

NITTA GELATIN INDIA LIMITED
(CIN : L24299KL1975PLC002691)



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Annual Report 2015-16

BOARD OF DIRECTORS

Chairman	:	P. H. KURIAN, IAS
Directors	:	RAYMOND MERZ (SEIICHI NISHIKAWA-Alternate Director) Dr. M. BEENA, IAS A. K. NAIR K. L. KUMAR RADHA UNNI Dr. NAOTOSHI UMENO Dr. K. CHERIAN VARGHESE T. YAMAKI, Director (Operations)
Managing Director	:	SAJIV K. MENON
Chief Financial Officer	:	P. Sahasranaman
Company Secretary	:	G. Rajesh Kurup
Statutory Auditors	:	Varma & Varma Ernakulam
Secretarial Auditor	:	Abhilash N.A.
Bankers	:	State Bank of India Canara Bank State Bank of Travancore HDFC Bank Ltd. South Indian Bank Ltd.
Legal Advisors	:	1) M. Pathrose Mathai Senior Advocate, Ernakulam 2) B.S. Krishnan Senior Advocate, Ernakulam
Registrar & Share Transfer Agents	:	Cameo Corporate Services Ltd. 1, Club House Road, Chennai - 600 002 Tel : 044-28460390; Fax : 044-28460129 E-mail : cameo@cameoindia.com
Registered Office	:	Post Bag No. 4262 54/1446, Panampilly Nagar P. O. Kochi - 682 036
Factory	:	OSSEIN DIVISION Kathikudam P. O., (Via) Koratty Trichur District - 680308 GELATIN DIVISION KINFRA Export Promotion Industrial Parks Ltd. P. B. No. 3109 Kusumagiri P. O., Kakkanad, Kochi-682 030
Website	:	www.gelatin.in

SUBSIDIARY COMPANIES

BAMNI PROTEINS LTD. : PO Dudholi - Bamni, Via Ballarpur 442 701, Dist. Chandrapur, Maharashtra, India.
REVA PROTEINS LTD. : Plot No. 832, GIDC Industrial Estate, Jhagadia 393 110, Dist. Bharuch, Gujarat, India.

Board of Directors



P. H. Kurian, IAS
Chairman



Sajiv K. Menon
Managing Director



T. Yamaki
Director (Operations)



Dr. M. Beena, IAS
Director



Raymond Merz
Director



Seiichi Nishikawa
Alternate Director



A. K. Nair
Independent Director



K. L. Kumar
Independent Director



Radha Unni
Independent Director



Dr. Naotoshi Umeno
Independent Director



Dr. K. Cherian Varghese
Independent Director

FINANCIAL HIGHLIGHTS (10 Years)

(Rs. in lakhs)

	2006.07	2007.08	2008.09	2009.10	2010.11	2011.12	2012.13	2013.14	2014.15	2015.16
Total Income	13766.42	14585.97	18645.02	19479.94	20638.94	24694.12	30897.61	28936.04	36115.70	36098.51
Sales*	13119.55	14638.14	18247.75	18940.60	19650.08	23810.08	29714.01	28030.33	34857.35	34706.54
Exports (FOB)	7968.00	7950.32	10141.82	9476.42	10092.68	13829.03	15620.93	16296.11	18274.81	19003.77
Pre-tax Profit / (Loss)	721.83	728.91	2466.38	3076.36	251.45	653.48	2613.01	(731.05)	1002.72	2643.13
Profit / (Loss) after tax	592.05	666.07	1501.94	2546.14	189.15	508.08	1558.30	(495.92)	510.20	1668.24
Earning per share (Rs.)	7.05	7.93	17.88	30.31	2.25	6.05	17.35	(5.47)	5.62	17.33
Dividend per share (Rs.)	1.00	1.50	3.00	6.00	4.00	4.00	4.00	-	1.00	2.50
Reserves & Retained Earnings	6305.88	6776.98	7984.09	9942.52	9739.87	9857.44	11070.49	10634.70	11252.07	12468.89
Share Capital	840.00	840.00	840.00	840.00	840.00	840.00	840.00	907.92	907.92	2487.92
Shareholders' Funds	7110.95	7590.66	8824.09	10782.52	10579.87	10697.44	11910.49	11542.62	12159.99	14956.81
Return on Equity (%)	8.33	8.77	17.02	23.61	1.79	4.75	13.08	(4.30)	4.20	11.16
Book Value / Share (Rs.)	84.65	90.36	105.05	128.36	125.95	127.35	141.79	127.13	133.93	145.84
Gross Block	11632.38	12402.03	13609.38	14336.36	15674.24	16299.51	17106.60	19515.84	20836.92	21817.54
Net Block	5236.47	5384.24	5756.45	6297.74	6813.56	6867.78	6794.23	8158.60	7727.07	8027.28

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

NOTICE IS HEREBY GIVEN that the 40th Annual General Meeting of Nitta Gelatin India Limited will be held on **Wednesday, the 03rd August, 2016 at 12 Noon, at Kerala Fine Arts Hall, Fine Arts Avenue, Pallimukku, Cochin 682 016** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt Audited Financial Statements of the Company for the financial year ended 31st March 2016, together with the Report of the Board of Directors and the Auditors thereon; and the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March 2016, together with the Report of the Auditors thereon
2. To declare a dividend on Optionally Convertible Preference shares - 929,412 shares of Rs. 170/- each - @5.4029% p.a pro rata from the date of allotment i.e., 28.04.2015 absorbing an amount of Rs.78,83,512/- (excluding dividend tax)
3. To declare a Dividend on Equity Shares
4. To appoint a Director in place of Mr.Raymond Merz (DIN :07498918), 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 an **ORDINARY RESOLUTION.**

“RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014, M/s Varma & Varma, Chartered Accountants, (Firm Registration No 004532S) be and are hereby re-appointed as Statutory Auditors of the Company to hold office until conclusion of the Annual General Meeting relating to the Financial Year 2016-17, on a remuneration that may be fixed by the Board of Directors”.

SPECIAL BUSINESS:

6. **To re-appoint Mr. Takeo Yamaki (DIN: 02669053) as a Whole-time Director designated as Director (Operations)**

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **SPECIAL RESOLUTION:**

“RESOLVED THAT in accordance with the

provisions of Section 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 (The Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with regulation 17(1) (A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Article 121 of the Articles of Association of the Company and such other approvals by Statutory and Regulatory Authorities as might be required, approval of the Company be and is hereby accorded to the re-appointment of Mr. Takeo Yamaki (DIN 02669053) as a Whole-time Director designated as Director (Operations), of the Company for a period of 2 (two) years with effect from 11.07.2016 on the terms and conditions including payment of remuneration, in the absence of profits in the respective financial years, as minimum remuneration as herein below:-

1. Basic Pay : Rs. 2,30,000/- per month
2. Designation : Director (Operations)
3. Period of appointment : Two years from 11.07.2016
4. Housing : He will be provided with rent free furnished accommodation by the Company. The actual rent for this accommodation shall be subject to a ceiling of 50% of Basic Pay. Perquisite value of rent free furnished accommodation arrived at as per Rule 3 (1) of the Income Tax Rules shall be recovered from salary.
5. Reimbursement of actual medical expenses incurred for self and family subject to an yearly ceiling of Rs.15,000/-. Unavailed medical benefit for any year shall be allowed to be carried forward to the next year.
6. Leave Travel Concession: Return passage for self and family once in a year by air by Economy Class, to and from his place of residence in Japan.
7. Personal Accident Insurance: Shall be covered under a personal accident insurance policy at an annual premium not to exceed Rs. 6,000/- to the Company.
8. Car: Free use of Company car with driver for

official use. Use of car for personal purposes will be billed for.

9. Telephone: Free telephone, internet and fax facility will be provided at residence.
10. Income tax liability arising out of the above will have to be borne by the employee.
11. Reporting Relationship: Director (Operations) shall functionally report to the Managing Director.

“RESOLVED FURTHER THAT The Board of Directors be and is hereby authorized to decide on all such other acts and steps as might be required for effecting and regularising such appointment and remuneration”.

Item No. 7: Approval for entry into Related Party Transaction by the Company

To consider and, if thought fit, to pass with or without modification(s) the following as a **ORDINARY RESOLUTION**.

“RESOLVED THAT pursuant to the provisions of the Section 188 of the Companies Act, 2013 (The Act) read with Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014 and read with Regulation 23(4) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to such approvals, consents, sanctions and permissions as may be necessary, the consent of the members of the Company by way of a Ordinary resolution be and is hereby accorded to the Board of Directors (hereinafter called “the Board” which term shall be deemed to include any Committee which the Board may constitute for the purpose) for execution of contracts by the Company with M/s. Nitta Gelatin Inc., Japan, M/s. Nitta Gelatin NA Inc., USA and M/s. Reva Proteins Limited with whom the Company has common directorship to sell, purchase, or supply of any goods or material and to avail or render any service of any nature, whatsoever, as the Board in its discretion deem proper, subject to complying with the procedures to be fixed by the Board or its committee, upto an amount and as per the terms and conditions mentioned under item No. 6 of the explanatory statement with respect to transactions proposed, and annexed hereto with notice”.

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take

such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, things, deeds, matters, and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effect to this Resolution”.

By Order of the Board,

Kochi
06.05.2016

G. Rajesh Kurup
Company Secretary
M.No.A8453

Notes:

1. The Explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013 with respect to the Special Business set out in the Notice is annexed.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF /HERSELF, AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder.
3. The instrument appointing the proxy, duly completed, stamped and signed, must be deposited at the Company’s registered office not less than 48 hours before the commencement of the meeting. The proxy form for the AGM is enclosed herewith.
4. The Company notifies Closure of Register of Members and Share Transfer Books thereof **from 28th July, 2016 to 3rd August, 2016 (both days inclusive)** to determine the members entitled to receive dividend which will be declared at the Annual General Meeting.
5. Members holding shares in the same name or same order under different ledger folios are requested to apply for clubbing into one folio.
6. 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.
7. The Company has appointed M/s Cameo Corporate Services Limited, "Subramanian Building", 1, Club House Road, Chennai-600 002, as the Registrar and Share Transfer Agents of the Company to deal with the physical as well as electronic share registry.
 8. Members are requested to notify immediately any change in their address to the Registrar and Share Transfer Agents at their address as given, in the case of physical holdings and to their respective Depository Participant in case of demated shares.
 9. Members may kindly update their email address with the Company/ Registrar Cameo Corporate Services such that correspondence reach you without fail.
 10. Members are requested to furnish details of their nominee in the nomination form that can be obtained from the company on request.
 11. 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.
 12. 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.
 13. Members attending the Annual General Meeting are requested to bring with them the ATTENDANCE SLIP sent along with the Annual Report.
 14. The business need also to be transacted through electronic voting system and the company is providing facility for voting by electronic means.
 15. As per the applicable provisions and rules thereunder any Dividend remaining unpaid and unclaimed at the end of 7th year thereafter, shall be transferred to the Investor Education and Protection Fund (IEPF). Accordingly, the dividend paid during the year 2008-09 and remaining unpaid and unclaimed shall be transferred to IEPF fund by 23rd September, 2016.
 16. In case of joint holders attending the meeting, the member whose name appears as per Register of Members of the company will be entitled to vote.
 17. Voting through electronic means
Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended upto date, and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer remote e voting facility to the members to cast their votes electronically as an alternative to participation at the Annual General Meeting (AGM) to be held on Wednesday, 3rd August, 2016 at 12:00 Noon at Kerala Fine Arts Hall, Fine Arts Avenue, Pallimukku, Cochin 682016. Please note that the Remote e-voting through electronic means is optional. The Company is also providing the facility of poll at the meeting by way of ballot. The Company has engaged the services of Central Depository Services India Ltd (CDSL) to provide remote e-voting facilities. The Remote e-voting facility is available at the link <https://www.evotingindia.com> :
The Company had fixed Friday, 27th July, 2016 as the cut off date for determining voting right of shareholders entitled to participating in the e voting process .In this regard, your demat account/folio number has been enrolled by the Company for your participation in e voting on resolutions placed by the Company on e voting system.
The e voting facility will be available during the following period:

Commencement of remote e-voting	End of remote evoting
Sunday, 31st July, 2016 at 9:00 a.m	Tuesday, 02nd August, 2016, at 5:00 p.m

During this period , members of the company may cast their vote electronically. The evoting module shall be disabled for voting thereafter. Once the vote(s) on a resolution is cast by the member, the member shall not be allowed to change it subsequently as well as not allowed to vote at the meeting.

The voting rights of the members shall be in proportion to their shares of the paid up equity share capital of the company as on 27th July, 2016.

The instructions for members for remote voting electronically (both for physical shareholders as well as demat holders) are as under:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on “Shareholders” tab.
- (iii) Now, select the “NITTA GELATIN INDIA LIMITED” from the drop down menu and click on “SUBMIT”
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field in order to login.

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form

will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for NITTA GELATIN INDIA LIMITED on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) **Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting**

app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

- (xix) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and custodians are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
- a) They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- b) After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- c) The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- d) They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
 - The Company has appointed MrAbhilash N.A (M. No.22601 and C.P No.14524) as the Scrutinizer for conducting the remote e voting process in fair and transparent manner.
 - The Scrutiniser shall immediately after the conclusion of voting at the annual general meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a consolidated scrutiniser’s report on the total votes cast

in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same. The Chairman or the person authorized by him shall declare the result of the voting forthwith.

- The Results declared, along with the scrutinizer’s Report, shall be placed on the Company’s website www.Gelatin.in and on the website of CDSL immediately after the results have been declared by the Chairman. The Company shall simultaneously communicate the results to BSE Ltd., Mumbai, who shall place the same in their web site.

EXPLANATORY STATEMENT

Pursuant to Section 102(1) of the Companies Act, 2013

Item No: 6 - Appointment of Mr. Takeo Yamaki as a Wholetime Director designated as Director (Operations)

Mr. Takeo Yamaki hold office as Whole Time Director of the Company designated as Director (Operations) for a period of two years ending 11.07.2016. The appointment at a remuneration approved at the EGM dtd 17.04.2015 has approval from the Ministry of Corporate Affairs (MCA) as per Section 197(1) read with Schedule V of the Act. Upon consent by NGI, Japan, It is proposed to reappoint him as Director (Operations) for further period of two years beginning 11.07.2016 when his two year tenure gets over, on such terms and conditions as detailed in the resolution.

Your Board of Directors at their meeting dated 06.05.2016, on detailed consideration of the recommendations of Nomination and Remuneration Committee, recommends to the General Body of shareholders, appointment of Mr. Takeo Yamaki as a Wholetime Director designated as Director (Operations) on such terms and conditions as are herein proposed and subject to such other approvals by the Statutory and Regulatory Authorities as might be applicable.

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

Item No. 7: Approval for entry into Related Party Transaction by the Company

The Companies Act, 2013 aims to ensure transparency in the transaction and dealings between related parties of the Company. The provisions of Section 188 (1) of the Companies Act, 2013 that governs the Related Party Transactions, requires that for entering into any contract or

arrangement as mentioned therein, with the Related Party(s), the Company must obtain prior approval of the Board of Directors.

As per provisions of Section 188 of Companies Act 2013 and Rules thereunder, if the value of the sale transactions together with the value of transactions entered so far during the year exceeds 10% of the turnover of the Company as per the previous audited financial statement in respect of Related Party, the Company has to obtain prior approval of shareholders by way of Ordinary Resolution.

Further third proviso of Section 188 (1) provides that nothing in that sub-section shall apply to any transaction entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis.

As per, Regulation 23 (4) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 if the transaction is material by

reason of exceeding 10% of annual consolidated turnover (taken individually or together), the approval of Shareholders has to be obtained.

In the light of the provisions of the Act, the Board of Directors of your Company has approved the proposed transactions along with the limits that the Company may enter into with its Related parties for the period 01.10.2016 to 30.09.2017.

All the prescribed disclosures as required to be given under the provisions of the Companies Act 2013 and the Rules thereunder are given below in tabular format for information of members.

Except Promoter Directors (to the extent of share holding interest in the company), no other Director or Key Managerial Personnel or their relatives is concerned or interested financially or otherwise in passing of this resolution.

By Order of the Board,

Kochi
06.05.2016

G. Rajesh Kurup
Company Secretary

PARTICULARS OF RELATED PARTY TRANSACTIONS PROPOSED TO BE ENTERED DURING 01.10.2016 TO 30.09.2017 FOR THE PURPOSE OF APPROVALS U/S 188 OF THE COMPANIES ACT 2013.

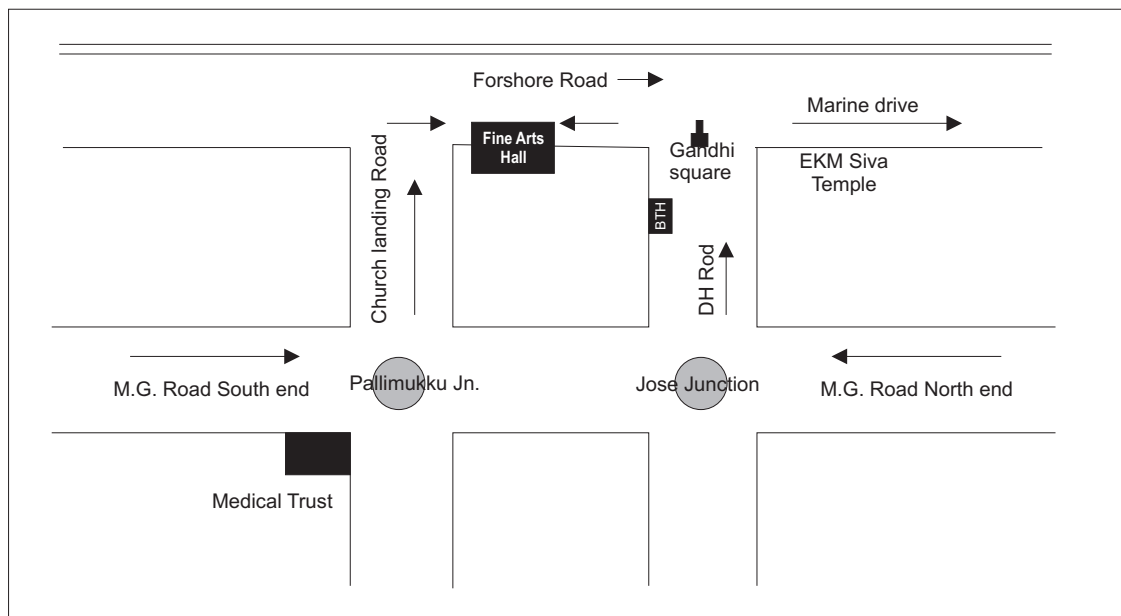
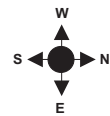
(TRANSACTIONS / CONTRACTS CARRIED OUT IN THE ORDINARY COURSE OF BUSINESS

Name of Related Party	Director / KMP related	Nature of Relationship	Nature of Transaction	Period of Transaction	Maximum value of Transaction (Rs. in lakhs)
Nitta Gelatin Inc., Japan	Raymond Merz Seiichi Nishikawa	Director & Executive Officer, Nitta Gelatin Inc., Japan	Sale of Goods	01.10.2016 to 30.09.2017	22,000
	T. Yamaki	Nominee of Nitta Gelatin Inc., Japan	Availing of services	01.10.2016 to 30.09.2017	300
Nitta Gelatin NA Inc., USA	Raymond Merz Seiichi Nishikawa	Director & Executive Officer, Nitta Gelatin Inc., Japan	Sale of Goods	01.10.2016 to 30.09.2017	12,000
	T. Yamaki	Nominee of Nitta Gelatin Inc., Japan	Availing of services	01.10.2016 to 30.09.2017	150
Reva Proteins Ltd.	Sajiv K. Menon	Managing Director, Nitta Gelatin India Ltd.	Sale of Goods	01.04.2016 to 30.09.2017	12,000
	K.L. Kumar	Director, Nitta Gelatin India Ltd.			

Details of directors seeking appointment/ approval of terms of appointment as required under Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

Name	T. Yamaki	Raymond Merz
Age (Years)	56	57
Nationality	Japan	Canada
Date of appointment/re-appointment	11.07.2016	06.05.2016
Qualification	Engineer	Master of Engineering Master of Business Administration
Expertise	Long tenure with Nitta Gelatin Inc., Japan. Earlier worked as General Manager, Gelatin Division at NGI, Japan.	Director & Executive Officer, General Manager of International Business Division, Nitta Gelatin INC., Japan.
Other Directorships excluding Foreign Companies	Nil	Nil
Member / Chairman of committees of other companies	Nil	Nil
Relationship, if any, between Directors interse.	No	No
Shareholding in the Company	Nil	Nil

Route-map to the Venue of AGM



DIRECTORS' REPORT

To

THE MEMBERS OF

NITTA GELATIN INDIA LIMITED

Your Directors have pleasure in presenting the 40th Annual Report and audited financial statements for the year ended 31st March, 2016.

FINANCIAL HIGHLIGHTS

(Rs. in Crores)

Particulars	For the year ended 31 st March, 2016	For the year ended 31 st March, 2015
Sales (including export incentives and net of Excise Duty & VAT)	358.57	359.13
Other Income	2.42	2.03
TOTAL	360.99	361.16
Gross Profit before Depreciation	35.85	20.41
Deducting therefrom:		
Depreciation	9.43	10.38
Provision for Tax -		
- Current Tax	10.11	2.24
- MAT Credit Entitlement	(1.98)	-
- Deferred Tax	1.13	2.58
- Prior years	0.48	0.11
Profit after Tax	16.68	5.10
Profit brought forward from previous year	13.91	12.90
Adjustments for asset having no remaining useful life	-	(0.18)
Balance Profit available for appropriation	30.59	17.82
Appropriations :		
Proposed dividend on Optionally Convertible Preference Shares	0.79	-
Proposed final dividend on equity shares	2.27	0.91
Tax on dividend	0.62	0.18
Transfer to General Reserve	6.00	2.82
Balance profit carried forward to next year	20.91	13.91
Earnings per share (Rs.)		
Basic	17.33	5.62
Diluted	16.79	5.62

DIVIDEND

The Board has, subject to approval of the members at the ensuing Annual General Meeting, recommend a dividend @ 5.4029% p.a. for the year ended 31st March, 2016 on the 929,412 Optionally Convertible Preference Shares of face value of Rs. 170/- each on a pro-rata basis from the date of allotment.

Considering the Company's performance and financial position for the year under review, the Board has also recommended a dividend of Rs. 2.50 per share i.e. 25% of the face value of Rs. 10/- per share on the equity capital for the year ended 31st March, 2016, subject to the approval of the members at the ensuing Annual General Meeting.

Togetherwith corporate tax on dividend, the total outflow on account of dividend will be Rs. 368.07 lakhs(including Rs. 94.88 lakhs on preference shares), vis-à-vis Rs. 109.27 lakhs paid for the financial year 2014-15.

During the year, unclaimed dividend of Rs. 1.69 lakhs pertaining to the year ended 31st March, 2008, was transferred to the Investor Education & Protection Fund after giving due notice to the members.

SHARE CAPITAL

The Authorised share capital of your Company has been enhanced from Rupees Twenty Crores (comprising of two crore equity shares of Rs. 10/- each) to Rupees Thirty Five Crores Eighty lakhs and Forty only (comprising of two crore equity shares of Rs. 10/- each and 929,412 Optionally Convertible (non-cumulative) Preference Shares (OCPS) of Rs. 170/- each).

During the year, the Company has issued 929,412 Optionally Convertible (non-cumulative) Preference Shares of Rs. 170/- each aggregating to Rs. 15,80,00,040/- to M/s. Nitta Gelatin Inc., Japan, one of the promoters carrying a fixed dividend of 5.4029% and redeemable at par at the expiry of seven years from the date of allotment, 28.04.2015 with put and call option at the expiry of five years from the date of allotment. The said OCPS carry the option to get converted into equity shares either in full or in part at a value of Rs. 170/- per equity share of face value of Rs. 10/- and share premium of Rs. 160/- per share not later than 18 months from the date of allotment of OCPS, subject to the Company complying with Clause 38 of the SEBI (LODR) Regulations 2015, post conversion and NGI, Japan adhering to the SEBI Takeover Regulations. None of the OCPS shares have been converted into equity shares till date.

RESERVES

An amount of Rs. 600.00 lakhs is transferred to General Reserve during the year. Reserves as on 31.03.2016 comprises of Security Premium Reserve of Rs. 2895.90 lakhs, Capital Investment subsidy of Rs. 15.00 lakhs, Special Export Reserve of Rs. 79.00 lakhs, General Reserve of Rs. 7236.64 lakhs, Hedge Equalisation Reserve of Rs. 151.02 lakhs and credit balance in the Profit and Loss Account of Rs. 2091.32 Lakhs, aggregating to Rs. 12468.88 lakhs.

PARTICULARS OF LOANS, GUARANTEES & INVESTMENTS

In the wake of the progress made with regard

to commissioning of the common treated effluent discharge pipeline for want of which the operations of M/s. Reva Proteins Ltd. (RPL), the subsidiary of the Company, was so far unviable, your company has made an investment of Rs. 1250 lakhs in the issue of 6% Optionally Convertible (Non-cumulative) Preference Shares of Rs. 10/- each at par of the said subsidiary.

Corporate Guarantee for an amount of Rs. 271.31 lakhs was provided against a term loan of Rs. 300.00 lakhs sanctioned to RPL by M/s. Kerala State Industrial Development Corporation Ltd. during the year.

Details in respect of other loans, guarantees and investments covered under the provision of Section 186 of the Companies Act, 2013 are given in the notes on accounts for the financial year ended 31st March, 2016

PERFORMANCE

The gross revenue from operations of your Company during the year under review was Rs. 370.86 crores. Though there has been an increase in the unit sales realization in all our products during the year, increase in sales volumes could not be achieved due to various extraneous factors. With all the domestic Gelatin plants in full scale operation during the year and the resultant heavy demand for crushed bone, the quality of supplies could not meet the export quality specifications for Ossein and Limed Ossein. This has led to a reduction in export volumes of Ossein / Limed Ossein by 19% during the year. The demand for Collagen Peptide witnessed a setback in major overseas markets like Korea and Thailand. In the domestic market, the unduly long delay in granting new product approvals by the regulatory authorities has resulted in a poor offtake of Collagen Peptide. Despite the reduction in volumes as explained above, the total sales turnover could be maintained with improvement in unit sales realization on all our products and the higher volume of Gelatin sales achieved during the year.

The improvement in USD / INR exchange rates during 2015-16 as compared to 2014-15 has also contributed to improved sales realisation on exports.

The increase in price of crushed animal bone, apart from its poor quality as explained above, was not conducive for the business of the Company. Crushed bone prices have increased by 11% during 2015-16 as compared to the previous fiscal.

In the backdrop of the aforesaid adversities, your Company exercised close monitoring and strict control over each significant element of cost, and achieved appreciable savings. In respect of utilities, the usage of LNG was significantly substituted by firewood and at the same time, efficiency of wood fired boilers was improved. Aided also by the decline in the price of LNG and firewood, these measures have helped the company to achieve an overall cost reduction of around Rs. 6.08 crores for utilities.

With regard to finance cost, Company could effectively leverage low cost foreign currency loans and achieve almost a one third reduction amounting to Rs. 2.48 crores.

The sales mix during the year was such that the Company could achieve a reduction in selling expenses such as freight charges on products, discount and commission on sales, etc. aggregating to Rs. 3.52 crores during the year under review.

As a result of the above, the operations of the Company for the year 2015-16 has resulted in a pre-tax profit of Rs. 26.43 crores as against Rs. 10.03 crores during 2014-15.

The products of the your Company continued to enjoy an enviable market demand during the year under review. The entire sale of Ossein / Limed Ossein, 44.5% of the total sale of Gelatin and 38.6% of Collagen Peptide were through exports. Your Company has arrangements with its overseas collaborators, Nitta Gelatin Inc., Japan to leverage their expertise and market insights in servicing its customers in a pro-active manner in line with the global standards of NITTA Group.

The major production facilities of your Company are the Ossein Plant at Koratty, Trichur District and Gelatin / Peptide Plant at Kakkanad, Ernakulam District, Kerala. All the factories owned by the Company are being operated in strict compliance with the applicable standards / norms prescribed by the Statutory authorities including the State Pollution Control Board. The Kadukutty Panchayat in Trichur District did not renew the factory licence for our Ossein Plant at Koratty for the year. However, the Kerala State Tribunal for Local Self Government Institutions has stayed the orders of the Panchayat until further orders. The denial of grant of factory licence by the Kadukutty Panchayat for earlier years was challenged before the Hon'ble High Court of Kerala and the Court has ordered status quo in the matter till final disposal of the writ petition filed by the Company. The recent review of the effluent management system

at Ossein Division by the National Environmental Engineering Research Institute (NEERI) has confirmed the efficacy of the system on the basis of which the Pollution Control Board has renewed the Consent To Operate upto 30.06.2018. Based on expert legal advice, the earlier court verdicts and the facts of the situation as explained above, the Company expects a favourable resolution of the matter.

CREDIT RATING

During the year, rating agency CRISIL has reaffirmed the rating of "CRISIL A-/ Stable" rating for Long Term Debts and "CRISIL A2+" rating for short term borrowings.

AWARDS & ACCOLADES

During the year your Company was awarded the top export award in Ossein & Gelatin panel instituted by CAPEXIL for the year 2012-13.

The following prestigious certifications are retained by your Company:-

- (a) European Directorate for the Quality of Medicines & Health (EDQM) Certificate for Gelatin Division
- (b) HACCP Certificate for Ossein Division and Gelatin Division for food safety.
- (c) ISO 14001:2004 for Gelatin Division for Environment Management System
- (d) ISO 9001: 2008 for Quality Management System of the Company.
- (e) FSSC Certification for Food Safety Management System for Gelatin Division
- (f) Halal / Kosher Certification for Gelatin and Collagen Peptide
- (g) NABL Accreditation for in-house laboratory

HEALTH, SAFETY AND ENVIRONMENT

Compliance with relevant regulations and effective management of the related issues is an integral part of the Company's philosophy and we stand committed to continually improve on these objectives. The Company, year on year, increases its focus on improving matters relating to Health, Safety and Environment.

Health and Safety

The Company is committed to promoting the health and safety of its employees. Each of our plants is having a Safety Officer and Safety

Committee which includes representation from workmen. The Committee meets regularly to review issues impacting plant safety and employee health. Regular health checkup of the employees is carried out through reputed hospitals. Various training programmes are conducted at the plant on health and safety issues including emergency preparedness, work safety, first-aid, etc. The Company is augmenting resources to further strengthen the level of safety at its plants.

Environment

The Company continuously endeavors to improve on environmental management and through all activities demonstrate its commitment to protecting the environment. The factories of the Company are equipped with effective effluent treatment plants for treating and discharging treated water with parameters well within the norms laid down by the Pollution Control authorities. The emissions from the boilers and generator stacks are regularly monitored for compliance. With the commissioning of two biogas generators at our Ossein plant, substantial portion of the raw effluent from the production process is now being converted into biogas used for meeting our energy requirements. Water recycling and water reuse are being regularly pursued and improved upon by the Company with specific targets.

In connection with the renewal of the Consent To Operate our Ossein plant, M/s. National Environmental Engineering Research Institute (NEERI), a constituent laboratory of the Council of Scientific & Industrial Research, Govt. of India, conducted a detailed study of the pollution status with respect to the air, water and solid waste generated from the Ossein plant and confirmed the efficacy of such systems. However, with a view to further enhance the infrastructure for environment management, water conservation, ambient air quality etc., the Company has mobilized Rs. 15.80 crores through the issue of Optionally Convertible (non-cumulative) Preference Shares. With the completion of this investment, your Company will be equipped with state-of-the-art facilities for management of environment and hence the health and safety of the employees and the local community at large.

The ambient air quality in our Ossein plant is being monitored on a continuous basis to conform to the regulations relating to ambient air quality standards. Out of the total plot area of approximately 1,53,900 sq. meters, about 10,000 sq. meters of land around the boundary of

Gelatin Division and about 38,000 sq. meters of land in Ossein Division have been developed and maintained as green area.

These steps are expected to go a long way in furthering our efforts to protect the nature and environment around our plant.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company has formulated a well structured Policy aimed at providing focus and direction to the various activities on CSR. The Company is committed to identifying and supporting programmes aimed at:

- Empowerment of the disadvantaged / weaker sections of the society through education, skill development and the like;
- Provision of access to basic necessities like healthcare, drinking water & sanitation;
- Supporting environmental and ecological balance through afforestation, soil conservation, conservation of flora and similar programme;
- Promotion of sports through training of sports persons;
- Rural development projects;
- Total CSR expenditure incurred by your Company during the year was Rs. 19.48 lakhs which was higher than the statutory requirement of 2% of the average profit for the last three years.
- A CSR Committee has been constituted to act in an advisory capacity to the Board and Management with respect to policies and strategies that affect the Company's role as a socially responsible organization.
- The CSR Committee ensures that the implementation and monitoring of the projects are in compliance with the CSR objectives and Policy of the Company.
- The CSR Policy can be accessed on the Company's website www.gelatin.in. The CSR projects undertaken by the Company are in accordance with Schedule VII of the Companies Act, 2013. Annual Report on CSR activities is annexed herewith as **Annexure I**.

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

In accordance with the provisions of the SEBI (LODR) Regulations 2015, your Company had formulated a Material Subsidiary Policy

specifying the criteria for determining the Material Subsidiaries. The said policy is available in the Company website www.gelatin.in. There has been no change in the nature of business of subsidiaries during the year under review.

As per the above policy, the Company has only one material subsidiary, Reva Proteins Ltd

SUBSIDIARY COMPANIES

BAMNI PROTEINS LIMITED

The annual production during the year in this subsidiary company was 2349 MT of Ossein and 5508 MT of Di Calcium Phosphate as against 2345 MT of Ossein and 5135 MT of Di-Calcium Phosphate during the previous year.

The operation of this subsidiary for the year under review has resulted in a post - tax profit of Rs. 128.75 Lakhs as against a net loss of Rs. 54.86 lakhs during the previous financial year.

