

DALALBYTES RESEARCH

Nitta Gelatin India

Japan's Quality Machine in a Cyclical Chemical

A 50-year Indo-Japanese JV: pharma-grade gelatin, a doubling collagen peptide bet, and peak-cycle margins

NSE: NITTAGELA · BSE: 506532

October 7, 2026

Reference: Rs 1,668.40, NSE close of October 7, 2026.
Founding story, business, financials, the margin cycle, promoters, competition, management, valuation, risks, and FY2029 scenarios.

01 BLUNT VERDICT FIRST

68 / 100 : Selective Positive

Nitta Gelatin India is a 50-year-old Indo-Japanese joint venture that turned crushed animal bones into one of India's highest-quality gelatin franchises: the country's sole domestic supplier of blood plasma expander gelatin, an EDQM-certified pharma-grade producer, and now a fast-scaling collagen peptide maker whose new plant was inaugurated in August 2025. The numbers read like a compounder: ROCE 27.8% in FY26, ROE above 20% for five straight years, effectively zero debt, promoter holding of 74.5% with zero pledging ever, and a clean dividend record. At a TTM P/E of about 14.4, it is the cheapest legitimate way to own this niche.

The "Selective" is doing real work. Operating margins have run at 20-24% for three straight years, and CRISIL's own long-term expectation is 12-15%: the FY24-26 record profitability was partly driven by unusually low bone prices in H1FY24, a windfall that reverses. Half of revenue is exported, the Kathikudam plant faces recurring environmental protests, and the company is mid-way through the largest capex cycle in its history. At Rs 1,668, about 20% below the 52-week high, the stock is priced for sustained peak margins. This is a quality cyclical, not a compounder on autopilot: own it selectively, size it for the cycle, and watch the bone.

**Rs
1,668.40**

Reference price
NSE close, Oct 7 2026

**Rs 1,514
cr**

Market cap

Rs 588 cr

FY26 revenue
(consol, +11.6% YoY)

Rs 97 cr

FY26 PAT
(+16% YoY)

Rs 670

FY2029 bear

Rs 1,750

FY2029 base

Rs 2,600

FY2029 bull

14.4x

TTM P/E
above own 5-yr median

02 SNAPSHOT: WHAT NITTA GELATIN INDIA IS

Item	Detail
Incorporated	April 30, 1975, as Kerala Chemicals & Proteins Ltd (renamed Aug 2008)
Listed	NSE/BSE (506532); one of India's first Indo-Japanese JVs

Item	Detail
Business	Gelatin (pharma, food, technical), ossein, collagen peptide (Wellnex), DCP, chitosan
Sales mix (FY24)	Gelatin 59%, DCP 18%, ossein 13%, collagen peptide 9%
Scale	FY26 revenue Rs 588 cr; Q1 FY27 sales ~Rs 141 cr (+4.9%); ~50% exported to 30-35+ countries
Economics	OPM 23.3% (FY26), but CRISIL long-term expectation 12-15%
Balance sheet	Net-debt-free (D/E 0.01); net worth ~Rs 511 cr; CFO 1.26x PAT
Ownership	Promoters 74.5% (Nitta Japan 42.96%, KSIDC 31.53%); zero pledge, ever
Certifications	EDQM Certificate of Suitability, drug-license mfg, HACCP, ISO 9001, FSSC 22000

03 FOUNDING STORY: A 1975 JV THAT OUTLASTED ITS ERA

Nitta Gelatin India was incorporated on April 30, 1975 as Kerala Chemicals & Proteins Ltd, a joint venture between Kerala's KSIDC and two Japanese companies, Nitta Gelatin Inc (the Osaka gelatin major, founded about a century ago) and Mitsubishi Corporation: one of the first Indo-Japanese joint ventures in the country. Commercial production began in 1979: ossein (3,300 tonnes per annum) and di-calcium phosphate (6,700 tpa) made from crushed animal bones. Capacities were raised in 1992-93, and the gelatin chapter followed: a 2,000 tpa gelatin project with Japanese technical collaboration at the KINFRA park in Kakkanad, with gelatin production dated by CRISIL to 1999.

