



*live life to the fullest*

**42<sup>nd</sup>**  
**Annual Report**  
**2017-2018**

# *In Memoriam...*



*We salute the pioneering effort of Mr. Seiichi Nitta who along with Mr. K.T Chandy sowed the seed for a Joint Venture Project in a remote hamlet in Kerala. Nitta Gelatin India Limited is today a testimony to his visionary zeal.*

*Mr. Seiichi Nitta who passed away on March 29, 2018 leaves behind fond memories of his association with Nitta Gelatin India Limited and the State of Kerala.*

*In this picture, Mr. Seiichi Nitta is seen holding the 'Distinguished Friend of Kerala' Award presented to him on October 28, 2009 by the Government of Kerala in recognition of his invaluable contribution to the Industrial growth of the State.*

**NITTA GELATIN INDIA LIMITED**  
(CIN : L24299KL1975PLC002691)



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## Annual Report 2017-18

### BOARD OF DIRECTORS

**Chairman** : **DR. K. ELLANGO VAN, IAS**  
**Directors** : **KOICHI OGATA**

**Dr. M. BEENA, IAS**

**A. K. NAIR**

**K. L. KUMAR**

**RADHA UNNI**

**Dr. NAOTOSHI UMENO**

**Dr. K. CHERIAN VARGHESE**

**Dr. SHINYA TAKAHASHI,**

Director (Technical)

**Managing Director** : **SAJIV K. MENON**

Chief Financial Officer : P. Sahasranaman

Company Secretary : G. Rajesh Kurup

Statutory Auditors : Walker Chandiok & Co. LLP  
Kochi

Secretarial Auditor : Abhilash Nediyaalil Abraham.

Bankers : State Bank of India

Canara Bank

State Bank of Travancore

HDFC Bank Ltd.

YES Bank

IDBI 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.

*Dear Shareholders*



**KOICHI OGATA**  
PRESIDENT



Greetings from Nitta Gelatin Inc., Japan !

Nitta Gelatin Inc., is all set to celebrate 100 years of our existence in 2019. This has been a journey full of opportunities and challenges and it is indeed a matter of pride that the Nitta Gelatin Group has emerged as one of the largest players in the Gelatin industry globally with a presence in all major markets. Our products are known for the highest standards of quality and meet the exacting demands of our discerning customers worldwide.

The saga of the Nitta Gelatin group is a story of our ability to reinvent and transform ourselves and to align with the market requirements. From a producer of glue during the initial years, we oriented ourselves to meet the high standards of the photography industry for their gelatin requirement and later once again repositioned ourselves to cater to the needs of the food and pharmaceutical industry. All of this has been possible due to the strong foundation that we have built for ourselves, our ability to adapt to changes in the environment, a passion for technology and a strong focus on the customer.

Nitta Gelatin India Limited has played a key role in this growth story and has emerged over the last 40 years as the leading player in the Gelatin industry in India, with its products reaching many markets worldwide. Nitta Gelatin India Limited has built up the business with strong support from The Kerala State Industrial Development Corporation Limited and the Nitta Gelatin group, making substantial investment for the growth of its business. As we gear ourselves up for the next 100 years, we are confident that Nitta Gelatin India Limited will continue to play a pivotal role in the growth of the Nitta Gelatin group.

I take this opportunity to reiterate the support of Nitta Gelatin Inc., Japan for the growth of Nitta Gelatin India Limited and its subsidiary companies in India and am confident that the Nitta Gelatin India Limited can look forward to sustained and profitable growth in the years ahead.

*Koichi-Ogata*  
**KOICHI OGATA**

**Nitta Gelatin Inc.**

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



**DR. K. ELLANGOVAN, IAS**  
Principal Secretary  
(Industries & NORKA)



I am glad that NGIL has become the largest producer of Gelatin in India during the year, successfully marketing its products to many developed countries including the USA and Japan. The Company is a shining example of successful Public Private Partnership with a long standing and successful track record of profit and growth .

The Government of Kerala has launched a number of initiatives to enhance the ease of doing business in Kerala. It is the Government's endeavour to provide and promote a robust and enabling industrial eco-system for companies to operate successfully in Kerala and I am sure that these steps will further enhance the performance of Nitta Gelatin India Limited in the years ahead.

Nitta Gelatin India Limited has had a successful track record of over four decades and has been constantly investing in both technology upgradation and expansion with a clear focus on protecting the environment in which the factories operate. The effort made by the Company towards identifying and implementing various Corporate Social Responsibility projects is commendable as such projects have been making an impact on the life of the communities surrounding its manufacturing locations. I am sure the Company will continue to focus on building an even stronger presence in the industry while discharging its role as a responsible corporate citizen.

The Government of Kerala and the The Kerala State Industrial Development Corporation Limited (KSIDC) are indeed proud of its relationship with our Japanese collaborator, Nitta Gelatin Inc. and the success of this partnership. KSIDC will continue to support all efforts of the Company to ensure its profitable and sustainable growth in the years ahead.

*K. Ellangovan*  
**K. ELLANGOVAN**

**Industries & NORKA**  
**Government of Kerala**  
**Thiruvananthapuram - 695 001, Kerala**

## *Board of Directors*



Dr. K. Ellangovan, IAS  
Chairman



Sajiv K. Menon  
Managing Director



Dr. Shinya Takahashi  
Director(Technical)



Dr. M. Beena. IAS  
Director



Koichi Ogata  
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)

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17#	2017-18#
Total Income	18645.02	19479.94	20638.94	24694.12	30897.61	28936.04	36115.70	36098.51	33851.85	32884.82
Sales*	18247.75	18940.60	19650.08	23810.08	29714.01	28030.33	34857.35	34706.54	31999.09	31835.86
Exports (FOB)	10141.82	9476.42	10092.68	13829.03	15620.93	16296.11	18274.81	17763.16	16534.72	15126.32
Pre-tax Profit / (Loss)	2466.38	3076.36	251.45	653.48	2613.01	(731.05)	1002.72	2643.13	3183.26	2234.37
Profit / (Loss) after tax	1501.94	2546.14	189.15	508.08	1558.30	(495.92)	510.20	1668.24	2048.67	1457.26
Total Comprehensive Income	-	-	-	-	-	-	-	-	2109.08	1386.73
Earning per share (Rs.)	17.88	30.31	2.25	6.05	17.35	(5.47)	5.62	17.33	23.23	15.27
Dividend per share (Rs.)	3.00	6.00	4.00	4.00	4.00	0.00	1.00	2.50	2.50	2.5 ##
Reserves, Retained Earnings and other Equity	7984.09	9942.52	9739.87	9857.44	11070.49	10634.70	11252.07	12468.89	13009.86	14020.66
Share Capital	840.00	840.00	840.00	840.00	840.00	907.92	907.92	2487.92	907.92 \$	907.92 \$
Shareholders' Funds	8824.09	10782.52	10579.87	10697.44	11910.49	11542.62	12159.99	14956.81	13917.77	14928.57
Return on Equity (%)	17.02	23.61	1.79	4.75	13.08	(4.30)	4.20	11.16	14.72	9.76
Book Value / Share (Rs.)	105.05	128.36	125.95	127.35	141.79	127.13	133.93	147.34	153.29	164.43
Gross Block	13609.38	14336.36	15674.24	16299.51	17106.60	19515.84	20836.92	21817.54	22528.49	23487.77
Net Block	5756.45	6297.74	6813.56	6867.78	6794.23	8158.60	7727.07	8027.28	7653.77	7917.47

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

# Figures are as per INDAS compliant Financial Statements

## As proposed , subject to approval by the shareholders in the General Meeting

\$ Preference share capital - Rs. 1580 lakhs is reclassified to Other Equity and Long Term Borrowings from F Y -2016-17

## NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN that the 42<sup>nd</sup> Annual General Meeting of the members of Nitta Gelatin India Limited will be held on **Friday, the 03<sup>rd</sup> August, 2018 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 the Audited Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March 2018, 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 31<sup>st</sup> March 2018, together with the Report of the Auditors thereon
2. To declare Dividend on Optionally Convertible Preference Shares - 929412 Shares of Rs.170/- each @5.4029% p.a. absorbing an amount of Rs. 85,36,584.00 (excluding Dividend Tax).
3. To declare Dividend on Equity Shares.
4. To appoint a Director in place of Mr. Koichi Ogata (DIN : 07811482) who retires by rotation and being eligible, offers himself for re-appointment
5. To ratify appointment of Auditors 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(1), Section 142 and other applicable provisions, if any, of the Companies Act, 2013, Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and the decision taken by the Shareholders at the Annual General Meeting held on 24<sup>th</sup> June, 2017, appointment of M/s. Walker Chandiok & Co LLP (WCC LLP) Chartered Accountants (Firm Registration No:001076N/N500013) as Statutory Auditors of the Company to hold office until conclusion of the 46<sup>th</sup> Annual General Meeting relating to the Financial Year 2021-22, be ratified by the Shareholders of the Company with respect to rest of the term originally approved, at such remuneration as agreed by the Directors from time to time.”

### SPECIAL BUSINESS:

#### 6. **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 an 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 Nitta Gelatin Inc, Japan, and Nitta Gelatin NA Inc., USA, Reva Proteins Limited and Bamni Proteins Ltd with whom the Company has common directorship to sell, purchase, or supply any goods or material and to avail or render any service of any nature, whatsoever, as Board in its discretion may 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 thing that may be necessary, proper, expedient or

incidental thereto for the purpose of giving effect to this Resolution”.

