disposal/ adjustments	As at 31-03-2011	As at 31-03-2010
FIXED ASSETS:									
(A) Tangible Assets									
Land and Development	13,201,912 (11,832,365)	25,232,939 (1,369,547)	1,335,756 -	37,099,095 (13,201,912)	- -	- -	- -	37,099,095 (13,201,912)	13,201,912 (11,832,365)
Leasehold Land	26,148,286 (26,148,286)	- -	- -	26,148,286 (26,148,286)	3,216,310 (2,926,064)	290,246 (290,246)	- -	22,641,730 (22,931,976)	22,931,976 (23,222,222)
Buildings	224,156,627 (206,823,717)	6,980,653 (17,574,626)	(241,716)	231,137,280 (224,156,627)	131,791,091 (122,948,200)	9,504,736 (9,005,478)	(162,587)	89,841,453 (92,365,536)	92,365,536 (83,875,517)
Plant & Machinery	1,126,873,801 (1,076,140,121)	86,723,661 (1,06,023,760)	- (55,290,080)	1,213,597,462 (1,126,873,801)	639,173,556 (630,589,992)	68,895,987 (60,996,409)	- (52,412,845)	505,527,919 (487,700,245)	487,700,245 (445,550,129)
Service Equipments	15,166,121 (13,712,027)	1,914,530 (2,822,087)	248,691 (1,367,993)	16,831,960 (15,166,121)	10,398,162 (10,126,832)	831,808 (1,585,658)	196,544 (1,314,328)	5,798,534 (4,767,959)	4,767,959 (3,585,195)
Office Equipments	17,012,260 (15,823,816)	3,400,526 (2,907,077)	150,340 (1,718,633)	20,262,446 (17,012,260)	10,577,702 (10,605,303)	1,879,865 (1,612,791)	108,425 (1,640,392)	7,913,304 (6,434,558)	6,434,558 (5,218,513)
Furniture & Fittings	7,734,302 (7,114,609)	468,131 (779,572)	- (159,879)	8,202,433 (7,734,302)	6,420,941 (6,181,361)	328,819 (397,814)	(158,234)	6,749,760 (1,313,361)	1,313,361 (933,248)
Vehicles	3,342,794 (3,342,794)	3,336,405 -	2,401,958 -	4,277,241 (3,342,794)	2,284,457 (1,914,732)	622,785 (369,725)	1,808,627 -	3,178,626 (1,058,337)	1,058,337 (1,428,062)
Total Tangible Assets	1,433,636,103 (1,360,937,735)	128,056,845 (131,476,669)	4,136,745 (58,778,301)	1,557,556,203 (1,433,636,103)	803,862,219 (785,292,484)	82,354,246 (74,258,121)	2,113,596 (55,688,386)	884,102,869 (629,773,884)	629,773,884 (575,645,251)
(B) Intangible Assets									
Software	- -	9,868,255 -	- -	9,868,255 -	- -	1,965,121 -	- -	7,903,134 -	- -
Total Assets (A+ B)	1,433,636,103 (1,360,937,735)	137,925,100 (131,476,669)	4,136,745 (58,778,301)	1,567,424,458 (1,433,636,103)	803,862,219 (785,292,484)	84,319,367 (74,258,121)	2,113,596 (55,688,386)	886,067,990 (629,773,884)	629,773,884 (575,645,251)
CAPITAL WORK IN PROGRESS:									
Building under construction	49,392 (2,194,959)	23,950,527 (10,596,602)	49,392 (12,742,169)	23,950,527 (49,392)	- -	- -	- -	- -	- -
Plant, machinery and equipment under installation	61,327,314 (26,881,907)	55,160,654 (127,103,052)	61,426,724 (92,657,645)	55,061,244 (61,327,314)	- -	- -	- -	- -	- -
Capital Advances	2,118,765 (10,400,205)	11,162,989 (4,663,841)	2,118,765 (12,945,281)	11,162,989 (2,118,765)	- -	- -	- -	- -	- -
Capital Stores	- -	7,358,164 -	- -	7,358,164 -	- -	- -	- -	- -	- -
Total	63,495,471 (39,477,071)	97,632,334 (142,363,495)	63,594,881 (118,345,095)	97,532,924 (63,495,471)	- -	- -	- -	- -	- -
Previous Year									

Note : 1. Net block of Plant & Machinery includes Assets Held for Disposal Rs. 20,12,343/- (Rs. 9,65,256/-)
2. Depreciation / Impairment as at 31.03.2011 includes Rs. 60,24,867/- (Rs. 56,61,527/-) being impairment loss

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2011 (Contd.)**

Schedule No.	As at 31.3.2011 Rupees	As at 31.3.2010 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 11.68 Lakhs (Rs. 8.73 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 (45,00,000) fully paid up Equity shares of 10/- each in Reva Proteins Limited	45,000,000	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) 60,000 (60,000) fully paid up Equity shares of Rs.10/- each in Kerala Enviro Infrastructure Limited	600,000	600,000
iii) 50,000 (50,000) fully paid up Equity shares of Rs.10/- each in Cochin Waste 2 Energy Private Limited	500,000	500,000
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	81,490,237
6. INVENTORIES		
Finished Goods	78,281,709	39,020,470
Raw Materials	110,300,174	63,462,873
Work-in-process	134,585,805	124,218,267
Stores & Spares	71,794,601	59,254,769
Packing Materials	5,996,051	3,413,883
Loose tools	199,273	244,654
Materials in transit	733,481	611,764
	401,891,094	290,226,680

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2011 (Contd.)**

Schedule No.	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
7. SUNDRY DEBTORS (Unsecured, Considered Good)		
Over six months	3,868,770	4,883,178
Others	139,994,259	114,461,211
	143,863,029	119,344,389
8. CASH & BANK BALANCES		
Cash & Cheques on hand	808,880	823,836
Balance with Scheduled Banks:		
i) In Current Account (includes balances towards unpaid dividend Rs.927,469/- (Rs 527,942/-))	7,208,350	19,248,030
ii) In Deposit Account (Includes Rs. 17,45,223/- (Rs.17,45,223) under lien towards Bank Guarantee)	1,796,976	19,813,047
	9,814,206	39,884,913
9. OTHER CURRENT ASSETS		
Interest receivable	330,352	192,331
Old machinery held for sale (See Note B (16) (a) of Schedule 19)	5,000,000	--
Claims Receivable		
- Duty Drawback (See Note B (7) of Schedule 19)	16,922,468	14,443,432
- Export incentive - DEPB	27,611,455	19,350,195
- Others	1,563,771	5,268,697
	51,428,046	39,254,655
10. LOANS & ADVANCES		
1. Secured (Considered Good)		
Vehicle/computer loan to employees	2,352,688	204,605
2. Unsecured (Considered Good)		
Loan to Reva Proteins Limited (Subsidiary Company)	100,957,584	38,977,405
Trade Advance to Bamni Proteins Ltd. (Subsidiary Company)	13,523,251	10,561,282
Advances recoverable in cash or in kind or for value to be received (See Note No.B (16) (a) of Schedule 19)	28,854,392	28,819,355
Income Tax (Net)	16,740,717	347,856
Balances with Central Excise, Customs etc.	3,268,157	6,319,161
Deposits	8,404,741	7,579,160
	174,101,530	92,808,824

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2011 (Contd.)**

Schedule No.	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
11. CURRENT LIABILITIES		
Sundry Creditors:		
a. Total outstanding dues of Micro Enterprises and Small Enterprises (See Note No. B(1) of Schedule 19)	192,490	--
b. Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	157,629,313	107,675,292
	<u>157,821,803</u>	<u>107,675,292</u>
Investor Education & Protection Fund shall be credited by :-		
-Unpaid Dividend*	927,469	527,942
Other Liabilities	7,023,787	6,210,601
 * Amount due to be transferred to Investor Education & Protection Fund : Rs. Nil (Nil)		
	<u>165,773,059</u>	<u>114,413,835</u>
12. PROVISIONS		
For Proposed Dividend	33,600,000	50,400,000
For Corporate Dividend Tax	5,580,540	8,370,810
Provision for liability		
- Excise Duty (See Note No. B(13) (a) of Schedule 19)	6,791,512	5,191,879
- Water cess (See Note No. B(13)(a) of shedule 19)	7,735,292	7,077,500
Provision for receivables -		
- Duty Drawback Claims (See Note No. B (7) of shedule 19)	7,742,959	12,194,983
- Sales Tax	1,100,494	1,100,494
Provision for Employee benefits (See Note B(11) of Schedule 19)	15,782,511	13,016,785
	<u>78,333,308</u>	<u>97,352,451</u>

**SCHEDULES ATTACHED TO AND FORMING PART OF THE
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

Schedule No.	For the year ended 31.3.2011 Rupees	For the year ended 31.3.2010 Rupees
13. OTHER INCOME		
Miscellaneous Sales	12,997,787	11,617,946
Export Incentive - DEPB	38,374,444	36,419,947
-Duty drawback	3,198,871	5,307,847
Interest (Tax deducted at source - Rs 1,51,768/- (Rs.35,854/-))	2,171,898	636,230
Profit on sale of assets (net)	7,027,475	--
Dividend Income	8,400	16,460
Foreign Exchange rate variation (Net)	16,608,002	24,906,580
Other Miscellaneous Income	40,079	921,527
Provision/sundry balances written back (See Note No B(8) of Schedule 19)	6,105,233	--
	86,532,189	79,826,537
14. STOCK DIFFERENTIAL		
(a) Closing Stock		
Finished Goods	78,281,709	39,020,470
Work-in-process	134,585,805	124,218,267
	212,867,514	163,238,737
Less:		
(b) Opening Stock		
Finished Goods	39,020,470	68,481,422
Work-in-process	124,218,267	120,649,395
	163,238,737	189,130,817
	49,628,777	(25,892,080)
15. RAW MATERIALS CONSUMED		
Opening Stock	63,462,873	55,557,513
Add: Purchases	1,223,889,013	885,922,303
	1,287,351,886	941,479,816
Less: Closing Stock	110,300,174	63,462,873
	1,177,051,712	878,016,943

**SCHEDULES ATTACHED TO AND FORMING PART OF THE
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)**

Schedule No.	For the year ended 31.3.2011 Rupees	For the year ended 31.3.2010 Rupees
16. OTHER MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES		
Salaries, Wages & Bonus	92,539,039	90,177,861
Contribution to Gratuity, ESI and Provident Funds	15,165,202	8,036,210
Recruitment & Training	748,526	3,080,525
Workmen & Staff Welfare Expenses	20,253,984	21,530,900
Conversion charges	84,683,545	78,229,440
Consumption of Stores, Spares & Consumables	42,075,691	28,502,962
Packing Materials consumed	26,568,311	24,625,356
Research & Development Expenditure	7,190,964	3,211,760
Power, Fuel, Water & Gas	248,737,864	215,812,057
Repairs		
-- Building	3,261,634	86,659
-- Plant & Machinery	61,582,918	80,164,462
-- Others	19,052,605	14,164,637
Insurance	3,421,521	3,197,780
Rent	1,540,282	881,862
Rates & Taxes	4,346,068	4,544,069
Postage and Telephones	3,766,481	3,163,225
Printing & Stationery	1,779,331	2,236,358
Travelling & Conveyance	26,539,726	22,577,861
Director's sitting fee	325,000	300,000
Auditor's remuneration(See Note B(3) of Schedule 19)	906,497	786,388
Advertisement & Publicity (See Note B (17) of Schedule 19)	44,196,976	3,386,173
Loading, Transportation & Other charges on products	22,074,616	25,018,611
Discount & Commission on Sales	12,034,856	13,144,468
Professional & Consultancy charges	6,996,157	3,568,571
Miscellaneous Expenses	28,968,312	12,929,592
Loss on discarded/sold assets written off	--	1,649,211
Provision for Cenvat on inputs/ Drawback claims	--	5,733,194
	778,756,106	670,740,192

**SCHEDULES ATTACHED TO AND FORMING PART OF THE
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)**

Schedule No.	For the year ended 31.3.2011 Rupees	For the year ended 31.3.2010 Rupees
17. FINANCIAL CHARGES		
Bank Charges	3,230,862	3,419,610
Interest on Fixed Loans	--	1,018,510
Interest on Others	27,660,549	11,638,517
	<u>30,891,411</u>	<u>16,076,637</u>
18. EARNINGS PER SHARE		
Profit after taxation	18,915,478	254,613,990
Weighted Average Number of Equity Shares of Rs. 10/- each (fully paid-up)	8,400,000	8,400,000
Earnings per share -Basic & Diluted (Rs.)	<u>2.25</u>	<u>30.31</u>

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2011.**

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/ Amortisation

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.
4. Cost of software treated as Intangible Assets is amortised over a period of five years.

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2011.**

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.

viii. Research & Development

Capital expenditure on Research & Development is capitalized as fixed assets and depreciated in accordance with the depreciation policy of the company. The revenue expenditure on Research & Development is charged to Profit and Loss Account in the year in which it is incurred.

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.

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2011.**

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 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.

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 and Subsidies in the nature of Promoters contribution or identifiable with non depreciable assets are credited to capital reserve.

Grants and Subsidies, specifically identifiable with capital assets other than depreciable assets, are credited to the carrying cost of the respective asset.

Grants/Subsidies in the nature of revenue are recognized as income over the period necessary to match them with the related costs which they are intended to compensate.

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2011.**

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. Intimations have been received from some of the suppliers regarding their status under the said Act as at 31.03.2011, based on which principal amount unpaid to such suppliers as at the year end aggregating to Rs. 1.92 Lakhs (Nil) has been disclosed under Current Liabilities in Schedule - 11. In the opinion of the management, the impact of interest, if any, which may be payable in accordance with the provisions of the Act, is not expected to be material.

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	20,40,000	11,40,000
Perquisites*	13,14,039	7,11,072
Contribution to Provident Fund	2,44,800	1,37,400
Total	35,98,839	19,88,472

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

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2011.**

Enhancement in remuneration to Managing Director for the period 01.04.2010 to 31.03.2011 is as approved by the Remuneration Committee / Board of Directors. Necessary approval of shareholders in accordance with the requirements of Schedule XIII of the Companies Act, 1956, is being sought at the ensuing Annual General Meeting.

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

Particulars	Current year Rs.	Previous Year Rs.
a) Statutory Audit fee	360,000	3,30,000
b) Other Services		
i. Taxation matters (including tax Audit)	185,497	1,82,000
ii. Others	361,000	2,74,388

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. Details of Research & Development Expenditure:

(Amount in Rs. Lakhs)

Particulars	Current Year	Previous Year
Capital Expenditure	62.15	5.57
Revenue Expenditure		
Salary & Allowances	40.98	20.54
Other Expenses	30.93	11.58

6. Deferred Tax Asset/ (Liability) consists of:

(Amount in Rs.)

Particulars	As at 31.03.2011	As at 31.03.2010
Deferred Tax Liability:		
On excess of net book value over income tax written down value of fixed assets	79,362,000	77,140,000
Deferred Tax Asset:		
On Provisions	7,583,000	9,512,000
On other disallowances	4,055,000	3,995,000
Net Deferred Tax Liability	67,724,000	63,633,000

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 previous year a single bench of the Honourable

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2011.**

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. Though the company is hopeful of a favourable decision, provision created in the accounts in the preceding years has been retained as a matter of abundant caution.

8. During the year, the company's appeals against disallowance of certain duty drawback claims have been allowed by the appellate authority. Though the department has filed a further revision application against this order, the company has been legally advised that there is no significant uncertainty in realisability of these claims. Accordingly, the provision of Rs 43.21 lakhs created in prior years as a matter of abundant caution, is no longer considered necessary and has been written back to the Profit & Loss Account.
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.