Bamni Proteins was incorporated in Maharashtra in December 1997; the Reva limed-ossein plant became operational in March 2012 and was merged into NGIL effective April 1, 2017. The company was renamed Nitta Gelatin India Ltd in August 2008 and celebrated its golden jubilee in August 2025.

The portfolio ladder over fifty years tells the strategy: ossein for the Japanese parent first, then technical-grade gelatin, then pharma-grade gelatin for capsule shells, then food-grade gelatin, then collagen peptides (the Wellnex brand, launched 2009). Each rung moved the company up the value chain while the Japanese parent supplied technology, quality systems, and a captive demand channel.

One caution: this report could not verify any promoter element beyond Nitta Gelatin Inc and KSIDC. Claims of other promoter families are unconfirmed and are not asserted here.

04 THE BUSINESS: WHAT IT MAKES AND WHERE IT SELLS

Gelatin (59% of FY24 sales): pharma-grade (capsule shells; the company states it is the lone Indian supplier of gelatin for blood plasma expanders), food-grade (confectionery, desserts, dairy), and

technical/photographic grades. EDQM Certificate of Suitability, Kerala Drugs Controller manufacturing license, HACCP, ISO 9001:2015, FSSC 22000 v6. Pharma customers qualify a gelatin supplier over years; the EDQM certificate and drug license are genuine entry barriers in the one grade that matters.

Collagen peptide (9%, the growth engine): Wellnex brand (2009); capacity nearly doubled with the new plant commissioned in June 2025 and inaugurated in August 2025; a bioactive peptide variant for diabetes management is in the pipeline. This is the wellness/nutraceutical wave play: the global collagen+gelatin market is roughly USD 6B (2025), growing about 7% CAGR.

Ossein and limed ossein (13%), DCP (18%), chitosan and others: the bone-derived intermediate chain and lower-margin feed and specialty lines.

Geography: about 50% of output is exported to 30-35+ countries including Japan, the USA, Canada, South Korea, and Europe. A significant share of exports moves through the parent NGI Japan and its group companies: the exact share is undisclosed, so treat the related-party channel as material but unquantified.

Plants: ossein at Kathikudam, Thrissur; gelatin at Kakkanad, Kochi; Reva limed-ossein division; a greenfield ossein plant at Ankleshwar, Gujarat. Subsidiary Bamni Proteins (Maharashtra) was permanently shut in 2024 and is a discontinued operation.

05 FINANCIALS: CYCLICAL TROUGH TO RECORD MARGINS

Year	Revenue (cr)	OPM	PAT (cr)	EPS (Rs)	ROE	ROCE
FY22	506	12.7%	33	36.26	18.6%	20.2%
FY23	565	20.1%	70	77.44	31.6%	34.8%
FY24	533	23.1%	83	91.02	27.5%	35.9%
FY25	527	20.0%	84	92.46	22.2%	28.2%
FY26	588	23.3%	97	107.11	21.1%	27.8%
Q1 FY27	141	~21%	25	-	-	-

Consolidated, Rs cr. The arc: FY22 was the cyclical trough (12.7% OPM, Rs 33 cr PAT, D/E 0.43). FY23-26 brought margin expansion to 20-24%, PAT nearly tripling, and debt elimination to D/E 0.01. Q1 FY27: sales ~Rs 141 cr (+4.9% YoY), PAT Rs 25.2 cr (+31% YoY), seasonally down from Q4FY26.

The critical read: a margin windfall, not just an operating triumph

Revenue compounded at only about 5% from FY22 to FY26 while PAT compounded at roughly 31%: this is a margin story, not a volume story. CRISIL attributes the record FY24 profitability in part to unusually low bone prices in H1FY24, and its long-term OPM expectation is 12-15%, against the 20-24% of the last three years. The earnings base is priced off peak margins, and mean reversion is the rating agency's base expectation, not a tail scenario.