By Order of the Board,

Kochi  
04.05.2018

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 28<sup>th</sup> July, 2018 to 03<sup>rd</sup> August, 2018 (both days inclusive) to determine the members, entitled to receive dividend which will be declared at the Annual General Meeting.
5. The dividend, if declared at the meeting will be paid on or after 10<sup>th</sup> August, 2018 to those Shareholders whose names appear on the Register of Members as on Record date.
6. Members holding shares in the same name or same order under different ledger folios are requested to apply for clubbing into one folio
7. Members are requested to notify the Registrar and Share Transfer Agent 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.
8. The Company has appointed Cameo Corporate Services Limited, “Subramanian Building”, 1, Club House Road, Chennai-600 002, as the Registrar and Share Transfer Agent of the Company to deal with the physical as well as electronic share registry.
9. Members are requested to notify immediately any change in their address to the Registrar and Share Transfer Agents at their address as given above in the case of physical holdings and to their respective Depository Participant in case of demated shares.
10. Members may kindly update their email address with the Company/ Registrar Cameo Corporate Services such that correspondence reach you without fail.
11. Members are requested to furnish details of their nominee in the nomination form that can be obtained from the Company on request.
12. 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.
13. Members are requested to note that trading of Company's shares through Stock Exchanges is 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.
14. Members attending the Annual General Meeting are requested to bring with them the ATTENDANCE SLIP sent along with the Annual Report.
15. The business also to be transacted through electronic voting system and the Company is providing facility for voting by electronic means including remote e voting.
16. As per the applicable provisions and rules thereunder any Dividend remaining unpaid and unclaimed at the end of 07<sup>th</sup> year thereafter, shall be transferred to the Investor Education and Protection Fund (IEPF). Accordingly, the Dividend paid during the year 2010-11 and remaining unpaid and unclaimed shall be transferred to IEPF fund by 19<sup>th</sup> August, 2018.
17. 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



## 18. 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 this Annual General Meeting (AGM)). 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, 2018 as the cutoff 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:

<b>Commencement of remote e-voting</b>	<b>End of remote e-voting</b>
<b>Tuesday, 31<sup>st</sup> July, 2018 at 9:00 a.m</b>	<b>Thursday, 02<sup>nd</sup> August, 2018 at 5:00 p.m</b>

During this period, members of the Company may cast their vote electronically. The remote e-voting 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 27<sup>th</sup> July, 2018.

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](http://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](http://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, please follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• 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 .</li> <li>• 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.</li> </ul> <p>eg.: If your name is Ramesh Kumar with Sequence Number 1 then enter RA00000001 in the PAN field.</p>
Dividend Bank Details OR Date of Birth (DOB)	<p>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.</p> <p>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.</p>

- (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 remote 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 Playstore. 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.) 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](mailto: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](mailto: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 favor 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](http://www.evotingindia.co.in) under help section or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- The Company has appointed Mr Abhilash Nediyaalil Abraham (M No.22601 and C.P No.14524) as the Scrutinizer for conducting the remote e-voting process in fair and transparent manner..
- The Scrutinizer 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 scrutinizer's report on the total votes cast in favor 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](http://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: 6 - 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 govern the Related Party Transactions, require 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, amended, if the value of the sale transactions together with the value of

transactions entered so far during the year amounts to 10% or more of the turnover of the Company as per the previous audited financial statement in respect of Related Party or Rupees One Hundred Crores whichever is lower, 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 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended, even if the related party transaction is material by reason that it amounts to 10% or more of the annual consolidated turnover (taken individually or together), only an approval by way of Ordinary Resolution, need be obtained from the Shareholders of the Company.

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 01.10.2018 to 30.09.2019.

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 kind perusal of members approval:

### PARTICULARS OF RELATED PARTY TRANSACTIONS PROPOSED TO BE ENTERED DURING 01.10.2018 TO 30.09.2019 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	Koichi Ogata	Director & Executive Officer, Nitta Gelatin Inc., Japan	Sale of Goods	01.10.2018 to 30.09.2019	15000
	Dr. Shinya Takahashi	Nominee of Nitta Gelatin Inc., Japan	Availing of services	01.10.2018 to 30.09.2019	300
Nitta Gelatin NA Inc., USA	Koichi Ogata	Director & Executive Officer, Nitta Gelatin Inc, Japan	Sale of Goods	01.10.2018 to 30.09.2019	12000
	Dr. Shinya Takahashi	Nominee of Nitta Gelatin Inc, Japan	Availing of services	01.10.2018 to 30.09.2019	150

Name of Re- lated Party	Director / KMP related	Nature of Relationship	Nature of Transaction	Period of Transaction	Maximum value of Transaction (Rs. in lakhs)
Reva Proteins Ltd.	Sajiv K. Menon	Managing Director, Nitta Gelatin India Ltd.	Sale of Goods	01.10.2018 to 30.09.2019	8000
	K. L. Kumar	Director, Nitta Gelatin India Ltd.			
	Dr Shinya Takahashi	Nominee of Nitta Gelatin Inc, Japan	Sale of Goods	01.10.2018 to 30.09.2019	8000
Bamni Proteins Ltd	Sajiv K Menon	Managing Director, Nitta Gelatin India Ltd	Sale of Goods	01.10.2018 to 30.09.2019	8000
	Dr Shinya Takahashi	Nominee of Nitta Gelatin Inc, Japan			

Members are hereby informed that pursuant to second proviso of Section 188(1) of the Act, no member of the Company shall vote on such Resolution, to approve any contract or arrangement which may be entered into by the Company, if such member is a related party.

The Board of Directors of your Company has approved this item and recommends the resolution as set out in the notice for approval of members of the Company as Ordinary Resolution.

Except Promoter Directors (to the extent of shareholding 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,

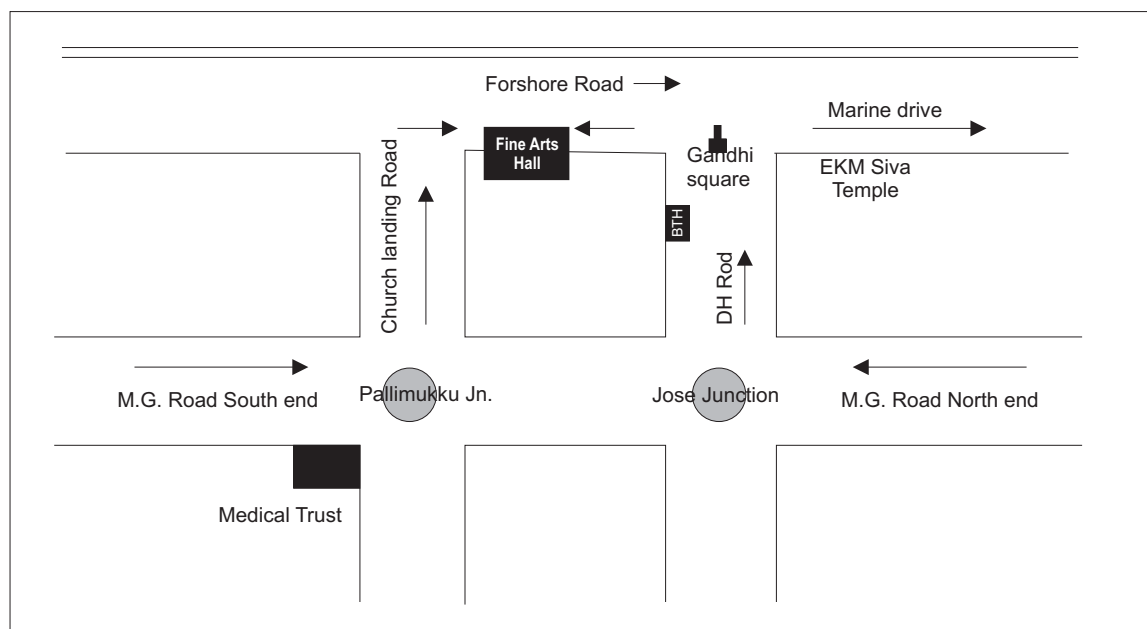
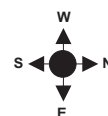
Kochi  
04.05.2018

G. Rajesh Kurup  
Company Secretary  
M.No: A8453

**DETAILS OF DIRECTORS SEEKING APPOINTMENT/APPROVAL OF TERMS OF APPOINTMENT AS REQUIRED UNDER REGULATION 36(3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015.**

<b>Name</b>	<b>Koichi Ogata</b>
Age (Years)	60
Nationality	Japanese
Date of appointment	09.05.2017
Qualification	Bachelor of Science, Tohoku University
Expertise	President of NGI, Japan
Other Directorships excluding Foreign Companies	NIL
Member / Chairman of committees of other companies	Nil
Relationship, if any, between Directors interse.	Nil
Shareholding in the Company	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 42<sup>nd</sup> Annual Report and audited financial statements for the year ended 31st March, 2018.

The Statement of Accounts have been prepared in accordance with Indian Accounting Standards (IND AS) which have been made applicable to the Company w.e.f. 1<sup>st</sup> April, 2017 as per the Rules laid down in this regard. Accordingly, accounts of the Company have been restated w.e.f. 1<sup>st</sup> April, 2016 (being comparative year for the current financial year) as per the IND AS requirements.