(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		6290.11		6290.11
		(5395.51)		(5395.51)
Nitta Gelatin NA Inc		2466.23		2466.23
		(2204.91)		(2204.91)
2. Interest received from Reva Proteins Ltd :-	12.54 (Nil)			12.54 (Nil)

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2011.**

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. Commission paid for sale of Gelatin: Nitta Gelatin Inc.		2.54 (5.45)		2.54 (5.45)
2. Conversion Charges Bamni Proteins Limited	846.84 (782.29)			846.84 (782.29)
3. Rebate / Discount paid Nitta Gelatin Inc. Nitta Gelatin NA Inc		20.87 (33.04) 39.36 (21.34)		20.87 (33.04) 39.36 (21.34)
4. Reimbursement of Expenses Nitta Gelatin NA Inc Nitta Gelatin Inc. Nitta Gelatin USA Nitta Gelatin Canada Inc.		0.62 (1.73) 2.85 (8.22) 0.47 (Nil) 1.16 (Nil)		0.62 (1.73) 2.85 (8.22) 0.47 (Nil) 1.16 (Nil)
5. Payment received for Clinical Study Nitta Gelatin Inc.		18.32 (18.68)		18.32 (18.68)
6. Expense allocated Reva Proteins Limited	32.07 (2.39)			32.07 (2.39)
7. Remuneration to Managing Director (See Note B2 of Schedule 19)			35.99 (19.88)	35.99 (19.88)
Investments				
Reva Proteins Limited	450.00 (450.00)			450.00 (450.00)
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)				

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2011.**

Nature of transaction	Subsidiary Company/ Associate company	Enterprise having substantial interest in the company and its Subsidiary	Key Management Personnel	Total
Receivables				
1. Nitta Gelatin Inc		61.55 (21.73)		61.55 (21.73)
2. Nitta Gelatin NA Inc		71.46 (1.31)		71.46 (1.31)
3. Nitta Gelatin Canada Inc.		1.16 (Nil)		1.16 (Nil)
4. Nitta Gelatin USA		0.47 (Nil)		0.47 (Nil)
5. Bamni Proteins Limited -Trade Advance	135.23 (105.61)			135.23 (105.61)
6. Reva Proteins Limited -Loan	1009.58 (389.77)			1009.58 (389.77)
Payables				
1. Nitta Gelatin Inc		23.41 (33.04)		23.41 (33.04)
2. Nitta Gelatin NA Inc.		59.43 (27.81)		59.43 (27.81)

10. Segment Information

The company is mainly engaged in the business of manufacture and sale of Gelatin, Ossein, DCP and 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)	1,009,268,241 (947,641,764)	955,739,793 (946,417,975)	1,965,008,034 (1,894,059,739)
Segment Result	172,557,471 (283,137,454)	19,408,225 (170,345,645)	191,965,696 (453,483,099)
Unallocated Expenditure(Net)	--	--	135,929,331 (129,770,659)
Interest Expense	--	--	30,891,411 (16,076,637)
Profit Before taxation	--	--	25,144,954 (307,635,803)

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2011.**

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.

11. 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	7,746,825	6,924,116
Employers contribution to Employee's State Insurance	1,118,423	344,300

b) Defined Benefit Plans -Gratuity : Funded Obligation

i	Actuarial Assumptions	Current Year	Previous Year
	Discount Rate (per annum)	8.00%	8.00%
	Expected return on plan assets	9.00%	9.00%
	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.

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	22,962,781	20,879,702
	Current Service Cost	1,862,000	1,549,368
	Interest Cost	1,710,892	1,658,007
	Actuarial (gain)/loss	4,266,178	(815,063)
	Benefits Paid	(315,325)	(309,233)
	Present value of obligation at the end of the year	27,648,601	22,962,781

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2011.**

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	25,688,104	20,445,335
	Expected return on plan assets	2,259,212	1,787,071
	Actuarial (gain)/loss	(77,613)	(54,334)
	Contributions	1,981,761	3,617,389
	Benefits paid	(3,153,250)	(309,233)
	Assets distributed on settlement (if applicable)	-	-
	Fair value of plan assets at the end of the year	26,698,214	25,486,228
iv	Description of Plan Assets	Amount (Rs.) Current Year	Amount (Rs.) Previous Year
	Insurer Managed Funds (LIC of India)	26,698,214	25,486,228
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	27,648,601	22,962,781
	Fair value of plan assets at end of the year	26,698,214	25,486,228
	Net present value of unfunded obligation recognised as (asset)/liability in the Balance Sheet	950,387	(2,523,447)
vi	Expenses recognised in the Profit and Loss Account	Amount (Rs.) Current Year	Amount (Rs.) Previous Year
	Current Service Cost	1,862,000	1,549,368
	Interest Cost	1,710,892	1,658,007
	Actuarial (gain) /loss recognised in the period	4,343,791	(760,729)
	Past Service Cost (if applicable)	-	-
	Expected return on plan assets	(2,259,212)	(1,787,071)
	Total expenses recognised in the Profit and Loss Account for the year	5,657,471	659,575
	Actual return on plan assets	2,181,599	1,934,613

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 2011.**

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%	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.

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	13,016,785	12,077,002
	Current Service Cost	1,088,565	10,88,955
	Interest Cost	935,828	859,338
	Actuarial (gain)/loss	(21,975)	229,821
	Benefits Paid	(2,637,875)	(1,238,331)
	Present value of obligation at the end of the year	12,381,328	13,016,785

iii	Net (Asset)/Liability recognized in the Balance Sheet as at year end	Amount (Rs.) Current Year	Amount (Rs.) Previous Year
	Present value of obligation at end of the year	12,381,328	13,016,785
	Fair value of plan assets at end of the year	Nil	Nil
	Net present value of unfunded obligation recognised as (asset)/liability in the Balance Sheet	12,381,328	13,016,785

iv	Expenses recognised in the Profit and Loss Account	Amount (Rs.) Current Year	Amount (Rs.) Previous Year
	Current Service Cost	1,088,565	1,088,955
	Interest Cost	935,828	859,338
	Actuarial (gain) /loss recognised in the period	(21,975)	229,821
	Past Service Cost (if applicable)	Nil	Nil
	Total expenses recognised in the Profit and Loss Account for the year	2,002,418	2,178,114

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 2011.**

12. 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:

Particulars	As at 31st March 2011		As at 31st March 2010	
	\$	Rs lakhs	\$	Rs lakhs
Receivables	1,948,880	932.11	2,690,513	1201.04
Payables	-	-	-	-

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

Particulars	As at 31st March 2011		As at 31st March 2010	
	\$	Rs lakhs	\$	Rs lakhs
Receivables	379,598	166.91	77,598	34.64
Payables	-	-	-	-

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

Particulars	As at 31st March 2011		As at 31st March 2010	
	FC	Rs lakhs	FC	Rs lakhs
Receivables				
GBP	-	-	297	0.20
EURO	45,336	28.25	4,560	2.72
AUD	970	0.44	-	-
Payables				
USD	210,287	94.92	160,794	73.29
GBP	-	-	-	-
EURO	26,121	16.71	10,520	6.45
JAPANESE YEN	-	-	-	-

d) The outstanding forward contracts as at Balance Sheet date have been marked to market as at 31st March, 2011 and the Exchange Gain arising on the same amounting to Rs.36.84 lakhs (Rs.49.80 Lakhs) has not been recognized in the accounts.

13. 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.

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2011.**

a) Provisions

(Amount in Rs.)

Nature Provision	Balance as at 01.04.2010	Additional Provision during the year	Amounts used/ changed during the year	Unused amounts reversed	Balance as at 31.03.2011
Provision for Central Excise Duty (See note (i) below)	51,91,879	15,99,633	--	--	6,791,512
Provision for water cess (See note (ii) below)	70,77,500	6,57,792	--	--	77,35,292

Note:

- i) Central Excise authorities have issued show cause notices proposing to withdraw CENVAT credit availed by the company on Hydrochloric Acid used in the manufacture of Ossein consumed for Gelatin production amounting to Rs 219.86 lakhs. (Rs 189.54 lakhs), which has been disputed by the company. Though no demand has been raised by the department, based on legal advice received, the company has created a provision of Rs 67.92 lakhs (Rs. 51.92 lakhs) as a matter of abundant caution and the balance amount of Rs. 151.94 lakhs (Rs 137.62 lakhs) has been disclosed as a contingent liability.
- ii) 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'ble 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 77.35 Lakhs (Rs.70.78 Lakhs) 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)

Particulars	For the Year Ended 31.03.2011	For the Year Ended 31.03.2010
1. Claims against the Company not acknowledged as debts:		
a) Income Tax (See Note (i) below)	112.03	Nil
b) Sales Tax (See Note (ii) below)	135.81	Nil
c) Excise duty (See Note 13 (a)(i) above)	151.94	295.75
2. Foreign Bills Discounted	1,513.09	1,931.15
3. Counter Guarantee issued in favour of bankers	43.52	13.56
4. Letter of Credit	10.93	Nil
5. Corporate guarantee issued in favour of Subsidiary company, M/s Reva Proteins Limited	2,000.00	Nil
TOTAL	3,967.32	2,240.46

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2011.**

Note:

- i) The Hon. High Court of Kerala has during the year, passed an order which has the effect of enhancing the income tax liability of the company relating to certain prior years; but the revised assessment order/demands are yet to be received from tax authorities. The company has filed an appeal against the said order before the Hon'ble Supreme Court of India which is pending and according to the expert legal opinion received by the company, there is no likelihood of any additional liability and hence no provision is made for the same, estimated at Rs 112.03 lakhs.
 - ii) During the year, Sales Tax authorities have issued show cause notices proposing to withdraw sales tax exemption allowed to the company in earlier years amounting to Rs135.81 lakhs, which has been disputed by the company. Based on legal advice received, no provision is considered necessary towards the said claims and the amounts involved are disclosed as contingent liability.
14. Estimated amount of contracts remaining to be executed on capital account - Company - Rs.303.79 lakhs (Rs. 57.92 lakhs).
15. Loans and advances include interest free loan to subsidiary company Reva Proteins Limited, Rs 1,009.58 lakhs (Rs.389.77 lakhs) in respect of which no fixed repayment schedule has been prescribed at this stage.
16. (a) During the year, the Company has acquired certain assets including investments held by a company in its industrial unit, for setting up an industrial undertaking of the company, for an aggregate consideration of Rs. 777.31 lakhs. This includes "Patta land" admeasuring 126.88 cents acquired for a value of Rs 4.70 lakhs, which is included under Land & Development under Fixed Assets, in respect of which the assignment order by Government of Kerala is pending to be received.
- The cost of buildings Rs. 237.36 lakhs and Plant, Machinery and Equipments costing Rs 207.62 lakhs acquired as part of the above, which are required for the company's use as per technical assessment have been included under Capital Work in Progress, to be capitalized on commissioning the unit, after completion of necessary modifications.
- Certain items of machinery acquired as part of the above for an estimated cost of Rs 50 lakhs and identified on the basis of technical assessment as not usable for the business of the company, are shown under Other Current Assets.
- An amount of Rs 30 lakhs being cost of investments in equity shares of another company, acquired as part of the above, has been included under "Loans and Advances", pending transfer of shares of the relative shares in the name of the company.
- (b) The company has contracted to purchase land admeasuring 73.775 cents adjacent to the above industrial unit, for a total consideration of Rs 225 lakhs, against which an advance of Rs 60 lakhs was paid during the year and included under Capital Advances.
17. Advertisement and Publicity under Schedule 16 - Other Manufacturing, Selling and administrative expenses include expenditure incurred during the year towards sales promotion and brand building on new consumer products Rs 393.11 lakhs (Rs 33.86 lakhs).

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2011.**

18. (a) Licensed and Installed Capacities, Production, Turnover and Opening and Closing stock.

	Ossein		Ossein (Limed)		Dicalcium Phosphate		Gelatin		Collagen Peptide	
	Qty	Value	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
	MT	Rs.	MT	Rs.	MT	Rs.	MT	Rs.	MT	Rs.
Installed Capacity Per annum	5500 (5500)		3100 (3100)		11000 (11000)		4000 (4000)		300 (300)	
Production for the Year	8934 (9283)		4798 (5247)		18730 (20146)		3447 (3988)		117 (21)	
Purchase for resale	-	-	-	-	102	2199,450	20	2806000	-	-
	-	-	-	-	-	-	(10)	(1266500)	-	-
Captive consumption	3596 (4961)	-	4800 (5379)	-	-	-	-	-	-	-
Turnover for the year	5304 (4553)	535574032 (424094212)	-	-	18954 (20014)	502337966 (464577231)	3467 (4045)	881357608 (997606361)	51 (18)	41590030 (7517985)
Stock as on 31.03.10	163	12350603	2	188498	149	3187454	88	19075340	9	2498358
Stock as on 31.03.11	197	17464402	0		27	657214	88	24051177	75	32652807

NOTE:

- Licensed Capacity - Not applicable
 - Installed Capacity is as technically reassessed by the management
 - Production includes quantity manufactured outside on jobwork basis, as under:
Ossein - 2406.850 MT (2,365.800 MT)
DCP - 5295.000 MT (5284.10 MT)
 - Turnover - Others - Rs 41,48,398 (Rs 2,63,950)
- (b) Quantitative particulars of raw materials consumed during the year

Particulars	Year Ended 31.03.2011		Year Ended 31.03.2010	
	Qty (MT)	Value	Qty (MT)	Value
Ossein	2046	201,025,856	1199	91,689,581
Limed Ossein	126	16,246,139	Nil	Nil
Crushed Bone	38466	745,913,113	39720	636,915,613
Hydrochloric Acid	39695	116,823,017	39979	62,445,020
Hydrated Lime	6388	38,113,060	6783	37,130,518
Others		58,930,527		49,836,211
TOTAL		1,177,051,712		878,016,943

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2011.**

19. (a) Break up of Consumption:

Particulars	Year Ended 31.03.2011		Year Ended 31.03.2010	
	%	Amount(Rs.)	%	Amount(Rs.)
Raw Materials				
Imported	0.48	5,622,231	0.76	6,639,792
Indigenous	99.52	1,171,429,481	99.24	871,377,151
TOTAL	100.00	1,177,051,712	100.00	878,016,943
Stores & Spares*				
Imported	1.03	791,057	9.14	7,728,452
Indigenous	98.97	76,272,823	90.86	76,833,712
TOTAL	100.00	77,063,880	100.00	84,562,164
* Debited under stores & spares consumed		42,075,691		28,502,962
* Debited under repairs & maintenance		34,988,189		56,059,202
TOTAL		77,063,880		84,562,164

(b) CIF Value of Imports:

Particulars	Current Year Rs.	Previous Year Rs.
Raw Materials	7,155,199	3,645,198
Packing Materials	979,201	662,927
Components, Stores & Spares	2,888,599	8,026,077
Capital Goods	1,782,300	5,847,301
TOTAL	12,805,299	18,181,503

(c) Expenditure in foreign currency on account of:

Particulars	Current Year Rs.	Previous Year Rs.
Professional, Consultation fee and Interest	553,143	1,508,905
Other Matters (including travel)	11,976,866	13,345,018

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2011.**

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

Particulars	Current Year	Previous Year
i) No. of non-resident shareholders to whom dividend was remitted	1	1
ii) No. of shares held by them	3,900,300	3,900,300
iii) Year to which the dividend related	2009-10	2008-09
iv) Amount remitted (Rs.)	23,401,800	11,700,900

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

Particulars	Current Year Rs.	Previous Year Rs.
Export of goods calculated on FOB basis	991,513,077	955,155,169
Commission	Nil	Nil

20. 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)

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

For and on behalf of the Board of Directors

T. BALAKRISHNAN IAS Chairman	G. SUSEELAN Managing Director	
K.L. KUMAR Director	ALKESH KUMAR SHARMA IAS Director	
K. INOUE Director	A.K. NAIR Director	

G. RAJESH KURUP
Company Secretary

Trivandrum
10.05.2011

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

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

I. Registration details : Registration No. 2691 of 1975
 State Code No. : 09
 Balance Sheet Date : 31.3.2011

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 : 13,97,371
 Total Assets : 13,97,371

Sources of Funds:

Paid up Capital : 84,000
 Reserve & Surplus : 973,987
 Secured Loans : 271,660
 Unsecured Loans : Nil
 Deferred tax liability : 67,724

Application of Funds:

Net Fixed Assets : 778,889
 Investments : 81,490
 Net Current Assets : 536,992
 Miscellaneous Expenditure : Nil
 Accumulated Losses : Nil

IV. Performance of Company: (Rs.in '000)
 Turnover and Other Income : 2,051,540
 Total Expenditure : 2,026,395
 Profit before Tax : 25,145
 Profit after Tax : 18,915
 Earnings per share (Rs) : 2.25
 Dividend Rate % : 40 %