REVA PROTEINS LIMITED

At Reva Proteins Ltd., owing to restrictions in the quantum of discharge of treated effluent, there has been considerable under utilization of capacity. The common treated effluent discharge pipeline currently being set up by M/s. Narmada Cleantech Limited, expected to be commissioned during mid 2015-16 has been delayed further. Arising out of the above, the financial year 2015-16 witnessed a net loss of Rs. 941.17 lakhs and a cash loss of Rs. 684.59 lakhs as against a net loss of 813.92 lakhs and a cash loss of Rs. 519.14 lakhs during the previous financial year. The annual production during 2015-16 was 900 MT of Ossein and 642.30 MT of Limed Ossein as against 1336.65 MT of Ossein and 521.90 MT of Limed Ossein during the previous year. M/s. Narmada Cleantech Limited, the agency entrusted with the setting up of the common effluent discharge pipeline has assured the commissioning of the pipeline by early 2016. Taking into consideration the techno-commercial viability of the project once the pipeline gets commissioned, your Company has proactively undertaken a comprehensive scheme for revival of the subsidiary. The main features of this scheme of revival are:

- Capital investment Rs. 900 lakhs financed out of term loans from the promoter, NGI Inc. Japan.
- Induction of capital of an amount of Rs. 1250 lakhs into the Company through the issue of 125 lakhs 6% Optionally Convertible (Non-

cumulative) Preference Shares of Rs. 10/- each at par.

- Rescheduling of existing term loans
- Change of business model into direct billing w.e.f. 01.04.2016 onwards.

With the implementation of the above scheme of revival, this subsidiary can achieve a turnaround in operations within a short time once the pipeline is commissioned.

In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared a consolidated financial statement of the Company and all its subsidiary companies, which is forming part of the Annual Report.

The statement containing the salient features of the financial statement of both the subsidiaries under first proviso to sub-section (3) of section 129 of the Act in form AOC I is attached as **Annexure II**.

In accordance with fourth proviso of Section 136(1) of the Companies Act, 2013, the Annual Report of the Company containing therein its standalone and consolidated financial statements has been uploaded on the website of the Company, www.gelatin.in. Further as per the fourth proviso of the said section, the annual accounts of the subsidiary companies and the related detailed information have also been uploaded on the website of the Company, www.gelatin.in.

Annual accounts of the subsidiary companies and related detailed information shall be made available to the shareholders of the Company and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies shall also be available for inspection by any shareholder at the Registered Office of the Company and subsidiary companies concerned. Hard copy of details of accounts of subsidiaries shall be furnished to any shareholder on demand. Further, pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, consolidated financial statements presented by the Company include the financial information of its subsidiaries.

STATUTORY AUDITOR'S REPORT

Emphasis of Matter on the accounts of the Company referred to in the Auditor's Report is explained in detail in Note No. 2.11.1 of the Notes forming part of accounts for the year and hence no further comments are necessary.

SECRETARIAL AUDITORS' REPORT - EXPLANATION TO OBSERVATIONS OF AUDIT

As prescribed under Section 204(1) of the Act, the Company has received the Secretarial Audit Report. The observations made therein and the corresponding explanations are given herein below:

Sl No	Observation	Our explanation
1	Pursuant to Section 184(1) of the Companies Act,2013 every director shall disclose his concern or interest in any company or companies or body corporates etc. including shareholding at the first Board meeting held in every financial year in Form MBP-1. It is seen that the first meeting of the Board in the financial year 2015-16 was held on 17th April,2015 but no such disclosure was made available to the Board as per Section 184(1) of the Act. Nevertheless, the same was disclosed at the next Board Meeting held on 09.05.2015.	In normal course, the first Board meeting of the FY, is the Q1 meeting which takes place in the first week of May(09.05.2015). We were to take declarations from Directors for placing before the said meeting. In between, a Board Meeting took place in April(17.04.2015) along with EGM when the declaration was not fully obtained.
2	There was a delay of 159 days in filing Form CHG-1 for Rs 700 lacs availed from HDFC Bank Limited. Also modification of the Charge by way of enhancement of the above said loan of Rs.10 crores was filed only after 134 days from the date of modification.	The Bank had not completed the documentation for enabling us to file CHG1, leading to this delay.
3.	The appointment of CFO on 01/12/2015 was informed to BSE Ltd on 08/12/2015 only. The disclosure is inadequate to the extent that brief profile of new incumbent was not given to Stock Exchange as well as reasons for not informing SE in time, was not mentioned in the disclosure pursuant to Regulation 30(6) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 read with sub para 7.3 Para A of Part A of Sch III.	The LODR came into force on 01.12.2015. We failed to gather the essence of these provisions well in time to file for an event that took place on that very date, while there was a delay of 7 days for such filing.
4	In the following instances, Standard 1.3.7 of the Secretarial Standards on Meetings of the Board has not been followed; The agenda notes for the Board meeting on 08.09.2015 has to be send atleast by 01.09.2015 to all Directors but the same has been sent only on 02.09.2015. Similarly for the board meeting held on 1st February,2016, the notes on agenda has been sent on 27th January,2016 but which is ought to be send by 25th January,2016	These were meetings for approval of Quarterly / Audited results which were Unpublished Price Sensitive Information. Directors have subsequently approved a proposal, agreeing to a shorter notice for circulation of financial results being Unpublished Price Sensitive Information (UPSI).
5	As per LODR 2015 Reg 30-Annexure I particularly point 4, Companies are required to intimate outcome of the meeting of the Board of Directors, containing the time of commencement and conclusion of the Board meeting. But on examination of the intimation of the outcome of the Board meeting dated 01/02/2016, the details regarding the time of commencement and conclusion of the Board meeting was not included in the outcome intimation letter.	Noted for future action.
6	As per FSSA license issued to the Company by the Central Government, the permissible limit of the food product Gelatin is 10 MT/day. On examination of Annual Return in Form D1 filed under Regulation 2.1.13 of the FSSA 2006 , dated 26.05.2015 the total gelatin production comes about 3670.42 MT and during the FY ended 31.03.2016 it even crosses 3900 MT which are in excess of the limit of 3650 MT per year. Hence, the Company is advised to increase the license limit per day so as the production not to exceed the license limit.	The production was marginally above the licensed limit during the year 2014-15, and has increased further vis-à-vis the licensed limits during the year 2015-16. Endorsements will be sought from the authorities for the increased limit.

COLLABORATORS

Your Collaborators continue to be the relentless source of support and guidance for the Company in each of its key initiatives. Their patronage in areas of financial support, product development, marketing, quality improvement and training of personnel has contributed significantly to the growth of the Company. NGI, Japan has not only subscribed the Optionally Convertible Preference Shares for an amount of Rs. 1580 lakhs issued by the Company in full, but also provided term loan assistance to the Company at attractive rates of interest. NGI, Inc. Japan has provided guidance and considerable financial support for the scheme of revival of the subsidiary, Reva Proteins Ltd. Kerala State Industrial Development Corporation Ltd., the other promoter is also equally supportive to each and every development concerning your Company.

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

The information as required under Section 134(3) (m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached as **Annexure III**.

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management cadre in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.

The Nomination and Remuneration Committee does formulate the criteria for determining qualifications, positive attributes and independence of a director recommending to the Board a policy relating to the remuneration for the directors, key managerial personnel and senior management personnel meaning thereby employees of the company who are members of the core management excluding Board of Directors. This would comprise all members of management one level below the Executive Directors, including all functional heads.

The Remuneration policy to ensure that:—

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate personnel as are herein referred to above of the quality required to run the company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to Whole-time directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosures pertaining to remuneration and other details as required under section 197(12) of the Act read with Rule 5(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annual Report as **Annexure IVA** to this report.

The Annual Report excluding the details of employees receiving remuneration in excess of the limits prescribed under section 197 of the Act 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is being sent to the shareholders of the Company in terms of first proviso to Section 136(1) of the Act 2013. The annexure is available for inspection at the Registered Office of the Company during business hours and any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

INTERNAL CONTROL SYSTEM

ADEQUACY OF INTERNAL CONTROL SYSTEMS

The Company has in place well defined and adequate internal controls commensurate with the size of the Company and the same were operating effectively throughout the year. The internal control systems operate through well documented Standard Operating Procedures, policies and process guidelines. These are designed to ensure that transactions are conducted and authorized within defined authority limit commensurate with the level of responsibility for each functional area. The Company's accounting and reporting guidelines ensure that transactions are recorded and reported in conformity with the generally accepted accounting principles.

The Company has engaged a professional firm of Accountants with long years of experience to carry out the internal audit function. The Company has not placed any limitation on the scope and authority of the internal audit function. The internal audit function evaluates the efficacy and adequacy of internal control systems, its compliance with operating systems and policies of the Company and accounting procedures at all locations of the Company. To maintain its objectivity, effectiveness and independence, the internal audit is being carried out on a quarterly basis and reports thereon, along with the remarks of the process owners on each of the observations of audit are placed before the Audit Committee of the Board. The Audit Committee reviews each of the internal audit reports as a separate item of agenda along with the internal / statutory auditors and the management representatives wherein the Committee gives their advice / suggestions on the audit points. Based on the report of the internal audit as well as the observations of the Audit Committee the process owners undertake requisite corrective action in their respective areas

thereby further strengthening the control systems. The minutes of the Audit Committee are reviewed by the Board of Directors.

INTERNAL CONTROLS OF FINANCIAL REPORTING

The Company has in place adequate financial controls commensurate with the size, scale and complexity of its operations. During the year, such controls were tested and no reportable material weakness in the design on operations were observed. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

The Company has adopted accounting policies which are in line with the Accounting Standards and the Act. They are in accordance with the generally accepted accounting principles in India. Changes in policies, if required, are made in consultation with the auditors and are approved by the Audit Committee.

The Board is of the view that appropriate procedures and controls are operating effectively and monitoring procedures are in place.

RESPONSIBILITY STATEMENT OF DIRECTORS

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134 of the Companies Act, 2013:

- a) that in the preparation of the annual accounts for the year ended 31st March, 2016, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- b) that they had selected such accounting policies as mentioned in Note 1 of the notes to the Financial Statements 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 2016 and of the profit of the Company for the year ended on that date;
- c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d) that they had prepared the annual accounts on a going concern basis;
- e) that proper internal financial controls laid down by the Directors were followed by the Company and such internal financial controls are adequate and were operating effectively; and
- f) that they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RELATED PARTY TRANSACTIONS

The Company has formulated a policy on Related Party Transactions which is in line with the relevant provisions of the Company's Act and as well as SEBI (LODR) Regulations. The said policy as approved by the Board is available in the Company website www.gelatin.in. As per the said policy, prior omnibus approval of the Audit Committee is obtained on a quarterly basis for all the Related Party Transactions which are of a foreseen and repetitive nature. All Related Party Transactions actually taken place are subsequently reviewed by the Audit Committee on a quarterly basis in comparison with the conditions of omnibus approval and are recommended to the Board for approval. Additionally material Related Party Transactions foreseen in the year ahead, were got approved by the members also. Particulars of contracts of arrangements with Related Parties referred to in sub section 1 of Section 188 read with Rule 8(2) of the (Companies Accounts) Rules, 2014 are attached in Form No. AOC 2 as **Annexure V**.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review as stipulated under SEBI (LODR) Regulations 2015 are presented in a separate section forming part of this Annual Report.

CORPORATE GOVERNANCE

The Company has complied with the corporate governance requirements under the Companies Act, 2013, and as stipulated under the SEBI (LODR) Regulations. A separate section on corporate governance under SEBI (LODR) Regulations 2015, along with a certificate from the auditors confirming the compliance, is annexed and forms part of the Annual Report

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements have been prepared in accordance with the provisions of Schedule III of the Companies Act, 2013 and Accounting Standards 21, 27 and other applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the SEBI (LODR) Regulations and form part of the Annual Report.

DIRECTORS

Your Board had appointed Dr. K. Cherian Varghese as an Additional Director on the Board w.e.f. 08.09.2015. Dr. K. Cherian Varghese, a banker by profession was General Manager in Indian Bank. He had a stint in South Indian Bank as their Chairman & CEO. He was the Executive Director of Central Bank of India before holding post as CMD successively, in two leading Public Sector Banks namely, Corporation Bank and Union Bank of India. He also served as member and Chairman of the Board for Industrial & Financial Reconstruction of Govt. of India.

Mr. Norimichi Soga, currently the Director & Chairman of Nitta Gelatin Inc., Japan was a member of the Board of Directors of your Company since May 2005. NGI, Japan vide their letter dt. 24.02.2016 withdrew their nomination of Mr. Soga as a director of the Company and instead nominated Mr. Raymond Merz, Director and Executive Officer, NGI, Japan. Mr. Seiichi Nishikawa of NGI, Japan has been appointed as an Alternate Director for Mr. Raymond Merz as envisaged under law.

The period of appointment of Mr. Takeo Yamaki as a Wholetime Director designated as Director (Operations) has been extended for a further period of two years from 11.07.2016.

With great pleasure, your Directors welcome the new Directors, Dr. K. Cherian Varghese, Mr. Raymond Merz and the Alternate Director, Mr. Seiichi Nishikawa. The Board also placed on record its sincere appreciation for the valuable contribution made by Mr. Norimichi Soga during his tenure as the Director of the Company.

KEY MANAGERIAL PERSONNEL

Rule 8(5)(iii) of Companies (Accounts) Rules, 2014 prescribes that Report of Directors should contain details of Directors and Key Managerial Personnel. Therefore, in addition to the details of Directors hereinabove given, it is brought to the notice of shareholders that Mr. P. Sahasranaman is appointed as Chief Financial Officer (CFO)

w.e.f.01.12.2015, while Mr. G. Rajesh Kurup who held office as Company Secretary, continues as such since commencement of the Act and Rules effective 01.04.2014.

BOARD EVALUATION

As per Section 134(3)(P) of the Act, 2013 there has to be furnished to the shareholders as part of the Directors' Report, a statement indicating the manner in which formal annual evaluation was made by the Board of their performance. Similarly, the Independent Directors as part of their mandate under Schedule VI of the Act need to make an evaluation of performance of the constituents of the Board other than themselves.

Accordingly, the Board at their meeting dt. 01.02.2016 deliberated and took into record that the Independent Directors (IDs) have the requisite qualification, expertise and track record for performing their duties as envisaged under Law, and they make value addition in the decision making process of the Board. Similarly the IDs at their meeting that day evaluated and expressed satisfaction at the performance of other Directors on the Board.

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulation, the Board at its meeting dated 20.03.2015 carried out its own annual evaluation with specific reference to Independent Directors and criteria for their independence. The rest of the Board members including the Chairman of the Board were evaluated by the Independent Directors at their meeting dated 17.04.2015.

On the basis of report on performance evaluation by the Board, the Independent Directors were proposed for appointment before the Extraordinary General Meeting of the Company dated 17.04.2015, who had since been appointed

MEETINGS

The Board of Directors met 6 (six) times during the year 2015-16. The details of the Board meetings and the attendance of the Directors are provided in the Corporate Governance Report. The intervening time gap between the two consecutive meetings was within the period prescribed under the Companies Act, 2013.

COMPOSITION OF AUDIT COMMITTEE

The Board had re-constituted the Audit Committee with Mrs. Radha Unni as Chairperson, Mr. A. K. Nair, Mr. K. L. Kumar and Dr. K. Cherian Varghese as members.

More details on the Committee are given in the Corporate Governance Report.

VIGIL MECHANISM

The Company has established a vigil mechanism for Directors and employees to report genuine concerns, while providing for adequate safeguards against victimisation; providing direct access to chairperson of Audit Committee, the details regarding which has also been given in the Company's official website.

DISCLOSURE UNDER SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

Your Company has always believed in providing a safe and harassment free workplace for every individual working and associating with the company, through various interventions and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

A four member Internal Complaints Committee (ICC) is constituted with three lady employees and one lady NGO member. ICC is responsible for redressal of complaints relating to sexual harassment, as envisaged under the provisions of Act and Rules. Hiterto no complaints were received by ICC.

PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

STATUTORY AUDITORS

As per Section 139 of the Act read with Rule 6 of the Companies (Audit and Auditors) Rule, 2014, M/s. Varma & Varma, Statutory Auditors, has time till AGM corresponding to the year ended 31.03.2017 for subjecting themselves to rotation. The Board at the meeting dt. 06.05.16 having proposed to the ensuing AGM, their re-appointment for yet another year, the Auditors vide letter confirmed their eligibility under Section 141 of the Companies

Act, 2013 and other applicable provisions for reappointment as auditors of the Company. As required under SEBI (LODR) Regulations, the auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India. M/s. Varma & Varma have forwarded their confirmation that their re-appointment as above is within the limits specified under the Companies Act, 2013.

Their appointment as above is being put up for approval by members at the ensuing Annual General Meeting.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed Mr. Abhilash N. A. (CP No. 14524, M No. 22601), Company Secretary in practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as **Annexure VI**.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT 9 are annexed herewith as **Annexure VII**.

ACKNOWLEDGEMENT

Your Directors place on record their sincere appreciation for the support and assistance extended by the Government of Kerala and M/s. Kerala State Industrial Development Corporation Ltd. They also take this opportunity to extend their whole hearted gratitude to M/s. Nitta Gelatin Inc., Japan, for their timely and valuable guidance and inspiration. Your Board placed on record its sincere appreciation for the significant contributions made by employees across the Company through their dedication and commitment. On this occasion, your Board thank all the customers, suppliers, bankers and other associates for their unstinted co-operation. Your Directors are also thankful to the esteemed shareholders for their continued patronage and the confidence reposed in the Company and its management.

For and on behalf of the Board of Directors,

Kochi
06.05.2016

P. H. KURIAN IAS
CHAIRMAN
(DIN: 00027596)

ANNEXURE I**Annual Report on Corporate Social Responsibility****CSR Activities**

(CSR Policy approved by the Board of Directors on 13.11.2014)

In order to carry out the charitable activities in a structured manner and to streamline and provide more focus and direction to the activities undertaken by the Company through the agency of K T Chandy - Seiichi Nitta Foundation or such other agencies as may be decided.

The CSR activity to lay thrust to local areas around the divisions /corporate office of the Company for spending the amount earmarked.

To pursue these objectives the Company shall:

- 1) Ensure environmental sustainability, ecological balance, protection of flora and conservation of natural resources.
- 2) Work actively in areas of eradication of hunger and poverty, provide opportunity and financial assistance for the promotion of education, provide medical aid to the needy and down trodden, promoting health care, sanitation and making available safe drinking water.

- 3) Promote gender equality, empowering women and measures for reducing inequality faced by socially and economically backward group.

Web Link: www.gelatin.in

Composition of CSR committee

Name of the Member	Designation
Mr. K.L. Kumar	Chairman
Mr. A.K. Nair	Member
Mr. Takeo Yamaki	Member
Mr.Sajiv K. Menon	Member

1. Average net profit : Rs.9,61,50,226/-
2. Prescribed CSR Expenditure (Two percent of the amount as in item 1 above)
The Company is required to spend Rs. 19,23,005/-
3. Details of CSR spent for the financial year:
 - a) Total amount spent during the financial year Rs. 19,47,550/-
 - b) Amount spent in excess of the statutory minimum Rs. 24,545/-
 - c) Manner in which the amount was spent during the financial year 2015-16 is detailed below:

(Amount in Rupees)

Sl. No.	Projects / Activities	Sector	Locations	Amount outlay (Budget) project or programme wise	Amount spent on the programme	Cumulative expenditure upto reporting period	Amount spent : Direct or through implementing agency
1.	Contribution to oldagehomesvayojana club / food for Asraya Members	Facilities for senior Citizens/ homes/ hostels for women	Koratty / Kakknad	1,71,000	37,550	37,550	Direct
2.	Study materials	Children Education	Koratty / Kakknad	1,71,000	10,000	10,000	Direct
3.	Noon Meal	Poverty /Mallnutrition alleviation	Koratty / Kakknad	5,60,000/-	28,000/-	28,000/-	Direct
4.	Maintenance of Greenbelt/ supply of saplings	Environmental sustainability	Koratty / Kakknad	12,14,000/-	10,33,450/-	10,33,450/-	Direct
5.	Contribution to Public Charitable Society to a specific corpus for CSR expenditure	K T Chandy Seiichi Nitta Foundation	Koratty / Kakknad	14,62,000/-	8,38,550/-	8,38,550/-	Direct
			TOTAL	34,07,000/-	19,47,550/-	19,47,550/-	

RESPONSIBILITY STATEMENT OF CSR COMMITTEE

The CSR Committee hereby confirm that the implementation and monitoring of CSR Policy, is in compliance with the CSR objectives and Policy of the Company.

Place : Kochi

Date : 06.05.2016

K. L. KUMAR
CHAIRMAN

CSR COMMITTEE

A. K. NAIR
MEMBER

T. YAMAKI
MEMBER

SAJIV K. MENON
MEMBER

P.H. KURIAN IAS
CHAIRMAN
(DIN:00027596)

ANNEXURE - II
Form AOC-1
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures.

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part “A”: Subsidiaries

1	Sl. No.	1	2
2	Name of the subsidiary	BAMNI PROTEINS LIMITED	REVA PROTEINS LIMITED
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting period same as Holding Company	
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A (Amount in Rupees)	
5	Share capital	4,25,00,000	31,36,05,200
6	Reserves & surplus	67,44,875	(7,48,30,951)
7	Total assets	7,72,58,908	48,40,24,606
8	Total Liabilities	7,72,58,908	48,40,24,606
9	Investments	-	35,40,000
10	Turnover	13,96,42,473	6,79,40,841
11	Profit before taxation	1,12,31,186	(9,41,16,974)
12	Provision for taxation	(16,43,609)	NIL
13	Profit after taxation	1,28,74,795	(9,41,16,974)
14	Proposed Dividend	NIL	NIL
15	% of shareholding	82.35	74.55

Names of subsidiaries which are yet to commence operations - NIL

Names of subsidiaries which have been liquidated or sold during the year.- NIL

Part “B”: Associates and Joint Ventures
Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

There was no associate / joint venture for the Company during the reporting period.

1. Names of associates or joint ventures which are yet to commence operations: NIL

2. Names of associates or joint ventures which have been liquidated or sold during the year: NIL

P.H. KURIAN IAS
CHAIRMAN
(DIN:00027596)

SAJIV K. MENON
MANAGING
DIRECTOR
(DIN:00168228)

RADHA UNNI
DIRECTOR
(DIN:03242769)

T. YAMAKI
DIRECTOR
(DIN:02669053)

RAYMOND MERZ
DIRECTOR
(DIN: 07498918)

K. L. KUMAR
DIRECTOR
(DIN:00004804)

A. K. NAIR
DIRECTOR
(DIN:00009148)

DR. K. CHERIAN VARGHESE
DIRECTOR
(DIN:01870530)

P. SAHASRANAMAN
CHIEF FINANCIAL OFFICER

G. RAJESH KURUP
COMPANY SECRETARY

Place: Kochi
Date: 06.05.2016

ANNEXURE III
CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO
(A) CONSERVATION OF ENERGY

- i) During the year various energy conservation measures were initiated.
- ii) Additional investments are being implemented for further optimization of expenditure on utilities.

a. Energy conservation activities carried out during the year:
Activities at Ossein Division

- i) Commissioned the second anerobic digester for biogas generation from effluent stream.
- ii) Additional capacitors installed for improving power factor.
- iii) Energy efficient motors / gear boxes installed to save on energy costs

Activities at Gelatin Division

- i) Addition of capacitors to improve power factor.
- ii) Modification of furnace boiler gratings to improve combustion efficiency.
- iii) Optimised power consumption during the peak hours of the day.
- iv) Optimised compressed air pressure setting to the plant.

- v) Replacement of high voltage lamps by low voltage ones inside the plant

Capital investments on energy conservation equipments

The Company has spent an amount of Rs. 14.38 lakhs as capital expenditure on energy saving equipments during the year.

Energy conservation activities proposed for 2016-17

- i) Fixing of Variable Frequency Drive for booster blower, process pumps, etc.
- ii) Installation of additional capacitors, LED lamps
- iii) Installation of dual burner for effective utilization of biogas generated.
- iv) Installation of intermediate controller for constant compressed air pressure for better compressor efficiency.
- v) Installation of energy management system.
- vi) Installation of pumping trap for plate heat exchangers
- i) Installation of condensate recovery system.

(b) TECHNOLOGY ABSORPTION AND DEVELOPMENT

The technology for the manufacture of Ossein, Dicalcium Phosphate, Limed Ossein, Gelatin and Collagen Peptide transferred by the overseas collaborators has been fully absorbed and improved upon over the years. The Company is making continuous efforts for further improving technology to economise on consumption of utilities and improving product quality and productivity.

The company continues to be under a Technical Assistance Agreement with the overseas collaborator, NGI, Japan whereby it can avail the services of trained experts in Nitta Group in any desired area of Gelatin / Peptide production and also that any noteworthy developments in the area of any of the products at NGI, Japan or its associates shall be shared with the company. The Company is investing substantially for environment improvement projects at all its production centres

RESEARCH & DEVELOPMENT

The Company has three exclusive Research & Development Centres attached to each of its major production centres. All these Centres are approved by the Department of Scientific and Industrial Research, Government of India and they carry out development of new products

besides improvement of existing products and production processes. R&D Division is playing a pivotal role not only in the case of new products already launched but also those on the anvil. In view of the criticality of Crushed Bone quality in the overall cost of production, R&D wing has been entrusted with the responsibility to develop ways and means to minimize the adverse effect of quality deterioration of crushed bone.

The Company is continuing R & D efforts for carving out novel techniques for separation of Chloride, development of alternate raw materials, reduction in process time etc.

Specific areas in which R&D is carried out are:-

- Development of production processes to meet specific customer requirements.
- Development of new products, especially line extension of existing products and new applications for the same.
- Evaluation and development of new sources for various raw materials.
- Development of new process techniques for cost optimization as well as fuel and energy conservation.
- Reduction in water consumption
- R&D wing of the Company has a team of trained and dedicated personnel to further strengthen its activities

Expenditure on R&D

Particulars	Rs. in lakhs	
	Current year	Previous year
a. Capital - R&D Centre Ossein Dvn. & Gelatin Dvn	16.77	7.16
b. Capital - Bamni Dvn R&D Centre	330.92*	NIL
Bamini Dvn R&D Centre- Capital WIP	-	301.23
Total Capital expenditure	347.69	308.39
c. Recurring expenses - R&D Centre Ossein Dvn & Gelatin Dvn	75.45	49.72
Percentage to turnover	1.18	0.99

(*) Including Rs. 301.23 lakhs transferred from capital WIP as on 31.03.2015

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in Lacs)

Particulars	Current year	Previous year
a. Earnings	18027.83	18330.98
b. Outgo	596.52	1564.92

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

Particulars	Current year 2014-15	Previous year 2013-14
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
(a) Purchased		
Units (KWH in lacs)	267.25	290.18
Total Amount (Rs. In lacs)	1541.54	1610.58
Rate/Unit (Rs.)	5.77	5.55
(b) Own Generation		
(i) Through Diesel Generator Unit (KWH in lakhs)	0.97	1.45
Unit per litre of Diesel Oil	2.50	2.80
Cost / Unit (Rs.)	21.81	19.66
2. Furnace Oil		
Quantity (in KL)	749	744
Total Amount (Rs. in lakhs)	169.03	273.39
Average rate (Rs. per KL)	22578.71	36770.71
3. Firewood		
Quantity (in MT)	39901.83	44925.52
Total Amount (Rs. in lakhs)	1085.84	1306.50
Average rate (Rs. per MT)	2721.29	2908.14
4. LNG		
Quantity (in MMBTU)	38250	46375
Total Amount (Rs. in lakhs)	271.38	473.89
Average rate (Rs. per MMBTU)	709.48	1021.86
Product - Ossein		
1. Electricity (KWH) per MT	2080	1886
2. Firewood (MT) per MT	0.82	0.92
Product - Gelatin		
1. Electricity (KWH) per MT	3508	3889
2. Furnace Oil (KL) per MT	0.13	0.09
3. Firewood (MT) per MT	7.46	8.28
4. LNG (MMBTU) / MT	10.16	11.55
Product - Collagen Peptide		
1. Electricity (KWH) per MT	5551.97	4063.91
2. Firewood (MT) per MT	5.84	6.55

Kochi
06.05.2016

P. H. KURIAN, IAS
CHAIRMAN
(DIN:00027596)

Annexure IV-A**Particulars of Employees****PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 134(3)(q) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014****A. Requirements under Rule 5(1)**

(i)	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	Mr. Sajiv K. Menon, Managing Director - 31.64 (32.08) Mr. T. Yamaki , Director (Operations) - 6.85 (5.50)									
(ii)	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.	Mr. Sajiv K. Menon, Managing Director - 9.19% (117.55 %) Mr. T. Yamaki, Director (Operations) -3% (*) Key Managerial Persons : Mr. P. Sahasranaman, CFO - 6.53% (1.63%) Mr. G.Rajesh Kurup, CS - 23.33% (4.76%)									
(iii)	The percentage increase in the median remuneration of employees in the financial year;	10.73% (14.02%)									
(iv)	The number of permanent employees on the rolls of the company;	438 permanent employees as on 31.03.2016									
(v)	The explanation on the relationship between average increase in remuneration and company performance;	Average increase in remuneration of all the employees during 2015-16 was 13.98%. This may be viewed in the backdrop of an increase in post tax profit of Rs. 510.20 lakhs during 2014-15 to Rs 1668.64 lakhs during 2015-16.									
(vi)	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;	Increase in the salary of key managerial persons is in par with the improvement in performance of the Company.									
(vii)	Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;	<table border="1"> <thead> <tr> <th></th> <th>As on 31.03.2016</th> <th>As on 31.03.2015</th> </tr> </thead> <tbody> <tr> <td>Market Capitalization (Rs. in Lakhs)</td> <td>18,539.64</td> <td>11,421.58</td> </tr> <tr> <td>Price Earnings Ratio (PE Ratio)</td> <td>11.78</td> <td>22.38</td> </tr> </tbody> </table> <p>The closing share price of the Company at BSE Limited on 31.03.2016 is Rs. 204.20 per equity share of face value of Rs. 10/- each. The last public offer made during 1978 - 79 at Rs. 10/- per share was an issue at par.</p>		As on 31.03.2016	As on 31.03.2015	Market Capitalization (Rs. in Lakhs)	18,539.64	11,421.58	Price Earnings Ratio (PE Ratio)	11.78	22.38
	As on 31.03.2016	As on 31.03.2015									
Market Capitalization (Rs. in Lakhs)	18,539.64	11,421.58									
Price Earnings Ratio (PE Ratio)	11.78	22.38									
(viii)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Salary increase of managerial personnel is 9% and that of non-managerial -14.48%.									
(ix)	Comparison of remuneration of the Key Managerial Personnel against the performance of the company;	Same as in (vi) above.									

(x)	The key parameters for any variable component of remuneration availed by the directors;	Among the Directors, the Managing Director's salary alone includes a variable component which is based on the company's financial performance and the consolidated revenue growth. Other components of remuneration are not variable during a particular year.
(xi)	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	The Managing Director is the highest paid director. During the financial year 2015-16, no employee received remuneration higher than that of the Managing Director.
(xii)	Affirmation that the remuneration is as per the remuneration policy of the company	Remuneration paid by the company during the financial year 2015-16 is as per the Remuneration policy of the Company.
	(*Not applicable since there was no position as Director (Operations) in the previous financial year)	

Kochi
06.05.2016

P. H. KURIAN IAS
CHAIRMAN
(DIN: 00027596)

ANNEXURE - V**Form AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms' length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis
NIL
2. Details of material contracts or arrangement or transactions at arm's length basis
 - a) Name(s) of the related party 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) Nitta Gelatin Canada Inc - Subsidiary of Nitta Gelatin Inc.
 - iv) Bamni Proteins Ltd. - Subsidiary Company
 - v) Reva Proteins Ltd - Subsidiary Company
 - b) Nature of contracts / arrangements / transactions
Sales / purchase of materials
Availing or rendering of services
 - c) Duration of contracts / arrangements / transactions : April 2016 to March 2017
 - d) Salient terms of the contracts or arrangements or transactions including the value, if any.
Refer Note No. 2.26 on accounts
 - e) Date(s) of approval by the Board, if any: 31.07.2015, 03.11.2015, 01.02.2016 and 06.05.2016
 - f) Amount paid as advances, if any: NIL

Kochi
06.05.2016

P. H. KURIAN IAS
CHAIRMAN
(DIN:00027596)

ANNEXURE VI
Secretarial Audit Report
FORM NO.MR-3

FOR THE FINANCIAL YEAR ENDED
31ST MARCH,2016.

(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules,2014).

To

The Members,
Nitta Gelatin India Limited
CIN: L24299KL1975PLC002691
50/1002, Panampilly Nagar,
Ernakulam, Kochi-682 036.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Nitta Gelatin India Limited** (hereinafter called the Company), CIN: L24299 KL1975PLC002691,50/1002, Panampilly Nagar, Ernakulam, Kochi-682 036. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2016 according to the provisions of :

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

- (ii) The Securities Contracts(Regulation) Act, 1956 (SCRA) and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) :-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations,2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations ,1992 **(upto 14th May, 2015)** and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 **(w.e.f 15th May, 2015)**;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. **(Not applicable to the Company during audit period)**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during audit period)**;
 - (f) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009 **(Not applicable to the Company during audit period)**; and
 - (h) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998 **(Not applicable to the Company during audit period)**
- (vi) The following other laws as may be applicable specifically to the Company ;

- (a) The Food Safety Standard Act, 2006 and the Rules and Regulations issued thereunder.
- (b) The Petroleum Act, 1934 and Rules and Regulations issued thereunder.
- (c) The Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standard on meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India **(w.e.f 1st July, 2015)**
- (ii) The listing agreements entered into by the company with BSE Limited, Mumbai (upto 30th November,2015) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **(w.e.f 1st December,2015)**

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:

1. Pursuant to Section 184(1) of the Companies Act, 2013 every director shall disclose his concern or interest in any company or companies or body corporates etc. including shareholding at the first Board meeting held in every financial year in Form MBP-1. It is seen that the first meeting of the Board in the financial year 2015-16 was held on 17th April,2015 but no such disclosure was made available to the Board as per Section 184(1) of the Act. Nevertheless, the same was disclosed at the next Board Meeting held on 09.05.2015.
2. There was a delay of 159 days in filing Form CHG-1 for Rs 700 lacs availed from HDFC Bank Limited. Also modification of the Charge by way of enhancement of the above said loan to Rs 10 crores was filed only after 134 days from the date of modification.
3. The appointment of CFO on 1/12/2015 was informed to BSE Ltd on 08/12/2015 only. The disclosure is inadequate to the extent that brief profile of new

incumbent was not given to Stock Exchange as well as reasons for not informing the Stock Exchange in time was not mentioned in the disclosure pursuant to Regulation 30(6) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations,2015 read with Sub Para 7.3 of Para A of Part A of Schedule III.