### FINANCIAL HIGHLIGHTS

(Rs. in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Sales (including export incentives and net of Excise Duty, VAT/GST)	326.44	340.79
Other Income	4.37	9.36
<b>TOTAL</b>	<b>330.81</b>	<b>350.15</b>
<b>Gross Profit before Depreciation</b>	34.26	42.31
Deducting therefrom:		
Depreciation	11.91	10.48
Provision for Tax -		
- Current Tax	10.95	8.91
- Deferred Tax	(3.17)	2.43
<b>Profit after Tax from continuing operations</b>	14.57	20.49
<b>Other comprehensive income (net of tax)</b>	(0.70)	0.60
<b>Total comprehensive profit for the year</b>	13.87	21.09
<b>Profit brought forward from previous year</b>	14.68	3.87
<b>Balance Profit available for appropriation</b>	29.25	24.36
<b>Appropriations :</b>		
Dividend on Optionally Convertible Preference Shares	0.85	0.79
Final dividend on equity shares at 25%	2.27	2.27
Tax on dividend	0.64	0.62
Transfer to General Reserve	-	6.00
Balance profit carried forward to next year	25.49	14.68
<b>Earnings per share (Rs.)</b>		
Basic	15.27	23.23
Diluted	15.27	23.23

### DIVIDEND

The Board has recommended a dividend @5.4029 % p.a. for the year ended 31<sup>st</sup> March, 2018 on the 929,412 Optionally Convertible Preference Shares of face value of Rs. 170/- each, subject to approval of the members at the ensuing Annual General Meeting, .

Considering the Company's performance and financial position for the year under review, the Board has also recommended a dividend of Rs. 2.5 per share i.e. 25% of the face value of Rs. 10/- per share on the Equity Capital for the year ended 31<sup>st</sup> March, 2018, subject to approval of the members at the ensuing Annual General Meeting.

Together with Corporate Tax on dividend, the total outflow on account of dividend will be Rs. 376.55 lakhs including Rs. 85.36 lakhs on Preference Shares (Rs. 85.36 lakhs for the financial year 2016-17), vis-à-vis Rs. 375.93 lakhs paid for the financial year 2016-17 (paid in 2017-18).

During the year, unclaimed dividend of Rs. 3.86 lakhs pertaining to the year ended 31<sup>st</sup> March, 2010 was transferred to the Investor Education & Protection Fund after giving due notice to the members. Besides, upon complying with statutory formalities prescribed under the IEPF (Accounting, Audit, Transfer and Refund) Rules, 23706 shares corresponding to 171 holdings (records) which represent holdings with respect whereof dividend was not claimed and paid for a consecutive period of seven years, were transferred to the account of IEPF Authority, maintained with National Securities Depository Limited (NSDL) and the fact of the same was also apprised to the Board (Agenda 252.08 I) at its meeting dated 03-02-2018.

### **SHARE CAPITAL**

The Authorised Share Capital of your Company is Rs. 358,000,040/- (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). Nitta Gelatin Inc., (NGI) Japan had not exercised the option to convert the OCPS shares into Equity Shares at the end of 18 months from date of its allotment as per terms of the issue.

### **RESERVES**

No amount is transferred to General Reserve during the year as transfer of profit to Reserve Rules for declaration of Dividend is no longer in force. The Company has provided for an amount of Rs. 17.04 crores towards impairment in value of investments made in Reva Proteins Ltd. on account of accumulated losses in the said Company caused mainly due to restrictions in effluent discharge which have impacted the capacity utilization levels significantly. Such impairment provision is adjusted in the credit balance in the Profit and Loss account as stipulated by transitional provisions of IND AS. Reserves as on 31.03.2018 comprises of Security

Premium Reserve of Rs. 2895.90 lakhs, equity contribution on External Commercial Borrowings and Preference Share Capital Rs. 664.95 lakhs, Special Export Reserve of Rs. 79.00 lakhs, General Reserve of Rs. 7836.64 lakhs, credit balance in the Profit and Loss Account of Rs. 2549.05 Lakhs and other comprehensive income reserve of (Rs. 4.89) lakhs aggregating to Rs. 14020.65 lakhs.

### **PARTICULARS OF LOANS, GUARANTEES & INVESTMENTS**

No Corporate Guarantee was provided during the year. However, the Company has received a request for providing Corporate Guarantee from Bamni Proteins Ltd. (Subsidiary Company) to the lenders towards its borrowings for working capital requirement to the extent of Rs. 750 lakhs and from Reva Proteins Ltd. (Subsidiary Company) towards its short terms working capital requirements to the tune of Rs. 500 lakhs.

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 31<sup>st</sup> March, 2018.

### **PERFORMANCE**

The gross revenue from operations of your Company during the year under review was Rs. 326.44 crores. There was decrease in unit sales realisation per unit of Gelatin in line with the decline in Gelatin prices worldwide which impacted the gross revenue from operations. Though there was decrease in sales realization of Gelatin, an exception was with respect to Collagen Peptide where there was increase in unit sales price.

The District Administration of Thrissur District, where one of the plants of the Company is situated, had ordered reduction in drawal of water by 80% for the period commencing from February 2017 and until the onset of monsoon, as a fall out of deficient monsoon in January 2017. This has affected the operations of the Ossein Division of the Company in the 1<sup>st</sup> quarter impacting revenue. Though the Company could manage to sustain the operations of Gelatin plant by procuring Ossein from the local manufacturers, the resultant higher cost of operations has impacted the operational results of the Company in the said quarter. In addition crushed bone charging was stopped from 23<sup>rd</sup> October, 2017 to 15<sup>th</sup> November, 2017 due to sabotage on the outlet effluent pipeline leading to restriction in discharge of effluent water. A stone grinder (ural) was removed from the pipeline with the help of the Government and the local police.

During the year, approval was received from the Irrigation Dept., Govt. of Kerala for rerouting the effluent pipeline at Ossein Division which was passing through a private property and was subjected to frequent attacks by the agitators for disrupting the Company's operations. Accordingly, the Company has rerouted the effluent pipeline by by-passing the private property, in the month of January 2018.

With some of the Gelatin plants not in full scale operation during the year and the resultant low demand for crushed bone, crushed bone prices have decreased by 13% during 2017-18 as compared to the previous fiscal. However, the per unit price realization has come down for Ossein by around 6%, DCP by 3%, Gelatin by 5% during the year due to lower crushed bone prices. The sales of Collagen Peptide had witnessed a revival; however supply of raw material - fish protein - on account of regulatory issues / clearances continued to pose a challenge to the Company in terms of customer serviceability. The strengthening of the Rupee against USD during 2017-18 as compared to 2016-17 has also contributed to lower sales realisation on exports.

Despite the reduction in prices as explained above, the total sales turnover could be maintained with improvement in volume of sales on all the products except Gelatin (sales volume of Gelatin has declined by 2% during the year).

The decrease in price of crushed bone (though its poor quality continues to be a major concern) has helped the Company in maintaining profitability during the year.

In the backdrop of this situation, 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 has increased due to maintenance issues in wood fired boilers but at the same time, efficiency of wood fired boilers has improved. There was significant reduction in power cost also as a result of various cost control measures in both the Divisions of the Company. Though the price of LNG, firewood and furnace oil has increased during the year, cost control measures helped the Company to keep the costs under control. Factory overheads witnessed cost increase due to the comprehensive annual shut down taken in Gelatin Division during the year and the disposal costs incurred for clearing the settled sludge in the aeration tanks of effluent treatment plant of both the Divisions. Administration overheads could

be maintained at last year levels by establishing appropriate controls.

With regard to finance cost, Company could effectively leverage low cost foreign currency loans though interest rates based on LIBOR has gone up to 2.30% from 1.30% during the course of the year.

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 a saving of Rs. 0.48 crores during the year under review.

As a result of the above, the operations of the Company for the year 2017-18 have resulted in a pre-tax profit of Rs. 22.34 crores (negative impact of Rs. 6.67 crores due to restatements on account of changes in accounting treatment as well as Ind AS Accounting adjustments) as against Rs. 31.83 crores (which included Rs. 4.08 crores towards restatement of foreign exchange gains made during the year 2016-17 on account of change in accounting treatment.), in spite of the disruption in operations in Ossein Division in Q1 of the financial year. The results of the financial year 2016-17 have been restated in accordance with IND AS Accounting Standards during the financial year 2017-18.

The products of your Company continued to enjoy robust market demand during the year under review. The entire sale of Ossein / Limes Ossein, 46.08% of the total sale of Gelatin and 47.80% of Collagen Peptide was through exports. Your Company has arrangements with its overseas promoter, 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, Thrissur 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 Thrissur District did not renew the factory license for its Ossein Plant at Koratty for the year 2017-18 and the Company have moved the matter before the High Court of Kerala. The Court has ordered status quo in the matter till final disposal of the writ petition filed by the Company. In addition, during the year Company has also applied for Panchayat Licence for the financial year 2018-19 which was

also rejected by the Panchayat. The High Court has stayed the operation of the Panchayat's orders upto 8<sup>th</sup> June, 2018. The last 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.

The National Green Tribunal (NGT) has passed an order dated 27.02.17, disposing different applications moved before that honorable forum challenging the operations of the Company as violative of the environmental regulations in force. The NGT while disposing of the application has concluded that on the analysis of the entire facts and materials that

- there is no material to establish that the industry has discharged sludge along with the treated liquid effluent into the Chalakkudy river.
- The sludge generated by the industry is non-hazardous and non-toxic.
- The effluent treatment plant is functioning efficiently and as of now the discharge of the treated effluent from the ETP to the Chalakkudy river has no adverse impact on the river water or the ground water.