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

For and on behalf of the Board of Directors

T. BALAKRISHNAN IAS
 Chairman

G. SUSEELAN
 Managing Director

K.L. KUMAR
 Director

ALKESH KUMAR SHARMA IAS
 Director

K. INOUE
 Director

A.K. NAIR
 Director

NITTA GELATIN INDIA LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2011

	(Rs in Lakhs)	
	For the year ended 31.3.2011	For the year ended 31.3.2010
A. Cash Flows from Operating Activities		
Net Profit before Tax & Extraordinary Items	251.45	3,076.36
Adjustments for:		
Depreciation	839.62	742.58
Impairment Loss on Plant & Machinery	3.57	--
(Profit)/Loss on sale of fixed assets	(70.27)	16.49
Interest Expenditure	276.61	126.57
Interest Income	(21.72)	(6.36)
Dividend Received	(0.08)	(0.16)
Foreign Exchange (Gain)/Loss	(166.08)	(249.07)
Provision for duty drawback/sales tax	--	68.34
Excess provision/sundry balances written back	(61.05)	--
	<u>800.60</u>	<u>698.39</u>
Operating Profit / (Loss) before Working Capital Changes	1,052.05	3,774.75
Adjustments for working capital changes:		
(Increase)/Decrease in Trade and Other Receivables	(357.74)	(117.71)
(Increase)/Decrease in Inventories	(1,116.64)	221.98
Increase/(Decrease) in Trade Payables	546.63	287.09
	<u>(927.75)</u>	<u>391.36</u>
Cash generated from Operations	124.30	4,166.11
Direct Taxes	(185.31)	(541.30)
Foreign Exchange Gain/(Loss)	166.09	249.37
Cash Flow Before Extraordinary Items	105.08	3,874.18
Extraordinary Items	--	--
Net Cash from/(used) in Operating Activities	105.08	3,874.18
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	(1,689.90)	(1,554.95)
Sale of Fixed Assets	83.50	14.41
Investment in shares	--	(455.00)
Advance for share capital	(30.00)	--
Loan to subsidiary company	(619.80)	(389.77)
Interest Received	20.34	4.83
Dividend Received	0.08	0.16
Net Cash from/(used) in Investing Activities	(2,235.78)	(2,380.32)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March 2011

	(Rs in Lakhs)	
	For the year ended 31.3.2011	For the year ended 31.3.2010
C. Cash Flows from Financing Activities		
Dividend Paid	(500.00)	(249.45)
Corporate Dividend Tax	(83.71)	(42.83)
Increase/(Decrease) in Long Term Borrowings	--	(150.12)
Increase/(Decrease) in Short Term Borrowings	2,690.32	(590.47)
Interest Paid	(276.61)	(130.02)
Net Cash from/(used) in Financing Activities	1,830.00	(1,162.89)
 SUMMARY		
Net Cash from/(used) in Operating Activities	105.08	3,874.18
Net Cash from/(used) in Investing Activities	(2,235.78)	(2,380.32)
Net Cash from/(used) in Financing Activities	1,830.00	(1,162.89)
Net Increase/(Decrease) in Cash Equivalents	(300.70)	330.97
Cash and Cash Equivalents at beginning of the year	398.85	68.18
Cash and Cash Equivalents at the end of the year	98.14	398.85
Unrealised translation (gain)/ loss on foreign currency cash & cash equivalents	0.01	0.30
	(300.70)	330.97

Note: Cash and Cash Equivalents at the end of the year includes Rs. 17.45 Lakhs (Rs. 17.45 lakhs) under lien and Rs. 9.27 lakhs (Rs 5.28 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)

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

For and on behalf of the Board of Directors

T. BALAKRISHNAN IAS Chairman	G. SUSEELAN Managing Director	
K.L KUMAR Director	ALKESH KUMAR SHARMA IAS Director	
K. INOUE Director	A.K. NAIR Director	

G. RAJESH KURUP
Company Secretary

Trivandrum
10.05.2011

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 2011, 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, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011, from being appointed as a director in terms of clause (g) of sub-section 1 of Section 274 of the Companies Act, 1956;
3. Without qualifying our opinion, we draw attention to Note No B13 (b) (1) of Schedule- 19 regarding disputed liability towards Income Tax Rs 112.03 lakhs, Sales Tax Rs 135.81 lakhs and Excise Duty Rs 151.94 lakhs, not provided for and disclosed as contingent liability, for the reasons stated therein, in respect of which the final liability if any is not ascertainable at this stage.
4. 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 the 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 2011;
 - 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)

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

Place: Trivandrum
Date: 10.05.2011

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 thereunder, 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, the following disputed amounts of cess have not been deposited with the authorities as at 31st March 2011 as per details given below:

Nature of the dues	Amount(Rs)	Period to which the amount relates	Forum where the dispute is pending
Water Cess	15,22,500	Prior to 2001	Hon'ble High Court of Kerala

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 given guarantee of Rs 2000 lakhs for loans taken by its subsidiary M/s Reva Proteins Limited. In our opinion, the terms and conditions of the guarantee given by the Company during the year, for loan taken by the subsidiary from a financial institution, are not prejudicial to the interest of the Company.
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 term 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, 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)

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

Place: Trivandrum

Date: 10.05.2011

**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 2011	31st March 2011
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 2011	Profit of Rs. 22.66 lakhs	Loss of Rs. 31.96 lakhs
ii) For the previous financial years of the Subsidiary Company since it became the Holding Company's subsidiary	Loss of Rs. 168.34 lakhs	Loss of Rs. 60.31 lakhs
b) Dealt with in the Holding Company's account:		
i) For the financial year ended 31st March 2011	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

K.L. KUMAR
Director

K. INOUE
Director

G. SUSEELAN
Managing Director

ALKESH KUMAR SHARMA IAS
Director

A.K. NAIR
Director

Trivandrum
10.05.2011

G. RAJESH KURUP
Company Secretary

NITTA GELATIN INDIA LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule No.	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
I. SOURCES OF FUNDS			
1. Shareholders' Funds:			
(a) Share Capital	1	84,000,000	84,000,000
(b) Reserves & Surplus	2	949,064,722	971,387,581
		1,033,064,722	1,055,387,581
2. Loan Funds:			
Secured Loans	3	471,656,419	2,627,566
3. Minority Interest	4	4,378,417	3,892,785
4. Deferred Tax Liability (See Note B (8)(a) of Schedule 20)		67,724,000	63,633,000
TOTAL		1,576,823,558	1,125,540,932
II. APPLICATION OF FUNDS			
1. Fixed Assets:			
(a) Gross Block	5	1,742,224,842	1,585,848,632
(b) Less: Depreciation/Impairment		950,540,637	862,510,187
(c) Net Block		791,684,205	723,338,445
(d) Capital Work-in-Progress		357,691,866	79,927,807
		1,149,376,071	803,266,252
2. Investments	6	5,029,800	1,489,800
3. Current Assets, Loans & Advances:			
(a) Inventories	7	406,852,766	294,478,655
(b) Sundry Debtors	8	143,863,029	119,551,849
(c) Cash and Bank Balances	9	12,531,570	40,523,602
(d) Other Current Assets	10	51,573,894	39,363,257
(e) Loans & Advances	11	81,924,216	60,577,256
		696,745,475	554,494,619
Less: Current Liabilities & Provisions:			
(a) Liabilities	12	180,407,265	122,947,921
(b) Provisions	13	93,920,523	110,761,818
		274,327,788	233,709,739
Net Current Assets		422,417,687	320,784,880
TOTAL		1,576,823,558	1,125,540,932
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)

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

T. BALAKRISHNAN IAS
ChairmanK.L. KUMAR
DirectorK. INOUE
DirectorG. SUSEELAN
Managing DirectorALKESH KUMAR SHARMA IAS
DirectorA.K. NAIR
DirectorG. RAJESH KURUP
Company SecretaryTrivandrum
10.05.2011

NITTA GELATIN INDIA LIMITED
CONSOLIDATED PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule No.	For the year ended 31.3.2011 Rupees	For the year ended 31.3.2010 Rupees
INCOME			
Gross Sales		2,020,223,792	1,941,810,981
Less: Freight & insurance on export sales		12,370,715	9,871,999
Less: Excise Duty collected on domestic sales		42,845,043	37,879,243
Net Sales		1,965,008,034	1,894,059,739
Other Income	14	86,554,987	80,333,946
Stock Differential-Increase/(Decrease)	15	49,628,777	(25,892,080)
		2,101,191,798	1,948,501,605
EXPENSES			
Raw Materials consumed	16	1,177,051,712	878,016,943
Purchase of Finished Goods		5,005,450	1,266,500
Other Manufacturing, Administrative & Selling Expenses	17	773,090,641	664,501,072
Financial Charges	18	31,326,490	19,107,977
Depreciation		90,443,952	79,225,814
		2,076,918,245	1,642,118,306
PROFIT BEFORE TAX		24,273,553	306,383,299
Less: Provision for Taxes -			
- Current Year		5,917,500	99,810,000
- Prior years		(3,078,260)	(579,677)
- Deferred Tax		4,091,000	(2,017,000)
- MAT Credit		--	(43,681,510)
PROFIT AFTER TAX		17,343,313	252,851,486
Less: Share of Profit of subsidiary for the year transferred to minority interest		485,632	753,254
		16,857,681	252,098,232
Add/Less: Balance Profit/(Loss) brought forward from previous year			
- relating to holding company		93,152,201	28,965,066
- relating to subsidiary company		(22,864,620)	(20,348,862)
		87,145,262	260,714,436
Appropriations:			
Transfer to General Reserve		1,892,000	131,656,045
Proposed Dividend		33,600,000	50,400,000
Tax on proposed dividend		5,580,540	8,370,810
PROFIT/(LOSS) CARRIED TO BALANCE SHEET		46,072,722	70,287,581
Earnings per share (Basic and Diluted)	19	2.01	30.01
Notes on Accounts	20		

As per our separate report of even date attached

For VARMA & VARMA
(FRN : 004532S)

(VIJAY NARAYAN GOVIND)
Partner

CHARTERED ACCOUNTANTS
Membership No. 203094

Trivandrum
10.05.2011

For and on behalf of the Board of Directors

T. BALAKRISHNAN IAS
Chairman

K.L. KUMAR
Director

K. INOUE
Director

G. SUSEELAN
Managing Director

ALKESH KUMAR SHARMA IAS
Director

A.K. NAIR
Director

G. RAJESH KURUP
Company Secretary

**SCHEDULES ATTACHED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011**

Schedule No.	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
1. SHARE CAPITAL		
Authorised :		
10,000,000 (10,000,000) Equity Shares of Rs.10/- each	100,000,000	100,000,000
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		
	84,000,000	84,000,000
2. RESERVES & SURPLUS		
Capital Reserve - Investment Subsidy - as per last Balance Sheet	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	618,700,000	487,043,955
Add: Transfer from Profit & Loss A/c	1,892,000	131,656,045
	620,592,000	618,700,000
Surplus in Profit & Loss A/c	46,072,722	70,287,581
	949,064,722	971,387,581
3. SECURED LOANS		
FROM BANKS: For Working Capital:	271,660,028	2,627,566
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 271,660,028/- (Rs 26,27,566/-)		
FROM OTHERS:		
1. Term loan :		
From Kerala State Industrial Development Corporation Limited	199,996,391	--
(Secured by exclusive first charge over the entire fixed assets of subsidiary, M/s Reva Proteins Limited, including leasehold assets, both present and future; and by corporate guarantee of M/s Nitta Gelatin India Limted)		
Repayable within one year - Nil (Rs Nil)		
	471,656,419	2,627,566

**SCHEDULES ATTACHED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd.)**

Schedule No.	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
4. MINORITY INTEREST		
Share Capital	7,500,000	7,500,000
Less:		
Share of accumulated loss upto previous year	3,607,215	4,360,469
	<u>3,892,785</u>	<u>3,139,531</u>
Add:		
Profit for the year transferred from Profit & Loss Account	485,632	753,254
	<u>4,378,417</u>	<u>3,892,785</u>
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 11.68 Lakhs (Rs. 8.73 Lakhs)		
II. Unquoted :		
Trade Shares		
i) 2,400 (2,400) 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 (50,000) fully paid up Equity shares of Rs. 10/- each in Cochin Waste 2 Energy Private Limited	500,000	500,000
iv) 354,000 (Nil) fully paid up Equity shares of Rs. 10/- each in Bharuch Eco - Acqua Infrastructure Ltd.,	3,540,000	--
v) 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
	<u>5,029,800</u>	<u>1,489,800</u>

**SCHEDULES ATTACHED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd.)
SCHEDULE 5 - FIXED ASSETS & CAPITAL WORK IN PROGRESS**

Particulars	GROSS BLOCK (At cost)			DEPRECIATION/IMPAIRMENT			(Amount in Rupees)	
	As at 1-4-2010	Additions 2010- 11	As at 31-3-2011	As at 1-4-2010	For the year Disposals/ Adjustments	As at 31-3-2011	As at 31-3-2011	As at 31-3-2010
FIXED ASSETS:								
(A) Tangible Assets								
Land and Development	16,641,638 (15,272,091)	25,232,939 (1,369,547)	40,538,821 (16,641,638)	-	-	-	40,538,821 (16,641,638)	16,641,638 (15,272,091)
Leasehold Land	81,676,668 (26,148,286)	5,690,828 (55,528,382)	87,367,496 (81,676,668)	3,465,565 (2,926,064)	896,495 (539,501)	4,362,060 (3,465,565)	83,005,436 (78,211,103)	78,211,103 (23,222,222)
Buildings	253,607,980 (233,831,670)	10,351,613 (20,018,026)	263,959,593 (253,607,980)	145,993,840 (136,025,439)	10,775,235 (10,130,988)	156,769,075 (145,993,840)	107,190,518 (107,614,140)	107,614,140 (97,806,231)
Plant & Machinery (See note below)	1,183,582,347 (1,132,156,216)	97,786,757 (107,196,059)	1,281,062,198 (1,183,582,347)	678,592,312 (667,490,015)	72,170,564 (63,994,990)	750,462,970 (678,592,312)	530,606,228 (504,990,035)	504,990,035 (464,666,201)
Service Equipments	18,383,108 (16,840,463)	2,224,595 (2,910,638)	20,359,012 (18,383,108)	12,583,151 (12,139,305)	1,002,818 (1,758,174)	13,389,425 (12,583,151)	6,969,587 (5,799,957)	5,799,957 (4,701,158)
Office Equipments	19,399,754 (18,011,427)	4,336,525 (3,219,650)	23,585,939 (19,399,754)	12,092,409 (11,950,270)	2,241,178 (1,881,302)	14,225,162 (12,092,409)	9,360,777 (7,307,345)	7,307,345 (6,061,157)
Furniture & Fittings	8,545,243 (7,859,218)	939,866 (845,904)	9,485,109 (8,545,243)	7,040,461 (6,721,311)	474,181 (477,384)	7,514,642 (7,040,461)	1,970,467 (1,504,782)	1,504,782 (1,137,907)
Vehicles	4,011,894 (4,011,894)	4,381,483 -	5,991,419 (4,011,894)	2,742,449 (2,298,974)	918,360 (443,475)	1,852,182 (2,742,449)	4,139,237 (1,269,445)	1,269,445 (1,712,920)
Total Tangible Assets	1,585,848,632	150,944,606	1,732,356,587	862,510,187	88,478,831	948,575,516	783,781,071	723,338,445
(B) Tangible Assets Software	-	9,868,255	9,868,255	-	1,965,121	1,965,121	7,903,134	-
Total Assets (A + B)	1,585,848,632	160,812,861	1,742,224,842	862,510,187	90,443,952	950,540,637	791,684,205	723,338,445
Previous Year	1,434,131,265	191,088,206	1,585,848,632	839,551,378	79,225,814	862,510,187	723,338,445	614,579,887
CAPITAL WORK IN PROGRESS:								
Building under construction	4,444,845 (2,482,301)	93,200,828 (14,992,055)	94,225,321 (4,444,845)	3,420,352 (13,029,511)	-	-	-	-
Plant, Machinery & Equipment under installation	66,902,126 (26,926,907)	234,255,789 (132,632,864)	225,396,634 (66,902,126)	75,761,281 (92,657,645)	-	-	-	-
Expenditure during construction period: - Salaries & wages	283,133	4,095,293 (283,133)	4,378,426 (283,133)	-	-	-	-	-
- Finance charges	909,975	9,401,308 (909,975)	10,311,283 (909,975)	-	-	-	-	-
- Others	736,111	3,165,752 (736,111)	3,901,863 (736,111)	-	-	-	-	-
Capital Advances	6,651,617 (10,400,205)	12,120,175 (9,196,693)	12,120,175 (6,651,617)	6,651,617 (12,945,281)	-	-	-	-
Capital Stores	-	7,358,164	7,358,164	-	-	-	-	-
Total	79,927,807	363,597,309	357,691,866	85,833,250	-	-	-	-
Previous Year	39,809,413	158,750,831	79,927,807	118,632,437	-	-	-	-

Note: 1. Net block of Plant & Machinery includes Assets Held for Disposal Rs 2,012,343/- (Rs 9,65,256/-)
2. Depreciation/Impairment as at 31.03.2011 includes Rs 60,24,867/- (Rs 56,61,527/-) being impairment loss.