4. *In the following instances ,Standard 1.3.7 of the Secretarial Standard on Meetings of the Board of Directors has not been followed;*

The agenda notes for the Board meeting on 08.09.2015 has to be send at least by 01.09.2015 to all Directors but the same has been sent only on 02.09.2015. Similarly for the Board meeting held on 1st February, 2016, the notes on agenda has been sent on 27th January, 2016 but which is ought to be send by 25th January, 2016 .

5. *As per LODR 2015 Reg 30-Annexure I particularly point 4, Companies are required to intimate outcome of the meeting of the Board of Directors, containing the time of commencement and conclusion of the Board meeting. But on examination of the intimation of the outcome of the Board meeting dated 01/02/2016, the details regarding the time of commencement and conclusion of the Board meeting was not included in the outcome intimation letter.*
6. *As per FSSA license issued to the Company by the Central Government , the permissible limit of the food product Gelatin is 10 MT/day. On examination of Annual Return in Form D1 filed under Regulation 2.1.13 of the FSSA 2006, dated 26.05.2015 the total gelatin production comes about 3670.42 MT and during the financial year ended 31.03.2016 it even crosses 3900 MT which are in excess of the limit of 3650 MT per year. Hence the Company is advised to increase the license limit per day so as the production not to exceed the licensed limit.*

Annexure A

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act

Adequate notice is given to all Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance *except the instances of non-compliances specified under point (4) supra* and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through, while dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws including general laws, labour laws, competition law, environmental laws and Rules, Regulations, and Guidelines.

I further report during the audit period the Company has made preferential issue of 929412 Optionally Convertible non Cumulative Preference Shares (OCPS) of Rs 170 each aggregating to Rs 15,80,00,040 to one of the Promoter ie Nitta Gelatin Inc., Japan in compliance with applicable laws and Regulations in this regard. .

Abhilash N.A

Place: Kochi Practicing Company Secretary
Date: 06.05.2016 M.No.22601;C.P No.14524

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this Report.

To

The Members,
Nitta Gelatin India Limited
CIN: L24299KL1975PLC002691
50/1002, Panampilly Nagar,
Ernakulam, Kochi-682 036

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices followed, provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Abhilash N.A

Place: Kochi Practicing Company Secretary
Date: 06.05.2016 M.No.22601;C.P No.14524

ANNEXURE VII

FORM NO. MGT.9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2016
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

(i)	CIN	L24299KL1975PLC002691
(ii)	Registration Date	30.04.1975
(iii)	Name of the Company	Nitta Gelatin India Limited
(iv)	Category/Sub Category of the Company	Public Company Limited by shares
(v)	Address of the Registered office and contact details	Post Bag No.4262, 54/1446, Panampilly Nagar, Ernakulam,Kochi-682 036 0484 2317805,3099444
(vi)	Whether listed company Yes/No	Yes, BSE Limited
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Cameo Corporate Services Ltd, Subramanian Building, 1,Club House Road,Chennai-600002 Tamilnadu Tel:044-28460390,Fax: 044-28460129 E mail: cameo@cameoindia.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

SN	Name and Description of main products / services	NIC Code of the Product/ service*	% to total turnover of the company
1	Gelatin	20295	53.33
2	Ossein/Ossein(Limed)	20119	18.31
3	Dicalcium Phosphate	20295	16.11

*As per National Industrial Classification Code 2008

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section of Companies Act, 2013
1	Reva Proteins Limited	U24295KL2009PLC024529	Subsidiary	74.55	Section 2(87)
2	Bamni Proteins Limited	U24231KL1997PLC011971	Subsidiary	82.35	Section 2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 01-April-2015]				No. of Shares held at the end of the year[As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	

A. Promoters									
(1) Indian									
a) Individual/ HUF	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) State Govt(s)	2862220	Nil	2862220	31.53	2862220	Nil	2862220	31.53	Nil
d) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A)(1)	2862220	Nil	2862220	31.53	2862220	Nil	2862220	31.53	Nil
(2) Foreign									
a) NRI(s) Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other-Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corporate	3900300	Nil	3900300	42.96	3900300	Nil	3900300	42.96	Nil
d) Banks/FI's	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A)(2)	3900300	Nil	3900300	42.96	3900300	Nil	3900300	42.96	Nil
Total Shareholding of Promoter (A)=(A)(1) + (A)(2)	6762520	Nil	6762520	74.49	6762520	Nil	6762520	74.49	Nil
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	691	3548	4239	0.05	691	3548	4239	0.05	Nil
b) Banks / FI	Nil	6332	6332	0.06	Nil	6332	6332	0.06	Nil
c) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(1):-	691	9880	10571	0.11	691	9880	10571	0.11	Nil
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	229123	9597	238720	2.63	128876	9397	138273	1.52	-1.11
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1482914	207073	1689987	18.61	1495810	200370	1696180	18.68	0.07
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	247075	Nil	247075	2.72	351743	Nil	351743	3.87	1.15

c) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Non Resident Indians	22821	1864	24685	0.27	24609	1864	26473	0.29	0.02
Hindu Undivided Families	99277	66	99343	1.09	85082	66	85148	0.94	-0.16
Foreign Nationals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Clearing Members	6259	Nil	6259	0.07	8252	Nil	8252	0.09	0.02
Foreign Bodies - D R	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Trusts	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(2):-	2087469	218600	2306069	25.40	2094372	211697	2306069	25.40	Nil
Total Public Shareholding (B)=(B)(1)+ (B)(2)	2088160	228480	2316640	25.51	2095063	221577	2316640	25.51	0.00
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	8850680	228480	9079160	100.00	8857583	221577	9079160	100.00	0.00

ii) Shareholding of Promoters-

SI No	Shareholder's Name	Shareholding at the beginning of the year (As on 01-April-2015)			Share holding at the end of the year (As on 31-March-2016)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Nitta Gelatin Inc.	3900300	42.96	Nil	3900300	42.96	Nil	Nil
2	Kerala State Industrial Development Corporation	2862220	31.53	Nil	2862220	31.53	Nil	Nil
	Total	6762520	74.49	Nil	6762520	74.49	Nil	Nil

iii) Change in Promoters' Shareholding (please specify, if there is no change)

SI No		Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Nitta Gelatin Inc				
a)	At the beginning of the year	3900300	42.96	3900300	42.96
b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc):	NO CHANGE			
c)	At the end of the year			3900300	42.96
2.	Kerala State Industrial Development Corporation				
a)	At the beginning of the year	2862220	31.53	2862220	31.53
b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc):	NO CHANGE			
c)	At the end of the year			2862220	31.53

**iv) Shareholding Pattern of top ten Shareholders:
(other than Directors, Promoters and Holders of GDRs and ADRs):**

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Equity Intelliience India Private Limited				
	At the beginning of the year	61,000	0.67%		
	Changes during the year				
	Date Reason				
	05.02.16 Sale	10,000	0.11%	51,000	0.56%
	18.03.16 Sale	20,000	0.22%	31,000	0.34%
	At the end of the year			31,000	0.34%
2.	Jitendra Baldwa				
	At the beginning of the year	0	0.00%		
	Changes during the year				
	Date Reason				
	11.12.15 Purchase	100	0.00%	100	0.00%
	18.12.15 Sale	100	0.00%	0	0.00%
	05.02.16 Purchase	7672	0.08%	7672	0.08%
	12.02.16 Purchase	6562	0.07%	14234	0.16%
	19.02.16 Purchase	100	0.00%	14334	0.16%
	04.03.16 Purchase	2872	0.03%	17206	0.19%
	11.03.16 Purchase	1670	0.02%	18876	0.21%
	18.03.16 Purchase	6945	0.08%	25821	0.29%
	25.03.16 Purchase	4879	0.05%	30700	0.34%
	31.03.16 Purchase	150	0.00%	30850	0.34%
	At the end of the year			30850	0.34%
3.	Aditya Deorah	0	0.00%		
	Changes during the year				
	Date Reason				
	05.02.16 Purchase	13000	0.14%	13000	0.14%
	11.03.16 Purchase	13000	0.14%	26000	0.28%
	31.03.16 Purchase	1000	0.01%	27000	0.29%
	At the end of the year			27000	0.29%
4	Japa Investment Advisor LLP				
	At the beginning of the year	26268	0.29%		
	Changes during the year				
	Date Reason				
	16.10.15 Sale	26268	0.29%	0	0
	16.10.15 Purchase	26268	0.29%	26268	0.29%
	At the end of the year			26268	0.29%

5.	Kantilal B Jain				
	At the beginning of the year	13537	0.15%	13537	0.15%
	Changes during the year				
	Date	Reason			
	17.04.15	Purchase	4900	0.05%	18437
	12.06.15	Purchase	572	0.01%	19009
	11.09.15	Purchase	431	0.00%	19440
	12.02.16	Purchase	3950	0.04%	23390
	26.02.16	Purchase	34	0.00%	23424
	18.03.16	Purchase	1278	0.01%	24702
	At the end of the year			24702	0.26%
6.	Chanda Devi Ramgopal Ranga				
	At the beginning of the year	20522	0.22%		
	Changes during the year				
	Date	Reason			
	10.01.15	Purchase	1100	0.01%	21622
	27.11.15	Purchase	2243	0.03%	23865
	04.12.15	Purchase	173	0.00%	24038
	At the end of the year			24038	0.26%
7	Chhaya Kantilal Jain				
	At the beginning of the year	13975	0.15%	13975	0.15%
	Changes during the year				
	Date	Reason			
	19.06.15	Purchase	289	0.00%	14264
	11.09.15	Purchase	2460	0.03%	16724
	04.12.15	Purchase	1998	0.02%	18722
	26.02.16	Purchase	5246	0.06%	23968
	At the end of the year			23968	0.26%
8	Salini Toppo				
	At the beginning of the year	23893	0.26%		
	Changes during the year				
	Date	Reason			
	16.10.15	Sale	23893	0.26%	0
	16.10.15	Purchase	23893	0.26%	23893
	At the end of the year			23893	0.26%
9	Kanak Garg				
	At the beginning of the year	20000	0.22%		
	Changes during the year				
	Date	Reason			
	05.02.16	Purchase	100	0.00%	20100
	19.02.16	Purchase	900	0.01%	21000
	At the end of the year			21000	0.23%

10	Anil Kumar Garg				
	At the beginning of the year	20000	0.22%		
	Changes during the year				
	Date	Reason			
	05.02.16	Purchase	100	0.00%	20100
	19.02.16	Purchase	900	0.01%	21000
	At the end of the year			21000	0.23%

v) Shareholding of Directors and Key Managerial Personnel:

SI No	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Pullukottayil Habel Kurian				
a)	At the beginning of the year	Nil	Nil	Nil	Nil
b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE			
c)	At the end of the year	Nil	Nil	Nil	Nil
2	Karunakaran Nair Appukuttan				
a)	At the beginning of the year	66	Nil	66	Nil
b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE			
c)	At the end of the year			66	Nil
3	Kumarapanicker Lalitha Kumar				
a)	At the beginning of the year	Nil	Nil	Nil	Nil
b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE			
c)	At the end of the year	Nil	Nil	Nil	Nil
4	Radha Unni				
a)	At the beginning of the year	Nil	Nil	Nil	Nil
b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE			
c)	At the end of the year	Nil	Nil	Nil	Nil
5	Takeo Yamaki				
a)	At the beginning of the year	Nil	Nil	Nil	Nil
b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE			
c)	At the end of the year	Nil	Nil	Nil	Nil
6	Sajiv Menon				
a)	At the beginning of the year	Nil	Nil	Nil	Nil
b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE			
c)	At the end of the year	Nil	Nil	Nil	Nil

7	Dr Beena Mahadevan				
a)	At the beginning of the year	Nil	Nil	Nil	Nil
b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE			
c)	At the end of the year	Nil	Nil	Nil	Nil
8	Norimichi Soga				
a)	At the beginning of the year	Nil	Nil	Nil	Nil
b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE			
c)	At the end of the year	Nil	Nil	Nil	Nil
9	Keiji Suzuki				
a)	At the beginning of the year	Nil	Nil	Nil	Nil
b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE			
c)	At the end of the year	Nil	Nil	Nil	Nil
10	Dr K Cherian Varghese				
a)	At the beginning of the year	Nil	Nil	Nil	Nil
b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE			
c)	At the end of the year	Nil	Nil	Nil	Nil
11	Dr.Naotoshi Umeno				
a)	At the beginning of the year	Nil	Nil	Nil	Nil
b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE			
c)	At the end of the year	Nil	Nil	Nil	Nil
12	Karuvath Ramakrishnan				
a)	At the beginning of the year	Nil	Nil	Nil	Nil
b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE			
c)	At the end of the year	Nil	Nil	Nil	Nil
13	Gopalakrishnan Rajesh Kurup				
a)	At the beginning of the year	2429	0.03%	2429	0.03%
b)	Chages during the year		0.03%	Nil	Nil
	Date Reason 24.08.15 Sale	2429			
c)	At the end of the year			Nil	Nil
14	Parameshwaran Sahasranaman*				
a)	At the beginning of the year	2424	0.03%	2424	0.03%
b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE			
c)	At the end of the year			2424	0.03%
15	K Muraleedharan Nair**				
a)	At the beginning of the year	1784	0.02%	1784	0.02%
b)	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE			
c)	At the end of the year	Nil	Nil	1784	0.02%

* CFO w.e.f. 01.12.2015

** CFO upto 30.11.2015

V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment (In Rs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	52,50,99,977	Nil	Nil	52,50,99,977
ii) Interest due but not paid	7,12,496	Nil	Nil	7,12,496
iii) Interest accrued but not due	77108	Nil	Nil	77108
Total (i+ii+iii)	52,58,89,581	Nil	Nil	52,58,89,581
Change in Indebtedness during the financial year				
* Addition	-	6,50,75,413	Nil	6,50,75,413
* Reduction	(4,71,21,948)	Nil	Nil	(4,71,21,948)
Net Change	(4,71,21,948)	6,50,75,413	Nil	1,79,53,465
Indebtedness at the end of the financial year				
i) Principal Amount	47,85,69,927	6,50,00,000	Nil	54,35,69,927
ii) Interest due but not paid	1,97,706	Nil	Nil	1,97,706
iii) Interest accrued but not due	-	75,413	Nil	75,413
Total (i+ii+iii)	47,87,67,633	6,50,75,413	Nil	54,38,43,046

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director and Whole-time Director

(In Rs)

SN	Particulars of Remuneration	Name of MD- Shri Sajiv K. Menon	Name of WTD- Shri Takeo Yamaki	Total Amount
	Gross salary			
1	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,16,55,094	20,45,367	1,37,00,461
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	477,400	477,400
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission - as % of profit - others, specify...	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total (A)	1,16,55,094	25,22,767	14,177,861
	Ceiling as per the Act	1,32,15,678	1,32,15,678	2,64,31,356

B. Remuneration to other directors

(In Rs)

SN.	Particulars of Remuneration	Name of Directors					Total Amount
1	Independent Directors	Kumarapanicker Lalitha Kumar	Karunakaran Nair Appukkuttan	Radha Unni	Naotoshi Umeno	Dr K Cherian Varghese	
	Fee for attending board committee meetings	1,88,000	1,98,000	96000	34000	56000	5,72,000
	Commission	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0
	Total (1)	1,88,000	1,98,000	96,000	34,000	56,000	5,72,000
2	Other Non-Executive Directors	Pullukottayil Habel Kurian	Beena Mahadevan	Karuvath Ramakrishnan	Norimichi Soga	Keiji Suz Uki	Total Amount
	Fee for attending board committee meetings	62,000	32,000	0	0	0	94,000
	Commission	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0
	Total (2)	62,000	32,000	0	0	0	94,000
Total (B)=(1+2)							6,66,000
Total Managerial Remuneration(A+B)							14,843,861*
Overall ceilings as per the Act							2,64,31,356

*includes sitting fee

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(In Rs)

SI No	Particulars of Remuneration	Key Managerial Personnel other than MD/Manager/WTD			Total
		Company Secretary (Rajesh Gopalakrishnan Kurup)	CFO (Parameswaran Sahasranaman) (w.e.f 01.12.15)	CFO (Krishnapanicker Muraleedharan Nair) (upto 30.11.2015)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	14,35,864	4,10,403	13,35,079	31,81,346
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil		Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil		Nil
2	Stock Option	Nil	Nil		Nil
3	Sweat Equity	Nil	Nil		Nil
4	Commission	Nil	Nil		Nil
	- as % of profit	Nil	Nil		Nil
	others, specify...	Nil	Nil		Nil
5	Others, please specify	Nil	Nil		Nil
	Total	14,35,864	4,10,403	13,35,079	31,81,346

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty		NONE			
Punishment		NONE			
Compounding		NONE			
B. DIRECTORS					
Penalty		NONE			
Punishment		NONE			
Compounding		NONE			
C. OTHER OFFICERS IN DEFAULT					
Penalty		NONE			
Punishment		NONE			
Compounding		NONE			

For and on behalf of the Board of Directors,

Kochi
06.05.2016

P. H. KURIAN IAS
CHAIRMAN
(DIN:00027596)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

Global Gelatin market size was 412 thousand MT in 2014 and is expected to grow at a CAGR of 3.8% p.a. Increasing health care spending together with growing demand from various end use applications is expected to drive the Gelatin market growth. The market is characterized by high demand from food processing and pharmaceutical industries. Growing disposable income among the urban as well as suburban population of emerging economies such as China, India, Brazil and South Africa have also led to the rise in demand for Gelatin and its derivatives.

The use of Gelatin in unconventional applications including cosmetics and photography is also expected to fuel growth.

Your Company, with decades of expertise in the manufacture and marketing of Gelatin enriched with the support and guidance of the Japanese collaborator, M/s. Nitta Gelatin Inc., Japan stands in the most coveted position with respect to its unique potential to successfully operate in this emerging market scenario.

SEGMENT-WISE PERFORMANCE

The non-availability of Crushed Bone of required quality was the major hindrance in servicing the overseas orders. Arising from the quality issues of crushed bone, your Company had to scale down its exports. The production of DiCalcium Phosphate, a by-product during the Ossein manufacturing process also was affected adversely due to this scaling down of production. In the case of Collagen Peptide also the volumes were lower during the year.

However, there was increase in unit sales realization across all products.

Exports

Your Company maintained its prominence in the niche overseas markets during the quarter under review. Export of Ossein during the year 15-16 was 3508 MT as against 4624 MT during the previous year. Export of Limes Ossein was 504 MT against 306 MT during the previous fiscal. DCP exports during the year was 301 MT as against 430 MT during the previous year. In the case of Gelatin, exports for the year stood at 1700 MT against 1764 MT during the previous fiscal. Export of Collagen Peptide during the year was 89.4 MT against 142 MT during 2014-15. The average USD/INR

exchange rate for the year 2015-16 was 65.15 as against 60.69 for the previous financial year.

Domestic

The volume of domestic sale of Gelatin witnessed increase of 11.27% during the year and touched 2120.9 MT. Domestic sale of Collagen Peptide was 145.47 MT against 225 MT during the previous financial year and Dicalcium Phosphate 16781 MT against 18879 MT during the previous financial year.

Opportunities and threats

The growing use of Gelatin in applications such as food & beverage, pharmaceuticals and nutraceuticals is expected to drive the demand for Gelatin in the years to come. Besides the demand for Gelatin is projected to increase particularly in the Asian markets such as China and India, driven by population growth and economic development. Your Company is striving towards enhancing its competitiveness on a global level besides the supply capabilities.

The ageing population across the globe especially in developed nations such as the United States, the United Kingdom, Western European countries and Japan is a key growth driver for Collagen Peptide. Collagen Peptide also represents a potential market in the beauty segment as it is reported in scientific reports that Collagen in the human body starts to dwindle from the age of 25 and needs to be supplemented through external sources. The increasingly sedentary life style of the working class population due to the advent of information technology and the growing service industry has increased the demand for functional food and beverages. Collagen Peptide is offered in multiple formats such as dietary supplements and powders, which can be easily incorporated into functional foods and beverage formulations. Sports and fitness is another high growth segment where Collagen Peptide is promoted extensively as it contains significant volumes of proteins which help in muscle building. The Company is equipped to manufacture both Bovine Collagen Peptide and Marine Collagen Peptide.

Majority of the exports are done with USD as the currency followed by Euro and Pound Sterling. We hedge against a portion of such receivables in foreign currency. In the event of unforeseeable foreign exchange rate movements, operating results can be materially affected.

Nutraceutical applications are anticipated to witness significant gains during 2014 to 2020 reaching an estimated volume of 124.5 thousand MT by 2020.

Risks & Concerns

The base raw material for Ossein, Gelatin and Collagen Peptide is crushed animal bone. The price of animal bone is dependent on numerous factors such as variations in meat consumption pattern reflecting global economic conditions as well as changes in supply demand dynamics driven by regulations governing food processing and distribution in response to various animal epidemics and other factors. Such an increase in price of crushed bone can adversely affect the operating results and financial position of both the Gelatin and Collagen Peptide business.

The demand for DiCalcium Phosphate is linked to the price of soya meal which experiences high price volatility.

Outlook

During the financial year ended March 2016, the global economic situation remained uncertain, clouded by low oil prices, turmoil in the financial markets and the deceleration of Chinese economy. On the other hand, the US and other developed nations continued to record moderate growth. India achieved relative macro economic stability in 2015. India's economic growth in 2015 is estimated to have risen to 7.5% as compared to the previous year making it among the worlds' fastest growing economies. Increasing healthcare spending coupled with growing demands from various end use applications is expected to drive the growth of Gelatin market. Gelatin market is characterized by high demand from the pharmaceutical and food processing industries. Growth of pharmaceutical industries owing to increase in awareness about preventive healthcare, the increased Government spending in the health sector from FDA & IMA for Gelatin in medical drugs and food additives has fuelled the market growth.

Collagen Peptide market size is valued at more than USD 0.75 billion in 2015 and is likely to be worth around USD 1.25 billion by 2023. Applications of Collagen Peptide can be segmented into cosmetics, food and beverages, nutraceuticals, healthcare and pharmaceuticals.

With a steady demand for poultry products, the demand for DiCalcium Phosphate is also expected to be stable.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

This has been discussed in detail in the Directors' Report.

FINANCIAL PERFORMANCE

The financial results of operations of your Company for the year under review are detailed under the caption performance forming part of the Directors' Report. As per the same, the Company's operations have resulted in a pre-tax profit of Rs. 26.43 crores for the current year as against Rs. 10.03 crores for the previous financial year. The post-tax profit for the current year is Rs. 16.69 crores whereas it stood at Rs. 5.10 crores for 2014-15.

During the year, the Company has sourced sizeable volume of low cost funds to optimize on interest costs as detailed below:-

1. Rs.15.80 crores through the issue of Optionally Convertible (Non-Cumulative) Preference Shares to NGI, Japan carrying dividend @ 5.4029% to finance the Environment Improvement Projects.
2. Rs. 6.50 crores as Term loan under the ECB route repayable at the end of seven years and carrying an interest of 6 months USD LIBOR + 5%.
3. Apart from the above, the Company has swapped the rupee term loans aggregating to Rs. 8.57 crores to foreign currency term loans to leverage the interest differential.

The basic and diluted earnings per share during the year was Rs. 17.33 and Rs. 16.79 respectively against Rs. 5.62 under both during the previous fiscal.

HUMAN RESOURCES DEVELOPMENT

To retain a sustainable competitive advantage in the new knowledge economy, learning is a key catalyst for an organisation's survival and success. The Company, therefore, provides tremendous learning and development opportunities to its employees starting from induction and orientation programme for all the new joinees to regular training programme to develop and enhance the skill levels, both functional and behavioral, for all the employees. The training programmes are tailored according to the business requirements and employee needs at various levels and designed with the help of a well structured process of need identification connected to the business demands.

Functional and technical training formed an important part of the Company's annual training calendar as they are directly linked with the employees' role and on the job performance. The Company also continues with the following initiatives targeted towards human resources development:-

- i) Sponsored programme leading to Post Graduate Diploma in Business Management for Senior Executives at the School of Communication & Management Studies (SCMS), Cochin.
- ii) Exclusive in-house training department for assessing and imparting the training needs.
- iii) Apart from in-house training facilities, employees are imparted extensive on the job training at our collaborator's factory in Japan.

As on 31st March, 2016 the total permanent employee strength of the company was 438.

CAUTIONARY STATEMENT

The Management Discussion and Analysis Report containing your Company's objectives, projections, estimates and expectation may constitute certain statements, which are forward looking within the meaning of the applicable laws and regulations. Actual results may differ materially from those expressed or implied in the statements. Your Company's operations may inter-alia be affected by the supply and demand situation, input price and availability, changes in Government Regulations, Tax Laws, foreign exchange rate fluctuations and other factors. The Company cannot guarantee the accuracy of assumptions and perceived performance of the Company for the future.

The Management believes that the strategic direction of your Company is sound and will fulfill the shareholder's expectations, both short term and long term.

Kochi
09.05.2016

Sajiv K. Menon
MANAGING DIRECTOR

P. H. Kurian IAS
CHAIRMAN.

CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance ensures high standards of transparency, accountability, ethical operating practices and professional management thereby enhancing shareholder's value and protecting the interest of the stakeholders such as shareholders, suppliers, customers and employees. The company is committed to attain high 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 financial year 2015-16 on 17.04.2015, 09.05.2015, 31.07.2015, 08.09.2015, 03.11.2015, and 01.02.2016.

The composition and attendance at the Board Meetings and Annual General Meeting (AGM) during the financial year and the other Directorships/Committee Memberships in other Indian Companies as on 31.03.2016 were as follows:

Sl. No.	Name of the Director	Category	Shareholding in the Company	Board Meetings Attended/ Held	Attendance in last AGM, Yes or No	Business relationship with NGIL (Nitta Gelatin India Limited)	Other Directorships (See Note 2.01)	Committee Membership ** (See Note 2.03)	
								Member	Chairman
1.	Mr. P.H.Kurian, IAS, Nominee of KSIDC and Principal Secretary (Industries & Commerce), Govt. of Kerala (Nominated as CHAIRMAN (w.e.f 4.10.2013)	Nominee Director representing KSIDC TVM	Nil	6/6	Yes	-	19	-	-
2.	Dr. M.Beena IAS, Nominee and Managing Director of KSIDC, (Nominated as DIRECTOR w.e.f 11.12.2014)	Nominee Director representing KSIDC TVM	Nil	3/6	Yes	-	10	-	-
3.	Mr.N.Soga, Nominee of Nitta Gelatin Inc. (Appointed w.e.f 14.05.2005)	Promoter Director (Non Executive)	Nil	1/6	No	Director and Chairman, Nitta Gelatin Inc., Japan, Director, Nitta Gelatin NA Inc., USA	-	-	-
3A	Dr. K. Suzuki (Nominee of Nitta Gelatin Inc.) ALTER-NATE DIRECTOR TO MR. N. SOGA (Appointed w.e.f. 09.11.2013)	Promoter Director (Non Executive)	Nil	2/6	No	General Manager International Business Division NGI, Japan	-	-	-
4.	Mr. Takeo Yamaki, (Appointed w.e.f 11.05.2009))	Executive Director. Operations	Nil	5/6	Yes	Nominee of Nitta Gelatin Inc. Japan	-	-	-
4A.	Mr. K. Ramakrishnan (ceased w.e.f 08.09.15)	Non Executive Independent Director	Nil	0/4	No		-	-	-

5.	Mr.A.K.Nair(Reappointed as Independent Director w.e.f 17.04.15) (See Note 2.06)	Non Executive Independent Director	66 Nos Equity Shares	6/6	Yes	Director, Strides Acrolab Ltd., Bangalore	9	4	3
6.	Mr. K L Kumar(reappointed as independent Director w.e.f 17.04.15) (See Note 2.06)	Non Executive Independent Director	Nil	6/6	Yes	-	1	-	-
7.	Mrs. Radha Unni (Reappointed as independent Director w.e.f 17.04.15) (See Note 2.06)	Non Executive Independent Director	Nil	5/6	Yes	-	4	3	-
8	Dr. NaotoshiUmeno(Appointed as Independent Director w.e.f 17.04.15) (See Note 2.06)	Non Executive Independent	Nil	2/6	Yes	-	-	-	-
9	Dr.K.Cherian Varghese(Appointed as Additional Director w.e.f 08.09.2015 and as Independent Director vide Postal Ballot dated 19.03.16)	Non Executive independent Director	Nil	2/2	No	-	1	-	-
10.	Mr. Sajiv K Menon (appointed as Managing Director w.e.f 01.04.14)	Executive Managing Director	Nil	6/6	Yes	Chairman, Bamni Proteins Ltd., Chairman Reva Proteins Ltd.	3	-	-

- 2.01 The number of Directorships shown includes Directorships in Private companies also. As such it is within the limit prescribed under Section 165 of the Companies Act, 2013.
- 2.02 Nominee Directors representing KSIDC are in the capacity as Equity Investor.
- 2.03 The number of Board committees in which the director is a member or chairperson includes only Audit Committee and Stakeholders Relationship Committee
- 2.04 The Directors have no inter-se relationship, whatsoever
- 2.05 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 and two women Directors in conformity with Regulation 17(1)(a) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

None of the Directors are disqualified under Section 164 of the Companies Act, 2013. Necessary declarations have been made by the Directors under Regulation 26(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, stating that they do not hold any membership in more than 10 committees or chairmanship of more than 5 committees across all listed entities in which he/she is a Director.

- 2.06 As per proviso to Regulation 17(1) (b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, since the company has a regular Non-Executive Chairman who is a nominee of a promoter, at least one half of the Board of Directors of the company shall consist of Independent Directors. Accordingly, the requisite number of Independent Directors at any point of time during the year was five. The directors, Mr. K. Ramakrishnan, Mr. A. K. Nair, Mr. K. L. Kumar, Mrs. Radha Unni and Dr. Naotoshi Umeno, who meets the prescribed criteria of Independence, had been categorized as Independent Directors in the previous financial year. The company has formally appointed Mr. A. K. Nair, Mr. K.L. Kumar, Mrs. Radha Unni and Dr. Naotoshi Umeno as independent directors at an Extra Ordinary General Meeting held on 17th April, 2015 and also issued the letter prescribed under Section 149 of the

Companies Act, 2013 (read with Schedule IV and applicable rules) with effect from the said date.

Mr. K Ramakrishnan retired by rotation at the AGM held on 08.09.2015. Dr. K. Cherian Varghese who was appointed as Additional Director on 08.09.2015 and meets the prescribed criteria of Independence has been categorized as Independent Director.

At the above position, the company had the requisite number of Independent directors as per Regulation 17(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 on the Board for the financial year 2015-16.

Dr. K. Cherian Varghese was formally appointed as independent director vide a Postal Ballot dated 19.03.2016 and also issued the letter prescribed under Section 149 of the Companies Act, 2013 (read with Schedule IV and applicable rules) with effect from the said date.

Familiarisation programme

The Company has fully recognized the need for keeping the Directors especially the Independent Directors abreast of the changes in the corporate sector, be it any new trends and mandates in Corporate Governance practices, or the governing legal provisions in the corporate law. In that direction, the company has, at the time of appointment of Independent Directors at the Extraordinary General Meeting issued them formal letters of appointment which explains the role, function, duties and responsibilities expected of them as Director of the Company. It is also explained in detail to the Director the compliances required from him under the Companies Act, 2013, and his affirmation taken in respect of the same. The Company wishes to follow this up with required training for the Directors in relevant disciplines. The weblink where details of Familiarisation Programme imparted to Independent Directors are disclosed is: http://115.111.176.138/nitta/uploads/homecontent/familiarisation_programmes_ind_directorsr_2015126114859.pdf

Separate Meeting of the Independent directors

Pursuant to the provisions of the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the independent directors of the company had held one meeting in the year on 01.02.2016 without the attendance

of Non-Independent directors and members of the management. The meeting reviewed the performance of the non-independent directors and the Board as a whole, including the chairman of the Board and found them to be satisfactory.

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, which was suitably modified at the meeting on 03.02.2015, for including the duties of Independent Directors. The updated 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 is annexed to this report.