06 CASH FLOW, BALANCE SHEET, AND THE BIGGEST CAPEX CYCLE EVER

Net-debt-free fortress

Total debt only ~Rs 4.2 cr against ~Rs 511 cr net worth (D/E 0.01). Consolidated reserves ex-revaluation Rs 502 cr; equity capital Rs 9.08 cr, unchanged for five years: no dilution. FY26 operating cash flow Rs 122.5 cr against PAT Rs 97 cr (1.26x, healthy). CRISIL: long-term A-/Stable reaffirmed, short-term A2+.

Capital allocation is entering its most aggressive phase. CRISIL has flagged capex of roughly Rs 200 cr rising to about Rs 250 cr over FY25-26, funded by internal accruals plus borrowings: the collagen peptide plant commissioned June 2025 and inaugurated August 2025 (capacity nearly doubled), a Rs 155 cr gelatin expansion underway with operations targeted for July 2027, a Rs 60 cr Kerala expansion project announced June 2026 with Japanese collaboration, and new gelatin unit and corporate HQ foundation stones at Kakkanad. FY26 investing outflow was Rs 182.4 cr. Management's stated ambition (July 2025): Rs 750-800 cr turnover within two years, from roughly Rs 600 cr now. That is company guidance, not a verified outcome.

Discipline signal: a proposed Rs 40 cr rights issue was withdrawn by the board in August 2023, with the company choosing debottlenecking and staged implementation funded by internal accruals instead of diluting shareholders. The dividend record is clean: Rs 7/share for FY26 (ex-date July 24, 2026), Rs 8 (including a Rs 2 special) for FY25, Rs 6 for FY24, Rs 7.5 for FY23, Rs 4 for FY22.

07 PROMOTER HOLDING: ROCK-STABLE, ZERO PLEDGE

74.5% held, 0.00% pledged

Promoter holding is 74.48-74.49%, unchanged in every quarter from September 2024 through June 2026: Nitta Gelatin Inc (Japan) 42.96% and KSIDC 31.53%. Promoter pledging is 0.00% in every reported quarter across all shareholding feeds: zero pledge, ever. No promoter buying or selling is visible in the two-year window.

Public float is 25.5% with about 11,285 shareholders; DII holding has risen from 0.09% (March 2025) to about 1.0% (June 2026); FII is 0.05%. Share capital is unchanged FY22-FY26. For a small name, this is about as

clean as promoter structure gets: a Japanese industrial parent with four decades of skin in the game and a state partner that never sells.

08 COMPETITION: A NICHE WITH ONE LISTED PEER

Company	P/E (TTM)	P/B	EV/EBITDA	ROCE
Nitta Gelatin India	~14.4x	~3.0x	~8.5-9.3x	27.8%
India Gelatine & Chemicals	~10x	1.36x	n.v.	n.v.
Broad specialty chemicals	40-55x	n.v.	n.v.	mixed

Gelatin pure-play listed peers are genuinely scarce. The single domestic listed peer is India Gelatine & Chemicals (BSE: 531253): mcap ~Rs 262 cr, TTM P/E ~10x, revenue Rs 176 cr, PAT Rs 26.1 cr, margins 14.8%, D/E 0.03. Global majors (Gelita, Rousselot, PB Gelatins, Weishardt) are unlisted. Beyond them, pressure comes from Chinese and other imported gelatin on price, and from the parent itself as both partner and channel.

Nitta trades at roughly 1.4x its direct peer's earnings multiple, with roughly 3.3x the revenue and materially higher returns on capital, plus the Japanese technology tie-up. Against broad chemicals it looks cheap, but that comparison is mostly an upper bound: gelatin is a niche cyclical, not a specialty-chemical compounder. The honest frame is that the stock is priced for sustained peak margins; moneyworks4me flags the multiples as above Nitta's own five-year medians.