**SCHEDULES ATTACHED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd.)**

Schedule No.	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
7. INVENTORIES		
Finished Goods	78,281,709	39,020,470
Raw Materials	110,300,174	63,462,873
Work-in-process	134,585,805	124,218,267
Stores & Spares	76,756,273	63,506,744
Packing Materials	5,996,051	3,413,883
Loose tools	199,273	244,654
Materials in transit	733,481	611,764
	406,852,766	294,478,655
8. SUNDRY DEBTORS		
Unsecured - considered good		
Over six months	3,868,770	5,090,638
Others	139,994,259	114,461,211
Considered Doubtful		
Over six months	207,460	--
Less : Provision	(207,460)	--
	143,863,029	119,551,849
9. CASH & BANK BALANCES		
Cash & Cheques on hand	876,760	902,271
Balance with scheduled Banks:		
i) In Current Account	9,697,834	19,647,526
(Includes balances towards unpaid dividend Rs 927,469/- (Rs 527,942/-))		
ii) In Deposit Account	1,956,976	19,973,805
(Includes Rs.17,45,223 (Rs.17,45,223) under lien with banks towards guarantee		
	12,531,570	40,523,602
10. OTHER CURRENT ASSETS		
Interest receivable	476,200	300,933
Old machinery held for sale (See Note B(17) of Schedule 20)	5,000,000	--
Claims Receivable-		
- Duty Drawback (See Note B(9) of Schedule 20)	16,922,468	14,443,432
- Export incentive - DEPB	27,611,455	19,350,195
- Others	1,563,771	5,268,697
	51,573,894	39,363,257

**SCHEDULES ATTACHED TO AND FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd.)**

Schedule No.	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
11. LOANS & ADVANCES		
1. Secured (Considered Good)		
Vehicle/computer loan to employees	2,352,688	204,605
2. Unsecured (Considered Good)		
Advances recoverable in cash or in kind or for value to be received. (See Note No B (17) of Schedule 20)	29,364,593	32,821,030
Income Tax (Net)	21,401,820	5,024,723
Balances with Central Excise, Customs etc.	3,268,157	6,319,161
Deposits	25,536,958	16,207,737
	81,924,216	60,577,256
12. CURRENT LIABILITIES		
Sundry Creditors:		
a. Total outstanding dues of Micro Enterprises and Small Enterprises (See Note B(1) of Schedule 20)	192,490	--
b. Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	167,358,804	114,681,702
	167,551,294	114,681,702
Investor Education & Protection Fund shall be credited by :-		
Unpaid Dividends*	927,469	527,942
Other Liabilities	11,928,502	7,738,277
* Amount due to be transferred to Investor Education and Protection Fund : Rs. Nil (Nil)		
	180,407,265	122,947,921
13. PROVISIONS		
For Proposed Dividend	33,600,000	50,400,000
For Corporate Dividend Tax	5,580,540	8,370,810
Provision for liability - Excise Duty (See Note B(15)(a) of Schedule 20)	6,791,512	5,191,879
-Water cess (See Note B(15)(a) Schedule 20)	7,735,292	7,077,500
Provision for receivables -		
- Duty Drawback (See Note B (9) of Schedule 20)	7,742,959	12,194,983
- Sales Tax	1,100,494	1,100,494
Provision for Employee Benefits (See Note B(13) of Schedule 20)	31,369,726	26,426,152
	93,920,523	110,761,818

**SCHEDULES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)**

Schedule No.	For the year ended 31.3.2011 Rupees	For the year ended 31.3.2010 Rupees
14. OTHER INCOME		
Miscellaneous Sales	13,328,587	11,973,375
Export Incentive		
- DEPB	38,374,444	36,419,947
- Duty drawback	3,198,871	5,307,847
Interest (Tax deducted at source -Rs. 50,367/- (Rs.47,532/-))	1,598,318	746,820
Miscellaneous Income	70,657	962,917
Dividend Income	8,400	16,460
Profit on sale of assets (Net)	7,262,475	--
Foreign Exchange rate variation (Net)	16,608,002	24,906,580
Provision/Sundry balances written back (See Note No B (10) of Schedule 20)	6,105,233	--
	86,554,987	80,333,946
15. STOCK DIFFERENTIAL		
(a) Closing Stock		
Finished Goods	78,281,709	39,020,470
Work-in-process	134,585,805	124,218,267
	<u>212,867,514</u>	<u>163,238,737</u>
Less:		
(b) Opening 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>
	49,628,777	(25,892,080)
16. RAW MATERIALS CONSUMED		
Opening Stock	63,462,873	55,557,513
Add: Purchases	1,223,889,013	885,922,303
	<u>1,287,351,886</u>	<u>941,479,816</u>
Less: Closing Stock	110,300,174	63,462,873
	1,177,051,712	878,016,943

**SCHEDULES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)**

Schedule No.	For the year ended 31.3.2011 Rupees	For the year ended 31.3.2010 Rupees
17. OTHER MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES		
Salaries, Wages & Bonus	117,150,407	112,435,346
Contribution to Gratuity, ESI and Provident Funds	20,111,206	11,860,339
Recruitment & Training	748,526	3,080,525
Workmen & Staff Welfare Expenses	21,024,262	22,251,834
Consumption of Stores, Spares & Consumables	45,453,280	32,057,908
Packing Materials consumed	26,568,311	24,625,356
Research & Development Expenditure	7,190,964	3,211,760
Power, Fuel, Water & Gas	280,338,371	244,769,246
Repairs		
- Buildings	3,877,320	955,568
- Plant & Machinery	62,516,011	81,908,879
- Others	19,870,924	14,743,820
Insurance	3,666,848	3,384,146
Rent	1,659,692	984,944
Rates & Taxes	4,746,456	5,283,631
Postage, Telephones , Telegrams etc.	4,078,211	3,421,957
Printing & Stationery	2,032,220	2,403,977
Travelling & Conveyance	29,344,850	24,111,001
Directors' sitting fee	325,000	300,000
Auditor's remuneration (See Note B(5) of Schedule - 20)	1,076,213	946,469
Advertisement & Publicity (See Note B (18) of Schedule 20)	44,196,976	1,081,598
Loading, Transportation and other charges on products	24,274,560	28,883,265
Discount & Commission on Sales	12,034,856	13,144,468
Professional & Consultancy Charges	7,149,300	3,568,571
Miscellaneous Expenses	33,655,877	17,890,056
Loss on discarded/sold assets written off (Net)	--	1,463,214
Provision for Cenvat on inputs/ Drawback Claims	--	5,733,194
	773,090,641	664,501,072

**SCHEDULES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
 PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)**

Schedule No.	For the year ended 31.3.2011 Rupees	For the year ended 31.3.2010 Rupees
18. FINANCIAL CHARGES		
Bank Charges	3,256,372	3,448,541
Interest on Fixed Loans	--	1,373,781
Interest on Others	28,070,118	14,285,655
	31,326,490	19,107,977
19. EARNINGS PER SHARE		
Profit after taxation	16,857,681	252,098,232
Weighted Average Number of Equity Shares of Rs. 10/- each (fully paid-up)	8,400,000	8,400,000
Earnings per share -Basic & Diluted (Rs.)	2.01	30.01

**NOTES ATTACHED TO AND FORMING PART OF THE
CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011**

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 /materialized.

iv. Revenue Recognition

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

v. Fixed Assets

Fixed assets are stated at 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.

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 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.
4. Cost of software treated as Intangible Assets is amortised over a period of five years.

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 2011 (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

Capital expenditure on Research & Development is capitalized as fixed assets and depreciated in accordance with the depreciation policy of the company. The revenue expenditure on Research & Development is charged to Profit and Loss Account in the year in which it is incurred.

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, ie, 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 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.

NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)

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 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.

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

xiv. Grants / Subsidies

Grants and Subsidies in the nature of Promoters contribution or identifiable with non depreciable assets are credited to capital reserve.

Grants and Subsidies, specifically identifiable with capital assets other than depreciable assets, are credited to the carrying cost of the respective asset.

Grants/Subsidies in the nature of revenue are recognized as income over the period necessary to match them with the related costs which they are intended to compensate.

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 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.

**NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
 ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)**

xvii. 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 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. Intimations have been received from some of the suppliers regarding their status under the said Act as at 31.03.2011, based on which principal amount unpaid to such suppliers as at the year end aggregating to Rs 1.92 lakhs (Nil) has been disclosed under Current Liabilities in Schedule - 12. In the opinion of the management, the impact of interest, if any, which may be payable in accordance with the provisions of the Act, is not expected to be material.

2. Nitta Gelatin India Limited has controlling interest in the following entities during the year ended 31.03.2011:

Name of Entity	Country of Incorporation	Controlling interest
Bamni Proteins Limited	India	82.35% (82.35%)
Reva Proteins Limited	India	100% (100%)

(Incorporated on 30th July 2009.)

3. The group 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 Companies Managing Director
Salaries & Allowances	2,040,000 (1,140,000)	1,836,039 (959,325)
Perquisites*	1,314,039 (711,072)	390,284 (280,000)
Contribution to Provident Fund	244,800 (137,400)	69,306 (67,146)
Total	3,598,839 (1,988,472)	2,295,629 (1,306,471)

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

Enhancement in remuneration to Managing Director of Nitta Gelatin India Limited (Holding Company) for the period 01.04.2010 to 31.03.2011 is as approved by the Remuneration Committee / Board of

NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)

Directors. Necessary approval of shareholders in accordance with the requirements of Schedule XIII of the Companies Act, 1956, is being sought at the ensuing Annual General Meeting.

Remuneration to the Managing Director of Reva Proteins Limited (Subsidiary Company) for the period 01.01.2011 to 31.03.2011 is as approved by the Remuneration Committee/ Board of Directors. Necessary approval of shareholders is being sought at the ensuing Annual General Meeting.

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

	Current year Rs.	Previous Year Rs.
a) Statutory Audit fee	481,695	410,665
b) Other Services		
i. Taxation matters (including tax Audit)	209,763	204,060
ii. Others	384,755	342,774

6. 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.

7. Details of Research & Development Expenditure:

(Amount in Rs. Lakhs)

	Current year	Previous Year
Capital Expenditure	62.15	5.57
Revenue Expenditure		
Salary & Allowances	40.98	20.54
Other Expenses	30.93	11.58

8. a) Deferred Tax Asset/ (Liability) consists of:

(Amount in Rs.)

Particulars	As at 31.03.2011	As at 31.03.2010
Deferred Tax Liability:		
On excess of net book value over income tax written down value of fixed assets	79,362,000	77,140,000
Deferred Tax Asset:		
On Provisions	7,583,000	9,512,000
On other disallowances	4,055,000	3,995,000
Net Deferred Tax Liability	67,724,000	63,633,000

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 previous 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 CONSOLIDATED
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)**

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

10. During the year, the company's appeals against disallowance of certain duty drawback claims have been allowed by the appellate authority. Though the department has filed a further revision application against this order, the company has been legally advised that there is no significant uncertainty in the realisability of these claims. Accordingly, the provision of Rs 43.21 lakhs created in prior years as a matter of abundant caution is no longer considered necessary and has been written back to the Profit & Loss Account.
11. 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 of Bamni Proteins Limited (Subsidiary Company) |
| | c) Mr. B. Mohana Prabhu | : | Managing Director of Reva Proteins Limited (Subsidiary Company) upto 31.12.2010. |
| | d) Mr. B. Shaji Mohan | : | Managing Director of Reva Proteins Limited (Subsidiary Company) from 01.01.2011 |

(B) Description of Transactions.

Nature of transaction	(Rs. in lakhs)		
	Enterprise having substantial interest in the company and its Subsidiary	Key Management Personnel	Total
Sales and Income			
1. Sale of Goods:			
Nitta Gelatin Inc	6290.11		6290.11
	(5395.51)		(5395.51)
Nitta Gelatin NA Inc	2466.23		2466.23
	(2204.91)		(2204.91)
Purchase and Expenses			
1. Commission paid for sale of Gelatin:			
Nitta Gelatin Inc.	2.54		2.54
	(5.45)		(5.45)
2.Rebate / Discount paid			
Nitta Gelatin Inc.	20.87		20.87
	(33.04)		(33.04)
Nitta Gelatin NA Inc	39.36		39.36
	(21.34)		(21.34)
3. Reimbursement of Expenses			
Nitta Gelatin NA Inc	0.62		0.62
	(1.73)		(1.73)
Nitta Gelatin Inc	2.85		2.85
	(8.22)		(8.22)

**NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)**

Nature of transaction	Enterprise having substantial interest in the company and its Subsidiary	Key Management Personnel	Total
Nitta Gelatin USA	0.47 (Nil)		0.47 (Nil)
Nitta Gelatin Canada Inc.	1.16 (Nil)		1.16 (Nil)
4. Payment received for Clinical Study Nitta Gelatin Inc.	18.32 (18.68)		18.32 (18.68)
5. a) Remuneration to Managing Director (Holding company)		35.99 (19.88)	35.99 (19.88)
b) Remuneration to Managing Director (Subsidiary companies) (Refer Note B (4) of Schedule 20)		22.95 (13.06)	22.95 (13.06)
Receivables			
1. Nitta Gelatin Inc	61.55 (21.73)		61.55 (21.73)
2. Nitta Gelatin NA Inc	71.46 (1.31)		71.46 (1.31)
3. Nitta Gelatin Canada Inc.	1.16 (Nil)		1.16 (Nil)
4. Nitta Gelatin USA	0.47 (Nil)		0.47 (Nil)
Payables			
1. Nitta Gelatin Inc	23.41 (33.04)		23.41 (33.04)
2. Nitta Gelatin NA Inc.	59.43 (27.81)		59.43 (27.81)

12. Segment Information

In respect of the company: The company is engaged in the business of manufacture and sale of Gelatin, Ossein, DCP and 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)	1,009,268,241 (947,641,764)	955,739,793 (946,417,975)	1,965,008,034 (1,894,059,739)
Segment Result	172,557,471 (283,137,454)	19,408,225 (170,345,645)	191,965,696 (453,483,099)
Unallocated Expenditure(Net)	—	—	135,929,331 (129,770,659)
Interest Expense	—	—	30,891,411 (16,076,637)
Profit Before taxation	—	—	25,144,954 (307,635,803)

**NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)**

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 Bamni Proteins Limited (Subsidiary Company): The company is engaged in the manufacture/ job conversion of Ossein and hence has only one business segment.