Board Profile

a. Mr. P. H. Kurian, IAS

A senior officer of Indian Administrative Service, Mr. P.H. Kurian has held various higher offices in Government, including the one which he held as Controller General of Patents, Designs & Trademark. He is presently Principal Secretary, Industries and Commerce under Govt. of Kerala.

b. Mr. Sajiv K. Menon, Managing Director

A B.Tech in Chemical Engineering, PGDM (Fin.&Mktg), from IIM, Bangalore, and a Fulbright Scholar at Carnegie Mellon University, USA, Mr. Sajiv K. Menon had a long tenure of more than 32 years' experience in various capacities in Engineering and Chemical Industries before taking charge as Managing Director of NGIL.

c. Mr. Takeo Yamaki, Director (Operations)

An engineer by profession, Mr. Takeo Yamaki had a long stint with Nitta Gelatin, INC, Japan, where he worked as General Manager (Gelatin), before he joined NGIL as Whole Time Director.

d. Dr. M. Beena IAS

Dr. M. Beena, from the Indian Administrative Service has had varied experience working at the helm of various Govt. Departments and Agencies. She is presently Managing Director of Kerala State Industrial Development Corporation Limited (KSIDC).

e. Mr. Norimichi Soga /Mr. Raymond Merz

Mr. Normichi Soga is the Director and Chairman of Nitta Gelatin Inc, Japan, a world leader in Gelatin Industry. Subsequent to 31.03.2016, he was replaced as Promoter Non executive Director, by Mr. Raymond Merz who is Director and Executive Officer of the International Business Division. Mr. Seiichi Nishikawa, General Manager, Gelatin Division, Nitta Gelatin Inc, Japan acts as an Alternate Director to Mr. Raymond Merz.

f. Mr. A.K.Nair

A B.E and MBA, Mr. A.K. Nair has more than 46 years' experience in senior managerial positions in various industries, including Managing Director of Kerala State Industrial Development Corporation Limited following which he was also the Managing Director of NGIL (erstwhile KCPL) for two terms of 5 years each. He is now an Independent Director of the Company after his statutory cooling period during which he continued as a non-Executive Director of the Company..

g. Mr. K. L. Kumar

A Mechanical Engineer, Mr. K L Kumar had a long stint in corporate sector comprising 15 years in engineering consultancy services besides 22 years service with Kochi Refineries Limited (KRL), of which 12 years was as its Chairman and MD. He is now an Independent Director of the Company.

h. Mrs. Radha Unni

Mrs. Radha Unni, M.A, B.Ed, CAIIB, is a Banker by profession, with 36 years' experience in State Bank of India, where she retired as Chief General Manager in charge of Kerala Circle. She is an Independent Director of the Company, also acting as Chairperson of the Audit Committee.

i. Dr. Naotoshi Umeno

A Japanese national, and an MBA from Kobe University, Japan, holding a PhD. in business management, Dr. Naotoshi Umeno has a career spanning 27 years as an academician in business studies presently working as Professor at Hyogo University of Commerce.

j. Mr. K.Ramakrishnan

A senior banker, he was Deputy Managing Director,

State Bank of India and Managing Director, State Bank of Travancore. He had a very long tenure as Director of NGIL spanning around 17 years, also acted as Chairman of the Audit Committee and as an independent Director of the Company. He ceased to be director w.e.f 08.09.2015

k. Dr. K Cherian Varghese

Dr. K Cherian Varghese a senior Banker, was General Manager in Indian Bank and served as Chairman and CEO of South Indian Bank Ltd during the period 1991-1996. He was Executive Director of Central Bank of India, before holding the post as CMD of two leading Public Sector Banks namely Corporation Bank and Union Bank of India. He also served as a member and Chairman of the Board for Industrial and Financial Reconstruction, Govt. of India. He holds a Ph.D in Commerce - Business Policy and Administration and is an Associate of the Chartered Institute of Bankers, London.

3. AUDIT COMMITTEE

The Company has a qualified and independent Audit Committee of the Board conforming to the requirements as prescribed by the Securities and Exchange Board of India (SEBI) on Corporate Governance, consequent amendments to the Listing Agreement with the stock exchanges as well as the present Listing Regulations outlined in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee consists of 4 non-executive directors. The committee which initially during the year, consisted of Mr. K. Ramakrishnan, Mr. A.K. Nair, Mr. K.L. Kumar and Mrs. Radha Unni as members was later on reconstituted by including Dr. K. Cherian Varghese in place of Mr. K. Ramakrishnan (retired at the AGM dated 08.09.2015) with effect from 03.11.2015. Mrs. Radha Unni continues as the Chairperson of the Committee since 20th March, 2015. The terms of reference of the Audit Committee sufficiently covers the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the (Listing Obligations & Disclosures Requirements) Regulations 2015 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 transaction besides Internal Financial Controls and risk management

systems.Mr. G. Rajesh Kurup, Company Secretary, acts as the Secretary of the Committee, as envisaged under law.

Four Audit Committee Meetings were held during the financial year 2015-16, the dates of which are 09.05.2015,29.07.2015, 03.11.2015 and 01.02.2016: The attendance of members is as follows:

Name of Directors	Category	No. of meetings attend- ed/Held
Mrs. Radha Unni	Chairperson	3/4
Mr. A.K.Nair	Member	4/4
Mr. K.L.Kumar	Member	4/4
Dr. K.Chерian Varghese(w.e.f 03.11.2015)	Member	1/1
Mr K. Ramakrishnan (Ceased to be a director w.e.f 08.09.2015)	Member	0/2

Mrs. Radha Unni, as Chairperson of the Audit Committee, was present at the Annual General Meeting of the Company, held on 8th September 2015 to answer shareholder queries..

4. NOMINATION AND REMUNERATION COMMITTEE

As per Regulation 19(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration committee shall comprise of at least three directors. The Committee initially during the year, consisted of Mr. A. K. Nair as Chairman and Mr. K. L. Kumar and Mr. K. Ramakrishnan as members. The committee was later on reconstituted consequent to the retirement of Mr, K. Ramakrishnan at the AGM dated 08.09.15 who was thereafter succeeded by Dr. K. Cherian Varghese w.e.f 14-10-2015.

As per the above position, the Company had the requisite number of members on the Committee for the period from 01.04.2015 till 07.09.2015 and thereafter from 14.10.2015 till 31.03.2016. There was a short fall of one member during the period from 08.09.2015 to 13.10.2015. However, during such period of short fall, no meeting has been conducted by the Committee.

The terms of reference of the Committee include remuneration and terms and conditions of appointment of Executive Directors and Senior Management personnel. The roles of the committee shall include formulation of the criteria

for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees and criteria for evaluation of performance of independent directors and the board of directors During the financial year 2015-16, the Nomination and Remuneration Committee held three meetings on 29.07.2015, 08.09.2015, and 03.11.2015.

The attendance of members is as follows:

Name of Directors	No. of meetings attended/held
Mr. A.K.Nair	3/3
Mr. K.L.Kumar	3/3
Dr. K.Chерian Varghese(w.e.f 14.10.2015)	1/1
Mr K. Ramakrishnan (Ceased to be a director w.e.f 08.09.2015)	0/2

Performance Evaluation Criteria for Independent Directors

Schedule IV of the Companies Act, 2013 states that the performance evaluation of the Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated. The criteria for evaluation of performance of Independent Directors are as follows:

- * Highest Personal and Professional ethics, integrity and values.
- * Inquisitive and objective perspective, practical wisdom and mature judgement.
- * Demonstrated intelligence, maturity, wisdom and independent judgement.
- * Self-confidence to contribute to Board deliberations, and stature such that other board members will respect his or her view.
- * The willingness and commitment to devote the extensive time necessary to fulfill his/her duties.
- * The ability to communicate effectively and collaborate with other Board members to contribute effectively to the diversity of perspectives that enhances Board and Committee deliberations, including a willingness to listen and respect the views of others.
- * The skills, knowledge and expertise relevant to the Company's business, with extensive experience at a senior leadership level in a comparable company or organization, including but not limited to relevant experience in manufacturing, international operations, public

service, finance, accounting, strategic planning, supply chain, technology and marketing.

- * Commitment, including guidance provided to the Senior Management outside of Board/Committee Meetings.
- * Effective deployment of knowledge and expertise.
- * Effective management of relationship with various stakeholders.
- * Independence of behaviour and judgement.
- * Maintenance of confidentiality of critical issues.

5. Remuneration of Directors.

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

(a) There is no pecuniary relationship of the Non-Executive director vis-à-vis the company, whatsoever. The Non-Executive directors receive no remuneration other than sitting fees for

attending the Board and Committee meetings as follows:

Details of remuneration for the financial year 2014-15

Name	Sitting fees (Rs)
Mr. P.H.Kurian IAS	62,000
Dr. M. Beena, IAS	32,000
Mr. Dr.K. Cherian Varghese	56,000
Mr. A.K. Nair	1,98,000
Mr.K.L.Kumar	1,88,000
Mrs.RadhaUnni	96,000
Mr. NaotoshiUmeno	34,000

(b) Since Non-Executive Directors are not eligible for any remuneration other than sitting fees for attending meetings, there is no criteria determined for their remuneration.

(c) Details of Remuneration of Executive Directors for the financial year 2015-16 are as under:-

Name	Salary Rs.	PF Rs.	Incentive Rs.	Other Benefits Rs.	Total Rs.
Executive Directors:					
(a) Managing Director					
Mr. Sajiv K. Menon	66,83,772	3,96,000	21,00,000	28,71,322	1,20,51,094
(b) Whole Time Director:					
Mr. Takeo Yamaki	19,44,000	-	-	5,78,767	25,22,767

Details of performance linked incentive- Managing Director

(Amount in Rs.)

Incentive Criteria	Achievement in %	% Incentive	Amount/ pm	Achievement in %	% incentive	Amount / pm	Achievement in %	% incentive	Amount/ pm	Achievement in %	% incentive	Amount/ pm	Achievement in %	% incentive	Amount /pm
Actual consolidated Net Profit before tax in current period as compared to that as per Board Budget for the same Period.	Upto 50%	50.0	75,000	50.01 to 80%	62.5	93,750	80.01 to 100%	75	112,500	100.01 to 110%	100.00	150,000	Above 110.01%	125	187,500
Increase in total venue (consolidated) in current period compared to corresponding pr-yr period	Upto 5%	16.67	25,000	5.01 to 7.50%	20.83	31,250	7.51 to 10%	25	37,500	10.01 to 15%	33.33	50,000	Above 15.01%	41.67	62,500
Total		66.67	100,000		83.33	125,000		100	150,000		133.33	200,000		166.67	250,000

Service contract with the Managing Director and the Wholetime Director is upto the period ending on 31.03.2017 and 10.07.2016 respectively, terminable earlier upon notice period of three months on either side; with no severance fees.

No stock option was issued during the period.

6. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Board has set up a Stakeholders' Relationship Committee to consider and resolve the grievances of the security holders of the listed entity including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends. The committee during the year consisted of three non-executive Directors, Mr. A.K. Nair (Chairman), Mr. K. Ramakrishnan and Mr. K.L. Kumar as members, which later on was reduced to two consequent to the retirement of Mr. K. Ramakrishnan on the AGM dated 08.09.15.

There was one complaint which was taken up with SEBI during the year. It was redressed and reported to the Committee at their meeting dated 01.02.2016, which also noted that the SEBI Scores has updated the redressal status.

Name and designation of Compliance Officer: Mr.G.Rajesh Kurup, Company Secretary. Number shareholders complaints received so far: One (1) Number not solved to the satisfaction of the shareholders: Nil

Number of pending complaints: Nil

All valid transfer requests received upto 31.03.2016 have been registered.

7. GENERAL BODY MEETING

a) Date, Time and location of three preceding Annual General Meetings.

AGM	Financial Year	Day	Date	Time	Location
39th	2015	Tuesday	08.09.2015	12.00 Noon	Fine Arts Hall, Ernakulam
38th	2014	Friday	11.07.2014	10.30 A.M	Fine Arts Hall, Ernakulam
37th	2013	Friday	05.07.2013	10.30 AM	Grand Hotel Ernakulam

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

Date of AGM	Nature of Special Resolution
08.09.2015	1. Appointment of Mr. Takeo Yamaki as a wholetime Director designated as Director (Technical)
	2. Approval for entry with Related party Transactions by the Company.

11.07.2014	1.Appointment of Mr. Sajiv K. Menon as Managing Director
	2. Approval of General Information furnished under Section II of Part II of Schedule XIII to the Companies Act, 1956
	3. Payment of Leave Travel Concession (LTC) to Mr. G. Suseelan, erstwhile Managing Director
05.07.2013	1.Appointment of auditors and fixation of remuneration
	2.For approval of the terms and conditions of appointment of Managing Director

(c) Details of Special Resolution passed through postal ballot during the year:

The following Special Resolutions were passed through postal ballot dated 19.03.2016, following the procedure prescribed under section 110 of the Companies Act,2013 and Rules thereon.

* Above mentioned details of votes are total votes cast through electronic means and physical postal ballots.

(d)The postal ballot was conducted and scrutinized by Mr. Abhilash N.A, (Membership.No.22601 & CP No. 14524) Practicing Company Secretary.

(e) The Company does not intend to pass any special resolution through postal ballot during the financial year 2016-17; which if at all conducted, shall follow the procedure prescribed under section 110 of the Companies Act, 2013 and Rules thereon.

8. MEANS OF COMMUNICATION

Quarterly results are published in prominent daily newspapers namely the Business Line (English) and Mangalam (Malayalam). Immediately after the approval of the Board, the financial results are submitted to BSE Limited where the shares of the Company are listed, and the same is also uploaded regularly in BSE listing Centre at <http://www.listing.bseindia.com>. Official news releases and presentations made to institutional investor/analyst, if any, shall also be in line with the above.

9 GENERAL SHAREHOLDERS' INFORMATION

- Annual General Meeting, date, time &venue: 3rd, August 2016 at 12 Noon at Fine Arts Hall, Ernakulam, Kochi-682036.
- Financial Year: 1st April 2015 to 31st March 2016

SI No	Resolution	Particulars	No of Postal ballot form and Remote e-voting (Folios)	No of Equity Shares (Valid Votes)*	% of valid votes polled	Results
1	To amend the Title to Clause IIIA of the Memorandum of Association (Special Resolution)	Assent	78	6778321	99.99	The Special Resolution carried with requisite majority
		Dissent	4	671	0.01	
		Invalid/Abstained votes	-	-	-	
		Total	82	6778992	100.00	
2	To amend Clause IIIB of the Memorandum of Association (Special Resolution)	Assent	78	6778321	99.99	The Special Resolution carried with requisite majority
		Dissent	4	671	0.01	
		Invalid/Abstained votes	-	-	-	
		Total	82	6778992	100.00	
3	Deletion of the Clause IIIC –Other Objects Clause of the Memorandum of Association (Special Resolution)	Assent	77	6777921	99.98	The Special Resolution carried with requisite majority
		Dissent	5	1071	0.02	
		Invalid/Abstained votes	-	-	-	
		Total	82	6778992	100.00	
4	Amendment of the Clause IV of the Memorandum of Association (Special Resolution)	Assent	78	6777593	99.98	The Special Resolution carried with requisite majority
		Dissent	4	1399	0.02	
		Invalid/Abstained votes	-	-	-	
		Total	82	6778992	100.00	
5	Adoption of new set of Articles of Association including therein an Entrenchment Provision (Special Resolution)	Assent	78	6778321	99.99	The Special Resolution carried with requisite majority
		Dissent	4	671	0.01	
		Invalid/Abstained votes	-	-	-	
		Total	82	6778992	100.00	

iii Date of book closure: **28.07.2016 to 03.08.2016 (both days inclusive)**

iv Dividend payment date: (if declared at the Annual General Meeting) latest by 20.08.2016

v The Company's Equity Shares are listed on the following Stock exchange and the annual listing fee to such Stock Exchange has been paid:

BSE Ltd.
PhirozeJeejeebhoyTowers,
Dalal Street,
Mumbai - 400 001.

vi Stock Code : 506532 (BSE)

vii Market price data (monthly High and Low) of the Company's Equity shares traded on BSE Ltd, in comparison to BSE Sensex during the period April, 2015 to March, 2016 is given below

Year	Month	NGIL		BSE SENSEX		
		High Price	Low Price	High Price	Low Price	
2015	April	147	120.20	29,094.61	26897.54	
	May	160	126.1	28,071.16	26,423.99	
	June	139.20	121	27,968.75	26,307.07	
	July	150.10	130	28,578.33	27,416.39	
	August	150.50	128.10	28,417.59	25,298.42	
	September	139.80	122	26,471.82	24,833.54	
	October	150	124	27,618.14	26,168.71	
	November	183	133.3	26,824.30	25,451.42	
	December	191.60	157.70	26,256.42	24,867.73	
	2016	January	184.50	136.50	26,197.27	23,839.76
		February	227	165	25,002.32	22,494.61
		March	237.80	177	25,479.62	23,133.18

viii) The securities of the company are not suspended from trading during the year.

ix) 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.

x) 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. Sajiv K. Menon, Managing Director and Mr.K.L.Kumar, Director as members. During the year, the committee held three meetings.

xi) Distribution of Shareholding and Shareholder's Profile:

a) Distribution of shareholding as at 31st March , 2016

No of Equity Shares held	No. of Share-holders	%age of shareholders	No. of shares held				% of shareholding
			Physical	NSDL	CDSL	Total	
1-500	5567	88.21	144056	350107	171777	665940	7.33
501-1000	398	6.31	34491	173096	83076	290663	3.20
1001-10000	324	5.13	43030	501727	393202	937959	10.33
10001 and above	22	0.35	-	7064073	120525	7184598	79.14
Total	6311	100.00	221577	8089003	768580	9079160	100.00

b) Shareholders Profile as on 31st March , 2016

Category	No. of Shareholders	%age of shareholders	No. of shares held	% of shareholding
Resident Indians	5970	94.63	2092702	23.05
Foreign Collaborator	1	0.00	3900300	42.96
Indian Collaborator	1	0.00	2862220	31.53
Domestic Companies	140	2.22	138273	1.52
Financial Institutions	1	0.02	6066	0.07
NRIs	57	0.90	26473	0.29
Overseas Corporate Bodies	0	0.00	0	0.00
Mutual Funds	6	0.10	4239	0.05
Banks	2	0.03	266	0.00
Clearing Member NSDL/CDSL	9	0.14	8252	0.09
Employees	124	1.96	40369	0.44
Total	6311	100.00	9079160	100.00

- xii) Dematerialisation of Shares : As at 31st March, 2016, there are 88,50,680 shares, representing 97.48% of equity paid-up share capital in dematerialised form. This includes 8089003 shares (89.09%) in NSDL and 7,68,580 shares (8.46%) in CDSL. No shares were re-materialised during the year.
- xiii) Outstanding GDRs/ ADRs Warrants or any Convertible instruments, conversion date and likely impact on Equity (as on 31.3.2016) - Nil
- xiv) The Company broadly follows a Policy of hedging for foreign currency receivables of about 60% of the exchange receivables. The appropriate hedging rates are based on company's budgeted rates, market factors and related developments

xv) 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.
3. District Industrial Estate, Aroor, Cherthala Taluk, Alappuzha

xvi) ADDRESS FOR CORRESPONDENCE:

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. Cameo Corporate Services Ltd,
"Subramanian Building",
1, Club House Road, Chennai-600 002
Tel:044-28460390,
Fax: 044-28460129
Email:cameo@cameoindia.com | <ol style="list-style-type: none"> 2. Nitta Gelatin India Limited,
PB No.4262, 54/1446, SBT Avenue
Panampilly Nagar,
Kochi - 682 036, Kerala
Tel: 0484 -2317805,
Fax : 0484-2310568
Email : investorcell@nittagelindia.com |
|---|---|

10. OTHER DISCLOSURES

- (a) There have been no materially significant related party transactions with the Company's Promoters, Directors, the Management, their Subsidiaries which have/may have potential conflict with the interests of the company at large. The necessary disclosures regarding the transactions with Related parties are given in the Notes to the Accounts (See Note No. 2.26 of Stand alone Financial Statement). The company has taken omnibus approval of the Board for related party transactions. The company has formulated a policy on materiality of related party transactions and also on dealing with related party transactions of which mention is also made in the Board's Report. The web link where policy on dealing with Related Party Transactions is disclosed is:
<http://115.111.176.138/nitta/uploads/homecontent/RPT-20151216012414.pdf>.
- (b) There were no instances of non-compliance by the company leading to imposition of penalties, strictures by the stock exchange or SEBI or any other statutory authority, on matters related to capital markets during the last three years.
- (c) No personnel of the company has been denied access to the Audit Committee of the company (in respect of matters involving alleged misconduct). The company has provided protection to "whistle blowers" from unfair termination and other unfair or prejudicial employment practices. The Company has laid down procedures to inform Board members about the risk assessment and minimisation procedures. These procedures are periodically reviewed to ensure that executive management controls risk through means of a properly defined framework. The Company has adopted measures for airing concerns about unethical behavior, both for the Directors and employees. This has been made part of the machinery of Audit Committee and informed in the official website of the company. A mention of the same is also made in the report of the Directors. Pursuant to proviso to Section 177 (10) of the Companies Act, 2013 a 'Vigil mechanism' has been constituted as a part of the function of Audit Committee of Board. The vigil mechanism provides for adequate safeguards against victimization of directors or employees or any other person who avail the mechanism and also provides for direct access to the chairperson of the Audit Committee in appropriate cases. The Committee shall oversee Vigil Mechanism for Directors and Employees to report concerns about unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct or Ethics Policy.
- (d) All mandatory requirements have been complied with while non-mandatory requirements complied have been reported in Para 11 herein below.
- (e) The company has formulated a material subsidiary policy which has been disclosed in the company website. Besides, mention is also made in the Board's Report. The web link where policy for determining "Material Subsidiaries" is:
http://115.111.176.138/nitta/uploads/homecontent/MS_20151216012826.pdf.

- (f) The Company does not deal in commodity hedging activities and is therefore free from any risk arising there from.

11. The Company has adopted discretionary requirements as per Part E of schedule II, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as follows

- a) The Company has appointed separate persons to the post of Chairperson and Managing Director.
b) The Internal Auditors report directly to the Audit Committee of the Board

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

Note:

- (1) Shareholders holding shares in electronic mode should address all correspondence to their respective depository participant.
(2) Non-mandatory disclosures are not being included in the report except disclosures relating to Familiarisation programme and separate meeting of Independent Directors and Code of Conduct as stated in Clause 2 hereinabove.

CEO/CFO Certification:

Mr. Sajiv K. Menon, Managing Director and Mr.P.Sahasranaman, Dy. General Manager (Finance and Accounts) and Chief Financial Officer have given CEO/CFO Certificate to the Board. The Board has taken on record the CEO/CFO certificate as per the format given under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, at its meeting held on 06.05.2016.

DECLARATION OF COMPLIANCE OF CODE OF BUSINESS CONDUCT AND ETHICS

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

Sd/-
Sajiv K.Menon
Managing Director
(DIN: 00168228)

CERTIFICATE

The Members
Nitta Gelatin India Limited
Kochi -36

We have examined the compliance of conditions of Corporate Governance by Nitta Gelatin India Limited ("the company") for the year ended on 31st March, 2016, as stipulated in Clause 49 of the Listing Agreement of the company with the stock exchanges for the period from 1st April, 2015 to 30th November, 2015 and as per the relevant provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the period from 1st December, 2015 to 31st March, 2016.

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.

In our opinion and to the best of our information and according to the explanations given to us, subject to a temporary shortfall in the minimum number of directors on the Nomination and Remuneration Committee during the period from 8th September, 2015 till 13th October, 2015, (during the period, no meeting of the said Committee was conducted), as stated in Para 4 of the Report on Corporate Governance, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement / Listing Regulations, as applicable.

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.

Place: Kochi-19
Date : 06.05.2016

For VARMA & VARMA
(FRN : 004532S)

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Nitta Gelatin India Limited,
Kochi

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Nitta Gelatin India Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility.

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note no. 2.11.1 to the standalone financial statements which states that in view of the business plans of the subsidiary company, Reva Proteins Limited, which is expected to bring in positive cash flows in the near future, the management is of the opinion that no diminution in value of investments in the subsidiary company is anticipated at this stage and hence no provision is made.

Our opinion is not modified in respect of this matter.

Report on Other Legal & Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable..
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.17.1, Note 2.17.2, Note 2.28.1 and Note 2.28.2(1), to the standalone financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For VARMA & VARMA
(FRN : 004532S)

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

Place: Kochi - 19
Date: 06.05.2016

ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF NITTA GELATIN INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH 2016

1. (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) We are informed that fixed assets have been physically verified by the management at reasonable intervals and that no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us, the records of the company examined by us and the confirmation from financial lenders in respect of title deeds deposited with them and based on the details of land and buildings furnished to us by the company, the title deeds of immovable properties are held in the name of the Company except for a freehold immovable property comprising of land admeasuring 126.88 cents (Gross value and net value: Rs 4.70 lakhs) and buildings thereon (Gross value: Rs 144.26 lakhs and net value: Rs 94.99 lakhs) in respect of which the Revenue Department, Government of Kerala ordered the issue of title deeds in favour of the company, though formal issue of the same by the local authorities is pending.
2. (a) We are informed that the physical verification of inventory has been conducted at reasonable intervals by the management and that no material discrepancies were noticed on such verification.
 3. According to the information and explanations given to us and the records of the company examined by us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the reporting requirements under clauses (iii) (a) to (c) of paragraph 3 of the Order are not applicable.
 4. According to the information and explanations given to us and the records of the company examined by us, the company has complied with the provisions of sections 185 and 186 of the Act in respect of investments and guarantees. The company has not granted any loans or given any security for which the provisions of sections 185 and 186 of the Act are applicable.
 5. 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 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder are not applicable
 6. 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 148 (1) of the Act for the company at this stage.
 7. (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, Employee's State Insurance, Income Tax, Sales Tax, Service Tax, Duty of customs, Duty of excise, Value Added Tax, Cess and other statutory dues, as applicable to the Company to the appropriate authorities during the year.

As at the year end, the following amounts of arrears of undisputed statutory dues are outstanding for a period of more than six months from the date they became payable.

Nature of dues	Amount (Rs in lakhs)	Period to which the amount relates
Water cess	61.83	25.07.2009 to 31.12.2010

- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sale tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited on account of any dispute as such March 31, 2016, are as follows:-

Nature of dues	Statute	Amount (Rs in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax	Income Tax Act, 1961	583.36 (Net of Rs 120.92 lakhs paid under protest)	2008-09 (AY 2009-10) to 2010-11 (AY 2011-12)	Commissioner Income Tax (Appeals)
Value Added Tax	Maharashtra Value Added Tax Act, 2002	0.58 (Net of Rs 0.11 lakhs paid under protest)	2009-10	Joint Commissioner of Sales Tax (Appeals)
Central Sales Tax	Central Sales Tax Act, 1956	378.43 (Net of Rs 5 lakhs paid under protest)	2009-10 and 2010-11	Deputy Commissioner of Sales Tax (Appeals)

Nature of dues	Statute	Amount (Rs in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax	Central Sales Tax Act, 1956	22.01	2011-12	Deputy Commissioner of Sales Tax (Appeals) #
Value Added Tax	Kerala Value Added Tax Act, 2003	47.69	2010-11	Deputy Commissioner of Sales Tax (Appeals) #
Excise duty	Central Excise Act, 1944	7.20	April 2010 to August 2013	Customs, Excise and Service Tax Appellate Tribunal, Bangalore#
Excise duty (Cenvat credit)	Central Excise Act, 1944	9.05 (Net of Rs 0.35 lakhs paid under protest)	2010-11 to 2012-13	Commissioner (Appeals)

The appeals were filed after 31.03.2016

8. 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 loans or borrowings to the banks. The company has neither taken any loans or borrowings from financial institution or government nor has any dues to debenture holders..
9. According to the information and explanations given to us and the records of the Company examined by us, no moneys were raised by way of initial public offer or further public offer (including debt instruments) and the term loans availed by the company have been applied for the purpose for which the loans were obtained.

10. During the course of our examination of the books and records of the company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of material fraud by the company or on the company by its officers or employees, noticed or reported during the year, nor have been informed of any such case by the management.
11. According to the information and explanations given to us and the records of the Company examined by us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. The company is not a Nidhi Company. Accordingly, the reporting requirements under clause (xii) of paragraph 3 of the Order are not applicable.
13. According to the information and explanations given to us and the records of the Company examined by us, all transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in Note 2.26 to the standalone financial statements as required by the applicable accounting standard.
14. According to the information and explanations given to us and the records of the Company examined by us, the company has made preferential allotment of Optionally convertible non cumulative preference shares during the year to one shareholder and the requirements of section 42 of the Act have been complied with and the amount raised have been used for the purposes for which the funds were raised.
15. The company has not entered into any non-cash transactions with directors or persons connected with the directors. Accordingly, the reporting requirement under clause (xv) of paragraph 3 of the Order is not applicable.
16. According to the information and explanations given to us and the records of the Company examined by us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting requirement under clause (xvi) of paragraph 3 of the Order is not applicable.

For VARMA & VARMA
(FRN : 004532S)

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

Place: Kochi - 19
Date: 06.05.2016

ANNEXURE A REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF NITTA GELATIN INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH 2016

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Nitta Gelatin India Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform

the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable

assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate

because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For VARMA & VARMA
(FRN : 004532S)

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

Place: Kochi - 19
Date: 06.05.2016

NITTA GELATIN INDIA LIMITED
BALANCE SHEET AS AT 31st MARCH, 2016

Particulars	Note No.	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
a. Share Capital	2.01	248,791,640	90,791,600
b. Reserves and Surplus	2.02	1,246,888,599	1,125,207,414
2 Non-current liabilities			
a. Long-term Borrowings	2.03	124,998,789	82,037,260
b. Deferred Tax Liabilities (Net)	2.04	72,084,000	60,811,827
c. Long-term Provisions	2.05	23,324,066	20,875,581
3 Current Liabilities			
a. Short-term Borrowings	2.06	398,040,676	422,062,717
b. Trade Payables	2.07		
(i) Total outstanding dues of micro enterprises and small enterprises		189,750	193,800
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		233,504,767	271,783,494
c. Other Current Liabilities	2.08	37,014,890	32,139,220
d. Short-term Provisions	2.09	102,288,570	38,147,577
Total		2,487,125,747	2,144,050,490
II. ASSETS			
1 Non-current Assets			
a. Fixed Assets	2.10		
i. Tangible Assets		800,201,299	770,401,487
ii. Intangible Assets		2,526,725	2,305,224
iii. Capital Work-in-progress		69,592,173	84,027,437
b. Non-current Investments	2.11	447,913,237	323,153,237
c. Long-term Loans and Advances	2.12	20,994,296	16,547,746
2 Current Assets			
a. Inventories	2.13	606,331,418	540,181,366
b. Trade Receivables	2.14	203,943,754	221,781,708
c. Cash and Cash Equivalents	2.15	195,834,764	16,090,671
d. Short-term Loans and Advances	2.16	47,072,025	76,548,913
e. Other Current Assets	2.17	92,716,056	93,012,701
Total		2,487,125,747	2,144,050,490

Significant Accounting Policies and Notes on Accounts 1&2
The accompanying notes form an integral part of the financial statements.

For and on behalf of the Board of Directors

As per our report of
even date attached

For VARMA & VARMA
(FRN: 004532S)

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

P. H. KURIAN IAS
Chairman
DIN : 00027596

RADHA UNNI
Director
DIN : 03242769

A. K. NAIR
Director
DIN : 00009148

SAJIV K. MENON
Managing Director
DIN : 00168228

DR. K.CHERIAN VARGHESE
Director
DIN : 01870530

RAYMOND MERZ
Director
DIN : 07498918

T. YAMAKI
Director
DIN : 02669053

K. L. KUMAR
Director
DIN : 00004804

Place: Kochi
Date: 06.05.2016

SAHASRANAMAN P.
Chief Financial Officer

G. RAJESH KURUP
Company Secretary

NITTA GELATIN INDIA LIMITED
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2016

Particulars	Note No.	For the year ended 31.03.2016 Rupees	For the year ended 31.03.2015 Rupees
Income			
I. Revenue from operations (gross)	2.18	3,708,555,859	3,718,004,646
Less : Excise duty		122,866,975	126,687,199
Revenue from operations (net)		3,585,688,884	3,591,317,447
II. Other Income	2.19	24,161,754	20,252,719
III. Total Revenue		3,609,850,638	3,611,570,166
IV. Expenses:			
a. Cost of materials consumed	2.20	2,000,597,971	1,992,050,020
b. Purchases of stock-in-trade		-	-
c. Changes in inventories of finished goods, work-in-progress and Stock-in-trade	2.21	(26,603,472)	(1,366,603)
d. Employee benefits expense	2.22	253,297,121	228,285,439
e. Finance costs	2.23	52,607,943	77,429,399
f. Depreciation and amortisation expense	2.10	94,300,563	103,843,486
g. Other expenses	2.24	971,336,939	1,111,056,482
Total Expenses		3,345,537,065	3,511,298,223
V. Profit before tax (III-IV)		264,313,573	100,271,943
VI. Tax expense:			
a. Current tax		101,144,902	22,400,000
Less: Mat Credit Entitlement		(19,800,000)	-
b. Tax for earlier years		4,832,272	1,100,000
c. Deferred tax		11,272,173	25,752,000
VII. Profit for the period (V - VI)		166,864,226	51,019,943
VIII. Earnings per equity share:			
Nominal value of share Rs. 10/- (Rs. 10/-)	2.25		
a. Basic		17.33	5.62
b. Diluted		16.79	5.62

Significant Accounting Policies and Notes on Accounts 1&2
The accompanying notes form an integral part of the financial statements.