However NGT by applying the precautionary principle to avoid any possibility of causing pollution to both air and water in the environment, directed the Company to install certain equipment to reinforce the effluent treatment process and technologies, besides adopting methods which help recycling of treated effluent and minimize the discharge into the river. The order also gave directions to the Kerala State Pollution Control Board (KSPCB) for amending some of the discharge standards.

The Order had detailed prescriptions for implementation in a time-bound manner. Whereas there were certain directions which needed a relook on a factual as well as practical consideration of the issues involved, the Company had filed a Petition before the Hon'ble Tribunal for a review of such directions. The Hon'ble NGT vide their Order dated 08.11.2017 allowed the review petition in part by way of modification of one of the directions, in view of practicality of implementation. The Company has subsequently filed a writ petition before the

Hon'ble High Court of Kerala pleading stay of operation of NGT orders dated 08.11.2017 for the remaining directions. The High Court has accepted a jurisdiction before it which was challenged by the Action Council and has stayed the operation of NGT Orders until further orders vide Order dated 14.03.2018. All the other directions which required implementation on the Company's part have already been made except the one relating to installation of online monitoring systems for KSPCB which is expected to be completed by end July 2018.

The Company co-sponsored Japan Mela (organized by the Indo Japan Chamber of Commerce, Kerala) conducted in the 1st week of December, 2017 with a dedicated stall of the Company for display of materials relating to Nitta Gelatin Group worldwide. The Company's major products including Gelixer and Agri products and CSR initiatives were displayed in the said Mela and received much public attention.

Operations Excellence fairs were conducted at the Ossein and Gelatin Divisions of the Company with active involvement from employees. Some of the nearby Panchayat members and Directors of the Company also participated in the fair which showcased the various types of products offered and also various initiatives pursued by the Company for the public at large.

#### **MERGER OF SUBSIDIARY - REVA PROTEINS LTD.**

The Subsidiary Company Reva Proteins Ltd. which began commercial production in the year 2012-13 could not be operated at planned capacity utilization levels due to restriction on discharge of treated effluent on account of non-commissioning of the marine discharge effluent pipeline as promised by the Gujarat Government. The delayed commissioning of the pipeline has resulted in accumulated losses for the Company for the past several years. Though the marine effluent discharge line was made operational during the year, after pressure testing and amendment in consolidated consent authorization as per marine norms as stipulated by Gujarat State Pollution Control Board, the high ammoniacal nitrogen content in effluent stream following the maintenance issues in marine effluent pipeline for discharge has also affected the capacity utilization levels for the year 2017-18 and significantly eroded the quantum of inventories and receivables with corresponding reduction in drawing power for working capital arrangement.

Under such circumstance, the Board of Directors of Reva Proteins Ltd. (Transferor Company) and Nitta



Gelatin India Ltd. (Transferee Company) resolved at their meeting dated 03.02.2018 subject to required Regulatory approvals, to merge the activities of the former with the latter such that a total of 4,444,444 Redeemable Preference Shares of Rs 10 each, be credited as fully paid up Preference Share capital of the Transferee Company as consideration for the other share holders, in the following share exchange ratio;

- One Hundred (100) Redeemable Preference Shares of NGIL of INR 10/- each fully paid up for every One Hundred and Eight (108) Equity Shares of RPL of INR 10/- each fully paid up with the following terms:-
  - a. Such Preference Shares shall be entitled to a fixed dividend of 5% + 6 months USD LIBOR as on the record date over a non-cumulative basis.
  - b. A right to exercise put and call option for repayment shall be given at the expiry of 5 years from the date of allotment subject to such approvals as may be required.
  - c. Such Preference shares shall be redeemable at par on the expiry of seven years from the date of allotment.

The Board of both Companies having approved the merger, it awaits clearance from Regulatory bodies – BSE / SEBI, besides the approval from the National Company Law Tribunal (NCLT).

### CREDIT RATING

During the year, rating agency CRISIL has reaffirmed the rating of CRISIL A-/ and maintained outlook as “Negative” for Long Term Instruments and retained “CRISIL A2+” rating for short term instruments.

### AWARDS & ACCOLADES

During the year your Company was awarded:

- a. the second prize in its category for Excellence in Cost Management instituted by the Institute of the Cost and Management Accountants of India for the year 2016; and
- b. Best Corporate Citizen from NIPM for Green Initiatives and CSR.

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 14001:2015 for Gelatin Division for Environment Management System
- (d) ISO 9001:2015 for Quality Management System of the Company.
- (e) ISO 18001:2007 for Ossein and Gelatin Divisions of the Company.
- (f) FSSC Certification for Food Safety Management System for Gelatin Division
- (g) FSSAI Certification for manufacturing, import/export of Gelatin & Collagen Peptide
- (h) WHO GMP Certification for manufacture of Gelatin & Collagen Peptide
- (i) Halal/Kosher Certification for Gelatin and Collagen Peptide
- (j) NABL Accreditation for in-house laboratory
- (k) OSHAS Certification by NVTQC for Occupational, Health and Safety Standards for Gelatin Division
- (l) Sanitary Certificate received from the Health Inspector, Public Health Centre, Kathikudam for Ossein Division vide Order dt. 20.02.2018 for satisfactory compliance of sanitary conditions based on verification. Company's factory license was often rejected by the Panchayat citing non-receipt of sanitary certificate in the past.

### 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 your Company stands committed to continually improve on these objectives. The Company, year on year, increases its focus on improving matters relating to Health, Safety and Environment.

#### 1. Health and Safety

The Company is committed to promoting the health and safety of its employees. In addition to the Head (Safety) for the Company, each of the plants of the Company is having a Safety Officer and Safety Committees which include representation from workmen. The Committees meet 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. Our Ossein factory has received the OSHAS certification during the year, which is a testimony to the Company's commitment in this area. During the year, the Company has also entered into an agreement with Nitta Gelatin Inc. (NGI) where by as part of services in the areas of Environment, Health & Safety, NGI shall provide qualified expertise for providing assistance to ensure safety of operations of the Company and its subsidiaries. Responsibilities of such qualified expertise shall include benchmarking, sharing information on incidences in group companies, establishing robust and standardized procedures and controls, audits, action item, review and follow up, developing appropriate key performance indicators and regular reporting to the Company, NGI and Company's Subsidiary managements.

## 2. 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 modern effluent treatment plants for treating and discharging treated water with parameters well within the norms laid down by the respective State pollution Control Boards. The emissions from the boilers and generator stacks are regularly monitored for compliance. With the commissioning of two biogas generators at its Ossein plant, substantial portion of the raw effluent from the production process is now being subjected to biomethanisation thereby reducing the organic load in the subsequent treatment process whereby generation of sludge is reduced considerably and the biogas generated is being used for meeting the Company's energy requirements. Diffused Air floatation System for effective grease removal and removal of suspended solids, Primary Treatment System Reinforcement and ETP Automation for sound effluent management system, introduction of Chemical treatment and Activated Carbon System in Fresh Water Treatment Plant for improving the water quality and improving the process stability, addition of 3 nos diffused aerators in ETP System and commissioning of multi grade Sand Filters before final discharge point of treated water are some of the initiatives carried out during the year to ensure protection of the environment and sustainability of operations at Ossein Division.

M/s. National Environmental Engineering

Research Institute (NEERI), a constituent laboratory of the Council of Scientific & Industrial Research, Govt. of India, inspected the plant for assessment of implementation status of their own recommendations in June 2016 and observed that the Company has complied with the implementation of all the recommendations of NEERI excepting one i.e. cleaning of weeds along the banks of Chalakudy river for want of approval from regulatory authorities for carrying out the activity. They have also observed that based on the physio – chemical analysis of various effluent samples of ETP, the final treated effluent being discharged into Chalakudy river conforms to the discharge Standards stipulated by the KSPCB for the Company and also the CPCB General Standards for Discharge. It was also confirmed that there is no adverse impact on the River water quality because of the discharge of treated water from the factory in to the river.

## 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 programmes;
- Promotion of sports through training of sports persons;
- Rural development projects; etc

Total CSR expenditure incurred by your Company during the year was Rs. 43.50 lakhs meeting 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 monitors the progress of the projects and ensures that

the implementation of the projects is 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](http://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 view of the change in the definition of Material Subsidiary, Reva Proteins Limited which was a Material Subsidiary until 2015-16 was not a Material Subsidiary as per the LODR Regulations 2015. In accordance with LODR Regulations, the Company's policy on materiality of Subsidiaries specifying the criteria for determining the Material Subsidiaries is available in the Company website [www.gelatin.in](http://www.gelatin.in). There has been no change in the nature of business of subsidiaries during the year under review.

As per the above criteria, the Company has no Material Subsidiary as of today.