13. 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	Company (Rs.)	Subsidiary (Rs)
Employer's contribution to Provident Fund	7,746,825 (6,924,116)	2,052,334 (1,739,663)
Employer's contribution to Employee's State Insurance	1,118,423 (344,300)	(Nil) (Nil)

b) Defined Benefit Plans -Gratuity

i Actuarial Assumptions	Company (Funded)	Subsidiary (Unfunded)
Discount Rate (per annum)	8.00% (8.00%)	8.00% (7.50%)
Expected return on plan assets	9.00% (9.00%)	- -
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	22,962,781 (20,879,702)	10,889,041 (8,853,640)
Past Service Cost	- -	167,333 -
Current Service Cost	1,862,000 (1,549,368)	548,833 (477,381)
Interest Cost	1,710,892 (1,658,007)	767,104 (616,002)
Actuarial (gain)/loss	4,266,178 ((815,063))	1,468,528 (1,049,247)
Benefits Paid	(315,325) ((309,233))	(1,321,974) ((107,299))
Present value of obligation at the end of the year	27,648,601 (22,962,781)	12,518,865 (10,889,041)

**NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)**

iii	Reconciliation of fair value of plan assets	Company (Rs.)	Subsidiary (Rs)
	Fair value of plan assets at the beginning of the year	25,688,104 (20,445,335)	-
	Expected return on plan assets	2,259,212 (1,787,071)	-
	Actuarial (gain)/loss	(77,613) (54,334)	-
	Contributions	1,981,761 (3,617,389)	-
	Benefits paid	(3,153,250) (309,233)	-
	Assets distributed on settlement (if applicable)	-	-
	Fair value of plan assets at the end of the year	26,698,214 (25,486,228)	-
iv	Description of Plan Assets	Company (Rs.)	Subsidiary (Rs)
	Insurer Managed Funds (LIC of India)	26,698,214 (25,486,228)	-
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	27,648,601 (22,962,781)	12,518,865 (10,889,041)
	Fair value of plan assets at the end of the year	26,698,214 (25,486,228)	- (-)
	Net present value of unfunded obligation recognised as (asset)/liability in the Balance Sheet	950,387 (2,523,447)	12,518,865 (10,889,041)
vi	Expenses recognised in the Profit and Loss Account	Company (Rs.)	Subsidiary (Rs)
	Current Service Cost	1,862,000 (1,549,368)	548,833 (477,381)
	Interest Cost	1,710,892 (1,658,007)	767,104 (616,002)
	Actuarial (gain)/loss recognised in the period	4,343,791 (760,729)	1,468,528 (1,049,247)
	Past Service Cost (if applicable)	- (-)	167,333 (Nil)
	Expected return on plan assets	(2,259,212) (1,787,071)	- (-)
	Total expenses recognised in the Profit and Loss Account for the year	5,657,471 (659,575)	2,951,798 (2,142,630)
	Actual return on plan assets	2,181,599 (1,934,613)	- (-)

**NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)**

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% (8.00%)	8.00% (7.50%)
	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	13,016,785 (12,077,002)	2,520,326 (1,952,125)
	Current Service Cost	1,088,565 (1,088,955)	299,007 (245,603)
	Interest Cost	935,828 (859,338)	159,397 (135,604)
	Actuarial (gain)/loss	(21,975) (229,821)	879,676 (216,852)
	Benefits Paid	(2,637,875) ((1,238,331))	(790,056) ((29,858))
	Present value of obligation at the end of the year	12,381,328 (13,016,785)	3,068,350 (2,520,326)

iii	Net (Asset)/Liability recognised in the Balance Sheet as at year end	Company (Rs.)	Subsidiary (Rs)
	Present value of obligation at the end of the year	12,381,328 (13,016,785)	3,068,350 (2,520,326)
	Fair value of plan assets at the end of the year	Nil (Nil)	Nil (Nil)
	Net present value of unfunded obligation recognised as (asset)/liability in the Balance Sheet	12,381,328 (13,016,785)	3,068,350 (2,520,326)

iv	Expenses recognised in the Profit and Loss Account	Company (Rs.)	Subsidiary (Rs)
	Current Service Cost	1,088,565 (1,088,955)	299,007 (245,603)
	Interest Cost	935,828 (859,338)	159,397 (135,604)
	Actuarial (gain) /loss recognised in the period	(21,975) (229,821)	879,676 (216,852)
	Past Service Cost (if applicable)	Nil	Nil
	Total expenses recognised in the Profit and Loss Account for the year	2,002,418 (2,178,114)	1,338,080 (598,059)

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

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

14. 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 2011		As at 31 st March 2010	
	\$	Rs lakhs	\$	Rs lakhs
Receivables	1,948,880	932.11	2,690,513	1201.04
Payables	-	-	-	-

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

	As at 31 st March 2011		As at 31 st March 2010	
	\$	Rs lakhs	\$	Rs lakhs
Receivables	379,598	166.91	77,598	34.64
Payables	-	-	-	-

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

	As at 31 st March 2011		As at 31 st March 2010	
	FC	Rs lakhs	FC	Rs lakhs
Receivables				
GBP	-	-	297	0.20
EURO	45,336	28.25	4,560	2.72
AUD	970	0.44	-	-
Payables				
USD	210,287	94.92	160,794	73.29
EURO	26,121	16.71	10,520	6.45

d) The outstanding forward contracts as at Balance Sheet date have been marked to market as at 31st March, 2011 and the Exchange Gain arising on the same amounting to Rs.36.84 lakhs (Rs.49.80 Lakhs) has not been recognized in the accounts.

15. 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 01-04-2010	Additional provision during the year	Amounts used/changed during the year	Unused amounts reversed	Balance as at 31-03-2011
Provision for Central Excise Duty (See note (i) below)	51,91,879	15,99,633	-	-	6,791,512
Provision for water cess (See note (ii) below)	70,77,500	6,57,792	-	-	77,35,292

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

Note:

i) Central Excise authorities have issued show cause notices proposing to withdraw CENVAT credit availed by the company on Hydrochloric Acid used in the manufacture of Ossein consumed for Gelatin production amounting to Rs 219.86 lakhs. (Rs 189.54 lakhs), which has been disputed by the company. Though no demand has been raised by the department, based on legal advice received, the company has created a provision of Rs 67.92 lakhs (Rs. 51.92 lakhs) as a matter of abundant caution and the balance amount of Rs. 151.94 lakhs (Rs 137.62 lakhs) has been disclosed as a contingent liability.

ii) 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 77.35 Lakhs (Rs.70.78 Lakhs) 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 31.03.2011	For the Year Ended 31.03.2010
1. Claims against the Company not acknowledged as debts:		
a) Income Tax (See Note (i) below)	112.03	Nil
b) Sales Tax (See Note (ii) below)	135.81	Nil
c) Excise duty (See Note 15 (a)(i) above)	151.94	295.75
2. Foreign Bills Discounted	1,513.09	1,931.15
3. Counter Guarantee issued in favour of bankers	45.12	15.16
4. Letter of Credit	10.93	Nil
5. Corporate guarantee issued in favour of Subsidiary company, M/s Reva Proteins Limited	2,000.00	Nil
TOTAL	3,968.92	2,242.06

Note:

i) The Hon. High Court of Kerala has during the year, passed an order which has the effect of enhancing the income tax liability of the company relating to certain prior years; but the revised assessment order/demands are yet to be received from tax authorities. The company has filed an appeal against the said order before the Hon Supreme Court of India which is pending and according to the expert legal opinion received by the company, there is no likelihood of any additional liability and hence no provision is made for the same, estimated at Rs 112.03 lakhs.

ii) During the year, Sales Tax authorities have issued show cause notices proposing to withdraw sales tax exemption allowed to the company in earlier years amounting to Rs135.81 lakhs, which has been disputed by the company. Based on legal advice received, no provision is considered necessary towards the said claims and the amounts involved are disclosed as contingent liability.

16. Estimated amount of contracts remaining to be executed on capital account –
 Company - Rs. 303.79 lakhs (Rs. 57.92 lakhs).
 Subsidiary Company - Rs.132.28 lakhs (Rs 558.52 lakhs)

NOTES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)

17. (a) During the year, the Company has acquired certain assets including investments held by a company in its industrial unit, for setting up an industrial undertaking of the company, for an aggregate consideration of Rs. 777.31 lakhs. This includes "Patta land" admeasuring 126.88 cents acquired for a value of Rs 4.70 lakhs, which is included under Land & Development under Fixed Assets, in respect of which the assignment order by Government of Kerala is pending to be received.

The cost of buildings Rs. 237.36 lakhs and Plant, Machinery and Equipments costing Rs 207.62 lakhs acquired as part of the above, which are required for the company's use as per technical assessment have been included under Capital Work in Progress, to be capitalized on commissioning the unit, after completion of necessary modifications.

Certain items of machinery acquired as part of the above for an estimated cost of Rs 50 lakhs and identified on the basis of technical assessment as not usable for the business of the company, are shown under Other Current Assets.

An amount of Rs 30 lakhs being cost of investments in equity shares of another company, acquired as part of the above, has been included under "Loans and Advances", pending transfer of shares of the relative shares in the name of the company.

(b) The company has contracted to purchase land admeasuring 73.775 cents adjacent to the above industrial unit, for a total consideration of Rs 225 lakhs, against which an advance of Rs 60 lakhs was paid during the year and included under Capital Advances.

18. Advertisement and Publicity under Schedule 16 - Other Manufacturing, Selling and administrative expenses include expenditure incurred during the year towards sales promotion and brand building on new consumer products Rs 393.11 lakhs (Rs 33.86 lakhs).
19. 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)

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

Trivandrum
10.05.2011

For and on behalf of the Board of Directors

T. BALAKRISHNAN IAS
Chairman

K.L. KUMAR
Director

K. INOUE
Director

G. SUSEELAN
Managing Director

ALKESH KUMAR SHARMA IAS
Director

A.K. NAIR
Director

G. RAJESH KURUP
Company Secretary

**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	
In respect of holding company	
Registration No.	: 2691 of 1975
State Code No.	: 09
Balance Sheet Date	: 31.3.2011
In respect of Subsidiaries	
(a) Bamni Proteins Limited	
Registration No.	: 11971 of 1997
State Code No.	: 09
Balance Sheet Date	: 31.3.2011
(b) Reva Proteins Limited	
Registration No.	: 24529 of 2009
State Code No.	: 09
Balance Sheet Date	: 31.3.2011
II. Capital Raised during the year	
Public Issue	: Rs. (in '000) Nil
Bonus Issue	: Nil
Rights Issue	: Nil
Private Placement	: Nil
III. Position of Mobilization & Deployment of Funds	
	Rs. (in '000)
Total Liabilities	: 15,76,824
Total Assets	: 15,76,824
Sources of Funds:	
Paid up Capital	: 84,000
Reserve & Surplus	: 949,066
Secured Loans	: 471,656
Unsecured Loans	: Nil
Deferred tax liability	: 67,724
Minority Interest	: 4,378
Application of Funds:	
Net Fixed Assets	: 1,149,376
Investments	: 5,030
Net Current Assets	: 422,418
Miscellaneous Expenditure	: Nil
Accumulated Losses	: Nil
IV. Performance of Company	
	: (Rs. '000)
Turnover and Other Income	: 2,051,563
Total Expenditure	: 2,027,289
Profit before Tax	: 24,274
Profit after Tax	: 17,343
Earnings per share (Rs)	: 2.01
Dividend Rate %	: 40 %
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

For and on behalf of the Board of Directors

T. BALAKRISHNAN IAS
Chairman

G. SUSEELAN
Managing Director

ALKESH KUMAR SHARMA IAS
Director

K.L. KUMAR
Director

K. INOUE
Director

A.K. NAIR
Director

G. RAJESH KURUP
Company Secretary

Trivandrum
10.05.2011

NITTA GELATIN INDIA LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED
31ST MARCH, 2011

(Rs in Lakhs)

	For the Year Ended 31.3.2011	For the Year Ended 31.3.2010
A. Cash Flows from Operating Activities		
Net Profit before Tax & Extraordinary Items	242.74	3,063.83
Adjustments for :		
Depreciation	904.44	792.26
(Profit)/Loss on sale of fixed assets	(72.62)	14.63
Interest Expenditure	280.70	156.59
Interest Income	(15.98)	(7.47)
Dividend Received	(0.08)	(0.16)
Foreign Exchange (Gain)/Loss	(166.08)	(249.07)
Provision for Duty drawback/Sales tax	--	68.34
Provision for doubtful debts	2.07	--
Excess provision/sundry balances written back	(61.05)	--
	871.40	775.12
Operating Profit / (Loss) before Working Capital Changes	1,114.14	3,838.95
Adjustments for working capital changes:		
(Increase)/Decrease in Trade and Other Receivables	(378.24)	(225.43)
(Increase)/Decrease in Inventories	(1,123.74)	228.67
Increase/(Decrease) in Trade Payables	585.73	320.73
	(916.25)	323.97
Cash generated from Operations	197.89	4,162.92
Direct Taxes	(192.16)	(556.89)
Foreign Exchange Gain/(Loss)	166.09	249.37
Cash Flow Before Extraordinary Items	171.82	3,855.40
Extraordinary Items	-	-
Net Cash from/(used) in Operating Activities	171.82	3,855.40
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	(4,218.35)	(2,284.16)
Sale of Fixed Assets	85.85	16.41
Investment in shares	(35.40)	(5.00)
Advance for share capital	(30.00)	--
Interest Received	14.23	5.67
Dividend Received	0.08	0.16
Net Cash from/(used) in Investing Activities	(4,183.59)	(2,266.92)
C. Cash Flows from Financing Activities		
Dividend Paid	(500.00)	(249.44)
Corporate Dividend Tax	(83.71)	(42.83)
Increase/(Decrease) in Long Term Borrowings	1,999.96	(202.72)
Increase/(Decrease) in Short Term Borrowings	2,690.32	(590.47)
Interest Paid	(374.71)	(169.14)
Net Cash from/(used) in Financing Activities	3,731.86	(1,254.60)

Summary

Net Cash from/(used) in Operating Activities	171.82	3,855.40
Net Cash from/(used) in Investing Activities	(4,183.59)	(2,266.92)
Net Cash from/(used) in Financing Activities	3,731.86	(1,254.60)
Net Increase/(Decrease) in Cash Equivalents	(279.91)	333.88
Cash and Cash Equivalents at beginning of the year	405.24	71.66
Cash and Cash Equivalents at the end of the year	125.32	405.24
Unrealised translation (gain)/ loss on foreign currency cash & cash equivalents	0.01	0.30
	(279.91)	333.88

Note: Cash and cash equivalents at the end of the year includes Rs 17.45 lakhs (Rs 17.45 lakhs) under lien and Rs 9.27 lakhs (Rs 5.28 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)

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

Trivandrum
10.05.2011

For and on behalf of the Board of Directors

T. BALAKRISHNAN IAS
Chairman

K.L. KUMAR
Director

K. INOUE
Director

G. SUSEELAN
Managing Director

ALKESH KUMAR SHARMA IAS
Director

A.K. NAIR
Director

G. RAJESH KURUP
Company Secretary

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 2011, 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.

Without qualifying our opinion, we draw attention to Note No B15 (b) (1) of Schedule- 20 regarding disputed liability towards Income Tax Rs 112.03

lakhs, Sales Tax Rs 135.81 lakhs and Excise Duty Rs 151.94 lakhs, not provided for and disclosed as contingent liability, for the reasons stated therein, in respect of which the final liability if any is not ascertainable at this stage

Further to the above, 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 the 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 2011;
- 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)

(VIJAY NARAYAN GOVIND)

Partner

CHARTERED ACCOUNTANTS

Membership No. 203094

Place: Trivandrum
Date: 10.05.2011

BAMNI PROTEINS LTD.**DIRECTORS' REPORT**

To
The Shareholders,

Your Directors present the 14th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2011.

FINANCIAL HIGHLIGHTS.

	Rs. In Lakhs	
	Current Year	Previous Year
Profit /(Loss) before interest and depreciation	86.99	98.49
Less: Interest	0.10	3.76
Profit/(Loss) before depreciation	86.89	94.73
Less: Depreciation	52.74	46.95
Income Tax Current Year	6.70	5.10
Income Tax prior years	(0.07)	--
Net Profit/(Loss) carried to Balance Sheet.	27.52	42.68

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 9963 MT of CB as against 9779 MT during the last year. Net Profit after tax for the year was Rs. 27.52 Lakhs as against Rs. 42.68 Lakhs in the previous year. The main reason for reduction in Profit is the increase in power cost, increase in dearness allowance and depreciation.

AUDITORS' REPORT

With regard to para 17 of the Annexure to Audit Report, the company is examining the ways and means to set right the position.

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

Information as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies

(Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed.