09 STRENGTHS

- **Fifty-year Indo-Japanese JV** with a world-class technology partner; the ossein-to-pharma-gelatin-to-collagen-peptide ladder is the value-chain playbook executed over decades.
- **Real pharma-grade credentials:** EDQM Certificate of Suitability, drug-license manufacturing, sole domestic supplier for blood plasma expander gelatin; qualification barriers keep commodity competition out of the best grades.
- **ROCE 27.8% (FY26)**, ROE above 20% for five straight years, net-debt-free balance sheet, operating cash flow 1.26x PAT.
- **Promoter holding 74.5%, rock-stable, zero pledging ever;** no dilution in five years; clean dividend record.
- **Collagen peptide capacity nearly doubled** and commissioned in mid-2025, riding the global wellness/nutraceutical wave.
- **Rs 750-800 cr turnover guidance in about two years**, with the gelatin expansion targeted for July 2027 operations, gives the growth story a visible second leg.

10 WEAKNESSES AND RISKS

- **Margin cyclicality is the central risk.** OPM has run at 20-24% for three years; CRISIL's long-term expectation is 12-15%. The FY24 record was partly a bone-price windfall.
- **Raw material and forex exposure:** crushed-bone/hide prices and a ~50% export share mean the P&L swings with commodity and currency cycles.
- **Environmental overhang:** recurring protests at Kathikudam (Thrissur) over alleged river pollution, despite Rs 20 cr+ environment capex and third-party audits; CRISIL flags possible disruption.
- **Concentration:** gelatin is 59% of sales; a significant share moves through the parent NGI Japan channel (dependence comes with the package).
- **Market structure:** tiny free float (25.5%), ~1% institutional ownership, low volumes; surveillance-list appearances; the stock is highly volatile (Rs 765 to Rs 2,088 in 52 weeks).
- **Execution risk** on the largest capex cycle in company history (Rs 155-250 cr against Rs 511 cr net worth).
- **Bamni Proteins** was permanently shut in 2024 and is not a going concern; Rs 5.3 cr of residual assets are held for sale.

11 MANAGEMENT AND GOVERNANCE

Chairman A.P.M. Mohammed Hanish, IAS (Principal Secretary, Industries, Government of Kerala; KSIDC nominee director since February 2022). Managing Director Praveen Venkataramanan (from August 5, 2024; cost accountant, ISB alumnus, ex-CEO of Synthite's spices business; took over after Sajiv K. Menon's 2014-2022 tenure). Japanese directors Shinya Takahashi and Koichi Ogata sit on the board; on September 28, 2026 Snehil Kumar Singh, IAS (KSIDC MD) replaced Arun K. Vijayan, IAS as the KSIDC nominee director. Governance read: professional management with Japanese-partner oversight, state-JV DNA, clean dividend record, and the withdrawn rights issue as a capital-discipline signal. No material related-party controversies are on the public record; the parent sales channel is a commercial relationship. No auditor exit, no SEBI action found.

12 VALUATION

At Rs 1,668.40 (Oct 7, 2026): TTM P/E ~14.4, P/B ~3.0 (book value Rs 563), EV/EBITDA ~8.5-9.3, P/S ~2.6, dividend yield 0.42%. The company is simultaneously cheap and expensive: cheap against the direct peer adjusted for returns, and expensive against its own five-year medians because the market is capitalizing peak-cycle margins. At 20% below the 52-week high, some of the excess has been priced out; the rest depends on whether margins normalize to CRISIL's 12-15% band.

13 WHAT THE LAST TWELVE MONTHS CHANGED

- **May 2, 2026:** FY26 results (total income Rs 601 cr, net profit Rs 97 cr, EPS Rs 107.11) and the Rs 7/share dividend recommendation.
- **July-August 2025:** golden jubilee; Rs 200 cr expansion announced with a Rs 750-800 cr turnover target in two years; collagen peptide plant inaugurated August 2, 2025; gelatin unit and HQ foundation stones at Kakkanad.
- **June 11, 2026:** Rs 60 cr Kerala expansion project announced with Japanese collaboration.
- **August 2026:** Q1FY27 results, PAT Rs 25.2 cr (+31% YoY).
- **September 25-28, 2026:** trading window closed from October 1 until 48 hours after Q2FY27 results; KSIDC nominee director change.
- **CRISIL:** A-/Stable reaffirmed.