For and on behalf of the Board of Directors

As per our report of
even date attached

For VARMA & VARMA
(FRN: 004532S)

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

P. H. KURIAN IAS
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Director
DIN : 00004804

Place: Kochi
Date: 06.05.2016

SAHASRANAMAN P.
Chief Financial Officer

G. RAJESH KURUP
Company Secretary

NITTA GELATIN INDIA LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

	For the Year Ended 31.03.2016 Rupees	For the Year Ended 31.03.2015 Rupees
A. Cash Flows from Operating Activities		
Net Profit before Tax & Extraordinary Items	264,313,573	100,271,943
Adjustments for:		
Depreciation	94,300,563	103,843,486
(Profit)/Loss on sale of fixed assets	186,051	1,602,063
(Profit)/Loss on sale of investments	(240,000)	-
Interest Expenditure	52,607,943	77,429,399
Interest Income	(10,614,730)	(772,065)
Dividend Received	(27,300)	-
Foreign Exchange (Gain)/Loss	37,05,959	(2,192,444)
Provision for Doubtful debts	(2,675,236)	4,031,836
Provision for investment	-	500,000
Provision for claims disputed	(8,685,427)	(2,232,132)
	<u>128,557,823</u>	<u>182,210,143</u>
Operating Profit / (Loss) before Working Capital Changes	392,871,396	282,482,086
Adjustments for working capital changes:		
(Increase)/Decrease in Trade and Other Receivables	56,477,798	(17,294,088)
(Increase)/Decrease in Inventories	(66,150,052)	(22,400,648)
Increase/(Decrease) in Trade/ other payables	(39,3185,612)	(48,358,829)
	<u>(48,990,866)</u>	<u>(88,053,565)</u>
Cash generated from Operations	343,880,530	194,428,521
Direct Taxes	(54,608,963)	(26,007,456)
Cash Flow Before Extraordinary Items	<u>289,271,567</u>	<u>168,421,065</u>
Extraordinary Items	-	-
Net Cash from/(used) in Operating Activities	289,271,567	168,421,065

	For the Year Ended 31.03.2016 Rupees	For the Year Ended 31.03.2015 Rupees
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	(108,364,614)	(85,543,586)
Sale of Fixed Assets	1,320,923	285,845
Investment in shares (See Note 2 below)	(125,000,000)	-
Proceeds from sale of investments	480,000	-
Interest Received	10,139,097	769,833
Dividend Received	27,300	-
Net Cash from/(used) in Investing Activities	(221,397,294)	(84,487,908)
C. Cash Flows from Financing Activities		
Dividend Paid	(9,135,599)	(155,977)
Corporate Dividend Tax	(1,848,335)	-
Increase/(Decrease) in Short Term Borrowings	(33,153,791)	(3,248,603)
Proceeds from term loan	42,491,991	2,561,485
Proceeds from issue of share capital	158,000,040	-
Interest Paid	(44,484,486)	(77,270,791)
Net Cash from/(used) in Financing Activities	111,869,820	(78,113,886)
Summary		
Net Cash from/(used) in Operating Activities	289,271,567	168,421,065
Net Cash from/(used) in Investing Activities	(221,397,294)	(84,487,908)
Net Cash from/(used) in Financing Activities	111,869,820	(78,113,886)
Net Increase/(Decrease) in Cash Equivalents	179,744,093	5,819,271
Cash and Cash Equivalents at beginning of the year	16,090,671	10,271,400
Cash and Cash Equivalents at the end of the year	195,834,764	16,090,671
	179,744,093	5,819,271

Note:

- Cash and cash equivalents at the end of the year includes Rs. 5,796,898 (Rs.5,467,144) held under lien and Rs. 1,581,266 (Rs 1,637,705) deposited in unclaimed dividend account which is earmarked for payment of dividend

For and on behalf of the Board of Directors

As per our report of
even date attached

For VARMA & VARMA
(FRN: 004532S)

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

P. H. KURIAN IAS
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K. L. KUMAR
Director
DIN : 00004804

Place: Kochi
Date: 06.05.2016

SAHASRANAMAN P.
Chief Financial Officer

G. RAJESH KURUP
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016

1. Significant Accounting Policies

a Basis of Accounting

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year.

b 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.

c Revenue Recognition

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

d Fixed Assets

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

e Depreciation/ Amortisation

- i. Depreciation on Plant and Machinery (other than Service Equipment) is provided on Straight Line Method. The useful lives adopted are as prescribed under Schedule II of the Companies Act, 2013 , except in respect of the following items, which are depreciated over lower useful lives on the basis of technical evaluation:
 - a. Plant and Machinery of Ossein Division - 8. 40 years
 - b. Plant and Machinery of Gelatin Division - 15 years
 - c. Effluent Treatment Plant at Ossein Division - 5 years
 - d. Effluent Treatment Plant at Gelatin Division - 8.40 years
- ii. Depreciation on Service Equipment and other items of fixed assets is provided on Written Down Value Method based on the useful lives prescribed in Schedule II of the Companies Act, 2013.
- iii. Lease Premium on Land is depreciated (amortised) over the period of lease.
- iv. Cost of software treated as Intangible Assets is amortised over a period of five years.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

f Investments

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

g 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.

h Research & Development

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

i Employee Benefits

i. 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.

ii. Defined Contribution Plans

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

iii. 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 make 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 Statement of Profit and Loss for the period in which they occur.

iv. 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 Statement of Profit and Loss for the period in which they occur.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)

v. Termination Benefits

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

j. Expense on Employee Stock Purchase Scheme

In respect of shares issued under Employee Stock Purchase Scheme (ESPS), the excess of market price of the shares over the price at which they are issued under the scheme are treated as Employee Compensation Expense during the relevant accounting period in accordance with the applicable SEBI guidelines.

k. 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.

l. 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 other than forward contracts, outstanding at the Balance Sheet date are translated at the applicable exchange rates prevailing at the said date. The exchange gain/loss arising during the year are adjusted to the Statement of Profit and Loss.

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 Statement of Profit and Loss in the reporting period in which the exchange rates change.

Gain or loss 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.

The portion of the gains or losses on forward contracts and other hedging instruments designated as cash flow hedges and determined to be "effective hedges" has been recognized directly in Hedge Equalisation Reserve, whereas the portion relating to "ineffective hedges" has been recognized in the Statement of Profit and Loss. The gains or losses that are recognized directly in the Hedge Equalisation Reserve are subsequently reclassified into the Statement of Profit and Loss in the period during which the asset acquired or liability assumed affects the profit or loss. The profit or loss recognized in Hedging Equalisation Reserve account, which is not expected to be recovered in future periods, has been recognized in the Statement of Profit and Loss.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)

m 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..

n. 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. .

o 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 and preference dividend, if any) 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. .

p 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 Statement of Profit and Loss 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.

q 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.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)

2 Notes on Accounts

2.01 Share Capital:

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Authorised:		
20,000,000(20,000,000) Equity Shares of Rs. 10/- each	200,000,000	200,000,000
929,412 (Nil) Optionally Convertible Non Cumulative Preference Shares of Rs.170/- each	158,000,040	-
Issued and Subscribed and fully paid:		
9,079,160 (9,079,160) Equity Shares of Rs. 10/- each	90,791,600	90,791,600
929,412 (Nil) Optionally Convertible Non Cumulative Preference Shares of Rs.170/- each (See Note 2.01.1)	158,000,040	-
	248,791,640	90,791,600

Reconciliation of shares at the beginning and at the end of the financial year

Particulars	As at 31.03.2016		As at 31.03.2015	
	Number	Rupees	Number	Rupees
a) Equity shares				
As at the beginning of the financial year	9,079,160	90,791,600	9,079,160	90,791,600
As at the end of the financial year	9,079,160	90,791,600	9,079,160	90,791,600
b) Optionally Convertible Preference shares				
As at the beginning of the financial year	-	-	-	-
Add : Issue of shares during the year	929,412	158,000,040	-	-
As at the end of the financial year	929,412	158,000,040	-	-

Particulars of Shareholders holding more than 5% in the Company

Equity shares

Particulars	As at 31.03.2016		As at 31.03.2015	
	%	No. of Shares	%	No. of Shares
Nitta Gelatin Inc. Japan	42.96	3,900,300	42.96	3,900,300
Kerala State Industrial Development Corporation Ltd	31.52	2,862,220	31.52	2,862,220

Optionally Convertible Preference shares

Particulars	As at 31.03.2016		As at 31.03.2015	
	%	No. of Shares	%	No. of Shares
Nitta Gelatin Inc. Japan	100	929,412	-	-

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)

Terms/ Rights attached to Equity Shares

The company has only one class of shares referred to as equity shares with a face value of Rs. 10/- each. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed/declared by the Board of Directors is subject to approval/regularisation of the shareholders' in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

2.01.1 Terms/ Rights attached to Preference Shares

The company has issued 929,412 Nos of Optionally Convertible Non-Cumulative Preference Shares (OCPS) with a face value of Rs. 170/- each for cash at par on a preferential basis to M/s. Nitta Gelatin Inc., Japan, one of the promoters. Each holder of Preference shares is entitled to a preferential right for fixed dividend of 5.4029% (5 % + 6 months USD Libor as on record date ie, 17.04.2015) per annum on the face value of the OCPS, on a non-cumulative basis payable on prorata basis from date of allotment, if declared. The OCPS is convertible into an equal number of equity shares of face value of Rs 10/- each within 18 months from the date of allotment (i.e 28.04.2015), in one or more financial years, at a price of Rs 170/- each (inclusive of a premium of Rs. 160/- per share). All outstanding Optionally Convertible Non-Cumulative Preference Shares, which are not converted into equity shares at the end of the 18 months from the date of allotment are redeemable at par at the expiry of seven years from date of allotment or except as is otherwise repayable on the exercise of a put and call option at the expiry of five years from date of allotment subject to such approvals as may be required. No OCPS have been converted into equity shares till date.

Aggregate number of Equity shares allotted as fully paid up by way of Bonus shares during the period of 5 years immediately preceding the reporting date.

Particulars	As at 31.03.2016	As at 31.03.2015
Equity shares allotted as fully paid Bonus shares by capitalisation of reserves	579,160	579,160

2.02 Reserves and Surplus

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Securities Premium Reserve	289,590,000	289,590,000
Capital Investment Subsidy	1,500,000	1,500,000
Special Export Reserve (under the Income Tax Act, 1961)	7,900,000	7,900,000
General Reserve		
Opening Balance	663,664,400	635,464,400
Add: Transfer from Surplus	60,000,000	28,200,000

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)

Closing Balance	723,664,400	663,664,400
Hedge Equalisation Reserve		
Opening Balance	23,478,171	
Add: Net gain / (Loss) recognised on cash flow hedges	15,456,492	25,264,976
Less: Net gain / (Loss) reclassified to Statement of Profit and Loss during the year	23,832,358	1,786,805
	15,102,305	23,478,171
Surplus		
Opening Balance	139,074,843	129,016,019
Net Profit after tax as per Statement of Profit and Loss	166,864,226	51,019,943
Less : Adjustments for assets having no remaining useful life	-	1,833,624
Amount available for Appropriation	305,939,069	178,202,338
Less: Appropriations		
Transfer to General Reserve	60,000,000	28,200,000
Proposed Dividend [See Note 2.02.1 & 2.02.2]	30,581,412	9,079,160
Tax on Proposed Dividend	6,225,763	1,848,335
Closing Balance	209,131,894	139,074,843
	1,246,888,599	1,125,207,414

2.02.1 Preference Dividend of Rs 8.48 (Nil) per share has been proposed @ 5.4029% (Nil) on the face value of Optionally Convertible Non cumulative Preference Shares by the Board which is subject to approval by the shareholders in the ensuing Annual General Meeting.

2.02.2 The Board of Directors has proposed an Equity dividend @ Rs.2.50 (Rs 1.00) per share for the financial year ending 31.03.2016 at their meeting held on 06th May 2016, which is subject to approval by the shareholders in the ensuing Annual General Meeting.

2.03 Long Term Borrowings

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Secured		
Term Loans		
From State Bank of India [See Note 2.03.1]	37,879,342	49,950,304
From Canara Bank [See Note 2.03.2]	22,119,447	32,086,956
Unsecured		
Loans and advances from Related parties		
From Nitta Gelatin Inc. [See Note 2.03.3]	65,000,000	-
	124,998,789	82,037,260

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)

2.03.1 Secured by way of exclusive charge over the fixed assets created with the term loan assistance and collateral security by way of equitable mortgage of land owned by the Company on pari passu basis with other lenders and first charge over the other fixed assets of the Company on pari passu basis. The interest rate is LIBOR + 3.75%. During the year, the term loans have been converted into foreign currency. The principal amount of the loan is to be repaid on monthly installments in the following manner:

Period	Amount in Foreign Currency (USD)	Amount Rs
From, February 2016 to March 2017	14,583	973,678
From, April 2017 to March 2019	21,874	1,460,518
In April 2019	28,438	1,898,794

2.03.2 Secured by exclusive charge over the fixed assets created with the term loan assistance. The principal amount is to be paid in 20 quarterly instalments of Rs 2,250,000 starting from December 2014 as per the original terms. During the year, the term loans have been converted into foreign currency, based on the same the quarterly installments have been reset to an amount in foreign currency of \$ 33,122 (Rs 2,211,580). The interest rate is LIBOR + 5.00 %.

2.03.3 The external commercial borrowings (ECB) is not Secured by any charge over the assets of the company. The principal amount is to be paid in lumpsum after the end of 7 years from the date of credit of the ECB funds into the account of the company, ie 24.03.2016 and the interest rate is payable @ 6 months USD LIBOR Rate + 5.00 % at half yearly rests.

2.03.4 Current Maturities of Long - term borrowing (disclosed under other current liabilities in Note No.2.08)

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Term Loans		
From State Bank of India	11,684,142	12,000,000
From Canara Bank	8,846,320	9,000,000
	20,530,462	21,000,000

2.04 Deferred Tax Liabilities (Net)

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
A. Deferred Tax Liability		
On excess of net book value over Income tax written down value of fixed assets	104,606,000	87,367,827
Timing differences on assessment of income	7,472,000	7,704,000
B. Deferred Tax Assets		
On Provisions	10,236,000	7,222,000
On other disallowances	29,758,000	27,038,000
Deferred Tax Liabilities (Net) (A-B)	72,084,000	60,811,827

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)

2.05 Long-term Provisions

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Provision for Employee Benefits [See Note 2.05.1]	23,324,066	20,875,581
	23,324,066	20,875,581

2.05.1 Disclosures required under Accounting Standard 15 - "Employee Benefits"

a. Defined Contribution Plans

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

Particulars	Current Year Rupees	Previous Year Rupees
Employers contribution to Provident Fund	13,781,016	12,975,763
Employers contribution to Employee's State Insurance	352,204	405,531
Employers contribution to Superannuation Fund	3,702,432	-

b. Defined Benefit Plans - Gratuity: Funded Obligation

i. Actuarial Assumptions	Current Year	Previous Year
Discount Rate (per annum)	8.00%	7.80%
Expected return on plan assets	8.75%	8.75%
Salary escalation rate*	5.00%	5.00%
Mortality rate	LIC (2006-2008) Ultimate	LIC (2006-2008) 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	Current Year Rupees	Previous Year Rupees
Present value of obligation at the beginning of the year	44,734,672	35,756,107
Current Service Cost	3,323,146	2,987,016
Interest Cost	3,537,594	3,135,804
Actuarial (gain)/ loss	(178,122)	5,449,192
Benefits Paid	(1,029,492)	(2,593,447)
Present value of obligation at the end of the year	50,387,798	44,734,672

iii. Reconciliation of fair value of plan assets	Current Year Rupees	Previous Year Rupees
Fair value of plan assets at the beginning of the year	41,709,598	38,144,915
Expected return on plan assets	3,954,550	3,561,485
Actuarial gain/ (loss)	(954,550)	(712,052)
Contributions to the fund	8,000,000	3,308,697
Contributions towards direct benefit payments	-	-
Benefits paid from fund	(1,029,492)	(2,593,447)
Fair value of plan assets at the end of the year	51,680,106	41,709,598

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)

iv. Description of Plan Assets	Current Year Rupees	Previous Year Rupees
Insurer Managed Funds (LIC of India)	51,680,106	41,709,598

v. Net (Asset)/ Liability recognized in the Balance Sheet as at year end	2015-16 Rupees	2014-15 Rupees	2013-14 Rupees	2012-13 Rupees	2011-12 Rupees
Present value of obligation at the end of the year	50,387,798	44,734,672	35,756,107	38,885,727	28,820,832
Fair value of plan assets at the end of the year	51,680,106	41,709,598	38,144,915	30,249,051	25,259,603
Net present value of funded obligation recognized as (asset)/ liability in the Balance Sheet	(1,292,308)	3,025,074	(2,388,808)	8,636,676	3,561,229

vi. Expenses recognized in the Statement of Profit and Loss	Current Year Rupees	Previous Year Rupees
Current Service Cost	3,323,146	2,987,016
Interest Cost	3,537,594	3,135,804
Actuarial (gain)/ loss recognized in the period	776,427	6,161,244
Past Service Cost (if applicable)	-	-
Expected return on plan assets	(3,954,550)	(3,561,485)
Total expenses recognized in the Statement of Profit and Loss for the year	3,682,617	8,722,579
Actual return on plan assets	3,000,000	2,849,433

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	Current Year	Previous Year
Discount Rate (per annum)	8.00%	7.80%
Salary escalation rate*	5.00%	5.00%
Mortality rate	LIC (2006-2008) Ultimate	LIC (2006-2008) 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.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)

ii. Reconciliation of present value of obligation	Current Year Rupees	Previous Year Rupees
Present value of obligation at the beginning of the year	22,822,389	18,108,478
Current Service Cost	2,014,931	1,769,890
Interest Cost	1,598,607	1,490,968
Actuarial (gain)/ loss	3,919,001	4,901,463
Benefits Paid	(4,654,837)	(3,448,410)
Present value of obligation at the end of the year	25,700,091	22,822,389

iii. Net (Asset)/ Liability recognized in the Balance Sheet as at year end	2015-16 Rupees	2014-15 Rupees	2013-14 Rupees	2012-13 Rupees	2011-12 Rupees
Present value of obligation at the end of the year	25,700,091	22,822,389	18,108,478	20,603,718	14,041,883
Fair value of plan assets at the end of the year	-	-	-	-	-
Net present value of unfunded obligation recognized as (asset)/ liability in the Balance Sheet	25,700,091	22,822,389	18,108,478	20,603,718	14,041,883

iv. Expenses recognized in the Statement of Profit and Loss	Current Year Rupees	Previous Year Rupees
Current Service Cost	2,014,931	1,769,890
Interest Cost	1,598,607	1,490,968
Actuarial (gain)/ loss recognized in the period	3,919,001	4,901,463
Past Service Cost (if applicable)	-	-
Total expenses recognized in the Statement of Profit and Loss for the year	7,532,539	8,162,321

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

2.06 Short-term Borrowings

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Working Capital Loan from Banks (Secured) (See Note 2.06.1)	398,040,676	422,062,717
	398,040,676	422,062,717

2.06.1 Secured by the 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. The loans are repayable on demand except in the case of Buyers Credit amounting to Rs 14,333,382 (Rs 16,022,915) which is repayable within a period of 70 days to 90 days from the date of availment as per terms..

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)

2.07 Trade Payables

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
(i) Total outstanding dues of micro enterprises and small enterprises	189,750	193,800
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	233,504,767	271,783,494
	233,694,517	271,977,294

2.07.1 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. Intimations have been received from some of the suppliers regarding their status under the said Act as at the year end, based on which, principal amount unpaid to such suppliers as at the year end aggregating to Rs. 189,750 (Rs. 193,800) has been included under Trade Payables. 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.

2.08 Other Current Liabilities

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Current maturities of long term borrowings (See Note 2.03.1 and 2.03.2)	20,530,462	21,000,000
Unpaid Dividend	1,581,266	1,637,705
Interest accrued and due on borrowings	197,706	712,496
Interest accrued but not due on borrowings	83,793	77,108
Other Payables -		
- Statutory Dues [See Note 2.28.2 (ii)]	6,345,501	5,187,204
- Advance from Customers	254,625	1,925,468
- Creditors for Capital Goods	6,252,579	11,200
- Other Recoveries Payable	1,768,958	1,588,039
	37,014,890	32,139,220

2.09 Short-term Provisions

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Provision for employee benefits [See Note 2.05.1]	2,376,025	4,971,882
Others		
- Proposed Dividend	30,581,412	9,079,160
- Corporate Dividend Tax	6,225,763	1,848,335
- Excise Duty	11,050,417	10,393,020
- Water Cess	6,183,200	6,183,200
- Income Tax (net)	45,871,753	5,671,980
	102,288,570	38,147,577

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016(CONTD.)
NOTE NO. 2.10 - FIXED ASSETS AND CAPITAL WORK IN PROGRESS**

(Amount in Rupees)

Particulars	GROSS BLOCK (At cost)			DEPRECIATION/IMPAIRMENT				NET BLOCK		
	As at 01-04-2015	Additions	Disposals/ Adjust- ments	As at 31-03-2016	As at 01-04-2015	For the year	Transition adjustment	Disposal/ Adjustments	As at 31-03-2016 (See Note 2.10.2 below)	As at 31-03-2015
FIXED ASSETS:										
(A) Tangible Assets										
Land and Development [See Note 2.10.1]	44,070,945 (44,070,945)	-	-	44,070,945 (44,070,945)	-	-	-	-	44,070,945 (44,070,945)	44,070,945 (44,070,945)
Leasehold Land	26,148,286 (26,148,286)	-	-	26,148,286 (26,148,286)	4,667,540 (4,377,294)	290,246 (290,246)	-	-	21,900,500 (21,480,746)	21,480,746 (21,770,992)
Buildings [See Note 2.10.1]	322,458,276 (316,768,386)	8,784,713 (5,838,359)	-	331,242,989 (322,458,276)	188,743,357 (170,546,742)	14,023,421 (16,999,573)	-	(124,053)	128,476,211 (133,714,919)	133,714,919 (146,221,644)
Plant & Equipment [See Note 2.10.3]	1,555,963,630 (1,511,215,342)	108,842,429 (57,331,453)	10,100,024 (12,585,165)	1,654,706,035 (1,555,963,630)	991,472,592 (925,572,012)	74,741,244 (76,925,495)	-	8,890,260 (11,262,124)	597,382,459 (564,491,038)	564,491,038 (585,643,330)
Office Equipments	19,706,814 (21,528,879)	2,025,963 (1,413,833)	1,298,231 (3,235,898)	20,434,546 (19,706,814)	16,429,098 (14,097,203)	1,793,881 (3,984,162)	(1,189,296)	1,233,319 (2,841,563)	3,444,886 (3,277,716)	3,277,716 (7,431,676)
Furniture & Fixtures	8,758,233 (9,393,092)	191,001 (541,645)	19,630 (1,176,504)	8,929,604 (8,758,233)	7,359,670 (7,812,683)	483,511 (681,032)	-	18,751 (1,159,269)	1,105,174 (1,398,563)	1,398,563 (1,580,409)
Vehicles	6,895,058 (6,895,058)	4,661,895	1,912,798	9,644,155 (6,895,058)	4,927,498 (3,900,628)	1,866,912 (10,26,870)	-	1,681,379 (4,927,498)	4,531,124 (1,967,560)	1,967,560 (2,994,430)
Total Tangible Assets	1,984,001,242	124,506,001	13,330,683	2,095,176,560	1,213,599,755	93,199,215	-	11,823,709	800,201,299	770,401,487
Previous Year	1,936,019,988	65,125,290	17,144,036	1,984,001,242	1,126,306,562	99,907,378	2,772,824	15,387,009	770,401,487	809,713,426
(B) Intangible Assets										
Software	15,662,825 (15,563,650)	1,322,849 (99,175)	-	16,985,674 (15,662,825)	13,357,601 (9,416,520)	1,101,348 (3,936,108)	-	-	2,526,725 (2,305,224)	2,305,224 (6,147,130)
Total Assets (A+B)	1,999,664,067	125,828,850	13,330,683	2,112,162,234	1,226,957,356	94,300,563	-	11,823,709	802,728,024	772,706,711
Previous Year	1,951,583,638	65,224,465	17,144,036	1,999,664,067	1,135,723,082	103,843,486	2,777,797	15,387,009	772,706,711	815,860,556

(Amount in Rupees)

Particulars	GROSS BLOCK (At cost)		DEPRECIATION/IMPAIRMENT				NET BLOCK			
	As at 01-04-2015	Additions	Disposals/ Adjustments	As at 31-03-2016	For the year	Transition adjustment	Disposal/ Adjustments	As at 31-03-2016	As at 31-03-2015 (See Note 2.10.2 below)	As at 31-03-2015
CAPITAL WORK IN PROGRESS:										
Building and Plant under construction	2,913,299 (822,538)	517,519 (7,929,120)	2,780,550 (5,838,359)	650,268 (2,913,299)					650,268 (2,913,299)	2,913,299 (822,538)
Plant, Machinery and Equipment under installation [See Note 2.10.3]	81,114,138 (83,201,553)	42,456,714 (56,782,271)	54,628,947 (58,869,686)	68,941,905 (81,114,138)					68,941,905 (81,114,138)	81,114,138 (83,201,553)
Total	84,027,437	42,974,233	57,409,497	69,592,173					69,592,173	84,027,437
Previous Year	84,024,091	64,711,391	64,708,045	84,027,437					84,027,437	84,024,091

2.10.1 In respect of land admeasuring 126.88 cents (Gross value and Net value: Rs. 469,964) and buildings thereon (Gross value: Rs. 14,425,871 and Net value: Rs. 9,499,000) the Revenue Department, Government of Kerala has ordered the issue of title deeds in favour of the company, though formal issue of the same by the authorities is pending.

2.10.2 Net Block of Tangible Assets include Assets held for disposal as below :

- a) Land Rs. 25,232,939
- b) Building Rs. 15,831,593
- c) Plant & Equipment Rs 5,243,087
- d) Office Equipment Rs. 12,136
- e) Furniture Rs. 37,688

2.10.3 Additions to Plant & Equipment include Research & Development assets of Rs 16,77,585 purchased during the year and transfer from Capital Work in progress of Rs 33,091,003. The amount transferred from capital work in progress includes capital expenditure incurred during the year (net of recoveries) amounting to Rs 2,967,742.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)

2.11 Non-current Investments

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Investment in Equity Instruments (at Cost) - Long term		
Quoted (Non Trade):		
a. 4200 (4200) Equity Shares of Rs.1/- each in State Bank of India, fully paid up	146,300	146,300
b. 100 (100) Equity Shares of Rs.10/- each in Industrial Finance Corporation of India Limited, fully paid up	3,500	3,500
Aggregate amount of quoted investments (A)	149,800	149,800
Aggregate Market Value: Rs 818,520 (Rs. 1,124,735)		
Unquoted (Trade):		
a. In Subsidiary Companies (See Note 2.11.1):		
3,500,000 (3,500,000) fully paid up Equity Shares of Rs.10/- each in Bamni Proteins Limited	35,000,437	35,000,437
14,060,520 (14,060,520) fully paid up Equity Shares of Rs.10/- each in Reva Proteins Limited	284,013,000	284,013,000
b. In Associate Company:		
288,000 (288,000) fully paid up Equity Shares of Rs.10/- each in K.K Organics (P) Limited	2,880,000	2,880,000
<i>Less: Provision for diminution in value of investments</i>	<i>(2,880,000)</i>	<i>(2,880,000)</i>
c. Others:		
Nil (2,400) fully paid up Equity Shares of Rs.100/- each in Organo Fertilizers (India) Pvt. Limited.	-	240,000
60,000 (60,000) fully paid up Equity Shares of Rs.10/- each in Kerala Enviro Infrastructure Limited	600,000	600,000
300,000 (300,000) fully paid up Equity Shares of Rs. 10/- each in Seafood Park (India) Limited	3,150,000	3,150,000
50,000 (50,000) fully paid up Equity Shares of Rs.10/- each in Cochin Waste 2 Energy Private Limited	500,000	500,000
<i>Less: Provision for diminution in value of investments</i>	<i>(500,000)</i>	<i>(500,000)</i>
Aggregate amount of unquoted investments (B)	322,763,437	323,003,437
Investment in Preference shares (at Cost) - Long term		
Unquoted (Trade):		
a. In Subsidiary Companies (See Note 2.11.1):		
12,500,000 (Nil) 6 % fully paid up Optionally Convertible Non cumulative Preference shares of Rs.10/- each in Reva Proteins Limited (See Note 2.11.2)	125,000,000	-
Aggregate amount of unquoted investments (C)	125,000,000	-
Aggregate provision for diminution in value of investments Rs. 3,380,000 (Rs. 3,380,000)		
Total Investments (A + B+ C)	447,913,237	323,153,237

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)

2.11.1 In view of the business plans of the subsidiary company, Reva Proteins Limited, which is expected to bring in positive cash flows in the near future, the management is of the opinion that no diminution in value of investments in the subsidiary company is anticipated at this stage and hence no provision is made.

2.11.2 In respect of the 6 % Optionally Convertible Non- Cumulative Preference Shares (OCPS) of Rs 10 each, fully paid up of Reva Proteins Ltd., the option for conversion into equity shares is to be exercised within six years from the date of allotment (23.03.2016). The outstanding OCPS which are not converted will get redeemed in two equal tranches at the end of the 7th and 8th year commencing from such date of allotment of OCPS.

2.12 Long-term Loans and Advances

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Unsecured (Considered Good)		
Capital Advance	8,269,744	5,057,337
Others		
- Loan to employees	618,418	682,089
- Deposits	12,106,134	10,808,320
Unsecured (Considered Doubtful)		
Sales Tax Deposit	1,100,494	1,100,494
<i>Less: Provision for doubtful deposits</i>	<i>1,100,494</i>	<i>1,100,494</i>
	-	-
	20,994,296	16,547,746

2.13 Inventories

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Raw Materials	143,576,734	100,392,588
Work-in-progress	241,351,097	255,430,869
Finished Goods	160,514,563	119,831,319
Stores & Spares	54,177,326	58,769,740
Others - Packing Materials	6,711,698	5,756,850
	606,331,418	540,181,366

2.13.1 Method of Valuation of Inventories - Refer 1(g) of Significant Accounting Policies.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)

2.14 Trade Receivables

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Outstanding for a period exceeding 6 months from the date they are due for payment		
Unsecured, Considered Good	578,059	3,918,157
Unsecured, Considered Doubtful	3,394,860	6,070,096
	3,972,919	9,988,253
Less: Provision for Doubtful Debts	3,394,860	6,070,096
	578,059	3,918,157
Others (Unsecured, Considered Good)	203,365,695	217,863,551
	203,943,754	221,781,708

2.15 Cash and Cash Equivalents

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Balance with Banks		
In Current Accounts	6,845,483	9,851,934
In Deposit Accounts	188,146,410	5,467,144
Cash on hand	842,871	771,593
	195,834,764	16,090,671

2.15.1 Balance with banks in Current Accounts include earmarked balances for unpaid dividend Rs. 1,581,266 (Rs. 1,637,705) and debit balances in overdraft account amounting to Rs.9,72,987 (Rs.Nil)

2.15.2 Balance with banks in Deposit Accounts include Rs. 5,239,761 (Rs. 4,946,293) with a maturity period of less than 12 months, which are held as security against Letter of Credits/ Guarantee and Buyers Credit and Rs. 182,349,512 (Rs Nil) being other short term deposits with a maturity period of less than 12 months

2.15.3 Balance with banks in Deposit Accounts include Rs. 557,137 (Rs.520,851) with a maturity period beyond 12 months, which are held as security against Letter of Credits/ Guarantee

2.16 Short-term Loans and Advances

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
(Unsecured, Considered Good)		
Advance to Related Parties:		
- Reva Proteins Limited (Subsidiary Company)	-	36,999,221
Others:		
- Advances recoverable in cash or in kind or for value to be received.	40,986,491	32,199,796
- Loan to employees	307,387	314,927
- Deposits	667,902	506,932
- Balances with Central Excise, Customs etc.	5,110,245	6,528,037
	47,072,025	76,548,913

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)

2.17 Other Current Assets

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Interest Receivable	1,012,079	536,446
Assets held for disposal	12,271,364	12,271,364
Export Incentive [See Note 2.17.1 & 2.17.2]	55,610,805	46,879,917
<i>Less: Provision for Claims Disputed</i>	<i>(17,776,195)</i>	<i>(9,090,768)</i>
	37,834,610	37,789,149
- Claims recoverable - Reva Proteins Ltd, Subsidiary Company	10,529,864	10,529,864
Marked to market Gain (net) on forward contract recognised	24,234,055	24,031,644
Others	6,834,084	7,854,234
	92,716,056	93,012,701

2.17.1 Export incentive receivable includes Duty Drawback claims amounting to Rs. 17,776,195 (Rs. 9,090,768) taken credit for in prior years not admitted by the Department. In respect of such claims amounting to Rs.6,461,789 (Rs. 6,461,789) during an earlier year, a single bench of the Honourable High Court of Kerala had decided the matter in favour of the company, which however has been challenged by the Department before the division bench of the Hon High Court. In respect of such claims amounting to Rs. 11,314,406 (Rs. 2,628,979), the amounts have been withheld by the Central Excise / Customs officials, against which representations have been made before higher authorities. Though the company is hopeful of favourable decisions, provision has been created in the accounts as a matter of abundant caution.

2.17.2 Export incentive receivable includes claims under Duty Entitlement Pass Book (DEPB) Scheme accounted as income for earlier years. The Company had also availed Duty Drawback benefit for the corresponding periods of Rs 4,151,031 (Rs 4,151,031) The Dy. Director General of Foreign Trade vide letter dt 03.10.2011 had informed the company that the dual benefit of DEPB as well as Duty Drawback cannot be allowed and advised that either DEPB benefit or Duty Drawback on the export product may be availed. The company has been legally advised that it is entitled to both benefits as per the relevant regulations, based on which representations have been filed before higher authorities. Though the management is of the opinion that these claims are fully recoverable, provision has been created in the accounts towards Duty Drawback of Rs.4,151,031 (Nil) as a matter of abundant caution and is included in the total amount provided as stated in Note 2.17.1 above .