PARTICULARS OF EMPLOYEES

None of the employees of the Company comes under the purview of Section 217(2A) of the Companies Act, 1956. The details of Managerial Remuneration under Section 198 are furnished under Note B (2) of Schedule 15 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 2011 and the profit of the Company for the year ended 31st March 2011.
- 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. Keiji Suzuki retires by rotation and is eligible for re-election. Necessary resolution in this behalf has been proposed for consideration of members.

AUDITORS

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

SECRETARIAL COMPLIANCE REPORT

The Secretarial Compliance Report as envisaged under Section 383 A of the Companies Act, 1956,

obtained from Company Secretary in Practice, Mr. P.D. Vincent, Partner, SVJS & Associates is annexed as part of 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 results under difficult conditions.

For and on behalf of the Board,

G. Suseelan
Chairman

Place : Kochi

Date : 9th May 2011

ANNEXURE TO THE DIRECTORS REPORT

CONSERVATION OF ENERGY

a) Energy conservation measures taken:-

1. Di-calcium phosphate slurry transfer pump to filtration drum 7.5HP connected load replaced by 5HP by Trimming impeller
2. Bio gas used in boiler as a fuel which is resulting in reduction in fire wood consumption
3. New boiler (4TPH) with water pre-heater and air pre-heater installed in April 2011.

b) Proposal for energy saving for the year 2011-2012

1. Paddle washer gear motor connected load 10HP to be replaced by 5HP
2. Installation of APFC for increasing power factor from 0.98 to 0.996
3. Installation of centrifugal chiller 100TR in place of reciprocating chiller 80TR. Besides savings in maintenance cost, power saving also will be effected
4. New 1.25 MT/hour Di-calcium phosphate vacuum filter shall be installed, which will reduce number of hours of filtration.

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 2010-11	Previous year 2009-10
1 Electricity		
(a) Purchased		
Units (KWH in Lacs)	38.03	38.29
Total Amount (Rs. in lacs)	204.97	191.07
Rate/Unit (Rs.)	5.39	4.99
(b) Own generation		
Through Diesel Generator Units (KWH in lacs)	0.53	0.21
Unit per litre of diesel oil	1.93	1.57
Cost per unit (Rs.)	21.06	22.75
2 Coal		
Quantity (MT)	1,755.350	1,761.068
Total cost (Rs. in lacs)	41.23	34.33
Average Rate (Rs./MT)	2,349	1,950
3 Bamboo/ Wood Dust		
Quantity (MT)	1,737.02	2,126.81
Total Cost (Rs. In lacs)	42.67	46.40
Average Rate (Rs./ MT)	2,456	2182
4 Furnace Oil		
Quantity (KL)	31	32
Total Cost (Rs. In lacs)	9.96	8.03
Average rate (Rs./ KL)	32,540	25,135
B Consumption per unit of production:		
Product - Ossein		
1 Electricity (KWH/MT)	1,599.88	1,627.35
2 Coal / FIRE WOOD (MT/MT)	0.70	0.74
Product- Di - Calcium Phosphate		
1 Furnace Oil (KL/MT)	0.062	0.061
2 Bamboo Dust (MT/MT)	0.364	0.447

SECRETARIAL COMPLIANCE CERTIFICATE

CIN : U24231KL1997PLC011971
Nominal Capital : Rs. 4,25,00,000 (Rupees
Four Crore Twenty Five Lakhs only)

To

The Members
M/s. 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, 2011 (financial year). 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 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, Regional Director, Central Government, Company Law Board or other authorities, under the Act and the rules made there under.
3. The Company being a Public Limited Company has minimum prescribed paid up capital.
4. The Board of Directors duly met 6 times respectively on 05.05.2010, 08.05.2010, 26.07.2010, 30.10.2010, 12.02.2011 and 16.03.2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolution passed 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 2010 was held on 18th June, 2010 after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary general meeting was 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 entered into contract only with one public limited company, its holding company. Hence provisions of section 297 are not attracted.
10. The Company was not required to make any entries in the Register of Contracts 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 approvals from the Board of Directors, Members or Central Government, as the case may be.
12. The Company has not issued any duplicate share certificates during the financial year.
13.
 - i) The Company has delivered a certificate on lodgment thereof for transfer in accordance with the provisions of the Act.
 - 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 205C 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

- director to fill casual vacancy has been duly made.
15. The appointment of Managing Director has been made in compliance with the provisions of section 269 read with Schedule XIII to the Act. All relevant forms were filed after the period under scrutiny with additional fee. However, e-Form 25C was filed within due date.
 16. The Company has not appointed any sole selling agents during the financial year.
 17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and / or such authorities prescribed under the various provisions of the Act during the financial year.
 18. The Directors have 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 or debentures during the financial year.
 22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
 23. The Company has not accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
 24. The Company has not made any borrowings during the financial year ended 31st March 2011
 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 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.
 31. There was no prosecution initiated against the company or show cause notice received by 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 Provident Fund Trust for its employees and therefore, comments in respect of section 418 are not applicable.

For SVJS & Associates
Sd/-
CS. P.D.Vincent
Partner
Membership No: 3067
C.P. No: 7940

Place : Kochi
Date: 09.05.2011

BAMNI PROTEINS LIMITED

CIN: U24231KL1997PLC011971

SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31.03.2011**Annexure A****Registers as maintained by the Company****Statutory Registers**

1. Register of Members u/s 150
2. Registers and Returns u/s 163
3. Register of Charges u/s 143
4. Books of Account u/s 209
5. Register of Directors, Managing Director, Manager and Secretary u/s 303
6. Register of Directors' Shareholdings u/s 307
7. Minutes Book of Meetings
8. Register of Disclosure of Interest by Directors
9. Register of particulars of contracts in which the directors are interested u/s 301

Annexure B**Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ended on 31st March 2011**

- With Registrar of Companies

Sl No.	Form No/ Return	Filed under section	For	Date of Filing	Whether filed within the prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
1	Form 32	303(2)	Cessation of director and appointment of director in casual vacancy	07.06.2010	Yes	No
2	Form 66	383A	Secretarial Compliance Certificate	30.06.2010	Yes	No
3	Form 20B	159	Annual Return	26.07.2010	Yes	No
4	Form 23AC /ACA	220	Annual Filing	17.07.2010	Yes	No
5	Form 17	138	Satisfaction of Charge	26.04.2010	Yes	No

- With Regional Director : Nil
- With Central Government : Nil

For SVJS & Associates
Sd/-
CS. P.D.Vincent
Partner
Membership No: 3067
C.P. No: 7940

Place : Kochi
Date : 09.05.2011

BAMNI PROTEINS LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule No	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
I SOURCES OF FUNDS			
1. Shareholders' Funds:			
Share Capital	1	42,500,000	42,500,000
TOTAL		42,500,000	42,500,000
II APPLICATION OF FUNDS			
1. Fixed Assets:			
(a) Gross Block	2	110,830,291	96,541,100
(b) Less: Depreciation		63,349,398	58,375,494
(c) Net Block		47,480,893	38,165,606
(d) Capital Work-in-Progress		370,007	1,341,223
		47,850,900	39,506,829
2. Current Assets, Loans & Advances:			
(a) Inventories	3	4,961,672	4,251,975
(b) Sundry Debtors	4	-	207,460
(c) Cash and Bank Balances	5	1,730,205	374,445
(d) Other Current Assets	6	145,848	108,602
(e) Loans & Advances	7	7,363,235	7,700,951
		14,200,960	12,643,433
Less: Current Liabilities & Provisions:			
(a) Liabilities	8	21,653,626	16,681,788
(b) Provisions	9	15,587,215	13,409,367
		37,240,841	30,091,155
Net Current Assets		(23,039,881)	(17,447,722)
3. Profit & Loss Account			
TOTAL		17,688,981	20,440,893
		42,500,000	42,500,000
Notes on Accounts	15		

As per our separate report of even date attached

For and on behalf of the Board of Directors

For VARMA & VARMA
(FRN : 004532S)VIJAY NARAYAN GOVIND
Partner
CHARTERED ACCOUNTANTS
Membership No. 203094G.SUSEELAN
ChairmanC.SRIKUMAR
Managing DirectorPlace : Kochi
Date : 09.05.2011KEIJI SUZUKI
DirectorK. MURALEEDHARAN NAIR
Director

BAMNI PROTEINS LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule No	For the year ended 31.3.2011 Rupees	For the year ended 31.3.2010 Rupees
INCOME			
Income from job charges	10	84,683,545	78,229,440
Other Income	11	1,030,040	693,406
		<u>85,713,585</u>	<u>78,922,846</u>
EXPENSES			
Manufacturing, Administrative & Selling Expenses	12	77,014,364	69,073,349
Financial Charges	13	10,235	375,840
Depreciation		5,273,810	4,695,219
		<u>82,298,409</u>	<u>74,144,408</u>
PROFIT FOR THE YEAR BEFORE TAXATION		3,415,176	4,778,438
LESS: PROVISION FOR TAXES			
Income Tax - Current Tax		670,000	510,000
Income Tax - Prior Years		(6,736)	-
PROFIT AFTER TAX		<u>2,751,912</u>	<u>4,268,438</u>
PROFIT/(LOSS) CARRIED FORWARD FROM LAST YEAR		<u>(20,440,893)</u>	<u>(24,709,331)</u>
PROFIT/(LOSS) CARRIED TO BALANCE SHEET		<u>(17,688,981)</u>	<u>(20,440,893)</u>
Earnings Per Share (Basic & Diluted)	14	0.65	1.00
Notes on Accounts	15		

As per our separate report of even date attached

For and on behalf of the Board of Directors

For VARMA & VARMA
(FRN : 004532S)VIJAY NARAYAN GOVIND
Partner
CHARTERED ACCOUNTANTS
Membership No. 203094Place : Kochi
Date : 09.05.2011G.SUSEELAN
ChairmanC.SRIKUMAR
Managing DirectorKEIJI SUZUKI
DirectorK. MURALEEDHARAN NAIR
Director

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2011**

Schedule No.	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
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		
3 INVENTORIES		
Stores & Spares	4,961,672	4,251,975
	4,961,672	4,251,975
4 SUNDRY DEBTORS		
(Unsecured, considered good)		
Over six months	-	207,460
Others	-	-
	-	207,460
(Unsecured, considered doubtful)		
Over six months	207,460	-
Others	-	-
	207,460	-
Less : Provision for doubtful debts	207,460	-
	-	-
5 CASH & BANK BALANCES		
Cash in hand	64,292	78,435
Balances with scheduled banks		
In current accounts	1,565,913	196,010
In deposit account (under lien with bank towards guarantee)	100,000	100,000
	1,730,205	374,445
6 OTHER CURRENT ASSETS		
Interest receivable	145,848	108,602
	145,848	108,602
7 LOANS & ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	422,455	795,738
Income tax (net)	4,686,684	4,676,867
Deposits	2,254,096	2,228,346
	7,363,235	7,700,951

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2011**

**SCHEDULE NO. 2
FIXED ASSETS & CAPITAL WORK IN PROGRESS**

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK		Amount in Rs
	AS AT 01.04.2010	ADDITIONS	DISPOSALS/ ADJUSTMENTS	AS AT 31.03.2011	AS AT 01.04.2010	FOR THE YEAR	DISPOSALS/ ADJUSTMENTS	AS AT 31.03.2011	AS AT 31.03.2011	AS AT 31.03.2010	
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	29,451,353 (27,007,953)	1,635,488 (2,443,400)	-	31,086,841 (29,451,353)	14,202,749 (13,077,239)	1,226,993 (1,125,510)	-	15,429,742 (14,202,749)	15,657,099 (15,248,604)	15,248,604 (13,930,714)	
PLANT & MACHINERY	56,708,546 (56,016,095)	11,063,096 (1,172,299)	299,906 (479,848)	67,471,736 (56,708,546)	39,418,756 (36,900,023)	3,274,577 (2,998,581)	299,906 (479,848)	42,393,427 (39,418,756)	25,078,309 (17,289,790)	17,289,790 (19,116,072)	
SERVICE EQUIPMENT	3,216,987 (3,128,436)	310,065 (88,551)	-	3,527,052 (3,216,987)	2,184,989 (2,012,473)	171,010 (172,516)	-	2,355,999 (2,184,989)	1,171,053 (1,031,998)	1,031,998 (1,115,963)	
OFFICE EQUIPMENT	2,288,010 (2,187,611)	414,895 (213,089)	-	2,702,905 (2,288,010)	1,511,246 (1,344,967)	256,717 (265,050)	-	1,767,963 (1,511,246)	934,942 (776,764)	776,764 (842,644)	
VEHICLE	669,100 (669,100)	1,045,078 -	-	1,714,178 (669,100)	457,992 (384,242)	295,575 (73,750)	-	753,567 (457,992)	960,611 (211,108)	211,108 (284,858)	
FURNITURE & FIXTURES	767,378 (744,609)	120,475 (22,769)	-	887,853 (767,378)	599,762 (539,950)	48,938 (59,812)	-	648,700 (599,762)	239,153 (167,616)	167,616 (204,659)	
TOTAL	96,541,100 (93,193,530)	14,589,097 (3,940,108)	299,906 (592,538)	110,830,291 (96,541,100)	58,375,494 (54,258,894)	5,273,810 (4,695,219)	299,906 (578,619)	63,349,398 (58,375,494)	47,480,893 (38,165,606)	38,165,606 (38,934,636)	
PREVIOUS YEAR											
CAPITAL WORK IN PROGRESS	1,341,223 (332,342)	14,998,829 (1,296,223)	15,970,045 (287,342)	370,007 (1,341,223)					370,007 (1,341,223)	1,341,223 (332,342)	

**SCHEDULES ATTACHED TO AND FORMING PART OF
THE BALANCE SHEET AS AT 31ST MARCH, 2011**

Schedule No.	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
8 CURRENT LIABILITIES		
Sundry Creditors		
a) Total outstanding dues of Micro Enterprises and Small Enterprises (See Note B(1) of Schedule 15)	-	-
b) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	7,586,132	5,762,342
Advance from Holding Company :		
Nitta Gelatin India Limited	13,523,251	10,561,282
Other Liabilities	544,243	358,164
	21,653,626	16,681,788
9 PROVISIONS		
For Employee Benefits (See Note B(8) of Schedule 15)	15,587,215	13,409,367
	15,587,215	13,409,367

**SCHEDULES ATTACHED TO AND FORMING PART OF THE
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

Schedule No.	For the year ended 31.3.2011 Rupees	For the year ended 31.3.2010 Rupees
10. INCOME FROM JOB CHARGES		
Income from Job Charges (TDS Rs.16,93,670/- (Rs15,34,996/-))	84,683,545	78,229,440
	84,683,545	78,229,440
11. OTHER INCOME		
Miscellaneous Sales	330,800	355,429
Interest (TDS Current year Rs.12,067/- (Rs11,678/-))	433,662	110,590
Miscellaneous Income	30,578	41,390
Profit on sale of Assets	235,000	185,997
	1,030,040	693,406
12. MANUFACTURING, ADMINISTRATION & SELLING EXPENSES		
Salaries, Wages & Bonus	24,611,368	20,975,759
Contribution to Provident Fund and other funds	4,946,004	3,824,129
Staff Welfare Expenses	770,278	720,934
Stores & Spares Consumed	3,377,589	3,554,946
Power & Fuel	31,600,507	28,957,189
Repairs - Buildings	615,686	868,909
- Plant & Machinery	933,093	1,744,417
- Others	818,319	579,183
Insurance	245,327	186,366
Rent	119,410	103,082
Rates & Taxes	338,121	360,947
Postage, Telephones, Telegrams etc.	311,730	258,732
Printing & Stationery	252,889	167,619
Travelling & Conveyance	2,805,124	2,814,866
Provision for doubtful debts	207,460	-
Auditor's remuneration (See Note no.B(3) to Schedule 15)	95,961	82,725
Loading, Transportation and other charges on products	2,199,944	1,560,079
Miscellaneous Expenses	2,765,554	2,313,467
	77,014,364	69,073,349
13. FINANCIAL CHARGES		
Bank Charges	10,235	20,569
Interest on Term Loan	-	355,271
	10,235	375,840

**SCHEDULES ATTACHED TO AND FORMING PART OF THE
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

Schedule No.	For the year ended 31.3.2011 Rupees	For the year ended 31.3.2010 Rupees
14. EARNINGS PER SHARE		
Profit after taxation	2,751,912	4,268,438
Weighted average number of equity shares of Rs.10/- each, fully paid up	4,250,000	4,250,000
Earnings per Share (Basic & Diluted) - Rs	<u>0.65</u>	<u>1.00</u>

As per our separate report of even date attached

For and on behalf of the Board of Directors

For VARMA & VARMA
(FRN : 004532S)

VIJAY NARAYAN GOVIND
Partner
CHARTERED ACCOUNTANTS
Membership No. 203094

G.SUSEELAN
Chairman

C.SRIKUMAR
Managing Director

Place : Kochi
Date : 09.05.2011

KEIJI SUZUKI
Director

K. MURALEEDHARAN NAIR
Director

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2011.**

Schedule - 15

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 Revenue Recognition

Income from job charges is recognised on completed service method.