## **SUBSIDIARY COMPANIES**

### **BAMNI PROTEINS LIMITED**

The annual production during the year in this Subsidiary Company was 2580 MT of Ossein and 6000 MT of Di Calcium Phosphate as against 2324 MT of Ossein and 5885 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. 82.51 Lakhs (Rs. 71.96 lakhs in the previous year), other comprehensive loss of Rs. 5.35 lakhs (Rs. 2.82 lakhs in the previous year) and total comprehensive income of Rs. 77.16 lakhs (Rs. 69.14 lakhs in the previous year). Pre-tax profit during the year under review where Rs. 114.61 lakhs as against a pretax profit of Rs. 111.35 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 in the 1st Qtr. of the financial year. The clearance of the Consent to authorise and operate for Reva Plant by the Gujarat State Pollution Control Board was received in the month of June 2017 after the commissioning and high pressure testing of the

effluent pipeline was completed in January 2017. In addition, the high ammoniacal nitrogen content in effluent stream following plant stoppages due to the maintenance issues in marine effluent pipeline for discharge has also affected the capacity utilization levels for the year 2017-18. Arising out of the above, the financial year 2017-18 witnessed a net loss of Rs. 1270.81 lakhs and a cash loss of Rs. 1029.89 lakhs as against a net loss of 871.87 lakhs and a cash loss of Rs. 620.72 lakhs during the previous financial year. Other comprehensive income during the current year was Rs. 1.27 lakhs as against Rs. 0.49 lakhs for the previous year. The annual production during 2017-18 was 1091 MT of Ossein, 450 MT of Dry Limed Ossein and 1519 MT of Di Calcium Phosphate as against 1909 MT of Ossein, 1096 MT of Dry Limed Ossein and 843 MT of Di Calcium Phosphate during the previous year. Your Company has proactively undertaken a comprehensive scheme for revival of the Subsidiary including merger of the same with the Company.

In accordance with Section 129(3) of the Companies Act, 2013, a consolidated financial statement of the Company and all its Subsidiary companies has been prepared, 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](http://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](http://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 made 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

Indian Accounting Standard (Ind AS) 110 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. 3.04 (a) 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 including a statement therein referring to compliance of applicable Secretarial Standards. The observations made therein and the corresponding explanations are given below:

Sl No	Observation	Our explanation																				
1	<p>As per the provisions of FSSA Act read with Rules,quarterly return needs to be filed within 10 days from the end of each quarter. On analysis of the quarterly Returns filed by the Company, it is found that there are delays in filing those Returns which are stated herein below;</p> <table><tr><th>Qtr</th><th>Due Date</th><th>Actual date of filing</th><th>Delay in No. of days</th></tr><tr><td>1</td><td>July 10th 2017</td><td>06-01-18</td><td>180</td></tr><tr><td>2</td><td>October 10th 2017</td><td>14-02-18</td><td>127</td></tr><tr><td>3</td><td>January 10th 2018</td><td>19-03-18</td><td>68</td></tr><tr><td>4</td><td>April 10th 2018</td><td>14-04-2018</td><td>4</td></tr></table> <p>Company is advised to file quarterly Returns in time since any delay in filing will invite penalties.</p>	Qtr	Due Date	Actual date of filing	Delay in No. of days	1	July 10th 2017	06-01-18	180	2	October 10th 2017	14-02-18	127	3	January 10th 2018	19-03-18	68	4	April 10th 2018	14-04-2018	4	Being in an initial phase, there often required multiple entries before the data finally got uploaded in the respective site. The delay was also due to the fact that the quarterly Returns introduced during the year 2017, had warranted uploading of the backlog Returns for previous periods.
Qtr	Due Date	Actual date of filing	Delay in No. of days																			
1	July 10th 2017	06-01-18	180																			
2	October 10th 2017	14-02-18	127																			
3	January 10th 2018	19-03-18	68																			
4	April 10th 2018	14-04-2018	4																			
2.	With respect to creation of Charge for Rs 6 crores with YES Bank Limited, Company has filed the Form CHG-1 with Ministry of Corporate Affairs with 88 days of delay. Company is advised to closely monitor the same in future whenever credit facility is granted by Banks/Financial Institutions.	The delay was due to the delay in documentation by the Bankers.																				
3	With respect to cessation of Alternate directorship of Mr. Raymond Merz, Company has filed Form DIR-12 with Ministry of Corporate Affairs with a delay of 23 days.	The delay is admitted. Each successive attendance and absence (when original Director himself attends the meeting)of the Alternate Director, is warranting a filing in MCA portal. This is one such return where there was a delay. Care shall be taken to avoid such delays in filing, in future.																				

## COLLABORATORS

The Collaborators of your Company 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 to 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, 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**.

## 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, 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. Action Taken Reports are also reviewed by the Audit Committee for each actionable item. 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 or operations were observed. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information.

The Company has adopted accounting policies which are in line with the Accounting Standards and the Companies 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.

## **RISK MANAGEMENT POLICY**

The Board of Directors of the Company has entrusted the management of the Company to evaluate and manage various risks faced by the Company and appropriately apprise the Board periodically. Accordingly the management has constituted a Risk Management Committee comprising of Senior Management Personnel to develop and implement a Risk Management Policy including identification therein of elements of risks which in the opinion of the Board may impact the operations of the Company. The Board of Directors shall review the evaluation of risks and the mitigation measures taken by the Company in managing such risks to sustain the operations of the Company for the foreseeable future. Some of the key risk areas identified for mitigation and corrective action include crushed bone availability and pricing patterns, impact of high cost crushed bone on the yield levels, safety and security policies of the Company, succession planning for key executives, impact of the National Green Tribunal's Orders impact, significant litigation against the Company having material



financial impacts, moves of competitors, water scarcity for operational requirements, emergence of alternate substitutes for the products of the Company, adverse forex rate fluctuations, risk of losing premium commanded by the Company due to emergence of alternate Halal certifications etc.

### **MATERIAL POST BALANCE SHEET EVENTS**

The business model of Bamni Proteins Ltd., Subsidiary of the Company, with which the Company had a job processing arrangement till the end of the financial year 2017-18 is set to change as an Independent manufacturer and seller w.e.f. 01.04.2018. This change was necessitated to avoid the impact of GST on processing charges which was introduced w.e.f. 01.07.2017. This business model change is expected to have an impact on the turnover of the Company as well as the profitability of the operations of the Company.

### **APPLICABILITY OF COST AUDIT REQUIREMENTS**

As per the Company's (Cost Records and Audit) Rules 2014, the Company's products are not covered under Cost Audit and for the products for which the maintenance of cost record is required, since the relative turnover in respect of the products listed in the said Rules is less than threshold limit of Rs. 35 cr. maintenance of cost records is also not mandatory.

### **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 31<sup>st</sup> March, 2018, the applicable Indian 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 31<sup>st</sup> March 2018 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 Companies 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](http://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 is 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 the Regulation, 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 Indian Accounting Standards (IND AS) 110 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

Dr. Paul Antony IAS, who was Director and Chairman of the Company with effect from 27.09.2016 ceased to hold office on 03.02.2018 consequent on intimation by The Kerala State Industrial Development Corporation Limited (KSIDC) whose nominee the office of the Chairman continues to be, for the Company. Mr. T. K. Jose IAS who succeeded to office continued till 28.02.2018, when Dr. K. Ellangovan IAS who is also Principal Secretary, Dept. of Industries and Commerce & Dept. of NORKA, was nominated as the Chairman of the Board. Besides, Mr. Raymond Merz had again replaced Mr. Hiroshi Nitta as Alternate Director to Mr. Koichi Ogata.

Mr. Hiroshi Nitta, Nominee of Nitta Gelatin Inc. was appointed as Alternate Director wef. 09-05-2017 and ceased to be so wef. 29-07-2017. Mr. Koichi Ogata was appointed as Director in casual vacancy wef. 09-05-2017 and Mr. Raymond Merz who was appointed as Alternate Director to Mr. Koichi Ogata (29-07-2017) ceased to be so wef. 03-02-2018. Earlier, Mr. Seichi Nishikawa ceased to be a Director wef. 09-05-2017.

Mr. Sajiv K. Menon, Managing Director was re-appointed as Managing Director wef. 01-04-2017 for a period of three years. Similarly, Mr. Takeo Yamaki Whole-time Director ceased to be so wef. 01-04-2017, while Dr. Shinya Takahashi got appointed as Whole-time Director wef. 09-05-2017.

Your Directors extend a warm welcome to Dr. K. Ellangovan IAS as Chairman of the Board and place on record the appreciation for valuable guidance and support extended by the Directors /Chairman who ceased to be Board members during the year, besides welcoming the other entrants to the Board of Directors during the year.

## NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors has constituted a Nomination and Remuneration Committee (NRC) consisting of the following person:-

1. Mr. A. K. Nair, Chairman
2. Mr. K. L. Kumar, Member
3. Dr. K. Cherian Varghese, Member

The terms of reference of the NRC are as follows:-

1. The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management 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.
2. The NRC formulates the criteria for determining qualifications, positive attributes and independence of a director recommending to the Board and also 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 core management excluding Board of Directors. This would comprise all members of management one level below the Executive Directors, including all functional heads.
3. The NRC formulates 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 at (2) 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.

During the year the NRC has met once.

## 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 and Mr. G. Rajesh Kurup continue as Chief Financial Officer (CFO) and Company Secretary, respectively.

## BOARD EVALUATION

The Companies Amendment Act 2015 prescribes that there shall be a meeting of Independent Directors during each of the financial years. Accordingly, the meetings both of the Independent Directors followed by that of the Board had during the beginning of the year 2017-18, made an evaluation of the performance of the Directors / Independent Directors respectively and found them to have the requisite qualification, expertise and track record for performance of their duties as envisaged under Law.

All the Directors on the Board continued thereafter, until there was change in the office of Chairman during the last quarter consequent on change in nomination by The Kerala State Industrial Development Corporation Limited. There shall therefore, be meetings conducted during the course of the financial year 2018-19 by the Independent Directors and generally by the Board where there shall be evaluation of performance by the Directors on the Board so reconstituted.