2.18 Revenue from operations

Particulars	For the year ended 31.03.2016 Rupees	For the year ended 31.03.2015 Rupees
Sale of Products		
Gross Sales	3,609,374,263	3,631,547,736
Other Operating Revenues		
Miscellaneous Sales	32,793,116	37,853,031
Export Incentive [See Note 2.17.2]	39,636,693	24,840,365
Provision / sundry balances written back	-	800,266

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)

Other Miscellaneous Income	26,751,787	22,963,248
	99,181,596	86,456,910
	3,708,555,859	3,718,004,646
<i>Less: Excise Duty collected on domestic sales</i>	122,866,975	126,687,199
	3,585,688,884	3,591,317,447

2.19 Other Income

Particulars	For the year ended 31.03.2016 Rupees	For the year ended 31.03.2015 Rupees
Interest Income	10,614,730	772,065
Dividend Income from Non Current Investments	27,300	-
Foreign Exchange Rate Variation (net)	13,129,724	19,360,654
Net gain on sale of investments	240,000	-
Other non operating Income	150,000	120,000
	24,161,754	20,252,719

2.20 Cost of materials consumed

Particulars	For the year ended 31.03.2016 Rupees	For the year ended 31.03.2015 Rupees
Opening Stock	100,392,588	75,834,912
Add: Purchases	2,043,782,117	2,016,607,696
	2,144,174,705	2,092,442,608
<i>Less: Closing Stock</i>	143,576,734	100,392,588
	2,000,597,971	1,992,050,020

2.21 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended 31.03.2016 Rupees	For the year ended 31.03.2015 Rupees
Closing Stock		
Finished Goods	160,514,563	119,831,319
Work-in-progress	241,351,097	255,430,869
	401,865,660	375,262,188
Less:		
Opening Stock		
Finished Goods	119,831,319	117,126,112
Work-in-progress	255,430,869	256,769,473
	375,262,188	373,895,585
	26,603,472	1,366,603

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)

2.22 Employee benefits expense

Particulars	For the year ended 31.03.2016 Rupees	For the year ended 31.03.2015 Rupees
Salaries & Wages	201,696,616	176,956,493
Contribution to Provident and Other Funds	21,481,516	22,110,937
Workmen and Staff Welfare Expenses	30,118,989	29,218,009
	253,297,121	228,285,439

2.23 Finance costs

Particulars	For the year ended 31.03.2016 Rupees	For the year ended 31.03.2015 Rupees
Interest Expense	52,607,943	77,429,399
	52,607,943	77,429,399

2.24 Other Expenses

Particulars	For the year ended 31.03.2016 Rupees	For the year ended 31.03.2015 Rupees
Conversion charges	204,151,075	214,052,487
Consumption of Stores, Spares & Consumables	53,399,856	58,954,493
Packing materials Consumed	34,711,448	46,899,473
Research & Development Expenditure [See Note 2.24.1]	7,545,358	4,971,709
Power, Fuel, Water & Gas	313,910,704	374,725,841
Repairs		
- Building	16,536,512	9,931,837
- Plant & Machinery	84,246,092	80,343,836
- Others	31,630,709	35,101,605
Loading, Transportation and Other charges on products	53,028,123	66,047,154
Freight on Exports	15,546,133	18,630,934
Insurance	7,050,356	7,390,287
Rent	1,834,425	4,036,384
Rates & Taxes	11,076,751	10,242,163
Postage & Telephone	3,710,281	4,856,882
Printing & Stationery	1,663,431	1,777,139
Travelling & Conveyance	24,857,385	27,819,856
Director's sitting fee	666,000	840,000
Payments to the Auditor [See Note 2.24.2]	1,682,420	1,534,604
Advertisement & Publicity	2,441,012	2,730,279
Discount & Commission on Sales	18,007,743	36,877,541
Professional & Consultancy charges	31,207,133	34,937,591
Bank Charges	5,387,680	5,242,727
Miscellaneous Expenses	44,912,711	59,723,538
Expenses on Corporate Social Responsibility activities [See Note 2.24.3]	1,947,550	1,786,059
Loss on sale of assets	186,051	1,602,063
	971,336,939	1,111,056,482

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)

2.24.1 Details of Research & Development Expenditure

Particulars	For the year ended 31.03.2016 Rupees	For the year ended 31.03.2015 Rupees
Revenue Expenditure		
Salary & Allowances	3,986,172	2,945,683
Other Expenses (net of recoveries)	3,559,186	2,026,026
	7,545,358	4,971,709

2.24.2 Payments to the auditor

Particulars	For the year ended 31.03.2016 Rupees	For the year ended 31.03.2015 Rupees
a. Statutory Audit Fees	735,000	675,000
b. Other Services		
- Taxation Matters (Including Tax Audit)	486,925	370,000
- Others	411,515	476,501
- Reimbursement of Expenses	48,980	13,103
	1,682,420	1,534,604

2.24.3 Details of expenses on Corporate Social Responsibility activities

- a. Gross amount required to be spent by the company during the year Rs.1,923,004 (Rs.1,690,295).
- b. Amount spent during the year on:
 - i. Construction/acquisition of any asset Rs. Nil (Nil)
 - ii. On purposes other than (i) above Rs.1,947,550 (Rs 1,786,059)

2.25 a) Earnings per equity share- Basic

Particulars	For the year ended 31.03.2016 Rupees	For the year ended 31.03.2015 Rupees
Net Profit after taxation	166,864,226	51,019,943
Less : Preference dividend and tax thereon	9,488,437	-
Net Profit available for equity shareholders	157,375,789	51,019,943
Weighted average number of Equity Shares of Rs. 10/- each (fully paid-up) - Basic	9,079,160	9,079,160
Earnings per share - Basic	17.33	5.62

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)

b) Earnings per equity share - Diluted

Particulars	For the year ended 31.03.2016 Rupees	For the year ended 31.03.2015 Rupees
Net Profit after taxation	166,864,226	51,019,943
Net Profit available for equity shareholders	166,864,226	51,019,943
Weighted average number of Equity Shares of Rs. 10/- each (fully paid-up)	9,079,160	9,079,160
Weighted average number of Diluted potential equity Shares of Rs. 10/- each upon conversion of Optionally Convertible Preference Shares	860,849	-
	9,940,009	9,079,160
Earnings per share - Diluted	16.79	5.62

2.26 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. | Nitta Gelatin Canada Inc. | - | Subsidiary of Nitta Gelatin Inc |
| iv. | Bamni Proteins Limited | - | Subsidiary Company |
| v. | Reva Proteins Limited | - | Subsidiary Company |
| vi. | K K Organics Private Limited | - | Associate Company |
| vii. | K. T. Chandy Seichi Nitta Foundation | - | Trust controlled by the Company |
| viii. | Key Managerial Personnel
Mr Sajiv K. Menon | - | Managing Director (w.e.f. 01.04.2014) |

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)

B. Description of Transactions

(Amount in Rupees)

Nature of Transaction		Subsidiary Company/ Associate Company/Trust controlled by the Company	Enterprise having substantial interest in the Company and its Subsidiaries	Key Management Personnel	Total
Sale and Income					
1	Sale of Goods:				
	Nitta Gelatin Inc		1,146,446,715 (1,190,992,647)		1,146,446,715 (1,190,992,647)
	Nitta Gelatin NA Inc		536,573,926 (371,496,988)		536,573,926 (371,496,988)
2	Expenses recovered :				
	Bamni Proteins Ltd	791,445 (365,770)			791,445 (365,770)
	Reva Proteins Ltd	3,448,224 (2,880,560)			3,448,224 (2,880,560)
3	For Quality claims				
	Reva Proteins Ltd	- (10,529,864)			- (10,529,864)
	Bamni Proteins Ltd	- (17,345,863)			- (17,345,863)
4	Commission on sales				
	Nitta Gelatin Inc		1,610,325 (5,617,385)		1,610,325 (5,617,385)
	Nitta Gelatin Canada		9,076 -		9,076 -
5	GSP duty refund received on exports to related party refunded by them				
	Nitta Gelatin NA Inc		24,856,306 -		24,856,306 -
6	Rebate expense no longer payable written back				
	Nitta Gelatin Inc		5,959,288 -		5,959,288 -
	Nitta Gelatin NA Inc.		1,715,386 -		1,715,386 -
7	Interest income on Trade advance				
	Reva Proteins Ltd	3,935,104 -			3,935,104 -
8	Capsule consulting fee no longer payable written back				
	Nitta Gelatin Inc		2,174,955 -		2,174,955 -
9	Guarantee commission recovered				
	Reva Proteins Ltd	285,156 -			285,156 -

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)**

(Amount in Rupees)

Purchase and Expenses					
1	Purchase of Goods: Nitta Gelatin Inc			378,256 (33,308)	378,256 (33,308)
2	Commission expense: Nitta Gelatin Inc - For Sale of Gelatin - For Sale of Peptide			296,745 (693,181) 523,971 (472,874)	296,745 (693,181) 523,971 (472,874)
3	Commission income of earlier year written off Nitta Gelatin Inc - For Sale of Gelatin			3,239,000 -	3,239,000 -
4	Rent paid - Bamni Proteins Ltd	120,000 (120,000)			120,000 (120,000)
5	Conversion charges: Bamni Proteins Limited Reva Proteins Limited	139,130,985 (136,785,987) 65,020,090 (77,266,500)			139,130,985 (136,785,987) 65,020,090 (77,266,500)
6	Rebate/ Discount expense: Nitta Gelatin Inc Nitta Gelatin NA Inc			7,512,698 (8,334,131) 1,072,048 (1,257,731)	7,512,698 (8,334,131) 1,072,048 (1,257,731)
7	Technical Assistance Fee: Nitta Gelatin Inc			1,876,612 (1,859,083)	1,876,612 (1,859,083)
8	For Quality claims of product - Ossein Nitta Gelatin Inc			- (17,345,863)	- (17,345,863)
9	Interest expense on External Commercial Borrowings Nitta Gelatin Inc			83,793 -	83,793 -
10	Reimbursement of Expenses (Net): Nitta Gelatin Inc Nitta Gelatin NA Inc Reva proteins Limited Bamni proteins Limited			1,042,594 (1,809,592) - (422,191) 6,912,393 (1,218,213) 6,391,953 (3,947,814)	1,042,594 (1,809,592) - (422,191) 6,912,393 (1,218,213) 6,391,953 (3,947,814)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)

(Amount in Rupees)

11	Donations/Corporate Social Responsibility contribution K.T.Chandy Seiichi Nitta Foundation (See Note 2.24.3)	858,550 (1,143,930)		858,550 (1,143,930)
12	Remuneration to Managing Director		12,051,094 (11,035,014)	12,051,094 (11,035,014)
13	Remuneration to Whole Time Director		2,522,767 (1,861,429)	2,522,767 (1,861,429)
Investments made				
	Reva Proteins Limited	125,000,000 -		125,000,000 -
Loans taken				
	Nitta Gelatin Inc		65,000,000 -	65,000,000 -
Refundable deposit given				
	- Reva Proteins Limited	200,000 (200,000)		200,000 (200,000)
Refundable deposit recovered				
	- Reva Proteins Limited	200,000 (200,000)		200,000 (200,000)
Guarantees Given				
	Reva Proteins Limited (See Note 2.26.1)	12,500,000 -		12,500,000 -
Dividend Paid on Equity shares				
	Nitta Gelatin Inc		3,900,300 -	3,900,300 -
Dividend Paid on Preference shares (proposed)				
	Nitta Gelatin Inc		7,883,512 -	7,883,512 -
Balances as at 31.03.2016				
	Garantees given			
	Reva Protiens Limited	212,500,000 (200,000,000)		212,500,000 (200,000,000)
	Investments			
1	Reva Protiens Limited	409,013,000 (284,013,000)		409,013,000 (284,013,000)
2	Bamni Protiens Limited	35,000,437 (35,000,437)		35,000,437 (35,000,437)
3	K.K. Organics Private Limited	2,880,000 (2,880,000)		2,880,000 (2,880,000)

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)**

Receivables					
1	Nitta Gelatin Inc		33,717,206		33,717,206
			(33,175,184)		(33,175,184)
2	Nitta Gelatin NA Inc		22,524,247		22,524,247
			(5,207,750)		(5,207,750)
			-		-
3	Reva Proteins Limited				
	- Trade Advance				
	-Trade Advance	-			-
		(36,999,221)			(36,999,221)
	-Claims Recoverable	10,529,864			10,529,864
		(10,529,864)			(10,529,864)
	-Refundable deposit for Director nomination	200,000			200,000
		(200,000)			(200,000)
Payables					
1	Reva Proteins Ltd	5,658,376			5,658,376
		-			-
2	Bamni Proteins Ltd	18,466,307			18,466,307
		(9,842,562)			(9,842,562)
3	Nitta Gelatin Inc				
	-Term loan		65,000,000		65,000,000
			-		-
	-Other payables		10,340,167		10,340,167
			(29,719,987)		(29,719,987)
	Nitta Gelatin NA Inc				
	-Other payables		472,732		472,732
			(2,167,753)		(2,167,753)

2.26.1 Represents guarantees given in respect of loans taken by Reva Proteins Limited from banks/financial institutions. During the year the company has given guarantee for loan taken by Reva Proteins Limited from HDFC Bank Limited amounting to Rs 1,25,00,000 (Nil) in compliance with Sec 186 of the Companies Act, 2013

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)

2.27 Segment Information

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:

Particulars	Export Rupees	Domestic Rupees	Consolidated Rupees
Segment Revenue (External Sales)	1,792,169,705	1,694,337,583	3,486,507,288
	(1,846,605,916)	(1,658,254,441)	(3,504,860,357)
Segment Result	408,908,410	201,693,746	610,602,156
	(279,212,963)	(181,265,258)	(460,478,221)
Unallocated Expenditure (Net)			293,680,640
			(282,776,879)
Interest Expense			52,607,943
			(77,429,399)
Profit before Taxation			264,313,573
			100,271,943

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.

2.28 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)

2.28.1 Provisions

Nature of Provision	Balance as at 01.04.2015	Additional Pro- vision during the year	Amounts used/ changed dur- ing the year	Unused amounts reversed	Balance as at 31.03.2016
Provision for Central Excise Duty. [See Note 2.28.1(i)]	10,393,020	657,397	-	-	11,050,417
	(9,598,921)	(794,099)			(10,393,020)
Provision for Central Sales Tax [See Note 2.28.1(ii)]	-	2,874,385	-	-	2,874,385
	-	-	-	-	-
Provision for Water Cess [See Note 2.28.2(iii)]	6,183,200	-	-	-	6,183,200
	(6,183,200)	-	-	-	(6,183,200)

2.28.1(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. 35,074,543 (Rs. 33,409,583), which has been disputed by the company. Though no demand has been raised by the department, based on

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)

legal advice received, the company has created a provision of Rs 11,050,417 (Rs 10,393,020) as a matter of abundant caution and the balance amount of Rs. 24,024,126 (Rs 23,016,563) has been disclosed as a contingent liability.

2.28.1(ii) The Central Sales Tax authorities had raised demand on assessment for an earlier year amounting to Rs 2,874,385 (Nil) which has been disputed in appeal. Though the management is of the opinion that these demands are not fully sustainable, provision has been created in the accounts for the aforesaid amount as a matter of abundant caution..

2.28.2 Contingent Liabilities not provided for:

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
1. Claims against the Company not acknowledged as debts:		
a. Income Tax [See Note 2.28.2(i)]	34,783,675	67,049,358
b. Value Added Tax/ CST [See Note 2.28.2(ii)]	43,745,239	36,775,140
c. Excise Duty [See Note 2.28.1(i) and 2.28.2(iii)]	27,419,561	24,156,087
d. Water Cess [See Note 2.28.2(iv)]	65,301,200	65,301,200
2. Foreign Bills Discounted	169,247,046	231,983,217
3. Domestic Bills Discounted	10,417,520	7,994,250
4. Counter Guarantee issued in favour of bankers	5,961,540	9,048,426
5. Corporate guarantee issued in favour of Subsidiary Company Reva Proteins Limited. - Amount outstanding	131,241,629	131,245,832
[Amount of Guarantee - Rs 212,500,000 (Rs 200,000,000)]		
Total	488,117,410	573,553,510

2.28.2(i) The Income Tax department has made certain disallowances on assessments completed for earlier years, which are pending on appeal before the first appellate authority. In the opinion of the management no provision is considered necessary for the same at this stage.

2.28.2(ii) The Value Added tax / CST authorities had raised demands on assessment for some earlier years amounting to Rs 43,745,239 (Rs 36,775,140) which had been disputed by the Company on appeal. Based on legal advice, no provision is considered necessary towards the said claims and the amount involved is disclosed as contingent liability.

2.28.2(iii) Includes demands raised by the Central Excise Authorities (including penalty and interest thereon) for higher excise duties on a product of the company and towards cenvat credits availed aggregating to Rs. 1,661,332 (Rs. 1,139,524) which have been disputed by the company before the appellate authorities, and show cause notices received from such authorities for service tax on certain deemed services and ineligible cenvat credit availed aggregating to Rs. 1,734,103 (Nil) which have been represented before adjudicating authorities.

In the opinion of the management, these demands/show cause notices issued are not sustainable and no provision is considered necessary for the same at this stage.

2.28.2(iv) During an earlier year, an amount of Rs 71,484,000 was demanded as water cess for extraction of river water for industrial use during the period from 01.04.1979 to 31.12.2010, in accordance with a Government Order issued on 25.07.2009. The company had been legally advised that the demands may not be fully sustainable in law and had filed a writ petition before the Hon' High Court of Kerala against the proceedings, which is pending.

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The company had also made a representation to the Secretary (Water Resources), Government of Kerala which is pending consideration of the Government. Pursuant to discussions with Government authorities, the company had entered into an agreement for payment of such charges for the periods subsequent to 01.01.2011. Further, a provision of Rs 6,183,200 towards disputed charges for the period from 25.07.2009 to 31.12.2010, being periods subsequent to issue of the Government Order, was made in the accounts in an earlier year as a matter of abundant caution.

In the opinion of the management, having regard to the legal advice, no provision is considered necessary for charges for periods from 01.04.1979 to 24.07.2009 amounting to Rs 65,301,200, being periods prior to the issue of the G.O. which has been disclosed as contingent liability.

2.29 Estimated amount of contracts remaining to be executed on capital account - Rs. 49,233,558 (Rs.30,470,888)

2.30 a. In respect of Capital Goods imported at concessional rate of duty under the Export Promotion Capital Goods Scheme, the Company has an export obligation of approximately Rs.1,730,000 (Rs.3,520,000) which is required to be fulfilled at different dates until 2021. In the event of non fulfillment of the export obligation, the Company will be liable for the Customs duties and penalties as applicable.

b. In respect of Raw materials imported at concessional rate of duty under the Advance Authorisation Scheme, the Company has an export obligation of approximately Rs. 251,710,000 (Rs.336,030,000) which is required to be fulfilled at different dates until 2016. In the event of non fulfillment of the export obligation, the Company will be liable for the Customs duties and penalties as applicable.

2.31 In the opinion of the Directors, Short Term Loans and Advances and Other Current Assets, have the value at which they are stated in the Balance Sheet, if realised in the ordinary course of business.

2.32 As a part of company's risk management policy, the exchange risks arising from foreign currency fluctuations are partly hedged by forward contracts, foreign currency packing credit and buyers credit designated as cash flow hedges.

2.32.1(i) The following are the hedging instruments designated as cash flow hedges entered by the company and outstanding as at Balance Sheet date, determined to be effective hedges:

Particulars	As at 31.03.2016			As at 31.03.2015		
	Foreign Currency	Rupees	Fair Value (Rupees)	Foreign Currency	Rupees	Fair Value Rupees
Export transactions:						
a) Forward contracts (USD)	16,300,000	1,107,916,338	1,132,150,393	12,041,768	767,924,955	791,403,126
b) Foreign currency packing credit and buyers credit:						
USD	5,827,547	380,125,292	389,105,323	-	-	-
EURO	79,503	5,873,015	6,024,734	-	-	-

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)

2.32.2(i) Hedged foreign currency exposures as at Balance Sheet date

Particulars	As at 31.03.2016		As at 31.03.2015	
	Foreign Currency	Rupees	Foreign Currency	Rupees
Receivables	-	-	215,330	13,389,219

2.32.2 (ii) Un hedged foreign currency exposures as at Balance Sheet date

Particulars	For the year ended 31.03.2016		For the year ended 31.03.2015	
	Foreign Currency	Rupees	Foreign Currency	Rupees
Receivables				
USD	1,011,197	66,607,550	775,151	48,198,865
EURO	172,000	12,745,200	97,620	6,524,921
GBP	-	-	64,000	5,859,840
Payables				
USD	202,958	13,551,535	2,380,953	150,136,794
CAD	-	-	33,500	1,827,359
EURO	16,958	1,287,351	17,888	1,223,897
Japanese YEN	2,741,730	1,605,543	24,768,224	13,129,791

2.33 Turnover and Opening and Closing stock

Particulars	Sales Rupees	Closing Inventory		Opening Inventory	
		Rupees		Rupees	
		Finished Goods	Work in progress	Finished Goods	Work in progress
Ossein	656,605,923 (773,042,567)	81,109,903 (46,648,719)		46,648,719 (34,580,813)	
Dicalcium Phosphate	577,848,522 (571,310,275)	3,706,576 (3,597,297)		3,597,297 (10,378,565)	
Gelatin	1,912,164,523 (1,795,850,327)	30,579,465 (22,100,602)	218,076,316 (234,421,184)	22,100,602 (13,323,158)	234,421,184 (233,438,845)
Collagen Peptide	194,374,247 (272,947,848)	28,299,882 (40,363,284)		40,363,284 (52,290,246)	-
Others	145,514,073 (91,709,520)	16,818,737 (7,121,417)	23,274,781 (21,009,685)	7,121,417 (6,553,330)	21,009,685 (23,330,628)
	3,486,507,288 (3,504,860,537)	160,514,563 (119,831,319)	241,351,097 (255,430,869)	119,831,319 (117,126,112)	255,430,869 (256,769,473)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)

2.34 Particulars of raw materials consumed during the year

Particulars	For the year ended 31.03.2016		For the year ended 31.03.2015	
	Value (Rs)		Value (Rs.)	
Crushed Bone	1,614,010,819		1,491,271,204	
Ossein	12,368,062		131,043,748	
Hydrochloric Acid	56,943,022		78,445,206	
Hydrated Lime	47,157,380		56,325,620	
Limed Ossein	94,853,739		7,345,522	
Others	175,264,949		227,618,720	
	2,000,597,971		1,992,050,020	

2.35 Breakup of Consumption

Particulars	For the year ended 31.03.2016		For the year ended 31.03.2015	
	%	Amount (Rs.)	%	Amount (Rs.)
Raw Materials				
Imported	2.98	59,545,467	5.21	103,735,099
Indigenous	97.02	1,941,052,504	94.79	1,888,314,921
Total	100.00	2,000,597,971	100.00	1,992,050,020
Stores & Spares *				
Imported	6.40	6,812,292	5.11	5,793,415
Indigenous	93.60	99,673,996	94.89	107,586,888
Total	100.00	106,486,288	100.00	113,380,303
*Debited under Stores & Spares Consumed		53,399,856		58,954,493
*Debited under Repairs & Maintenance		53,086,432		54,425,810
		106,486,288		113,380,303

2.36 CIF Value of Imports

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
	Rupees	Rupees
Raw Materials	29,775,394	118,873,619
Packing Materials	1,579,387	949,659
Components, Stores and Spares	4,721,399	5,320,745
Capital Goods	10,758,820	-
	46,835,000	125,144,023

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)

2.37 Expenditure in foreign currency on account of :

Particulars	For the year ended 31.03.2016 Rupees	For the year ended 31.03.2015 Rupees
Professional, Consultation fee and Interest	3,873,142	5,176,412
Other Matters (including travel)	8,943,360	26,171,990
	12,816,502	31,348,402

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

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
i. No. of non-resident shareholders to whom dividend was remitted	1	-
ii. No. of shares held by them	3,900,300	-
iii. Year to which the dividend related	2014-15	-
iv. Amount remitted (Rupees)	3,900,300	-

2.39 Earnings in Foreign Exchange

Particulars	For the year ended 31.03.2016 Rupees	For the year ended 31.03.2015 Rupees
Export of goods calculated on FOB basis	1,776,316,342	1,827,480,761
Commission	1,610,325	5,617,385
GSP Duty refund received	24,856,306	-
	1,802,782,973	1,833,098,146

2.40 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.

For and on behalf of the Board of Directors

As per our report of
even date attached

For VARMA & VARMA
(FRN: 004532S)

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

P. H. KURIAN IAS
Chairman
DIN : 00027596

RADHA UNNI
Director
DIN : 03242769

A. K. NAIR
Director
DIN : 00009148

SAJIV K. MENON
Managing Director
DIN : 00168228

DR. K.CHERIAN VARGHESE
Director
DIN : 01870530

RAYMOND MERZ
Director
DIN : 07498918

T. YAMAKI
Director
DIN : 02669053

K. L. KUMAR
Director
DIN : 00004804

Place: Kochi
Date: 06.05.2016

SAHASRANAMAN P.
Chief Financial Officer

G. RAJESH KURUP
Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Members of Nitta Gelatin India Limited,
Kochi

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Nitta Gelatin India Limited ("hereinafter referred to as "the Holding Company") and its two subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on

these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note No. 2.12.3 to the

consolidated financial statements which states that in view of the business plans of the subsidiary company M/s Reva Proteins Limited, which is expected to bring in positive cash flows in the near future, the management of the subsidiary company is of the opinion that there is no impairment in the value of the fixed assets of the subsidiary company at this stage.

Our opinion is not modified in respect of this matter.

Other Matters

As stated in Note No.1(a) to the consolidated financial statements, as per information available to the company, the associate enterprise M/s K. K. Organics Private Limited is a dormant company and financial statements for the current year and preceding year are not available. In an earlier year, the company has made full provision towards permanent diminution in the value of investments made in the said company 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 and has hence not been considered for consolidation purpose.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account

maintained for the purpose of preparation of the consolidated financial statements.

- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the respective companies as on 31st March, 2016 taken on record by the Board of Directors of such companies, none of the directors of the Group companies is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note No 2.20.1, Note No 2.20.2, Note No 2.31.1 and Note No 2.31.2(1), to the consolidated financial statements.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Subsidiary Companies.

For VARMA & VARMA
(FRN : 004532S)

(VIJAY NARAYAN GOVIND)
Partner

Place : Kochi-19
Date : 06.05.2016

CHARTERED ACCOUNTANTS
Membership No. 203094

ANNEXURE A REFERRED TO IN PARAGRAPH 1(f) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NITTA GELATIN INDIA LIMITED AND ITS TWO SUBSIDIARIES FOR THE YEAR ENDED 31ST MARCH 2016

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated financial statements of Nitta Gelatin India Limited (“hereinafter referred to as “the Holding Company”) and its two subsidiaries, which are companies incorporated in India, (the Holding Company and its subsidiaries together referred to as “the Group”) as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of the Group, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Group’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls

and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Group’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations

of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become

inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For VARMA & VARMA
(FRN : 004532S)

(VIJAY NARAYAN GOVIND)
Partner

Place : Kochi-19
Date : 06.05.2016

CHARTERED ACCOUNTANTS
Membership No. 203094

NITTA GELATIN INDIA LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2016

Particulars	Note No.	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
a. Share Capital	2.02	248,791,640	90,791,600
b. Reserves and Surplus	2.03	1,052,936,914	990,817,153
c. Minority Interest	2.04	37,957,806	59,638,561
2 Non-current liabilities			
a. Long-term borrowings	2.05	338,987,404	188,283,092
b. Deferred tax liabilities (Net)	2.06	65,724,000	60,811,827
c. Long-term provisions	2.07	38,746,055	38,897,979
3 Current Liabilities			
a. Short-term borrowings	2.08	398,040,676	422,062,717
b. Trade payables	2.09		
(i) Total outstanding dues of micro enterprises and small enterprises		189,750	193,800
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		228,704,284	278,496,924
c. Other current liabilities	2.10	48,504,084	58,571,005
d. Short-term provisions	2.11	104,599,102	39,736,726
Total		2,563,181,715	2,228,301,384
II. ASSETS			
1 Non-current assets			
a. Fixed Assets	2.12		
i. Tangible Assets		1,197,420,307	1,174,853,291
ii. Intangible Assets		2,526,725	2,305,224
iii. Capital work-in-progress		83,763,129	88,039,539
iv. Intangible assets under development		1,688,947	-
b. Non-current investments	2.13	7,439,800	7,679,800
c. Long-term loans and advances	2.14	49,399,875	41,168,376
d. Other Non-current assets	2.15	-	300,000
2 Current Assets			
a. Inventories	2.16	614,529,166	550,355,063
b. Trade Receivables	2.17	203,943,754	221,781,708
c. Cash and Cash Equivalents	2.18	271,463,704	18,313,610
d. Short-term loans and advances	2.19	48,127,406	40,541,222
e. Other Current Assets	2.20	82,878,902	82,963,551
Total		2,563,181,715	2,228,301,384

Significant Accounting Policies and Notes on Accounts 1&2
The accompanying notes form an integral part of the financial statements.

For and on behalf of the Board of Directors

As per our report of
even date attached

For VARMA & VARMA
(FRN: 004532S)

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

P. H. KURIAN IAS
Chairman
DIN : 00027596

RADHA UNNI
Director
DIN : 03242769

A. K. NAIR
Director
DIN : 00009148

SAJIV K. MENON
Managing Director
DIN : 00168228

DR. K.CHERIAN VARGHESE
Director
DIN : 01870530

RAYMOND MERZ
Director
DIN : 07498918

T. YAMAKI
Director
DIN : 02669053

K. L. KUMAR
Director
DIN : 00004804

Place: Kochi
Date: 06.05.2016

SAHASRANAMAN P.
Chief Financial Officer

G. RAJESH KURUP
Company Secretary

NITTA GELATIN INDIA LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

Particulars	Note No.	Year ended 31.03.2016 Rupees	Year ended 31.03.2015 Rupees
Income			
I. Revenue from operations (gross)	2.21	3,708,482,081	3,700,902,854
Less : Excise duty		122,866,975	126,687,199
Revenue from operations (net)		3,585,615,106	3,574,215,655
II. Other Income	2.22	23,327,511	21,059,222
III. Total Revenue		3,608,942,617	3,595,274,877
Expenses:			
IV. a. Cost of materials consumed	2.23	2,000,597,971	2,002,579,884
b. Purchases of stock-in-trade		-	-
c. Changes in inventories of finished goods, work-in-progress and Stock-in-trade	2.24	(26,603,472)	(1,366,603)
d. Employee benefits expense	2.25	313,811,256	280,246,697
e. Finance costs	2.26	70,235,982	92,702,193
f. Depreciation and amortisation expense	2.12	127,625,362	143,323,708
g. Other expenses	2.27	941,847,733	1,063,895,071
Total Expenses		3,427,514,832	3,581,380,950
V. Profit / (Loss) before tax (III-IV)		181,427,785	13,893,927
VI. Tax expense:			
a. Current tax		105,861,293	22,900,000
Less : Mat Credit Entitlement		(19,800,000)	-
b. Tax for earlier years		4,832,272	1,100,000
c. Deferred tax		4,912,173	25,752,000
VII. Profit / (Loss) for the period (V - VI)		85,622,047	(35,858,073)
VIII. Less: Share of Profit/(Loss) of Subsidiaries for the year transferred to Minority Interest		(21,680,755)	(21,682,415)
IX. Profit / (Loss) for the period after Minority Interest [VII-VIII]		107,302,802	(14,175,658)
X. Earnings per equity share:	2.28		
Nominal value of share Rs. 10/- (Rs. 10/-)			
a. Basic		10.77	(1.56)
b. Diluted		10.77	(1.56)

Significant Accounting Policies and Notes on Accounts 1&2
The accompanying notes form an integral part of the financial statements.

For and on behalf of the Board of Directors

As per our report of
even date attached

For VARMA & VARMA
(FRN: 004532S)

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

P. H. KURIAN IAS
Chairman
DIN : 00027596

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Director
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Director
DIN : 07498918

T. YAMAKI
Director
DIN : 02669053

K. L. KUMAR
Director
DIN : 00004804

Place: Kochi
Date: 06.05.2016

SAHASRANAMAN P.
Chief Financial Officer

G. RAJESH KURUP
Company Secretary

NITTA GELATIN INDIA LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

	For the Year Ended 31.03.2016 Rupees	For the Year Ended 31.03.2015 Rupees
A. Cash Flows from Operating Activities		
Net Profit / (Loss) before Tax & Extraordinary Items	181,427,785	13,893,927
Adjustments for:		
Depreciation	127,625,362	143,323,708
(Profit)/Loss on sale of fixed assets	186,051	1,602,063
(Profit)/Loss on sale of investments	(240,000)	-
Interest Expenditure	70,235,982	92,702,193
Interest Income	(9,780,487)	(1,452,917)
Dividend Received	(27,300)	-
Foreign Exchange (Gain)/Loss	3,705,959	(2,192,444)
Provision for Doubtful debts	(2,675,236)	4,031,836
Provision for claims disputed	8,685,427	2,232,132
Provision for investments	-	500,000
	<u>180,344,904</u>	<u>240,746,571</u>
Operating Profit / (Loss) before Working Capital Changes	361,772,689	254,640,498
Adjustments for working capital changes:		
(Increase)/Decrease in Trade and Other Receivables	16,376,861	13,972,710
(Increase)/Decrease in Inventories	(64,174,103)	(24,633,040)
Increase/(Decrease) in Trade/ other payables	<u>(51,719,633)</u>	<u>(9,641,023)</u>
	<u>(99,516,875)</u>	<u>(20,301,353)</u>
Cash generated from Operations	262,255,814	234,339,145
Direct Taxes	(58,389,812)	(29,725,284)
Cash Flow Before Extraordinary Items	203,866,002	204,613,861
Extraordinary Items	-	-
Net Cash from/(used) in Operating Activities	203,866,002	204,613,861
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	(146,185,840)	(83,985,980)
Sale of Fixed Assets	1,320,923	285,845
Proceeds from sale of investments	480,000	-
Interest Received	9,092,858	1,624,742
Dividend Received	27,300	-
Net Cash from/(used) in Investing Activities	(135,264,759)	(82,075,393)
C. Cash Flows from Financing Activities		
Dividend Paid	(9,135,599)	(155,977)
Corporate Dividend Tax	(1,848,335)	-
Increase/(Decrease) in Short Term Borrowings	(33,153,791)	(3,248,603)
Increase/(Decrease) in Long Term Borrowings	132,487,788	(22,442,683)
Proceeds from issue of share capital	158,000,040	-
Interest Paid	(61,801,252)	(92,543,585)
Net Cash from/(used) in Financing Activities	184,548,851	(118,390,848)

NITTA GELATIN INDIA LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

	For the Year Ended 31.03.2016 Rupees	For the Year Ended 31.03.2015 Rupees
Summary		
Net Cash from/(used) in Operating Activities	203,866,002	204,613,861
Net Cash from/(used) in Investing Activities	(135,264,759)	(82,075,393)
Net Cash from/(used) in Financing Activities	184,548,851	(118,390,848)
Net Increase/(Decrease) in Cash Equivalents	<u>253,150,094</u>	<u>4,147,620</u>
Cash and Cash Equivalents at beginning of the year	18,313,610	14,165,990
Cash and Cash Equivalents at the end of the year	<u>271,463,704</u>	<u>18,313,610</u>
	<u>253,150,094</u>	<u>4,147,620</u>

Note :

- Cash and cash equivalents at the end of the year includes Rs. 6,160,236 (Rs.6,556,468) held under lien and Rs. 1,581,266 (Rs 1,637,705) deposited in unclaimed dividend account which is earmarked for payment of dividend

For and on behalf of the Board of Directors

As per our report of
even date attached

For VARMA & VARMA
(FRN: 004532S)

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

P. H. KURIAN IAS
Chairman
DIN : 00027596

RADHA UNNI
Director
DIN : 03242769

A. K. NAIR
Director
DIN : 00009148

SAJIV K. MENON
Managing Director
DIN : 00168228

DR. K.CHERIAN VARGHESE
Director
DIN : 01870530

RAYMOND MERZ
Director
DIN : 07498918

T. YAMAKI
Director
DIN : 02669053

K. L. KUMAR
Director
DIN : 00004804

Place: Kochi
Date: 06.05.2016

SAHASRANAMAN P.
Chief Financial Officer

G. RAJESH KURUP
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

1. Significant Accounting Policies

a 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 under the Companies (Accounting Standards) Rules, 2006.