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 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.

vi 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.

vii 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.

viii 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.

ix 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.

x 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.

xi 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

xii 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* Salaries & Allowances	9,86,325	9,59,325
Perquisites	2,12,483	2,80,000
Contribution to PF	69,306	67,146
Total	12,68,114	13,06,471

* Resident Director till 26.01.2010

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	71,695	60,665
Other Services:		
i. Taxation matters (including Tax Audit)	24,266	22,060
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	Current Year Amount (Rs.)	Previous Year Amount (Rs)
Employers contribution to Provident Fund	20,52,334	17,39,663

2) Defined Benefit Plans :

Gratuity – Unfunded Obligation

i)	Actuarial Assumptions	Current Year	Previous Year
	Discount Rate (per annum)	8.00%	7.50%
	Salary escalation rate*	4.00%	4.00%
	Attrition rate	1.00%	1.00%

* 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	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
	Present value of obligation at beginning of the year	1,08,89,041	88,53,640
	Current Service Cost	5,48,833	4,77,381
	Past Service Cost	1,67,333	-
	Interest Cost	7,67,104	6,16,002
	Actuarial (gain)/loss	14,68,528	10,49,247
	Benefits Paid	(13,21,974)	(1,07,229)
	Present value of obligation at the end of the year	12,518,865	1,08,89,041
iii)	Net (Asset)/ Liability recognized in the Balance Sheet as at year end	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
	Present value of obligations at the end of the year	12,518,865	1,08,89,041
	Net present value of unfunded obligation recognized as (asset)/ liability in the Balance Sheet	12,518,865	1,08,89,041
iv)	Expenses recognised in the Profit and Loss Account	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
	Current Service Cost	5,48,833	4,77,381
	Interest Cost	7,67,104	6,16,002
	Actuarial (gain) / loss recognised in the period	14,68,528	10,49,247
	Past Service Cost	1,67,333	-
	Total expenses recognised in the Profit and Loss Account for the year	29,51,798	21,42,630

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)	8.00%	7.50%
	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	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
	Present value of obligation at beginning of the year	25,20,326	19,52,125
	Current Service Cost	2,99,007	2,45,603
	Interest Cost	1,59,397	1,35,604
	Actuarial (gain)/loss	8,79,676	2,16,852
	Benefits Paid	(7,90,056)	(29,858)
	Present value of obligation at the end of the year	30,68,350	25,20,326

iii)	Net (Asset)/ Liability recognized in the Balance Sheet as at year end	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
	Present value of obligations at the end of the year	30,68,350	25,20,326
	Net present value of unfunded obligation recognized as (asset)/ liability in the Balance Sheet	30,68,350	25,20,326
iv)	Expenses recognised in the Profit and Loss Account	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
	Current Service Cost	2,99,007	2,45,603
	Interest Cost	1,59,397	1,35,604
	Expected return on plan assets	-	-
	Actuarial (gain) / loss recognised in the period	8,79,676	2,16,852
	Past Service Cost		
	Total expenses recognised in the Profit and Loss Account for the year	13,38,080	5,98,059

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		846,83,545 (782,29,440)	846,83,545 (782,29,440)
Remuneration to Managing Director (See Note B2 of Schedule 15)	12,68,114 (13,06,471)		12,68,114 (13,06,471)
Payable as at 31.03.2011 - Nitta Gelatin India Limited		135,23,251 (105,61,282)	135,23,251 (105,61,282)

10. Contingent Liabilities not provided for:
- a) Bank Guarantee Rs. 1 lakh (Rs. 1 lakh)
11. Estimated amount of contracts remaining to be executed on capital account Rs.1.60 lakhs (12.04 lakhs)
12. 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 *	2406.850 (2365.800)	-	5295.000 (5284.100)	-
Stock as on 31.03.2010	Nil	Nil	Nil	Nil
Stock as on 31.03.2011	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

13. (a) Break-up of Consumption:

	Year Ended 31.03.2011		Year Ended 31.03.2010	
	%	Amount (Rs.)	%	Amount (Rs.)
Raw Materials	-	-	-	-
Stores & Spares				
Imported	-	-	-	-
Indigenous	100	33,77,589	100	35,54,946
	100	33,77,589	100	35,54,946

(b) Expenditure in foreign currency – Nil (Rs. Nil)

14. 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 15 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)

VIJAY NARAYAN GOVIND
Partner
CHARTERED ACCOUNTANTS
Membership No. 203094

G.SUSEELAN
Chairman

C.SRIKUMAR
Managing Director

Place : Kochi
Date : 09.05.2011

KEIJI SUZUKI
Director

K. MURALEEDHARAN NAIR
Director

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

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

I. Registration details

Registration No. : 09 - 11971 of 1997
State Code No. : 09
Balance Sheet date : 31-03-2011

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 : 47481
Capital Work-in-Progress : 370
Net Current Assets : (23040)
Miscellaneous Expenditure : Nil
Profit & Loss Account : 17689

IV. Performance of Company

: **Rs. (in '000)**
Turnover and Other income : 85,713
Total Expenditure : 82,298
Profit/(Loss) before tax : 3,415
Profit/(Loss) after Tax : 2,752
Earning per Share (Rs.) : 0.65
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

C.SRIKUMAR
Managing Director

Place : Kochi
Date : 09.05.2011

KEIJI SUZUKI
Director

K. MURALEEDHARAN NAIR
Director

BAMNI PROTEINS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

Rs in Lakhs

	For the year ended 31.03.2011	For the year ended 31.03.2010
A. Cash Flows from Operating Activities		
Net Profit / (Loss) before Tax & Extraordinary Items	34.15	47.78
Adjustments for:		
Depreciation	52.74	46.95
(Profit) / loss on sale of assets	(2.35)	(1.86)
Provision for doubtful debts	2.07	-
Interest expenditure	-	3.55
Interest income	(4.34)	(1.11)
	<u>48.12</u>	<u>47.53</u>
Operating Profit / (Loss) before Working Capital Changes	82.27	95.31
Adjustments for working capital changes:		
(Increase)/Decrease in Trade and Other Receivables	3.48	(11.64)
(Increase)/Decrease in Inventories	(7.10)	6.68
Increase/(Decrease) in Trade Payables	71.50	28.29
	<u>67.88</u>	<u>23.33</u>
Cash generated from Operations	150.15	118.64
Direct Taxes paid (Including tax deducted at source)	(6.73)	(15.59)
Cash Flow Before Extraordinary Items	<u>143.42</u>	<u>103.05</u>
Extraordinary Items	-	-
Net Cash from/(used) in Operating Activities	143.42	103.05
B Cash Flows from Investing Activities		
Purchase of Fixed Assets	(136.18)	(49.49)
Sale of Fixed Assets	2.35	2.00
Interest Received	3.97	0.84
Net Cash from/(used) in Investing Activities	(129.86)	(46.65)
C Cash Flows from Financing Activities		
Repayment of Long Term Borrowings	-	(52.59)
Interest paid	-	(3.55)
Net Cash from/(used) in Financing Activities	-	(56.14)
Summary		
Net Cash from/(used) in Operating Activities	143.42	103.05
Net Cash from/(used) in Investing Activities	(129.86)	(46.65)
Net Cash from/(used) in Financing Activities	-	(56.14)
Net Increase/(Decrease) in Cash Equivalents	13.56	0.26
Cash and Cash Equivalents at beginning of the year	3.74	3.48
Cash and Cash Equivalents at the end of the year	17.30	3.74
	13.56	0.26

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

C.SRIKUMAR
Managing Director

VIJAY NARAYAN GOVIND
Partner
CHARTERED ACCOUNTANTS
Membership No. 203094

KEIJI SUZUKI
Director

K. MURALEEDHARAN NAIR
Director

Place : Kochi
Date : 09.05.2011

AUDITORS' REPORT

The Members,
Bamni Proteins Limited
Kochi - 36.

We have audited the attached Balance Sheet of Bamni Proteins Limited, as at 31st March 2011, 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 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 (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, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011, 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 2011;
 - 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)

VIJAY NARAYAN GOVIND
Partner
CHARTERED ACCOUNTANTS
Membership No. 203094

Place: Kochi - 16
Date: 09.05.2011

**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 no discrepancies were noticed on physical verification 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. 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 pursuance of 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 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, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Customs 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, there are no disputed amounts of taxes and

duties outstanding to be deposited with the appropriate authorities, as at 31st March 2011.

10. The accumulated losses of the company as at the end of the financial year is not more than 50% of its net worth. The company has not incurred cash losses in the financial year and in the immediately preceding financial year.
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. 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 company has not availed any term loans and hence the reporting requirement under clause 4 (xvi) of the Order is not applicable to the company.
17. In our opinion and according to the information and explanations given to us and on an overall examination of the financial statements, we report that funds raised on short term basis have, prima facie, been applied for long term purposes to the extent of Rs 230.38 lakhs.
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)

VIJAY NARAYAN GOVIND
Partner
CHARTERED ACCOUNTANTS
Membership No. 203094

Place: Kochi - 16
Date: 09.05.2011

REVA PROTEINS LIMITED

DIRECTORS' REPORT

To
The Shareholders,

Your Directors have pleasure in presenting their second Annual report and the Audited Annual Accounts of the Company for the year ended 31st March 2011.

REVIEW OF OPERATIONS

Civil Works of the Plant Buildings I and II is almost over. Equipment erection for Crushed Bone pretreatment and charging completed. All the works of six numbers Acid Baths are completed and ready for commissioning. Work of the last two numbers are in progress. All the pumps are erected in Acid Baths and pipe line works are also completed. Major machineries like Chilling Unit, Boiler and Thermic Fluid Heaters are erected. Paddle Washer is ready for commissioning. Civil works of Ossein dryer is completed. Dryer blowers are erected and other mechanical works are progressing. Finishing works and Civil works of liming plant are in progress. Mechanical erection also in progress. Column washer erected. All machineries in Di-Calcium Phosphate plant erected and also piping works completed.

Piping works in liming plant and ETP are in progress. Work of flash mixer, neutralization tank and flocculator are in progress and is expected to be ready by 20th May 2011. All other works in ETP are completed. It is expected that water test can be done by 20th May 2011.

Electrical power from DGVCL is expected by 15th May 2011. Applied for consent from GPCB for discharge of treated effluent in to land for irrigation purpose. The project is expected to be commissioned by June 2011.

The net loss of the company for the current year was Rs. 31.96 lakhs after provision for Income Tax Rs. 0.38 lakhs.

DIRECTORS

1. Mr. B. Shaji Mohan was appointed as the Managing Director of the Company with effect from 01.01.2011 in place of Mr. B. Mohana Prabhu, who has since resigned from service.

A resolution has been included in the notice of the Annual General Meeting for confirmation of 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 2nd Annual General Meeting. Accordingly, it is proposed that Mr. G Suseelan, Director, may retire at the 2nd Annual General Meeting, and being eligible, such retirement shall be subject to reappointment.

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 commercial 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 started the project in 2009-10 and the industrial relations are 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 2011 and of the loss of the Company for the year ended 31st March 2011.
- 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, Kerala State Industrial Development Corporation Ltd. 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.

Trivandrum
10.05.2011

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

ANNEXURE TO THE DIRECTORS' REPORT

- I. **Conservation of Energy**
Not applicable as the company has not commenced production.
- II. **Technology Absorption etc**
Not applicable
- 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 Crores)

To

The Members
M/s. REVA PROTEINS LIMITED
54/1446, SBT Avenue
Panampilly Nagar
Ernakulam
Kerala - 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, 2011 (financial year). 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 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, under the Act and the rules made there under.
3. The Company being a Public Limited Company has minimum prescribed paid up capital.
4. The Board of Directors duly met 4 (Four) times respectively on 05.05.2010, 15.09.2010, 12.12.2010 and 29.03.2011 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed including circular resolution passed 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 2010 was held on 18th June 2010 after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. One extra ordinary general meeting was held on 20.01.2011 during the financial year after giving due notice to the members of the company and the resolutions passed there at 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 entered into contract only with one public limited company, its holding company. Hence provisions of section 297 are not attracted.
10. The Company was not required to make any 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 approvals 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 a certificate on lodgment thereof for transfer in accordance with the provisions of the Act.
 - 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 205C 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. The appointments of additional director and nominee director during the financial year were duly made.

15. The appointment of Managing Director has been duly made. Form 32 is filed during the period under scrutiny with additional fees and Form 23 and Form 25C are filed after the period under scrutiny with additional fees.
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 and / or such authorities prescribed under the various provisions of the Act during the financial year.
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 or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company's borrowings during the financial year ended 31.03.2011 are within the borrowing limits of the company as per Section 293(1)(d) of the Companies Act, 1956.
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 of Association 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 of Association with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum of Association 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.
31. There was no prosecution initiated against the company or show cause notice received by 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 Provident Fund Trust for its employees and therefore, comments in respect of section 418 are not applicable.

Ernakulam
10.05.2011

For SVJS & ASSOCIATES
S/d
CS. Jayan K.
Partner
ACS : 20203
CP No. : 7363

REVA PROTEINS LIMITED

CIN: U24295KL2009PLC024529

SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31.03.2011

Annexure A

Registers as maintained by the Company :

Statutory Registers

1. Register of Members u/s 150
2. Registers and Returns u/s 163
3. Register of Charges u/s 143
4. Books of Account u/s 209
5. Register of Directors, Managing Director, Manager and Secretary u/s 303
6. Register of Directors' Shareholdings u/s 307
7. Minutes Book of Meetings
8. Register of Disclosure of Interest by Directors
9. Register of particulars of contracts in which the directors are interested u/s 301

Annexure B

Forms and returns as filed by the Company with the Registrar of Companies during the financial year ended on 31st March 2011:

• With Registrar of Companies:

Sl. No	Form No / Return	Filed Under Section	For	Date of filing	Whether filed within the prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
1	Form 32	303(2)	Change In Designation to Managing Director	14.04.2010	Yes	No
2	Form 23	192	Registration of Resolution	14.04.2010	Yes	No
3	Form 23	192	Registration of Resolution	17.04.2010	No	Yes
4	Form 25C	269(2)	Return of appointment of Managing Director	14.04.2010	No	Yes
5	Form 5	97	Increase in Share Capital	28.04.2010	No	Yes
6	Form 2	75(1)	Return of Allotment	06.05.2010	No	Yes
7	Form 8	125	Creation of Charge	03.08.2010	Yes	No
8	Form 8	125	Creation of Charge	03.08.2010	Yes	No
9	Form 32	303(2)	Appointment of director	12.10.2010	Yes	No
10	Form 32	303(2)	Cessation of Managing Director & appointment of M.D.	05.02.2011	No	Yes
11	Form 22B	187C (4)	Form of Return	07.02.2011	Yes	No
12	Form 20B	159	Annual Return	02.08.2010	Yes	No
13	Form 66	383A	Secretarial Compliance certificate	30.06.2010	Yes	No
14	Form 23AC/ACA	220	Annual Filing	17.07.2010	Yes	No

• With Regional Director : Nil

• With Central Government : Nil

For SVJS & ASSOCIATES

S/d

CS. Jayan K.