14 WHY THE RATING IS SELECTIVE POSITIVE, NOT POSITIVE

The business clears the quality bar (returns, balance sheet, promoter stability, pharma credentials, growth capex) and the price is not demanding versus peers. But three things keep the rating selective: (1) the earnings base sits on peak-cycle margins that the rating agency expects to normalize to 12-15%; (2) the environmental overhang at Kathikudam is a recurring, unpriced disruption risk; (3) the stock has already run from Rs 765 to Rs 2,088 and back to Rs 1,668 on this story, so the margin of safety for the next leg is thin. Selective Positive at 68/100: back the franchise and the collagen ramp, size for the cycle, and demand the margin of safety in the entry price.

15 FY2029 SCENARIOS (INR)

Built off FY26 revenue of Rs 588 cr and PAT of Rs 97 cr; 0.9079 cr shares; assumptions explicit.

	Bear: Rs 670	Base: Rs 1,750	Bull: Rs 2,600
Revenue CAGR FY26-29	8%	10.8%	17.4%
FY29 revenue	Rs 740 cr	Rs 800 cr	Rs 950 cr
OPM	14%	18%	21%
PAT (cr)	Rs 55	Rs 100	Rs 130
EPS (Rs)	Rs 61	Rs 110	Rs 143
Exit P/E	11x	16x	18x

Bear: volume growth absorbed by weaker gelatin pricing; bone-price normalization toward CRISIL's 12-15% OPM band; cyclical-trough multiple. **Base:** collagen peptide ramp plus the Rs 750-800 cr turnover guidance; partial margin normalization; modest multiple compression on a larger base. **Bull:** collagen peptide doubles again and the July 2027 gelatin expansion commissions on time; mix shift toward pharma grades and peptides offsets the bone cycle; growth multiple sustained. Base-case Rs 1,750 is about 5% above the reference price: the rating's honesty in one number. The upside lives in the bull case; the downside protection does not.

16 WHY IT MATTERS

Nitta Gelatin India is what a good small-cap cyclical looks like in India: a world-class niche franchise, a debt-free balance sheet, and Japanese process discipline, riding a margin cycle that flatters the numbers and an expansion program that could genuinely change the revenue base. The collagen peptide bet is the swing factor: if the wellness wave and the July 2027 gelatin expansion land as planned, this is a Rs 950 cr revenue company by FY29 with a structurally better mix. If the bone-price cycle turns first, the 14x multiple is paying for margins that CRISIL itself does not expect to persist. At 68/100 Selective Positive, the verdict is: a quality franchise at a cyclical peak, worth owning selectively and sizing for the cycle.

17 SOURCES

Company disclosures (NSE/BSE archives): FY26 results and dividend recommendation (May 2, 2026); FY26 Directors' Report; Q1FY27 results; June 2026 shareholding pattern; trading-window closure (Sep 25, 2026); KSIDC nominee director change (Sep 28, 2026); RTA compliance certificate (Oct 7, 2026). CRISIL rating rationale (A-/Stable; FY24-25 and July 2025 updates, via quoted rationale). screener.in (NITTAGELA page, Oct 7, 2026); Finnhub (price snapshot Oct 7, 2026); tickertape; moneyworks4me (EV/EBITDA); equitybulls; smart-investing.in (FY22-26 table); stockopedia; finbox (cash flow, debt); capitalmarket; indmoney; bajajbroking; bajajfinserv; blinkx.in; equitymaster/Accord Fintech (shareholding, pledging); livemint; scanx.trade; eduinvesting (Sep 2026); newprojectstracker (June 11, 2026). Hindu BusinessLine (July 30, 2025). Peer data: India Gelatine & Chemicals (BSE: 531253); market sizes via marketresearchintellect. FY2029 scenarios are DalalBytes estimates; export share (~50%) and FY24 sales mix via quoted CRISIL rationale; capacities from dated (2017) press.