As per information available to the company, the Associate enterprise M/s K. K. Organics Private Limited is a dormant company and financial statements for the current year and preceding year are not available. In an earlier year, the company has made full provision towards permanent diminution in the value of investments made in the said company 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 and has hence not been considered for consolidation purpose.

b Principles of Consolidation

The Consolidated Financial Statements of the Group relate to the holding company Nitta Gelatin India Limited ("the company") and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the company and its subsidiary companies are combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses as per fully eliminating intra-group balances and intra-group transactions resulting in unrealised profit or losses in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements".
- b) The difference between the carrying cost of the investment in the subsidiary companies, over the net assets at the time of acquisition of shares in the subsidiary companies entity is recognised as Goodwill / Capital reserve as the case maybe.
- c) Goodwill arising on consolidation is not amortised, but tested for impairment on periodic basis and impairment loss if any, is recognised.
- d) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate Financial Statements except as otherwise stated elsewhere in this schedule.

c Basis of Accounting

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year.

d 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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

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.

e Revenue Recognition

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

f Fixed Assets

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

g Depreciation/ Amortisation

In the case of the company and subsidiary Bamni Proteins Limited

- i. Depreciation on Plant and Machinery (other than Service Equipment) is provided on Straight Line Method. The useful lives adopted are as prescribed under Schedule II of the Companies Act, 2013, except in respect of the following items, which are depreciated over lower useful lives on the basis of technical evaluation:
 - a. Plant and Machinery at the Bamni Proteins Limited and at Ossein Division of the Company - 8.40 years
 - b. Plant and Machinery of Gelatin Division - 15 years
 - c. Effluent Treatment Plant at the Bamni Proteins Limited and at Ossein division of the Company - 5 years
 - d. Effluent Treatment Plant at Gelatin Division - 8.40 years
- ii. Depreciation on Service Equipment and other items of fixed assets is provided on Written Down Value Method at the rates provided in Schedule II of the Companies Act, 2013.
- iii. Lease Premium on Land is depreciated (amortised) over the period of lease.
- iv. Cost of software treated as Intangible Assets is amortised over a period of five years.

In the case of the subsidiary Reva Proteins Limited

- i
 - a) Depreciation on Plant and Machinery (other than Service Equipment) is provided on Straight Line Method.
 - b) Depreciation on Service Equipment and Other Assets is provided on Written Down Value Method.
 - c) The useful life of fixed assets adopted are as prescribed under Schedule II of the Companies Act, 2013.
- ii. Lease Premium on Land is amortised over the period of lease.
- iii Cost of software treated as Intangible Assets is amortised over a period of 5 years.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

h Investments

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

i 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.

j Research & Development

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

k Employee Benefits

i. 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.

ii. Defined Contribution Plans

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

In the case of the Subsidiaries: The companies have defined contribution plan for employees, i.e. for Provident Fund. The contributions paid/payable to this plan during the year are charged to the Statement of Profit and Loss for the year.

iii. 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 Statement of Profit and Loss for the period in which they occur.

In the case of the subsidiaries:

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 Statement of Profit and Loss for the period in which they occur.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

iv. 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 Statement of Profit and Loss for the period in which they occur.

v. Termination Benefits

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

I Expense on Employee Stock Purchase Scheme

In respect of shares issued under Employee Stock Purchase Scheme (ESPS), the excess of market price of the shares over the price at which they are issued under the scheme are treated as Employee Compensation Expense during the relevant accounting period in accordance with the applicable SEBI guidelines.

m 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.

n 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 other than forward contracts, outstanding at the Balance Sheet date are translated at the applicable exchange rates prevailing at the said date. The exchange gain/loss arising during the year are adjusted to the Statement of Profit and Loss.

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 Statement of Profit and Loss in the reporting period in which the exchange rates change.

Gain or loss 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.

The portion of the gains or losses on forward contracts and other hedging instruments designated as cash flow hedges and determined to be “effective hedges” has been recognized directly in Hedging Reserve, whereas the portion relating to “ineffective hedges” has been recognized in the Statement of Profit and Loss. The gains or losses that are recognized directly in the Hedge Equalisation Reserve Account are subsequently reclassified into the Statement of Profit and Loss in the period during which the asset acquired or liability assumed affects the profit or loss. The

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

profit or loss recognized in Hedge Equalisation Reserve, which is not expected to be recovered in future periods, has been recognized in the Statement of Profit and Loss.

o 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.

p 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 non-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.

q 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.

r 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 Statement of Profit and Loss 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.

s 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.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2 Notes on Accounts

2.01 Nitta Gelatin India Limited has controlling interest in the following entities during the year ended 31.03.2016 :

Name of Entity	Country of Incorporation	Controlling Interest
Bamni Proteins Limited	India	82.35% (82.35%)
Reva Proteins Limited	India	74.55%(74.55%)

2.02 Share Capital:

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Authorised:		
20,000,000(20,000,000) Equity Shares of Rs. 10/- each	200,000,000	200,000,000
929,412 (Nil) Optionally Convertible Non Cumulative Preference Shares of Rs.170/- each	158,000,040	-
Issued and Subscribed and fully paid:		
9,079,160 (9,079,160) Equity Shares of Rs. 10/- eac	90,791,600	90,791,600
929,412 (Nil) Optionally Convertible Non Cumulative Preference Shares of Rs.170/- each (See Note 2.02.1)	158,000,040	-
	248,791,640	90,791,600

Reconciliation of shares at the beginning and at the end of the financial year

Particulars	As at 31.03.2016		As at 31.03.2015	
	Number	Rupees	Number	Rupees
a) Equity shares				
As at the beginning of the financial year	9,079,160	90,791,600	9,079,160	90,791,600
As at the end of the financial year	9,079,160	90,791,600	9,079,160	90,791,600
b) Optionally Convertible Preference shares				
As at the beginning of the financial year	-	-	-	-
Add : Issue of shares during the year	929,412	158,000,040	-	-
As at the end of the financial year	929,412	158,000,040	-	-

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

Particulars of Shareholders holding more than 5% share in the Company

a) Equity shares				
Particulars	As at 31.03.2016		As at 31.03.2015	
	%	Number of shares	%	Number of shares
Nitta Gelatin Inc., Japan	42.96	3,900,300	42.96	3,900,300
Kerala State Industrial Development Corporation Ltd	31.52	2,862,220	31.52	2,862,220
b) Optionally Convertible Preference shares				
Particulars	As at 31.03.2016		As at 31.03.2015	
	%	Number of shares	%	Number of shares
Nitta Gelatin Inc., Japan	100	929,412	-	-

Terms/ Rights attached to Equity Shares

The company has only one class of shares referred to as equity shares with a face value of Rs. 10/- each. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed/declared by the Board of Directors is subject to approval/regularisation of the shareholders' in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

2.02.1 Terms/ Rights attached to Preference Shares

The company has issued 929,412 Nos of Optionally Convertible Non-Cumulative Preference Shares (OCPS) with a face value of Rs. 170/- each for cash at par on a preferential basis to M/s. Nitta Gelatin Inc., Japan, one of the promoters. Each holder of Preference shares is entitled to a preferential right for fixed dividend of 5.4029% (5% + 6 months USD Libor as on record date ie, 17.04.2015) per annum on the face value of the OCPS, on a non-cumulative basis payable on prorata basis from date of allotment, if declared. The OCPS is convertible into an equal number of equity shares of face value of Rs 10/- each within 18 months from the date of allotment (i.e 28.04.2015), in one or more financial years, at a price of Rs 170/- each (inclusive of a premium of Rs. 160/- per share). All outstanding Optionally Convertible Non-Cumulative Preference Shares, which are not converted into equity shares at the end of the 18 months from the date of allotment are redeemable at par at the expiry of seven years from date of allotment or except as is otherwise repayable on the exercise of a put and call option at the expiry of five years from date of allotment subject to such approvals as may be required. No OCPS have been converted into equity shares till date.

Aggregate number of Equity shares allotted as fully paid up by way of Bonus shares during the period of 5 years immediately preceding the reporting date

	As at 31.03.2016	As at 31.03.2015
Equity shares allotted as fully paid Bonus shares by capitalisation of reserves	579,160	579,160

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.03 Reserves and Surplus

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Securities Premium Reserve	306,768,715	306,768,715
Capital Investment Subsidy	1,500,000	1,500,000
Special Export Reserve (under the Income Tax Act, 1961)	7,900,000	7,900,000
General Reserve		
Opening Balance	663,664,400	635,464,400
Add: Transfer from Surplus	60,000,000	28,200,000
Closing Balance	723,664,400	663,664,400
Hedge Equalisation Reserve		
Opening Balance	23,478,171	
Add: Net gain / (loss) recognised on cash flow hedges	15,456,492	25,264,976
Less: Net gain / (loss) reclassified to Statement of Profit and Loss during the year	(23,832,358)	1,786,805
	15,102,305	23,478,171
Surplus		
Opening Balance	(12,494,133)	44,420,438
Add: Profit / (loss) for the period after Minority Interest transferred from the Statement of Profit and Loss	107,302,802	(14,175,658)
Less: Adjustments for assets having no remaining useful lives [See Note 2.12.2]	-	3,611,418
Amount available for Appropriation	94,808,669	26,633,362
Less: Appropriations		
Transfer to General Reserve	60,000,000	28,200,000
Proposed Dividend [See Note 2.03.1 and 2.03.2]	30,581,412	9,079,160
Tax on proposed Dividend	6,225,763	1,848,335
Closing Balance	(1,998,506)	(12,494,133)
	1,052,936,914	990,817,153

2.03.1 Preference Dividend of Rs 8.48 (Nil) per share has been proposed @ 5.4029% (Nil) on the face value of Optionally Convertible Non cumulative Preference Shares by the Board which is subject to approval by the shareholders in the ensuing Annual General Meeting.

2.03.2 The Board of Directors has proposed an Equity dividend @ Rs.2.50 (Rs 1.00) per share for the financial year ending 31.03.2016 at their meeting held on 06th May 2016, which is subject to regularisation by the shareholders in the ensuing Annual General Meeting.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.04 Minority Interest

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Share Capital	55,500,000	55,500,000
Add: Share of Securities premium	54,821,285	54,821,285
Add: Share of accumulated reserves	(50,682,724)	(29,000,309)
	59,638,561	81,320,976
Add: Profit/(Loss) of subsidiaries for the year transferred from Statement of Profit and Loss	(21,680,755)	(21,682,415)
	37,957,806	59,638,561

2.05 Long-term Borrowings

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Secured:		
<i>In case of the Company</i>		
Term Loans		
From State Bank of India [See Note 2.05.1]	37,879,342	49,950,304
From Canara Bank [See Note 2.05.2]	22,119,447	32,086,956
<i>In case of the Subsidiary,</i>		
<i>Reva Proteins Limited</i>		
Term Loans		
From HDFC Bank [See Note 2.05.3]	10,638,615	-
From Kerala State Industrial Development Corporation (See Note 2.05.4)	113,350,000	106,245,832
Unsecured		
Loans and advances from Related parties		
<i>In case of the Company</i>		
Nitta Gelatin Inc. [See Note 2.05.5]	65,000,000	-
<i>In case of the Subsidiary,</i>		
<i>Reva Proteins Limited</i>		
Nitta Gelatin Inc. [See Note 2.05.6]	90,000,000	-
	338,987,404	188,283,092

2.05.1 Secured by way of exclusive charge over the fixed assets created with the term loan assistance and collateral security by way of equitable mortgage of land owned by the Company on pari passu basis with other lenders and first charge over the other fixed assets of Company on pari passu basis. The interest rate is LIBOR + 3.75 %. During the year, the term loans have been converted into foreign currency. The principal amount of the loan is to be repaid on monthly installments in the following manner:

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

Period	Amount in Foreign Currency (USD)	Amount Rs
From, February 2016 to March 2017	14,583	973,678
From, April 2017 to March 2019	21,874	1,460,518
In April 2019	28,438	1,898,794

2.05.2 Secured by exclusive charge over the fixed assets created with the term loan assistance. The principal amount is to be paid in 20 quarterly installments of Rs 2,250,000 starting from December 2014 as per the original terms. During the year, the term loans have been converted into foreign currency, based on the same the quarterly installments have been reset to an amount in foreign currency of \$ 33,122 (Rs 2,211,580) The interest rate is LIBOR + 5.00 %

2.05.3 The repayment & security terms of loan availed from HDFC Bank by the subsidiary Company Reva Proteins Ltd are as under :-

Name of the Lender	Security	Repayment terms
From Banks - HDFC Bank Limited	1) Exclusive first charge over the fixed assets financed out of the term loan. 2) Second charge over the existing fixed assets of the company. 3) Corporate Guarantee of the Company - M/s. Nitta Gelatin India Limited.	Loan is repayable in 72 equal monthly installments including 10 months of moratorium for the principal as stated below: 1) 10th to 12th Installments : Rs 116,667/- commencing from 07.03.2016 to 07.05.2016. 2) 13th to 71st Installments : Rs 273,209/- commencing from 07.06.2016 to 07.04.2021. 3) Final Installment of Rs 54,185/- on 07.05.2021. Interest rate is Base Rate + 1.5% per annum (Effective rate as on 31.3.2016 is 10.80% p.a)

2.05.4 The repayment & security terms of Term loan availed from Kerala State Industrial Development Corporation by the subsidiary Company Reva Proteins Ltd are as under :-

From other parties - Kerala State Industrial Development Corporation Limited	1) The loan is secured by exclusive first charge over the entire fixed assets of the company including leasehold assets, both present and future; 2) Corporate Guarantee of the Company - M/s. Nitta Gelatin India Limited	The repayment schedule was revised during the year as stated below: 1) Principal amount is repayable in 21 quarterly installments of Rs 5,400,000/- each starting from 11.03.2017 onwards and last installment of Rs 5,350,000/- on 11.06.2022. 2) Interest is payable as and when applied Interest rate is 10.50% p.a
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2.05.5 The external commercial borrowings (ECB) availed by the Company, is not Secured by any charge over the assets of the company. The principal amount is to be paid in lumpsum after the end of 7 years from the date of credit of the ECB funds into the account of the company, ie 24.03.2016 and the interest rate is payable @ 6 months USD LIBOR Rate + 5.00 % at half yearly rests

2.05.6 The external commercial borrowings (ECB) availed by the subsidiary company M/s Reva Proteins Ltd is not Secured by any charge over the assets of the company. The principal amount is to be paid in 20 Equal Quarterly Instalments of Rs 4,500,000 each/- on 15th September, December, March & June commencing from 15.09.2018. Interest is payable on quarterly basis along with principal The interest rate is 6 months LIBOR Rate + 5.00 % p a.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.05.7 Current Maturities of Long - term borrowing (disclosed under other current liabilities in Note 2.10)

2.06 Deferred Tax Liabilities (Net)

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
A. Deferred Tax Liability		
On excess of net book value over Income tax written down value of fixed assets	104,706,000	87,367,827
Timing differences on assessment of income	7,472,000	7,704,000
B. Deferred Tax Assets		
On Provisions	10,305,000	7,222,000
On other disallowances	36,149,000	27,038,000
Deferred Tax Liabilities (Net) (A-B)	65,724,000	60,811,827

In the case of subsidiary company, Bamni Proteins Limited: In terms of the Accounting Standard on Accounting for Taxes on Income(AS 22), Deferred Tax Asset (Net) has been recognized in the accounts to the extent available, in view of virtual/reasonable certainty of future taxable profits.

2.07 Long-term Provisions

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Provision for Employee Benefits [See Note 2.07.1]	38,746,055	38,897,979
	38,746,055	38,897,979

2.07.1 Disclosures required under Accounting Standard 15 - "Employee Benefits"

a. Defined Contribution Plans

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

Particulars	Company Rupees	Subsidiaries Rupees
Employers contribution to Provident Fund	13,781,016	3,727,144
	(12,975,763)	(3,340,540)
Employers contribution to Employee's State Insurance	352,204	-
	(405,531)	-
Employers contribution to Superannuation fund	3,702,432	-
	-	-

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR
THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)**
b. Defined Benefit Plans - Gratuity:
In case of the Company - Funded Obligation
In case of the Subsidiaries - Unfunded Obligation

i. Actuarial Assumptions	Company Rupees	Subsidiaries Rupees
Discount Rate (per annum)	8.00% (7.80%)	7.80%-8% (7.80%-8%)
Expected return on plan assets	8.75% (8.75%)	- -
Salary escalation rate*	5.00% (5.00%)	4.00%-5.00% (4.00%-5.00%)
Mortality rate	LIC (2006-2008) Ultimate (LIC (2006-2008) Ultimate)	IALM (1994-1996) Ultimate IALM (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 Rupees	Subsidiaries Rupees
Present value of obligation at the beginning of the year	44,734,672 (35,756,107)	15,733,565 (14,703,550)
Current Service Cost	3,323,146 (2,987,016)	732,563 (705,329)
Interest Cost	3,537,594 (3,135,804)	1,249,862 (1,229,121)
Actuarial (gain)/ loss	(178,122) (5,449,192)	(370,899) (1,409,150)
Benefits Paid	(1,029,492) (2,593,447)	(3,055,472) (2,313,585)
Present value of obligation at the end of the year	50,387,798 (44,734,672)	14,289,619 (15,733,565)

iii. Reconciliation of fair value of plan assets	Company Rupees	Subsidiaries Rupees
Fair value of plan assets at the beginning of the year	41,709,598 (38,144,915)	- -
Expected return on plan assets	3,954,550 (3,561,485)	- -
Actuarial gain/ (loss)	(954,550) (712,052)	- -
Contributions to the fund	8,000,000 (3,308,697)	- -

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

Contributions towards direct benefit payments	-	-
	-	-
Benefits paid (from fund)	(1,029,492)	-
	((2,593,447))	-
Benefits paid directly	-	-
	-	-
Fair value of plan assets at the end of the year	51,680,106	-
	(41,709,598)	-

iv. Description of Plan Assets	Company Rupees	Subsidiaries Rupees
Insurer Managed Funds (LIC of India)	51,680,106	-
	(41,709,598)	-

v. Net (Asset)/ Liability recognized in the Balance Sheet as at year end	Company Rupees	Subsidiaries Rupees
Present value of obligation at the end of the year	50,387,798	14,289,619
	(44,734,672)	(15,733,565)
Fair value of plan assets at the end of the year	51,680,106	-
	(41,709,598)	-
Net present value of funded/ unfunded obligation recognized as (asset)/ liability in the Balance Sheet	(1,292,308)	14,289,619
	(30,25,074)	(15,733,565)

vi. Expenses recognized in the Statement of Profit and Loss	Company Rupees	Subsidiaries Rupees
Current Service Cost	3,323,146	732,563
	(2,987,016)	(705,329)
Interest Cost	3,537,594	1,249,862
	(3,135,804)	(1,229,121)
Actuarial (gain)/ loss recognized in the period	776,427	(370,899)
	(6,161,244)	(1,409,150)
Past Service Cost (if applicable)	-	-
	-	-
Expected return on plan assets	(3,954,550)	-
	((3,561,485))	-
Total expenses recognized in the Statement of Profit and Loss for the year	3,682,617	1,611,526
	(8,722,579)	(3,343,600)
Actual return on plan assets	3,000,000	-
	(2,849,433)	-

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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

c. Long Term Employee Benefits

Compensated absences (Vesting and Non Vesting): Unfunded Obligation

i. Actuarial Assumptions	Company Rupees	Subsidiaries Rupees
Discount Rate (per annum)	8.00% (7.80%)	7.8%-8.00% (7.80% - 8.00%)
Salary escalation rate*	5.00% (5.00%)	4.00%-5.00% (4.00%-5.00%)
Mortality rate	LIC (2006-2008) Ultimate (LIC (2006-2008) Ultimate)	IALM (1994-1996) Ultimate (LIC (2006-2008) Ultimate/ IALM (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 Rupees	Subsidiaries Rupees
Present value of obligation at the beginning of the year	22,822,389 (18,108,478)	3,877,982 (3,270,801)
Current Service Cost	2,014,931 (1,769,890)	777,412 (329,846)
Interest Cost	1,598,607 (1,490,968)	319,496 (258,463)
Actuarial (gain)/ loss	3,919,001 (4,901,463)	(407,904) (880,806)
Benefits Paid	(4,654,837) ((3,448,410))	(1,124,084) ((861,934))
Present value of obligation at the end of the year	25,700,091 (22,822,389)	3,442,902 (3,877,982)

iii. Net (Asset)/ Liability recognized in the Balance Sheet as at year end	Company Rupees	Subsidiaries Rupees
Present value of obligation at the end of the year	25,700,091 (22,822,389)	3,442,902 (3,877,982)
Fair value of plan assets at the end of the year	- -	- -
Net present value of unfunded obligation recognized as (asset)/ liability in the Balance Sheet	25,700,091 (22,822,389)	3,442,902 (3,877,982)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

iv. Expenses recognized in the Statement of Profit and Loss	Company Rupees	Subsidiaries Rupees
Current Service Cost	2,014,931	777,412
	(1,769,890)	(329,846)
Interest Cost	1,598,607	319,496
	(1,490,968)	(258,463)
Actuarial (gain)/ loss recognized in the period	3,919,001	(407,904)
	(4,901,463)	(880,806)
Past Service Cost (if applicable)	-	-
	-	-
Total expenses recognized in the Statement of Profit and Loss for the year	7,532,539	689,004
	(8,162,321)	(1,469,115)

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

2.08 Short-term Borrowings

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Working Capital Loan from Banks (Secured) (See Note 2.08.1)	398,040,676	422,062,717
	398,040,676	422,062,717

2.08.1 Secured by the 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. The loans are repayable on demand except in the case of Buyers Credit amounting to Rs 14,333,382 (Rs 16,022,915) which is repayable within a period of 70 days to 90 days from the date of availment as per terms.

2.09 Trade Payables

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
(i) Total outstanding dues of micro enterprises and small enterprises [See Note 2.09.1]	189,750	193,800
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	228,704,284	278,496,924
	228,894,034	278,690,724

2.09.1 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 the year end , based on which, principal amount unpaid to such suppliers as at the year end aggregating to Rs.189,750 (Rs. 193,800) has been included under Trade Payables. 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.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.10 Other Current Liabilities

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Current maturity of Long term borrowings [See Note no. 2.05.1,2.05.2,2.05.3,2.05.4 and 2.05.5]	27,783,476	46,000,000
Unpaid Dividend	1,581,266	1,637,705
Interest Accrued and due on borrowings	197,706	712,496
Interest Accrued but not due on borrowings	395,066	77,108
Other Payables -		
- Statutory Dues	7,687,929	5,863,760
- Advance from Customers	254,625	1,925,468
- Creditors for Capital Goods	8,364,874	622,291
- Other Recoveries Payable	1,768,958	1,588,039
- Deposits	470,184	144,138
	48,504,084	58,571,005

2.11 Short-term Provisions

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Provision for employee benefits [See Note 2.07.1]	4,686,557	6,561,031
Others		
- Proposed Dividend	30,581,412	9,079,160
- Corporate Dividend Tax	6,225,763	1,848,335
- Water Cess [See Note 2.31.2(iii)]	6,183,200	6,183,200
- Excise Duty	11,050,417	10,393,020
- Income Tax (net)	45,871,753	5,671,980
	104,599,102	39,736,726

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016 (CONTD.)

2.12 - FIXED ASSETS AND CAPITAL WORK IN PROGRESS

(Amount in Rupees)

Particulars	GROSS BLOCK (At cost)			DEPRECIATION/IMPAIRMENT					NET BLOCK		
	As at 01-04-2015	Additions	Disposals/ Adjustments	As at 31-03-2016	As at 01-04-2015	For the year	Transition adjustment	Disposal/ Adjustments	As at 31-03-2016	As at 31-03-2016 (See Note 2.12.3 below)	As at 31-03-2015
FIXED ASSETS:											
(A) Tangible Assets											
Land and Development [See Note 2.12.1]	46,996,926 (46,996,926)	-	-	46,996,926 (46,996,926)	-	-	-	-	-	46,996,926 (46,996,926)	46,996,926 (46,996,926)
Leasehold Land [See Note 2.12.2]	87,367,496 (87,367,496)	-	-	87,367,496 (87,367,496)	7,996,548 (7,087,926)	908,622 (908,622)	-	-	8,905,170 (7,996,548)	78,462,326 (79,370,948)	79,370,948 (80,279,570)
Buildings [See Note 2.12.1]	487,837,785 (480,566,570)	22,981,046 (7,419,684)	-	510,818,831 (487,837,785)	253,608,426 (213,156,709)	281,91,093 (37,681,348)	(2,894,422)	-	(253,608,426)	229,019,312 (234,229,359)	234,229,359 (267,409,861)
Plant & Equipment [See Note 2.12.5]	1,954,882,202 (1,904,747,393)	118,171,408 (62,717,975)	11,381,740 (12,583,166)	2,061,671,870 (1,954,882,202)	1,148,709,092 (1,065,696,819)	92,257,036 (94,006,060)	-	10,171,976 (11,262,124)	1,230,794,152 (1,148,709,092)	830,877,718 (806,173,110)	806,173,110 (839,050,574)
Office Equipments	24,370,993 (25,613,179)	3,633,462 (1,993,712)	1,503,429 (3,235,898)	26,501,026 (24,370,993)	20,300,567 (16,945,880)	2,486,096 (4,834,449)	-	1,438,517 (2,841,563)	21,348,146 (20,300,567)	5152,880 (4,070,426)	4,070,426 (8,667,299)
Furniture & Fittings	10,420,501 (10,843,126)	1,150,193 (753,879)	95,074 (1,176,504)	11,475,620 (10,420,501)	8,584,984 (8,905,818)	739,086 (812,377)	-	94,195 (1,159,269)	9,229,875 (8,584,984)	2,245,745 (1,835,517)	1,835,517 (1,937,308)
Vehicles	7,940,136 (7,940,136)	4,661,895 (-)	1,912,798 (-)	10,689,233 (7,940,136)	5,763,131 (4,618,387)	1,942,081 (1,144,744)	-	1,681,379 (-)	6,023,833 (5,763,131)	4,665,400 (2,177,005)	2,177,005 (3,321,749)
Total Tangible Assets	2,619,816,039 (2,564,074,826)	150,598,004 (72,885,250)	14,893,041 (171,44,037)	2,755,521,002 (2,619,816,039)	1,444,962,748 (1,316,411,539)	126,524,014 (139,387,600)	-	13,386,067 (15,387,009)	1,558,100,695 (1,444,962,748)	1,197,420,307 (1,174,853,291)	1,174,853,291 (1,247,663,287)
Previous Year							4,550,618.00				
(B) Intangible Assets											
Software	15,662,825 (15,563,650)	1,322,849 (99,175)	-	16,985,674 (15,662,825)	13,357,601 (9,416,520)	1,101,348 (3,936,108)	-	-	14,458,949 (13,357,601)	2,526,725 (2,305,224)	2,305,224 (6,147,130)
Total Assets (A+B)	2,635,478,864 (2,579,638,476)	151,920,853 (72,984,425)	14,893,041 (171,44,037)	2,772,506,676 (2,635,478,864)	1,458,320,349 (1,325,828,059)	127,625,362 (143,323,708)	-	13,386,067 (15,387,009)	1,572,559,644 (1,458,320,349)	1,199,947,032 (1,177,158,515)	1,177,158,515 (1,253,810,417)
Previous Year							4,555.591				

Particulars	GROSS BLOCK (At cost)			DEPRECIATION/IMPAIRMENT				NET BLOCK		
	As at 01-04-2015	Additions	Disposals/ Adjustments	As at 31-03-2016	As at 01-04-2015	For the year	Transition adjustment	Disposal/ Adjustments	As at 31-03-2016 (See Note 2.12.3 below)	As at 31-03-2015
CAPITAL WORK IN PROGRESS:										
Improvements to Leasehold land	-	269,075	-	269,075	-	-	-	-	269,075	-
Building under construction	2,913,299 (822,538)	3,957,827 (7,929,120)	2,780,550 (5,838,359)	4,090,576 (2,913,299)	-	-	-	-	4,090,576 (2,913,299)	2,913,299 (822,538)
Plant, Machinery and Equipment under installation [See Note 2.12.5]	85,126,240 (85,003,935)	52,918,291 (60,794,377)	58,641,053 (60,672,072)	79,403,478 (85,126,240)	-	-	-	-	79,403,478 (85,126,240)	85,126,240 (85,003,935)
Intangible assets under development - Software	-	1,688,947	-	1,688,947	-	-	-	-	1,688,947	-
Total	88,039,539	58,834,140	61,421,603	85,452,076	88,039,539	61,421,603			85,452,076	88,039,539
Previous Year	(85,826,473)	(68,723,497)	(66,510,431)	(88,039,539)					(88,039,539)	(85,826,473)

2.12.1 *In case of the Company:* In respect of land admeasuring 126.88 cents (Gross value and Net value: Rs. 469,964) and building thereon (Gross value Rs. 14,425,871 and the Net value 9,499,000) the Revenue Department, Government of Kerala has ordered an issue of title deeds in favour of the company, though formal issue of the same by the local authorities is pending.

2.12.2 Includes lease premium paid to M/s. Gujarat Industrial Development Corporation (GIDC) by subsidiary Reva Proteins Limited of Rs. 61,219, 210 towards acquiring lease hold rights for a period of 99 years in respect of 89,182.84 square meters of land allotted to and taken possession of by the Subsidiary company at Jhagadia Industrial Estate, Bharuch district, Gujarat. Out of this GIDC has executed lease agreement in-respect of 76,696.59 square meters of land and in respect of the balance area of 12,486.25 square meters (Gross Book Value of Rs. 7,909,260 and Net Book value of Rs. 7,429,911) The Lease agreement is expected to be executed after GIDC receives possession of the same from the Government of Gujarat.

2.12.3 In view of business plans of the subsidiary M/s Reva Proteins Limited, which is expected to bring in positive cash flows in the near future the management of the subsidiary company is of the opinion that, there is no impairment in the value of the fixed assets of the company within the meaning of Accounting Standard - 28 on Impairment of Assets, as notified by Companies (Accounting Standards) Rules, 2006.