Partner

ACS : 20203

CP No. : 7363

Ernakulam
10.05. 2011

REVA PROTEINS LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2011

	Sch No	As at 31.3.2011 (Rupees)	As at 31.3.2010 (Rupees)
<u>SOURCES OF FUNDS</u>			
1. Shareholders' funds			
a) Share Capital	1	45,000,000	45,000,000
2. Loan Funds			
a) Secured loan	2	199,996,390	-
b) Unsecured loan	3	100,957,584	38,977,405
TOTAL		345,953,974	83,977,405
<u>APPLICATION OF FUNDS</u>			
1. Fixed Assets			
a) Gross Block	4	63,970,093	55,671,429
b) Less: Depreciation		1,123,249	272,474
c) Net Block		62,846,844	55,398,955
d) Capital work-in-progress		260,917,413	15,091,113
		323,764,257	70,490,068
2. Investments			
	5	3,540,000	-
3. Current Assets, Loans and Advances			
a) Cash and Bank Balances	6	987,159	264,244
b) Loans and Advances	7	14,965,430	9,605,731
		15,952,589	9,869,975
Less: Current Liabilities and Provisions			
a) Liabilities	8	6,503,831	2,413,580
b) Provisions	9	25,581	-
		6,529,412	2,413,580
Net Current Assets		9,423,177	7,456,395
4. Profit & Loss Account			
		9,226,540	6,030,942
TOTAL		345,953,974	83,977,405
Notes on accounts	14		

Schedules 1 to 9 and 14 form part of Balance Sheet

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: Trivandrum
Date : 10.05.2011

For and on behalf of the Board of Directors

G. Suseelan
Chairman

M.R. Karmachandran
Director

B. Shaji Mohan
Managing Director

Keiji Suzuki
Director

REVA PROTEINS LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED
31ST MARCH, 2011

	Schedule No	For the year ended 31.3.2011 (Rupees)	For the period ended 31.3.2010 (Rupees)
INCOME			
Other Income	10	121,237	-
		121,237	-
EXPENSES			
Administrative Expenses	11	2,003,716	3,102,968
Finance Charges	12	424,844	2,655,500
Depreciation		850,775	272,474
		3,279,335	6,030,942
LOSS BEFORE TAX		(3,158,098)	(6,030,942)
Less: Provision for Taxes		37,500	-
LOSS AFTER TAX		(3,195,598)	(6,030,942)
LOSS CARRIED FORWARD FROM LAST YEAR		(6,030,942)	-
LOSS CARRIED TO BALANCE SHEET		(9,226,540)	(6,030,942)
Earnings per share (Rs.)	13		
- Basic/ Diluted		(0.71)	(18.57)
Notes on Accounts	14		
Schedules 10 to 14 form part of Profit & Loss account			

For and on behalf of the Board of Directors

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

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

G. Suseelan
Chairman

M.R. Karmachandran
Director

B. Shaji Mohan
Managing Director

Keiji Suzuki
Director

Place: Trivandrum
Date : 10.05.2011

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2011**

	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
SCHEDULE 1		
SHARE CAPITAL		
Authorised :		
50,00,000 (50,00,000) Equity Shares of Rs.10/- each	50,000,000	50,000,000
Issued and Subscribed:		
45,00,000 (45,00,000) Equity Shares of Rs.10/- each fully paid up (The above shares are held by the Holding Company Nitta Gelatin India Limited)	45,000,000	45,000,000
	45,000,000	45,000,000
SCHEDULE 2		
SECURED LOANS - Term Loans		
From Kerala State Industrial Development Corporation Ltd. (Secured by exclusive first charge over the entire fixed assets of the company including leasehold assets, both present and future; and by corporate guarantee of holding company M/s. Nitta Gelatin India Limited)		
Repayable within one year Rs. Nil (Rs. Nil)	199,996,390	-
	199,996,390	-
SCHEDULE 3		
UNSECURED LOANS (Other than short term)		
From Holding Company -		
- Nitta Gelatin India Limited (See Note B (6) of Schedule 14)	100,957,584	38,977,405
	100,957,584	38,977,405
SCHEDULE 5		
INVESTMENTS		
Long Term investments (Unquoted, Trade Shares)		
354,000 (Nil) fully paid up equity shares of 10/- each in Bharuch Eco-Aqua Infrastructure Limited	3,540,000	-
	3,540,000	-
SCHEDULE 6		
CASH and BANK BALANCES		
Cash in hand	3,588	-
Balance with Scheduled Banks :		
i) In Current Account	923,571	203,486
ii) In Deposit Account (under lien with banks towards guarantee)	60,000	60,758
	987,159	264,244

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2011**

**SCHEDULE 4
FIXED ASSETS & CAPITAL WORK IN PROGRESS**

Particulars	Gross Block				Depreciation			Net Block		Amount in Rs
	As at 01.04.2010	Additions	Disposals/ Adjustments	As at 31.03.2011	As at 01.04.2010	For the year	Disposals/ Adjustments	As at 31.03.2011	As at 31.03.2011	
Lease hold Land	55,528,382	5,690,828 (55,528,382)	-	61,219,210 (55,528,382)	249,255	606,249 (249,255)	-	855,504 (249,255)	60,363,706 (55,279,127)	55,279,127
Building	-	1,735,472	-	1,735,472	-	43,506	-	43,506	1,691,966	-
Office Equipment	99,484	475,954 (99,484)	-	575,438 (99,484)	3,461	86,536 (3,461)	-	89,997 (3,461)	485,441 (96,023)	96,023
Furniture and Fittings	43,563	351,260 (43,563)	-	394,823 (43,563)	19,758	96,424 (19,758)	-	116,182 (19,758)	278,641 (23,805)	23,805
Computers	-	45,150	-	45,150	-	18,060	-	18,060	27,090	-
TOTAL	55,671,429	8,298,664 (55,671,429)	-	63,970,093 (55,671,429)	272,474	850,775 (272,474)	-	1,123,249 (272,474)	62,846,844 (55,398,955)	55,398,955
PREVIOUS YEAR	-	-	-	-	-	-	-	-	-	-
Capital Work in progress										
Building under construction	4,395,453	67,604,689 (4,395,453)	1,735,472	70,264,670 (4,395,453)	-	-	-	-	70,264,670 (4,395,453)	4,395,453
Plant, machinery and equipment under installation	4,233,589	165,741,920 (4,233,589)	-	169,975,509 (4,233,589)	-	-	-	-	169,975,509 (4,233,589)	4,233,589
Expenditure during construction period										
- Salaries & wages	283,133	4,095,293 (283,133)	-	4,378,426 (283,133)	-	-	-	-	4,378,426 (283,133)	283,133
- Interest/Finance charges	909,975	10,529,786 (909,975)	-	11,439,761 (909,975)	-	-	-	-	11,439,761 (909,975)	909,975
- Others	736,111	3,165,752 (736,111)	-	3,901,863 (736,111)	-	-	-	-	3,901,863 (736,111)	736,111
Capital Advances	4,532,852	957,184 (4,532,852)	4,532,852	957,184 (4,532,852)	-	-	-	-	957,184 (4,532,852)	4,532,852
TOTAL	15,091,113	252,094,624 15,091,113	6,268,324	260,917,413 15,091,113	-	-	-	-	260,917,413 15,091,113	15,091,113
PREVIOUS YEAR	-	-	-	-	-	-	-	-	-	-

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2011**

	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
SCHEDULE 7		
LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	87,309	3,205,500
Deposits	14,878,121	6,400,231
	14,965,430	9,605,731
SCHEDULE 8		
CURRENT LIABILITIES		
Sundry Creditors:		
a) Total outstanding dues of Micro Enterprises and Small Enterprises (See Note B (7) of Schedule 14)	-	-
b) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	2,143,359	1,244,068
Deposits	4,223,757	1,010,000
Other Liabilities	136,715	159,512
	6,503,831	2,413,580
SCHEDULE 9		
PROVISIONS		
Provision for income tax (net)	25,581	-
	25,581	-

**SCHEDULES ATTACHED TO AND FORMING PART OF THE
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	For the year ended 31.3.2011 Rupees	For the period ended 31.3.2010 Rupees
SCHEDULE 10		
OTHER INCOME		
Interest Income (Tax deducted at source Rs. 11,919)	121,237	-
	121,237	-
SCHEDULE 11		
ADMINISTRATIVE EXPENSES		
Preliminary Expenses	-	56,830
Rates & Taxes	62,267	378,615
Professional Charges	153,143	31,860
Auditors Remuneration (See Note B (5) of Schedule 14)	73,755	77,356
Miscellaneous Expenses	1,714,551	2,558,307
	2,003,716	3,102,968
SCHEDULE 12		
FINANCIAL CHARGES		
Bank Charges	15,275	8,362
Interest -Other than on fixed loans	409,569	2,647,138
	424,844	2,655,500
SCHEDULE 13		
EARNINGS PER SHARE		
Profit/(loss) for the year as per Profit & Loss account	(3,195,598)	(6,030,942)
Weighted average number of equity shares at the rate of Rs 10 each, fully paid up	4,500,000	324,691
Earnings per share (Basic/ Diluted)	(0.71)	(18.57)

NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE - 14

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. Investments

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

6. 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.

7. 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.

8. 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.

9. 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 was incorporated on 30.07.2009 and the financial statements of the Company for the previous year have been drawn up from the date of incorporation till 31.03.2010.
2. Estimated amount of contracts remaining to be executed on capital account and not provided for: - Rs 130.68 lakhs (Rs. 546.48 lakhs)
3. Contingent liabilities not provided for:
Bank Guarantee - Rs 0.60 lakhs (Rs. 0.60 lakhs).

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

Particulars	Current Year Amount (Rs.)	Previous Year Period Amount (Rs.)
Payment to Managing Director:		
1. Mr. B. Mohana Prabhu (up to 31.12.2010)	7,18,867	-
Salaries & Allowances Perquisites	1,39,421	-
2. Mr. B. Shaji Mohan (w.e.f 01.01.2011)*		
Salaries & Allowances	1,30,847	-
Perquisites	38,380	-
Total	10,27,515	-

* Remuneration to the Managing Director for the period 01.01.2011 to 31.03.2011 is as approved by the Remuneration Committee/ Board of Directors. Necessary approval of shareholders is being sought at the ensuing Annual General Meeting.

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

Particulars	Current Year Amount (Rs.)	Previous Year Period Amount (Rs.)
Statutory Audit fee	50,000	20,000
Other Services:		
i. Taxation matters (including Tax Audit)	-	-
ii. Others	23,755	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
- ii. Key management personnel -
 - (i) Mr. B. Mohana Prabhu - Managing Director (from 01.04.2010 to 31.12.2010).
 - (ii) Mr. B. Shaji Mohan - Managing Director (w.e.f. 01.01.2011).

b) Transactions with related party:

Particulars	Holding Company Amount (Rs)	Key Management Personnel	Total Amount (Rs)
Expenses reimbursed	3,206,912 (239,243)		3,206,912 (239,243)
Interest Paid	1,253,865 (Nil)		1,253,865 (Nil)
Loan received Loan repaid	178,144,527 (389,77,405)		178,144,527 (389,77,405)
Loan Paid	120,625,125 (Nil)		120,625,125 (Nil)
Remuneration to Managing Director (See Note B 6 of Schedule 14)		10,27,515 Nil	10,27,515 Nil

Balances outstanding as at 31.03.2011:

Particulars	Amount (Rs)
Loan received from Nitta Gelatin India Limited	100,957,584 (389,77,405)

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. 1009.58 lakhs (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: Trivandrum
Date : 10.05.2011

For and on behalf of the Board of Directors

G. Suseelan
Chairman

B. Shaji Mohan
Managing Director

M.R. Karmachandran
Director

Keiji Suzuki
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	:	31.3.2011
	Capital Raised during the year	:	(Rs. in '000)
	Public Issue	:	Nil
	Bonus Issue	:	Nil
	Rights Issue	:	Nil
	Private Placement	:	45,000

II.	Position of Mobilization & Deployment of Funds	:	(Rs. in '000)
	Total Liabilities	:	345,954
	Total Assets	:	345,954

Sources of Funds:

	Paid up Capital	:	45,000
	Reserve & Surplus	:	Nil
	Secured Loans	:	199,996
	Unsecured Loans	:	100,958
	Deferred tax liability	:	Nil

Application of Funds:

	Net Fixed Assets	:	323,764
	Investments	:	3,540
	Net Current Assets	:	9,423
	Miscellaneous Expenditure/Accumulated Losses	:	9,227

III.	Performance of Company:	:	(Rs. In '000)
	Turnover and Other Income	:	121
	Total Expenditure	:	3279
	Profit/(Loss) before Tax	:	(3158)
	Profit/(Loss) after Tax	:	(3196)
	Earnings per share (Rs.)	:	(0.71)
	Dividend Rate %	:	Nil

IV.	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. Shaji Mohan
Managing Director

Place: Trivandrum
Date : 10.05.2011

M.R. Karmachandran
Director

Keiji Suzuki
Director

REVA PROTEINS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31-3-2011

(Rs in Lakhs)

	For the year ended 31.3.2011	For the period ended 31.3.2010
A. Cash Flows from Operating Activities		
Net Loss before Tax & Extraordinary Items	(31.58)	(60.31)
Adjustments for:		
Depreciation	8.51	2.72
Interest Received	(1.21)	
Interest Expenditure	4.10	26.47
	<u>11.40</u>	<u>29.19</u>
Operating Profit / (Loss) before Working Capital Changes	(20.18)	(31.12)
Adjustments for working capital changes:		
(Increase)/Decrease in Trade and Other Receivables	(53.60)	(96.05)
Increase/(Decrease) in Trade Payables	(2.78)	5.33
	<u>(56.38)</u>	<u>(90.72)</u>
Cash generated from Operations	(76.56)	(121.84)
Direct taxes paid	(0.12)	-
Cash Flow Before Extraordinary Items	(76.68)	(121.84)
Extraordinary Items	-	-
Net Cash from/(used) in Operating Activities	(76.68)	(121.84)
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	(2,392.27)	(679.72)
Investment in shares	(35.40)	
Interest Received	1.21	
Proceeds from issue of equity shares	-	450.00
Net Cash from/(used) in Investing Activities	(2,426.46)	(229.72)
C. Cash Flows from Financing Activities		
Interest / Finance charges Paid	(109.39)	(35.57)
Proceeds from secured long-term borrowing (net)	1,999.96	-
Proceeds from unsecured long term borrowing (net)	619.80	389.77
Net Cash from/(used) in Financing Activities	2,510.37	354.20
Summary		
Net Cash from/(used) in Operating Activities	(76.68)	(121.84)
Net Cash from/(used) in Investing Activities	(2,426.46)	(229.72)
Net Cash from/(used) in Financing Activities	2,510.37	354.20
Net Increase/(Decrease) in Cash Equivalents	7.23	2.64
Cash and Cash Equivalents at beginning of the year	2.64	-
Cash and Cash Equivalents at the end of the year	9.87	2.64
	<u>7.23</u>	<u>2.64</u>

Note: Cash and Cash Equivalents at the end of the year includes Rs. 0.60 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
(F R N : 004532S)

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

G. Suseelan
Chairman

B. Shaji Mohan
Managing Director

Place : Trivandrum
Date : 10.05.2011

M.R. Karmachandran
Director

Keiji Suzuki
Director

AUDITORS' REPORT

To
The Members,
Reva Proteins Ltd
Kochi - 36.

We have audited the attached Balance Sheet of REVA PROTEINS LIMITED as at 31st March 2011, 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 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, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011, 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 2011;
 - ii. in the case of the Profit and Loss Account, of the loss 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
(F R N : 004532S)

(VIJAY NARAYAN GOVIND)
Partner

CHARTERED ACCOUNTANTS
Membership No. 203094

Place: Trivandrum
Date : 10.5.2011

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 the 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 The company has not commenced commercial operations during the year 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.
- 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 The company has not commenced commercial operations during the year 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.
- 5 According to the informations 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 pursuance of 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 thereunder 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 Income Tax, Sales Tax and other statutory dues with the appropriate authorities during the year.

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.

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 2011.
- 10 The company has been registered for a period of less than five years and consequently

reporting requirement regarding losses under clause 4 (x) of the Order is not applicable to the company.

- 11 In our opinion and according to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in repayment of dues to the financial institution.
- 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 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, 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 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 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
(F R N : 004532S)

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

Place: Trivandrum
Date : 10.5.2011