## MEETINGS

The Board of Directors met 5 (Five) times during the financial year 2017-18. 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 Audit Committee has Mrs. Radha Unni as Chairperson, with 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 victimization, providing direct access to chairperson of Audit Committee, the details regarding which have also been given in the Company's official website.

## DISCLOSURE UNDER SEXUAL HARASSMENT 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. Hitherto 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

At the Annual General Meeting dated 24<sup>th</sup> June, 2017 M/s. Walker Chandiok & Co. LLP (WCL LLP) Chartered Accountants (Firm Registration No. 001076N / N500013) were appointed as Statutory Auditors of the Company to hold office for a period of 5 years until the conclusion of the financial year 2021-22. As envisaged under the Company Law Provision, the appointment of M/s. Walker Chandiok & Co. LLP (WCC LLP) as Statutory Auditors for the year 2018-19 is being put up for ratification by members at the ensuing Annual General Meeting which would be subject to their continuing to conform to the eligibility norms prescribed under Section 141 of the Companies Act, 2013 and the Rules, thereon..

## SECRETARIAL AUDIT

Pursuant to the provisions of the Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed Mr. Abhilash Nediyaalil Abraham. (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 are thankful to the esteemed shareholders for their continued patronage and the confidence reposed on the Company and its management. Your Directors place on record its sincere appreciation for the support and assistance extended by the State Government and The 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 places 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 thanks all the customers, suppliers, bankers and other associates for their unstinted co-operation.

For and on behalf of the Board of Directors,

Sajiv K. Menon  
Managing Director  
(DIN : 00168228)

Dr. M. Beena, IAS  
Director  
(DIN: 03483417)

Kochi  
04.05.2018

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****INDUSTRY STRUCTURE AND DEVELOPMENT**

The global Gelatin market was around USD 240 billion in the year 2017 and is foreseen to grow to around USD 320 billion by 2025. The growing application of gelatin in pharmaceutical applications and in food & beverage owing to its outstanding stabilizing features and binding characteristics are anticipated to have a significant influence on the growth of this market.

The empty capsules market witnessed healthy growth during the last decade and is expected to grow at a CAGR of 7.2% between 2016 and 2021 to reach USD 2.13 Billion by 2021. Growth in this market can primarily be attributed to factors such as the increase in ageing population, increasing applications of empty capsules in the pharmaceutical and nutraceutical industries, growing consumer preference towards capsule-based formulations, and emerging innovative technologies. The gelatin capsules segment accounted for the largest share

of the global empty capsules product segment. The demand for empty capsules is expected to rise substantially in the years ahead thanks largely to the overall growth and expansion of the global pharmaceuticals industry. Moreover, the greater demand for nutraceuticals will also provide the global capsules market an opportunity to expand as several food supplements and functional foods are encapsulated to make them convenient for consumption. The global soft gel capsule market is expected to register a significant CAGR over the forecast period. The increasing demand of the soft gel capsules from the growing cosmetics industry to deliver the cosmeceuticals in the form of capsule drives the growth of the global soft gel capsules market.

Food is the another market segment where Gelatin is being consumed in huge volume. The global food Gelatin market was valued at USD 80 million in 2016, and is expected to register a CAGR of 5-6%, during 2018-2023 to attain the food Gelatin market is estimated to be 1.3 billion by 2024. The functional food industry, and food supplement sectors are witnessing growth at a faster rate. The specialty food industry is experiencing demand growth, due to increasing consumer preferences for high-quality food products. Gelatin, in hydrolyzed form, known as Collagen Peptide, is used in protein fortified dietary foods.

Food & beverages (excluding nutraceuticals) account for about 31% of the global Gelatin demand. Europe, followed by US, dominates the global food Gelatin market, with a share of 38%. Increased consumption of Gelatin, as a functional and low-calorie diet alternative, is the major factor driving the market. The United Kingdom, Germany, France, and Belgium are the primary markets for Gelatin consumption in Europe. Further, Asia-Pacific has the fastest growing market, whereas, North America and Europe food Gelatin markets are saturated, and are expected to witness minimum growth, during the forecast period. In Asia-Pacific region, consumers are preferring high protein products, thus, boosting the Gelatin market growth.

The position of Gelatin as a raw material for capsule manufacturing continues to be predominant as compared to other alternatives. Gelatin capsule industry consumes roughly 90-95% of all bovine bone Gelatin production in India and in 2015 about 628 billion Gelatin capsules, both soft and hard, were produced. The Global Softgel Capsules Market is poised to grow at a CAGR of around 5.4% over the next decade.

Some of the prominent trends that the market is witnessing include rising supplements intake, increasing healthcare awareness, rising intake of pharmaceutical drugs, recent technological advancements in softgel capsules, and growth / investment opportunities. Increasing health care spending together with growing demand from various end use applications is expected to drive the Gelatin and Collagen Peptide market growth. Growing disposable income among the urban as well as rural population of emerging economies such as China, India, Brazil and South Africa have also lead to the rise in demand for Gelatin and its derivatives. Being a natural and safe product, Gelatin is now widely researched in various medical applications like woundcare products and tissue engineering.

### **SEGMENT-WISE PERFORMANCE**

The global competitiveness of Indian Gelatin had been severely dented in the past few years due to falling prices of hides, used as the raw material by many gelatin manufacturers abroad, even as raw material prices in India surged and reached unsustainable levels. However, with softening crushed bone prices, Indian Gelatin is becoming more competitive.

Crushed bone is the major raw material for Ossein and Gelatin production in India, and the industry consumes around 18,000 tonnes of this raw material every month. The recent drop in price of raw material and cost optimization initiatives supported the business although globally the Gelatin industry witnessed a significant drop in price. The global demand for Gelatin is stable and US market still a premium market due to wide use of Gelatin for making nutritional supplements in soft capsule form. However in other markets, Company has witnessed tough competition in terms of price. The consistent quality, regulatory compliances and long term relationship with customers helped the Company to compete effectively despite the price war. Increase in export volume and higher forex rate helped to maintain better realization.

### **Exports**

Your Company maintained its prominence in the niche overseas markets during the FY 2017-18 for Gelatin. Export of Ossein to Japan during the year 2017-18 was 33% higher as compared to previous year. In the case of Gelatin, exports for the year stood 19% lower than the previous fiscal. The demand from regulated market slowed down in the first half of 2017-18 and it affected the export volume. Export of Collagen Peptide during the

year was marginally higher than 2016-17. Collagen Peptide export faced a challenge in raw material procurement due to raw material shortage created by increase in demand for fish Collagen in South East Asian countries. The major markets are US and Korea. The average USD/INR exchange rate for the year 2016-17 was 64.05 as against 66.51 for the previous financial year.

### **Domestic market**

The domestic demand for Gelatin is showing steady growth trend as India is strengthening its identity as a pharma manufacturing hub. Domestic sale of Gelatin was 5% higher than in the previous period. Domestic sale of Collagen Peptide was 22% higher than during the previous financial year. Although there was an increase, raw material shortage limited the growth in sales. To ensure quality product, NGIL still depends on imported raw materials. Di calcium Phosphate sales was 13% higher than the previous financial year.

### **Opportunities and Challenges**

The global demand for Gelatin for food and pharma is continuing in its growth phase. The capsule and confectionery market is growing worldwide and Gelatin is an inevitable ingredient in pharma and food. The market for Gelatin is projected to exceed 480,000 metric tons by 2022, driven by widening applications in food, pharma and nutritional products. The nutritional gummies, chewable soft capsules and enteric capsules are recent trends in pharma drug deliveries where mass volume of Gelatin is being used. Advanced medical applications like Tissue engineering and 3D printing are the areas where highly biocompatible gelatin is expected to gain its premium position in the future. The Company is striving towards enhancing its competitiveness on a global level besides its supply capabilities. The projected two digit growth in Nutritional and Pharma Market presents an opportunity for the growth of Gelatin and Collagen Peptide globally.

The Company is also exploring the possibility of processing Bone from US in India.

While the demand for Gelatin is increasing on the one side, global competition is getting tougher on the other side, due to availability of low cost bovine hide Gelatin from South America & China. Indian Bone Gelatin is expensive in the global market due to high cost of raw material. Apart from cost, lower quality of raw material adds further to processing cost. In food market, price war is so severe that the Company finds it tough to enter into such markets with bone Gelatin.



Various cost efficiency measures taken by the Company helped to control cost of production; however it is still not in line with global levels. In addition certain specific cost reduction activities are identified for implementation in the coming years which is expected to enhance Company's competitiveness.

HPMC capsules, though still insignificant in terms of market share, are witnessing accelerated growth due to acceptance in the nutraceutical industry and popularization of vegetarianism in this segment. However technical superiority, safety and cost effectiveness make Gelatin still the preferred choice as excipient.

Import of bovine bone to India from negligible risk countries had been permitted against sanitary import permit years back. But the special condition that the bones intended to export from negligible risk countries have to be subjected to a process which include sterilization of bone at 138°C for about 3 hours was not amenable to protection of entire protein from bone which made import proposition unviable for any Indian Gelatin manufacturer. A series of technical discussions and continuous interaction of the trade body OGMA with Ministry of Agriculture and Animal Husbandry Department for the last 4 years has led to the relaxation of processing condition of the bones mentioned in the veterinary certificate to be issued by the exporting countries. This has paved the way for import of bones into India and is expected to ensure price parity on the basis of international market prices for bones.