2.12.4 Net Block of Tangible Assets include Assets held for disposals as below :

a) Land	Rs. 25,232,939
b) Building	Rs. 15,831,593
c) Plant & Equipment	Rs. 5,243,087
d) Office Equipment	Rs. 12,136
e) Furniture	Rs. 37,688

2.12.5 Additions to Plant & Equipment include Research & Development assets of Rs 1,677,585 purchased during the year and transfer from Capital Work in progress of Rs 33,091,003. The amount transferred from capital work in progress includes capital expenditure incurred during the year (net of recoveries) amounting to Rs 2,967,742.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.13 Non-current Investments

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Investment in Equity Instruments (at Cost) - Long term		
Quoted (Non Trade):		
a. 4,200 (4,200) Equity Shares of Rs.1/- each in State Bank of India, fully paid up	146,300	146,300
b. 100 (100) Equity Shares of Rs.10/- each in Industrial Finance Corporation of India Limited, fully paid up	3,500	3,500
Aggregate amount of quoted investments (A)	149,800	149,800
Aggregate Market Value: Rs 818,520 (Rs. 1,124,735)		
Unquoted (Trade):		
a. In Associate companies [See Note 1(a)]		
i. 288,000 (288,000) fully paid up Equity Shares of Rs.10/- each in K.K Organics (P) Limited.	2,880,000	2,880,000
<i>Less: Provision for diminution in value of investments</i>	(2,880,000)	(2,880,000)
b. Others:		
<u>In Case of the Company</u>		
i. Nil (2400) fully paid up Equity Shares of Rs. 100/- each in Organo Fertilizers (India) Pvt. Limited.	-	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
<i>Less: Provision for diminution in value of investments</i>	(500,000)	(500,000)
iv. 300,000 (300,000) fully paid up Equity Shares of Rs. 10/- each in Seafood Park (India) Limited	3,150,000	3,150,000
<u>In Case of the Subsidiary</u>		
v. 354,000 (354,000) fully paid up equity shares of Rs.10/- each in Naramada Clean Tech Limited (Formerly known as Bharuch Eco-Aqua Infrastructure Limited)	3,540,000	3,540,000
Aggregate amount of unquoted investments (B)	7,290,000	7,530,000
Aggregate provision for diminution in value of investments Rs. 3,380,000 (Rs. 2,880,000)		
Total Investments (A + B)	7,439,800	7,679,800

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.14 Long-term Loans and Advances

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Unsecured (Considered Good)		
Capital Advance	9,652,370	5,057,337
Advance Tax (net) including tax deducted at source	7,838,415	8,773,957
Others		
- Loan to employees	618,418	682,089
- Deposits	31,290,672	26,654,993
Unsecured (Considered Doubtful)		
Sales Tax Deposit	1,100,494	1,100,494
Less: Provision for doubtful deposits	1,100,494	1,100,494
	-	-
	49,399,875	41,168,376

2.15 Other Non-Current Assets

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Unsecured (Considered Good)		
Balance with banks in deposit accounts (held under lien towards bank guarantee) [See Note 2.15.1]	-	300,000
	-	300,000

2.15.1 Balance with banks in Deposit Accounts represents Rs. 300,000 (Rs. Nil) held as security against Bank Guarantee.

2.16 Inventories

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Raw Materials	143,576,734	100,392,588
Work-in-process	241,351,097	255,430,869
Finished Goods	160,514,563	119,831,319
Stores & Spares	62,061,613	68,665,101
Loose Tools	313,461	278,336
Others - Packing Materials	6,711,698	5,756,850
	614,529,166	550,355,063

2.16.1 Method of Valuation of Inventories - Refer 1(h) of Significant Accounting Policies.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.17 Trade Receivables

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Outstanding for a period exceeding 6 months from the date they are due for payment		
Unsecured, Considered Good	578,059	3,918,157
Unsecured, Considered Doubtful	3,602,320	6,277,556
	4,180,379	10,195,713
Less: Provision for Doubtful Debts	3,602,320	6,277,556
	578,059	3,918,157
Others (Unsecured, Considered Good)	203,365,695	217,863,551
	203,943,754	221,781,708

2.18 Cash and Cash Equivalents

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Balance with Banks		
In Current Accounts (See Note 2.18.1)	10,880,413	10,855,430
In Deposit Accounts (See Note 2.18.2 & 2.18.3)	259,607,435	6,556,468
Cash on hand	975,856	901,712
	271,463,704	18,313,610

2.18.1 Balance with banks in Current Accounts include earmarked balances for unpaid dividend Rs. 1,581,266 (Rs. 1,637,705) and debit balances in overdraft account amounting to Rs.972,987 (Rs. Nil)

2.18.2 Balance with banks in Deposit Accounts include Rs. 5,603,099 (Rs. 6,035,617) with a maturity period of less than 12 months, which are held as security against Letter of Credits/ Guarantee and Buyers Credit and Rs. 182,349,512 (Rs Nil) other short term deposits with a maturity period of less than 12 months

2.18.3 Balance with banks in Deposit Accounts include Rs. 557,137 (Rs.520,851) with a maturity period beyond 12 months, which are held as security against Letter of Credits/ Guarantee

2.19 Short-term Loans and Advances

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
(Unsecured, Considered Good)		
Others:		
- Advances recoverable in cash or in kind or for value to be received.	41,934,522	33,147,151
- Loan to employees	307,387	314,927
- Deposits	775,252	551,107
- Balances with Central Excise, Customs etc.	5,110,245	6,528,037
	48,127,406	40,541,222

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.20 Other Current Assets

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
Interest Receivable	1,704,789	1,017,160
Assets held for sale	12,271,364	12,271,364
Export Incentive: [See Note 2.20.1 & 2.20.2]	55,610,805	46,879,917
Less: Provision for Claims Disputed	17,776,195	9,090,768
	37,834,610	37,789,149
Marked to Market Gain on forward contracts recognised (net)	24,234,055	24,031,644
Others	6,834,084	7,854,234
Total	82,878,902	82,963,551

2.20.1 Export incentive receivable includes Duty Drawback claims amounting to Rs. 17,776,195 (Rs. 9,090,768) taken credit for in prior years not admitted by the Department. In respect of such claims amounting to Rs.6,461,789 (Rs. 6,461,789) during an earlier year, a single bench of the Honourable High Court of Kerala had decided the matter in favour of the company, which however has been challenged by the Department before the division bench of the Hon High Court. In respect of such claims amounting to Rs. 11,314,406 (Rs.2,628,979), the amounts have been withheld by the Central Excise / Customs officials, against which representations have been made before higher authorities. Though the company is hopeful of favourable decisions, provision has been created in the accounts as a matter of abundant caution.

2.20.2 Export incentive receivable includes claims under Duty Entitlement Pass Book (DEPB) Scheme accounted as income for earlier years. The Company had also availed Duty Drawback benefit for the corresponding periods of Rs 4,151,031 (Rs 4,151,031) The Dy. Director General of Foreign Trade vide letter dt 03.10.2011 had informed the company that the dual benefit of DEPB as well as Duty Drawback cannot be allowed and advised that either DEPB benefit or Duty Drawback on the export product may be availed. The company has been legally advised that it is entitled to both benefits as per the relevant regulations, based on which representations have been filed before higher authorities. Though the management is of the opinion that these claims are fully recoverable, provision has been created in the accounts towards Duty Drawback of Rs.4,151,031 (Nil) as a matter of abundant caution and is included in the total amount provided as stated in Note 2.20.1 above.

2.21 Revenue from operations

Particulars	For the year ended 31.03.2016 Rupees	For the year ended 31.03.2015 Rupees
<u>Sale of Products</u>		
Gross Sales	3,609,374,263	3,631,547,736
<u>Other Operating Revenues</u>		
Miscellaneous Sales	33,004,494	38,097,102
Export Incentive [See Note 2.20.2]	38,233,238	30,457,750
Provision / sundry balances written back	-	800,266
Other Miscellaneous Income	27,870,086	-
	99,107,818	69,355,118
	3,708,482,081	3,700,902,854
Less: Excise Duty collected on domestic sales	122,866,975	126,687,199
	3,585,615,106	3,574,215,655

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.22 Other Income

Particulars	For the year ended 31.03.2016 Rupees	For the year ended 31.03.2015 Rupees
Interest Income	9,780,487	1,452,917
Dividend Income from Non Current Investments	27,300	-
Foreign Exchange Rate Variation (net)	13,129,724	19,360,654
Net gain on sale of investments	240,000	-
Other non operating Income	150,000	159,987
	23,327,511	21,059,222

2.23 Cost of materials consumed

Particulars	For the year ended 31.03.2016 Rupees	For the year ended 31.03.2015 Rupees
Opening Stock	100,392,588	75,834,912
Add: Purchases	2,043,782,117	2,027,137,560
	2,144,174,705	2,102,972,472
Less: Closing Stock	143,576,734	100,392,588
	2,000,597,971	2,002,579,884

2.24 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended 31.03.2016 Rupees	For the year ended 31.03.2015 Rupees
Closing Stock		
Finished Goods	160,514,563	119,831,319
Work-in-progress	241,351,097	255,430,869
	401,865,660	375,262,188
Less:		
Opening Stock		
Finished Goods	119,831,319	117,126,112
Work-in-progress	255,430,869	256,769,473
	375,262,188	373,895,585
	26,603,472	1,366,603

2.25 Employee benefits expense

Particulars	For the year ended 31.03.2016 Rupees	For the year ended 31.03.2015 Rupees
Salaries and Wages	255,861,855	223,400,131
Contribution to Provident and Other Funds	25,218,704	25,461,521
Workmen and Staff Welfare Expenses	32,730,697	31,385,045
	313,811,256	280,246,697

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR
THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)**

2.26 Finance costs

Particulars	For the year ended 31.03.2016 Rupees	For the year ended 31.03.2015 Rupees
Interest Expense	70,235,982	92,702,193
	70,235,982	92,702,193

2.27 Other Expenses

Particulars	For the year ended 31.03.2016 Rupees	For the year ended 31.03.2015 Rupees
Consumption of Stores, Spares & Consumables	59,256,959	67,791,815
Packing materials Consumed	34,711,448	46,899,473
Research & Development Expenditure [See Note 2.27.1]	7,545,358	4,971,709
Power, Fuel, Water & Gas	406,374,786	458,103,075
Repairs		
- Building	17,335,093	10,399,667
- Plant & Machinery	92,303,553	88,860,488
- Others	34,210,984	40,480,242
Loading, Transportation and Other charges on products	55,235,549	68,549,992
Freight on Exports	15,546,133	18,630,934
Insurance	7,926,072	8,265,329
Rent	2,107,758	4,248,634
Rates & Taxes	17,519,496	13,746,119
Postage & Telephone	4,736,123	5,713,847
Printing & Stationery	2,014,517	2,153,688
Travelling & Conveyance	34,030,958	35,336,252
Director's sitting fee	750,000	864,000
Payments to the Auditor [See Note 2.27.2]	2,177,782	1,980,246
Advertisement & Publicity	2,502,542	2,772,079
Discount & Commission on Sales	18,007,743	36,877,541
Professional & Consultancy charges	32,812,478	37,111,940
Bank Charges	5,495,746	5,279,351
Miscellaneous Expenses	875,113,054	101,470,528
Expenses on Corporate Social Responsibility activities [See Note 2.27.3]	1,947,550	1,786,059
Loss on sale of assets (Net)	186,051	1,602,063
	941,847,733	1,063,895,071

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.27.1 Details of Research & Development Expenditure

Particulars	For the year ended 31.03.2016 Rupees	For the year ended 31.03.2015 Rupees
Revenue Expenditure		
Salary & Allowances	3,986,172	2,945,683
Other Expenses (Net of recoveries)	3,559,186	2,026,026
	7,545,358	4,971,709

2.27.2 Details of payments to the Auditor

Particulars	For the year ended 31.03.2016 Rupees	For the year ended 31.03.2015 Rupees
a. Statutory Audit Fees	1,057,500	975,000
b. Other Services		
Taxation Matters (Including Tax Audit)	596,925	466,620
Others	474,377	525,523
Reimbursement of Expenses	48,980	13,103
	2,177,782	1,980,246

2.27.4 Details of expenses on Corporate Social Responsibility activities

- a. Gross amount required to be spent by the company during the year Rs.1,923,004 (Rs.1,690,295).
- b. Amount spent during the year on:
- i. Construction/acquisition of any asset Rs. Nil (Nil)
 - ii. On purposes other than (i) above Rs.1,947,550 (Rs 1,786,059)

2.28 Earnings per equity share - Basic & Diluted

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Net Profit /(Loss) after taxation (Rupees)	107,302,802	(14,175,658)
Less : Preference Dividend and tax thereon	9,488,437	
Weighted average number of Equity Shares of Rs. 10/- each (fully paid-up)	9,079,160	9,079,160
Weighted average number of Equity Shares of Rs. 10/- each (fully paid-up) - Diluted	9,079,160	9,079,160
Earnings per share - Basic and Diluted	10.77	(1.56)

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR
THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)**

**2.29 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. Enterprise having substantial interest in the Company and its Subsidiaries

- | | | | |
|----|-------------------------------------|---|---|
| a. | Nitta Gelatin Inc. | - | Enterprise having substantial interest in the Company |
| b. | Nitta Gelatin NA Inc. | - | Subsidiary of Nitta Gelatin Inc. |
| c. | Nitta Gelatin Canada Inc. | - | Subsidiary of Nitta Gelatin Inc. |
| d. | K.T Chandy Seiichi Nitta Foundation | - | Trust controlled by the company |

ii. Associate Company

- | | | | |
|----|------------------------------|---|----------------------------------|
| a. | K K Organics Private Limited | - | Associate Company of the Company |
|----|------------------------------|---|----------------------------------|

iii. Key Managerial Personnel

1. *In case of the Company*

- | | | | |
|----|--------------------|---|--|
| a. | Mr. Sajiv K. Menon | - | Managing Director
Nitta Gelatin India Limited (Holding Company)
(from 01.04.2014) |
| b. | Mr Takeo Yamaki | - | Whole Time Director
Nitta Gelatin India Limited (Holding Company) (w.e.f. 11.07.2014) |

2. *In case of Subsidiaries*

- | | | | |
|----|--------------------|---|--|
| a. | Mr. C. Srikumar | - | Managing Director - Bamni Proteins Limited
(upto 31.03.2014) |
| b. | Mr. M. A. Xavier | - | Managing Director- Bamni Proteins Limited
(w.e.f. 01.04.2015) |
| c. | Mr. B. Shaji Mohan | - | Managing Director - Reva Proteins Limited
(upto 31.12.2014) |
| d. | Mr. T. P. Philip | - | Managing Director - Reva Proteins Limited
(from 01.01.2015) |
| e. | Mr. Noriyuki Tsuji | - | Whole Time Director - Reva Proteins Limited
(from 09.07.2015) |

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

B. Description of Transactions

Nature of Transaction	Associate Company/ Trust controlled by the company	Enterprise having substantial interest in the Company and its Subsidiaries	Key Management Personnel	Total (Rupees)
Sale and Income				
1 Sale of Goods: <i>Nitta Gelatin Inc.</i>		1,146,446,715		1,146,446,715
<i>Nitta Gelatin NA Inc.</i>		(1,190,992,647)		(1,190,992,647)
		536,573,926		536,573,926
		(371,496,988)		(371,496,988)
2 Commission on sales <i>Nitta Gelatin Inc.</i>		1,610,325		1,610,325
<i>Nitta Gelatin Canada</i>		(5,617,385)		(5,617,385)
		9,076		9,076
		-		-
3 <i>GSP duty refund received on exports to related party refunded by them - Nitta Gelatin NA Inc</i>		24,856,306		24,856,306
		-		-
4 <i>Rebate expense no longer payable written back</i>				
<i>Nitta Gelatin Inc</i>		5,959,288		5,959,288
<i>Nitta Gelatin NA Inc.</i>		-		-
		1,715,386		1,715,386
		-		-
5 <i>Capsule consulting fee no longer payable written back</i>				
<i>Nitta Gelatin Inc</i>		2,174,955		2,174,955
		-		-
Purchase and Expenses				
1 Purchase of stock in trade: <i>Nitta Gelatin Inc.</i>		378,256		378,256
		(33,308)		(33,308)
2 Commission expense: <i>Nitta Gelatin Inc.</i>				
- For Sale of Gelatin		296,745		296,745
		(693,181)		(693,181)
- For Sale of Peptide		523,971		523,971
		(472,874)		(472,874)
3 Commission income of earlier year written off <i>Nitta Gelatin Inc</i>		3,239,000		3,239,000
- For Sale of Gelatin		-		-

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

Nature of Transaction	Associate Company/ Trust controlled by the company	Enterprise having substantial interest in the Company and its Subsidiaries	Key Management Personnel	Total (Rupees)
4 Rebate/ Discount expense:				
<i>Nitta Gelatin Inc</i>		7,512,698 (8,334,131)		7,512,698 (8,334,131)
Nitta Gelatin NA Inc		1,072,048 (1,257,731)		1,072,048 (1,257,731)
5 Technical Assistance Fee:				
<i>Nitta Gelatin Inc.</i>		1,876,612 (1,859,083)		1,876,612 (1,859,083)
6. For Quality claims of product				
<i>Nitta Gelatin Inc.</i>		- (17,345,863)		- (17,345,863)
7. Interest expense paid to Nitta Gelatin Inc. on External Commercial Borrowings				
In case of the Company		83,793 -		83,793 -
In case of the subsidiary, Reva Proteins Ltd		2,305,812 -		2,305,812 -
8 Reimbursement of Expenses (Net):				
<i>Nitta Gelatin Inc.</i>		1,042,594 (1,809,592)		1,042,594 (1,809,592)
<i>Nitta Gelatin NA Inc.</i>		- (422,191)		- (422,191)
9 Donations / Corporate Social Responsibility contribution				
<i>K.T Chandy Seiichi Nitta Foundation [See Note 2.27.3]</i>	858,550 (1,143,930)			858,550 (1,143,930)
10 Remuneration to Key Managerial Personnel				
a Managing Director - Holding Company			12,051,094 (11,035,014)	12,051,094 (11,035,014)
b Whole Time director - Holding Company (See Note 2.29.1)			2,522,767 (1,861,429)	2,522,767 (1,861,429)
c Managing Director - <i>In case of Subsidiary, Bamni Proteins Limited</i> <i>In case of Subsidiary, Reva Proteins Limited</i>			2,501,300 (1,328,576) 1,711,547 (436,425)	2,501,300 (1,328,576) 1,711,547 (-)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

Nature of Transaction	Associate Company/ Trust controlled by the company	Enterprise having substantial interest in the Company and its Subsidiaries	Key Management Personnel	Total (Rupees)
d <i>Whole time director - In case of the Subsidiary, Reva Proteins Limited</i>				
<i>Remuneration to wholetime Director [Refer Note 2.29.01]</i>			1,824,253	1,824,253
<i>Remuneration to wholetime Director [Prior to 09.07.2015-Designation held as Executive Vice President (Technical)]</i>			-	-
			163,866	163,866
			-	-
Loans taken from Nitta Gelatin Inc.				
<i>In case of the Company, Nitta Gelatin India Limited.</i>		65,000,000		65,000,000
<i>In case of the Subsidiary, Reva Proteins Limited.</i>		90,000,000		90,000,000
		-		-
Dividend Paid Equity Shares				
<i>Nitta Gelatin Inc.</i>		3,900,300		3,900,300
		-		-
Dividend on Preference shares (proposed)				
<i>Nitta Gelatin Inc.</i>		7,883,512		7,883,512
		-		-
Balances as on 31.03.2016				
Investments				
1 <i>K K Organics Private Limited *</i>	2,880,000			2,880,000
<i>*Provision created for loss in investments Rs. 2,880,000 (Rs. 2,880,000)</i>	(2,880,000)			(2,880,000)
Receivables				
1 <i>Nitta Gelatin Inc.</i>		33,717,206		33,717,206
		(33,175,184)		(33,175,184)
2 <i>Nitta Gelatin NA Inc.</i>		22,524,247		22,524,247
		(5,207,750)		(5,207,750)
Payables				
1 <i>Nitta Gelatin Inc.</i>				
<i>-Term loan (Nitta Gelatin India Ltd.)</i>		65,000,000		65,000,000
		-		-
<i>-Term loan (Reva Proteins Ltd.)</i>		90,000,000		90,000,000
		-		-
<i>-Other payables</i>		10,340,167		10,340,167
		(29,719,987)		(29,719,987)
<i>-Nitta Gelatin NA Inc</i>				
<i>-Other payables</i>		472,732		472,732
		(2,167,753)		(2,167,753)

2.29.1 Remuneration to Whole Time Director includes Rs. 678,343/- provided towards Reimbursement of Social Security Pension Insurance Cost and Health Insurance Cost, is subject to approval of the Share holders under the Companies Act, 2013 which is being sought for at the ensuing Annual General Meeting.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.30 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:

Particulars	Export Rupees	Domestic Rupees	Consolidated Rupees
Segment Revenue (External Sales)	1,792,169,705 (1,846,605,916)	1,694,337,583 (1,658,254,441)	3,486,507,288 (3,504,860,357)
Segment Result	408,908,410 (279,212,963)	201,693,746 (181,265,258)	610,602,156 (460,478,221)
Unallocated Expenditure (Net)			293,680,640 (282,776,879)
Interest Expense			52,607,943 (77,429,399)
Profit / (Loss) before Taxation			264,313,573 100,271,943

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 the Subsidiary Companies:

They are engaged in the manufacture/ job conversion of Ossein and hence have only one business segment.

2.31 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)

2.31.1 Provisions

Nature of Provision	Balance as at 01.04.2015	Additional Provision during the year	Amounts used/ changed during the year	Unused amounts reversed	Balance as at 31.03.2016
Provision for Central Excise Duty. [See Note 2.31.1(i)]	10,393,020 (9,598,921)	657,397 (794,099)	-	-	11,050,417 (10,393,020)
Provision for Central Sales Tax [See Note 2.31.1(ii)]	-	2,874,385 -	-	-	2,874,385 -
Provision for Water Cess	6,183,200 (6,183,200)	-	-	-	6,183,200 (6,183,200)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.31.1(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. 35,074,543 (Rs. 33,409,583), 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 11,050,417 (Rs 10,393,020) as a matter of abundant caution and the balance amount of Rs. 24,024,126 (Rs 23,016,563) has been disclosed as a contingent liability.

2.31.1(ii). The Central Sales Tax authorities had raised demand on assessment for an earlier year amounting to Rs 2,874,385 (Nil) which has been disputed in appeal. Though the management is of the opinion that these demands are not fully sustainable, provision has been created in the accounts for the aforesaid amount as a matter of abundant caution.

2.31.2 Contingent Liabilities not provided for:

Particulars	As at 31.03.2016 Rupees	As at 31.03.2015 Rupees
1. Claims against the Company not acknowledged as debts:		
a. Income Tax [See Note 2.31.2(i)]	34,783,675	67,049,358
b. Value Added Tax/ Central Sales Tax [See Note 2.31.2(ii)]	43,745,239	36,775,140
c. Excise Duty [See Note 2.31.1(i) and 2.31.2.(iii)]	27,419,561	24,156,087
d. Water Cess [See Note 2.31.2(iv)]	65,301,200	65,301,200
2. Foreign Bills Discounted	169,247,046	231,983,217
3. Domestic Bills Discounted	10,417,520	7,994,250
4. Counter Guarantee issued in favour of bankers	6,261,540	10,448,426
Total	357,175,781	443,707,678

2.31.2(i) The Income Tax department has made certain disallowances on assessments completed for earlier years, which are pending on appeal before the first appellate authority. In the opinion of the management no provision is considered necessary for the same at this stage..

2.31.2(ii) The Value Added tax / CST authorities had raised demands on assessment for an earlier year amounting to Rs 4,37,45,259 (Rs 3,67,75,540) which had been disputed by the Company on appeal. Based on legal advice, no provision considered is necessary towards the said claims and the amount involved is disclosed as contingent liability.

2.31.2(iii) Includes demands raised by the Central Excise Authorities (including penalty and interest thereon) for higher excise duties on a product of the company and towards cenvat credits availed aggregating to Rs. 1,661,332 (Rs. 1,139,524) which have been disputed by the company before the appellate authorities, and show cause notices received from such authorities for service tax on certain deemed services and ineligible cenvat credit availed aggregating to Rs. 1,734,103 which have been represented before adjudicating authorities.

2.31.2(iv) During an earlier year, an amount of Rs 71,484,000 was demanded as water cess for extraction of river water for industrial use during the period from 01.04.1979 to 31.12.2010, in accordance with a Government Order issued on 25.07.2009. The company had been legally advised that the demands may not be fully sustainable in law and had filed a writ petition before the Honourable High Court of Kerala against the proceedings, which is pending.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

The company had also made a representation to the Secretary (Water Resources), Government of Kerala which is pending consideration of the Government. Pursuant to discussions with Government authorities, the company had entered into an agreement for payment of such charges for the periods subsequent to 01.01.2011. Further, a provision of Rs 6,183,200 towards disputed charges for the period from 25.07.2009 to 31.12.2010, being periods subsequent to issue of the Government Order, was made in the accounts in an earlier year as a matter of abundant caution.

In the opinion of the management, having regard to the legal advice, no provision is considered necessary for charges for periods from 01.04.1979 to 24.07.2009 amounting to Rs 65,301,200, being periods prior to the issue of the G.O. which has been disclosed as contingent liability.

2.32 Estimated amount of contracts remaining to be executed on capital account:

- a. Company - Rs. 49,233,558 (Rs. 30,470,888)
- b. Bamni Proteins Limited (Subsidiary) - Rs.Nil (Rs. Nil)
- c. Reva Proteins Limited (Subsidiary) - Rs 13,241,504 (Rs.89,000)

2.33 a. In respect of Capital Goods imported at concessional rate of duty under the Export Promotion Capital Goods Scheme, the Company has an export obligation of approximately Rs.1,730,000 (Rs.3,520,000) which is required to be fulfilled at different dates until 2021. In the event of non fulfillment of the export obligation, the Company will be liable for the Customs duties and penalties as applicable.

b. In respect of Raw materials imported at concessional rate of duty under the Advance Authorisation Scheme, the Company has an export obligation of approximately Rs. 251,710,000 (Rs.336,030,000) which is required to be fulfilled at different dates until 2016. In the event of non fulfillment of the export obligation, the Company will be liable for the Customs duties and penalties as applicable.

2.34 In the opinion of the Directors, Short Term Loans And Advances and Other Current Assets, have the value at which they are stated in the Balance Sheet, if realised in the ordinary course of business.

2.35 As a part of company's risk management policy, the exchange risks arising from foreign currency fluctuations are partly hedged by forward contracts, foreign currency packing credit and buyers credit designated as cash flow hedges.

2.35.1 The following are the hedging instruments designated as cash flow hedges entered by the company and outstanding as at Balance Sheet date, determined to be effective hedges:

Particulars	As at 31.03.2016			As at 31.03.2015		
	Foreign Currency	Rupees	Fair Value (Rupees)	Foreign Currency	Rupees	Fair Value Rupees
Export transactions:						
a) Forward contracts (USD)	16,300,000	1,107,916,338	1,132,150,393	12,041,768	767,924,955	791,403,126
b) Foreign currency packing credit and buyers credit:						
USD	5,827,547	380,125,292	389,105,323	-	-	-
EURO	79,503	5,873,015	6,024,734	-	-	-

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.35.2(i) Hedged foreign currency exposures as at Balance Sheet date

Particulars	As at 31.03.2016		As at 31.03.2015	
	Foreign Currency	Rupees	Foreign Currency	Rupees
Receivables	-	-	215,330	13,389,219

2.35.2 (ii) Un hedged foreign currency exposures as at Balance Sheet date

Particulars	For the year ended 31.03.2016		For the year ended 31.03.2015	
	Foreign Currency	Rupees	Foreign Currency	Rupees
Receivables				
USD	1,011,197	66,607,550	775,151	48,198,865
EURO	172,000	12,745,200	97,620	6,524,921
GBP	-	-	64,000	5,859,840
Payables				
USD	202,958	13,551,535	2,380,953	150,136,794
CAD	-	-	33,500	1,827,359
EURO	16,958	1,287,351	17,888	1,223,897
Japanese YEN	2,741,730	1,605,543	24,768,224	13,129,791

Additional Information:

2.36 Turnover and Opening and Closing stock

Particulars	Sales Rupees	Closing Inventory		Opening Inventory	
		Rupees		Rupees	
		Finished Goods	Work in progress	Finished Goods	Work in progress
Ossein	656,605,923	81,109,903		46,648,719	
	(773,042,567)	(46,648,719)		(34,580,813)	
Dicalcium Phosphate	577,848,522	3,706,576		3,597,297	
	(571,310,275)	(3,597,297)		(10,378,565)	
Gelatin	1,912,164,523	30,579,465	218,076,316	22,100,602	234,421,184
	(1,795,850,327)	(22,100,602)	(234,421,184)	(13,323,158)	(233,438,845)
Collagen Peptide	194,374,247	28,299,882		40,363,284	
	(272,947,848)	(40,363,284)		(52,290,246)	-
Others	145,514,073	16,818,737	23,274,781	7,121,417	21,009,685
	(91,709,520)	(7,121,417)	(21,009,685)	(6,553,330)	(23,330,628)
	3,486,507,288	160,514,563	241,351,097	119,831,319	255,430,869
	(3,504,860,537)	(119,831,319)	(255,430,869)	(117,126,112)	(256,769,473)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.37 Particulars of raw materials consumed during the year

Particulars	For the year ended 31.03.2016		For the year ended 31.03.2015	
	Value (Rs.)		Value (Rs.)	
Crushed Bone	1,614,010,819		1,491,271,204	
Ossein	12,368,062		131,043,748	
Hydrochloric Acid	56,943,022		78,445,206	
Hydrated Lime	47,157,380		56,325,620	
Limed Ossein	94,853,739		7,345,522	
Others	175,264,949		227,618,720	
	2,000,597,971		1,992,050,020	

2.38 Breakup of Consumption

Particulars	For the year ended 31.03.2016		For the year ended 31.03.2015	
	%	Amount (Rs.)	%	Amount (Rs.)
Raw Materials				
Imported	2.98	59,545,467	5.18	103,735,099
Indigenous	97.02	1,941,052,504	94.82	1,898,844,785
Total	100.00	2,000,597,971	100.00	2,002,579,884
Stores & Spares *				
Imported	5.97	6,812,292	4.56	5,793,415
Indigenous	94.03	107,377,260	95.44	121,160,766
Total	100.00	114,189,552	100.00	126,954,181
*Debited under Stores & Spares Consumed		59,256,959		68,189,119
*Debited under Repairs & Maintenance		54,932,593		58,765,062
		114,189,552		126,954,181

2.39 1. CIF Value of Imports

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
	Rupees	Rupees
Raw Materials	29,775,394	118,873,619
Packing Materials	1,579,387	949,659
Components, Stores and Spares	4,721,399	5,320,745
Capital Goods	10,758,820	-
	46,835,000	125,144,023

2. Expenditure in foreign currency on account of :

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
	Rupees	Rupees
Professional, Consultation fee and Interest	3,873,142	5,176,412
Other Matters (including travel)	8,943,360	26,171,990
	12,816,502	31,348,402

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

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

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
i. No. of non-resident shareholders to whom dividend was remitted	1	-
ii. No. of shares held by them	3,900,300	-
iii. Year to which the dividend related	2014-15	-
iv. Amount remitted (Rupees)	3,900,300	-

4. Earnings in Foreign Exchange

Particulars	For the year ended 31.03.2016 Rupees	For the year ended 31.03.2015 Rupees
Export of goods calculated on FOB basis	1,776,316,342	1,827,480,761
Commission	1,610,325	5,617,385
GSP Duty refund received	24,856,306	-
	1,802,782,973	1,833,098,146

2.40 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Name of the Entity	For the year ended 31.03.2016 Net Assets ie, Total Assets - Total Liabilities		For the year ended 31.03.2015 Net Assets ie, Total Assets - Total Liabilities	
	As a % of consolidated net assets	Amount - Rs	As a % of consolidated net assets	Amount - Rs
Parent company	78.5%	1,051,667,236	78.60%	896,986,014
Subsidiaries:				
a) Bamni Proteins Limited	3.00%	40,240,887	2.60%	29,638,107
b) Reva Proteins Limited	15.67%	209,820,431	13.57%	154,984,635
Minority interests in all subsidiaries	2.83%	37,957,806	5.23%	59,638,561
Total	100%	1,339,686,360	100%	1,141,247,314

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 (CONTD.)

Name of the Entity	For the year ended 31.03.2016 Share in Profit or (Loss)		For the year ended 31.03.2015 Share in Profit or (Loss)	
	As a % of consolidated Profit or (Loss)	Amount - Rs	As a % of consolidated Profit or (Loss)	Amount - Rs
Parent company	194.88%	166,864,226	142.28%	51,019,943
Subsidiaries:				
a) Bamni Proteins Limited	12.38%	10,602,780	(12.60%)	(4,517,527)
b) Reva Proteins Limited	(81.94%)	(70,164,204)	(169.21%)	(60,678,070)
Minority interests in all subsidiaries	(25.32%)	(21,680,755)	(60.47%)	(21,682,415)
Total	100.00%	85,622,047	100.00%	(35,858,073)

Note:

2.40.1 As stated in Note 1(a) the financial information of the Associate company K.K Organics Private Limited has not been considered for consolidation purpose, for the reasons stated therein.

2.40.2 The amounts stated above have been considered from the respective financial statements of the companies, without adjusting the intercompany transactions

2.41 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.

As per our 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	P. H. KURIAN IAS Chairman DIN : 00027596 RADHA UNNI Director DIN : 03242769 A. K. NAIR Director DIN : 00009148	SAJIV K. MENON Managing Director DIN : 00168228 DR. K.CHERIAN VARGHESE Director DIN : 01870530 RAYMOND MERZ Director DIN : 07498918	T. YAMAKI Director DIN : 02669053 K. L. KUMAR Director DIN : 00004804 SAHASRANAMAN P. Chief Financial Officer	G. RAJESH KURUP Company Secretary
Place: Kochi Date: 06.05.2016				

ATTENDANCE SLIP



NITTA GELATIN INDIA LIMITED

(CIN : L24299KL1975PLC002691)

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

Tel : 0484 - 3099444, Fax : +91 484 210568,

Web : www.gelatin.in, email : ro@nittagelindia.com

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

Name and Address :

Folio No./DP ID & Client ID

Member

Holding

Proxy

I hereby record my presence at the FOURTIETH ANNUAL GENERAL MEETING

**SIGNATURE OF THE
SHAREHOLDER / PROXY**

Note:

1. The Proxy form duly completed, is to reach the Registered Office of the company not less than 48 hours before the time for holding the meeting. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. Members attending the Annual General Meeting are requested to bring with them the following:
 - a. Copy of the Annual Report and Notice as no copies thereof would be distributed at the meeting.
 - b. The attendance slip duly completed and signed in terms of specimen signature lodged with the company. The company would accept only the attendance slip from a member actually attending the meeting or from the person attending as a duly registered proxy. Attendance slip of members not personally present at the meeting or relating to proxies which are invalid, will not be accepted from any other member/person. Please avoid being accompanied by non members.
3. As per Section 118 (10) of the Companies Act, 2013 (The Act) read with section 121 of the Act and Rule 31 (c) (V) of the Companies (Management and Administration) Rules, 2014, **'No gifts, gift coupons or cash in lieu of gifts shall be distributed to members at or in connection with the meeting'**

**Form No. MGT-11
Proxy form**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L24299KL1975PLC002691
Name of the company : Nitta Gelatin India Ltd
Registered office : 54/1446, Panampilly Nagar, Kochi - 682036

Name of the member (s) :
Registered address :
E-mail Id :
Folio No/ Client Id :
DP ID :

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name:
Address:
E-mail Id:
Signature:....., or failing him

2. Name:
Address:
E-mail Id:
Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 40th Annual General Meeting of the company, to be held on Wednesday the 3rd day of August 2016 At 12.00 noon at **Kerala Fine Arts Hall, Fine Arts Avenue, Pallimukku, Cochin - 682 016** and at any adjournment thereof in respect of such resolutions as are indicated below: (✓)

Resolution Item No.	
1.....	4.....
2.....	5.....
3.....	6.....
	7.....

Signed this..... day of..... 20....

Signature of shareholder :
Signature of Proxy holder(s) :



Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