Company is in the process of locating potential Bone Chip suppliers. NGI is also helping to procure bone chips from Europe and North America. The Veterinary certificate that the European suppliers usually provide does not specifically mention that the consignment is free from or not derived from Beef meat which is a mandatory requirement for import to India. Efforts are on to get the veterinary Certificate amended to meet Indian regulatory norms.

### Outlook

The demand for Gelatin, Collagen Peptide and Di Calcium Phosphate is likely to grow due to favorable market conditions. However price competition will be a major challenge which needs to be addressed with cost optimization and operational excellence. The Company is striving towards realizing its vision of emerging as the world's best Gelatin manufacturing facility through the implementation of a systematic operational

excellence initiative. Adding value to the products and finding new applications is the major focus area for the Company. At the sametime, maintaining sustainable operations, as a responsible corporate citizen, will act as the mantra for the growth. Your Company understands the need for exploring new opportunities for growth, like expansion of capacity, new businesses and value addition to product and services to sustain its operations and stay ahead of competition.

### 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. 22.34 crores for the current year as against Rs. 31.83 crores for the previous financial year. The post-tax profit for the current year is Rs. 14.57 crores whereas it stood at Rs. 20.49 crores for 2016-17. Other comprehensive loss (net of tax) for the current year is Rs. 0.70 crores as against other comprehensive profit of Rs. 0.60 crores for the previous year.

During the year, the Company has continued its efforts to optimize financial costs through availing loans in foreign currency thereby resulting in substantial reduction of financial costs.

The GST implementation by the Government w.e.f. July 2017 has not impacted the operations of the Company significantly as the Company made related changes in its systems, procedures and controls including implementation of IT systems by closely working in association with suppliers and customers. Company has also provided sufficient training and guidance to all the functional personnel who are required to handle the GST transactions by hiring professionals having expertise in GST.

Environment Ministry of the Govt. of India had issued a notification dated 23.05.2017 curbing the sale of Cattle for slaughter. The said notification intends that sale should only be for agricultural purposes. Following nation wide protests of the affected stakeholders and the stay of the operation of the said notification by the Madras High Court, the Environment Ministry clarified that the genuine concerns of the affected parties will be reviewed and addressed in due course of time. Subsequently, the Environment Ministry has released a new set of rules called the Prevention of Cruelty to Animals in the Animal Markets Rule 2018 in suppression of the earlier notification. However the said notification has not made any major impact on the operations of the Company in terms of procurement of crushed bones for its operational requirements.



The basic and diluted earnings per share during the year was Rs. 15.27 as against Rs. 23.23 per share 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 provides tremendous learning and development opportunities to its employees starting from induction and orientation programme for all the new joiners 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 form 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) Exclusive in-house training department for assessing and imparting the training needs.
- ii) Apart from in-house training facilities, employees are imparted extensive on-the-job training at our collaborator's factory in Japan and in other reputed institutions.

The following HR initiatives were undertaken in the Company during the financial year:-

- i) HR audit in the organization to understand the gap on best HR practices in contemporary organisations and suggest ways to make improvements in HR related areas. Such audit will also enable the Company to identify the strength and weaknesses of existing policies, processes, system and practices and device a plan of action for addressing the identified short comings.
- ii) Kaizen scheme - A new Kaizen scheme was introduced during the year to improve the working efficiency, safety, productivity, reduce errors, waste and enable resource savings. This is expected to motivate all employees of the Company and also to create a competitive spirit among employees for getting the annual Kaizen awards announced by the Company at the end of the year.
- iii) Best employee scheme-A proposal to select

best employee of the month in Ossein and Gelatin Divisions of the Company was introduced to recognize the high performers of the Company and to promote achievement orientation among employees.

- iv) Fun @ NGIL - This will allow the employees to enjoy the experience of working for the Company and to improve employee engagement and employee participation during work. This is also expected to enable the employees to ease off stressful situations in a balanced manner.
- v) Following the transfer of some of the staff handling Marketing, Commercial and Finance functions to factories as a part of bringing in better operational synergy and speed of response to challenging situations, the vacant space created as a result of the transfers were rented out during the year to augment the Company's revenue streams.
- vi) 5S activities which were launched last year in Ossein and Gelatin Division gathered momentum in terms of its implementation to bring orderliness, cleanliness and improve productivity of the employees.

As on 31<sup>st</sup> March, 2018 the total permanent employee strength of the Company was 419.

## **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.

For and on behalf of the Board of Directors,

Sajiv K. Menon  
Managing Director  
(DIN : 00168228)  
Kochi  
04.05.2018

Dr. M. Beena, IAS  
Director  
(DIN: 03483417)

**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 fauna, 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](http://www.gelatin.in)

**Composition of CSR committee**

Name of the Member	Designation
Mr. K.L. Kumar	Chairman
Mr. A.K. Nair	Member
Dr. Shinya Takahashi	Member
Mr.Sajiv K. Menon	Member

1. Average net profit : Rs.214,034,799/-
2. Prescribed CSR Expenditure (Two percent of the amount as in item 1 above)

The Company is required to spend Rs. 4,280,695/-

3. Details of CSR spend for the financial year:

a) Total amount spent during the financial year Rs. 43,50,000/-

b) Amount spent in excess of the statutory minimum Rs. 69,305/-

c) Manner in which the amount was spent during the financial year 2017-18 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.	Education	Children Education- study materials, smart class, Digital Lab	Koratty/ Kakkanad	9,25,000	9,10,000	9,10,000	Public Trust
2.	Health Care	Medical camp, medical support, Infrastructure support to Cooperative Hospital	Koratty/ Kakkanad	9,10,000	8,89,114	8,89,114	Public Trust
3.	Drinking Water	Public well cleaning/Irrigation projects	Koratty/ Kakkanad	10,50,000	9,03,656	9,03,656	Public Trust
4.	Sports & Cultural affairs	Cultural events, sports & games	Koratty/ Kakkanad	90,000	1,32,115	1,32,115	Public Trust
5.	Community Development Programmes/ Activities	Women empowerment, Infrastructure support, Skill development	Koratty / Kakkanad	13,75,000	10,08,815	10,08,815	Public Trust
6.	Environment	Tree planting, Social Forestry	Koratty / Kakkanad	-	5,06,300	5,06,300	Public Trust
			TOTAL	43,50,000	43,50,000	43,50,000	

**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.

K. L. KUMAR

A. K. NAIR

Dr. SHINYA TAKAHASHI

SAJIV K. MENON

Place : Kochi

CHAIRMAN

MEMBER

MEMBER

MEMBER

Date : 04.05.2018

CSR COMMITTEE

## 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	18,86,05,200
6	Reserves & Surplus	2,13,74,748	(20,04,31,009)
7	Total Assets	7,92,74,651	49,00,22,094
8	Total Liabilities	7,92,74,651	49,00,22,094
9	Investments	-	41,40,000
10	Turnover	13,09,73,785	26,63,10,081
11	Profit /(loss) before taxation	1,14,60,841	(12,70,81,349)
12	Provision for taxation	32,10,093	-
13	Profit after taxation from continuing operations	82,50,748	(12,70,81,349)
14	Other comprehensive income /(loss)	(5,35,105)	(1,26,751)
15	Total comprehensive income /(loss)	77,15,643	(12,72,08,100)
16	Proposed Dividend	NIL	NIL
17	% 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

	SAJIV K. MENON	DR. M. BEENA IAS
	MANAGING DIRECTOR	DIRECTOR
RADHA UNNI	RAYMOND MERZ	K. L. KUMAR
DIRECTOR	DIRECTOR	DIRECTOR
A. K. NAIR	DR. K. CHERIAN VARGHESE	DR. SHINYA TAKAHASHI
DIRECTOR	DIRECTOR	DIRECTOR
P. SAHASRANAMAN CHIEF FINANCIAL OFFICER		G. RAJESH KURUP COMPANY SECRETARY

Place: Kochi

Date: 04.05.2018

## ANNEXURE III

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

#### (A) CONSERVATION OF ENERGY

- During the year various energy conservation measures were initiated.
  - Additional investments are being proposed for further optimization of utilities.
- Energy conservation activities carried out during the year: 2017-18

#### Activities at Ossein Division

- Energy inefficient pumps were replaced.
- Energy Efficient Aerators installed in ETP.
- Separate Charging line for Allana Gelbone for reducing power consumption.
- Energy efficient motors / gear boxes installed to save on energy costs.
- LED lights were introduced in street lights and inside plant.

#### Activities at Gelatin Division

- Intermediate controller installed for Compressor.

- ii) Conventional lamps were replaced by more efficient LED lamps in the plant.
- iii) Power efficient Floating Aerator introduced to improve the aeration efficiency.
- iv) Energy efficient pump installed for Water feed application.

### **Capital investments on energy conservation equipments**

The Company has spent an amount of Rs.220 lakhs as capital expenditure on energy saving equipment during the year 2017-18.

### **Energy conservation activities proposed for 2018-19**

- a. Replacement of inefficient worm wheel gear box with spur and planetary gear boxes.
- b. Replacement of old lights inside plant and street lights with low power LED lights.
- c. Replacement of Inefficient IE1 motors with Energy efficient Motor IE3 Motors.
- d. Power Trading to reduce power cost.
- e. Peak load Management with installation of new Chiller.
- f. Installation of VFD for variable load motors.

### **(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 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.

The major R&D projects carried out by the Company during the year is as follows:-

No.	Project Title	Status
1	Dosage reduction of collagen peptide for the treatment of osteoarthritis	Efficacy study in animal model completed and found effective
2	Bioactive collagen peptide for the treatment of Type 2 diabetes	Clinical studies completed
3	Development of chitosan-collagen sponge for wound healing applications	Quality standardized. Stability study under progress.
4	Development of DCP for ceramic application in collaboration with Central Glass and Ceramic Research Institute.	Technology developed

**Expenditure on R&D**

Particulars	Rs. in lakhs	
	Current year	Previous year
a. Capital – R&D Centre Ossein Dvn. & Gelatin Dvn	29.12	16.08
Total Capital expenditure	29.12	16.08
b. Recurring expenses - Ossein Division R&D Centre, Gelatin Division R&D Centre & Bamni Division	119.34	77.64
Percentage to turnover	0.45	0.27

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

(Rs. in Lacs)

Particulars	Current year	Previous year
a. Earnings	15220.15	16625.08
b. Outgo	1183.21	1413.73

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

Particulars	Current year 2017-18	Previous year 2016-17
<b>A. POWER AND FUEL CONSUMPTION</b>		
1. Electricity		
(a) Purchased		
Units (KWH in lacs)	242.59	247.66
Total Amount (Rs. In lacs)	1450.61	1434.50
Rate/Unit (Rs.)	5.98	5.79
(b) Own Generation		
(i) Through Diesel Generator Unit (KWH in lakhs)	0.85	0.91
Unit per litre of Diesel Oil	2.5	2.5
Cost / Unit (Rs.)	24.58	21.14
2. Furnace Oil		
Quantity (in KL)	962	795
Total Amount (Rs. in lakhs)	276.17	199.58
Average rate (Rs. per KL)	28696.91	25109.27
3. Firewood		
Quantity (in MT)	34802.42	35879.75
Total Amount (Rs. in lakhs)	1035.37	892.68
Average rate (Rs. per MT)	2974.99	2487.99
4. LNG		
Quantity (in MMBTU)	41287.26	29899.22
Total Amount (Rs. in lakhs)	291.63	185.69
Average rate (Rs. per MMBTU)	706.35	621.07
<b>Product - Ossein</b>		
1. Electricity (KWH) per MT	1966	2137
2. Firewood (MT) per MT	0.94	1.07
<b>Product - Gelatin</b>		
1. Electricity (KWH) per MT	3405	3578
2. Furnace Oil (KL) per MT	0.09	0.11
3. Firewood (MT) per MT	7.4	7.97
4. LNG (MMBTU) / MT	9.08	8.96
<b>Product - Collagen Peptide</b>		
1. Electricity (KWH) per MT	5853.41	6532.37
2. Firewood (MT) per MT	5.92	5.97

For and on behalf of the Board of Directors,

Kochi  
04.05.2018

Sajiv K. Menon  
Managing Director  
(DIN : 00168228)

Dr. M. Beena, IAS  
Director  
(DIN: 03483417)



**Annexure IV****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 - 30.41 (31.46 ) Shiniya Takahashi, Director (Technical) - 4.74 (8.14)
(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-13.82% (12.91%) Key Managerial Persons : Mr. P. Sahasranaman, CFO - -0.93% (-4.83%) Mr. G.Rajesh Kurup, CS - 9.9% (27.37%)
(iii)	The percentage increase in the median remuneration of employees in the financial year;	17.77% (13.52%)
(iv)	The number of permanent employees on the rolls of the company;	419 permanent employees as on 31.03.2018
(v)	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 4.77% and that of non-managerial -21.08%.
(vi)	Affirmation that the remuneration is as per the remuneration policy of the company	Remuneration paid by the company during the financial year 2017-18 is as per the Remuneration policy of the Company.

For and on behalf of the Board of Directors,

Kochi  
04.05.2018Sajiv K. Menon  
Managing Director  
(DIN : 00168228)Dr. M. Beena, IAS  
Director  
(DIN: 03483417)

**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 : 1st April 2017 to 31st March 2018
  - d) Salient terms of the contracts or arrangements or transactions including the value, if any.  
Refer Note No. 3.04 (a) on accounts
  - e) Date(s) of approval by the Board, if any: 09.05.2017, 29.07.2017, 28.10.2017 and 03.02.2018, 04.05.2018.
  - f) Amount paid as advances, if any: Advance paid to Reva Proteins Ltd., subsidiary Rs. 789.17 lakhs

For and on behalf of the Board of Directors,

Kochi  
04.05.2018

Sajiv K. Menon	Dr. M. Beena, IAS
Managing Director	Director
(DIN : 00168228)	(DIN: 03483417)

**ANNEXURE VI**  
**Secretarial Audit Report**  
**FORM NO.MR-3**

FOR THE FINANCIAL YEAR ENDED  
 31<sup>ST</sup> MARCH, 2018.

(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:L24299KL1975PLC002691, 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 31<sup>st</sup> March, 2018 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 31<sup>st</sup> March, 2018 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, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;. (Not applicable to the Company during audit period)
  - (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);
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

- (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 Trans boundary Movement) Rules, 2008

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

- (j) Secretarial Standard on meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) and Secretarial Standard on Dividend (SS-3) issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into with BSE Ltd.

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. As per the provisions of FSSA Act read with Rules, quarterly return needs to be filed within 10 days from the end of each quarter. On analysis of the quarterly returns filed by the Company, it is found that there were delay in filing those returns which are stated herein below;

Qtr	Due Date	Actual date of filing	Delay in No. of days
1	July 10th 2017	06-01-18	180
2	October 10th 2017	14-02-18	127
3	January 10th 2018	19-03-18	68
4	April 10th 2018	14-04-2018	4

Company is advised to file quarterly returns in time to avoid penalties.

2. With respect to creation of Charge for Rs 6 crores with YES Bank Limited, Company has filed the Form CHG-1 with Ministry of Corporate Affairs with 88 days of delay. Company is advised to closely monitor the same in future whenever credit facility is granted by Banks/Financial Institutions.

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 except that for cessation of Alternate Directorship of Mr Raymond Merz, Company has filed Form DIR-12 with Ministry of Corporate Affairs with a delay of 23 days.

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 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 that during the financial year under report, the Board of Directors of the Company at their meeting held on 03.02.2018 has approved scheme of merger of its subsidiary Reva Proteins Limited with the Company and filed application under Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with BSE Ltd for their Observation Letter for filing petition before the National Company Law Tribunal, Chennai. The application is pending before BSE Ltd and other than these, Company has not undertaken any event/action which would have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above.

Abhilash Nediyaalil Abraham

Place: Kochi      Practicing Company Secretary  
Date: 25.04.2018      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.

### **Annexure A**

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 Nediyaalil Abraham
Place: Kochi	Practicing Company Secretary
Date: 25.04.2018	M.No.22601;C.P No.14524



## ANNEXURE VII

**FORM NO. MGT.9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31.03.2018**  
**[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	56.44
2	Dicalcium Phosphate	20295	18.25
3	Ossein/Ossein(Limed)	20119	18.65

\*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-2017]				No. of Shares held at the end of the year[As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
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
<b>Sub-total (A)(1)</b>	<b>2862220</b>	<b>Nil</b>	<b>2862220</b>	<b>31.53</b>	<b>2862220</b>	<b>Nil</b>	<b>2862220</b>	<b>31.53</b>	<b>Nil</b>
<b>(2) Foreign</b>									
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
<b>Sub-total (A)(2)</b>	<b>3900300</b>	<b>Nil</b>	<b>3900300</b>	<b>42.96</b>	<b>3900300</b>	<b>Nil</b>	<b>3900300</b>	<b>42.96</b>	<b>Nil</b>
<b>Total Shareholding of Promoter (A)=(A)(1) + (A)(2)</b>	<b>6762520</b>	<b>Nil</b>	<b>6762520</b>	<b>74.49</b>	<b>6762520</b>	<b>Nil</b>	<b>6762520</b>	<b>74.49</b>	<b>Nil</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	691	3548	4239	0.0466	691	3548	4239	0.0466	Nil
b) Banks / FI	Nil	6332	6332	0.0697	Nil	6332	6332	0.0686	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) FIIs	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
<b>Sub-total (B)(1):-</b>	<b>691</b>	<b>9880</b>	<b>10571</b>	<b>0.1164</b>	<b>691</b>	<b>9880</b>	<b>10571</b>	<b>0.1153</b>	<b>Nil</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	271492	8897	280389	3.0882	305620	8646	314266	3.4613	0.3731
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals	-	-	-	-	-	-	-	-	-

i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1442072	194497	1636569	18.0255	1460247	166630	1626877	17.9188	-0.1067
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	269535	0	269535	2.9687	223666	0	223666	2.4635	-0.5052
c) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Non Resident Indians	23024	1864	24888	0.2741	18427	814	19241	0.2119	-0.0621
Hindu Undivided Families	88939	66	89005	0.9803	94434	66	94500	1.0408	0.0605
Foreign Nationals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Clearing Members	5683	0	5683	0.0625	3913	0	3913	0.0430	-0.0194
IEPF	0	0	0	0	23706	0	23706	0.2611	0.2611
Foreign Bodies - D R	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Trusts	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (B)(2):-</b>	<b>2100745</b>	<b>205324</b>	<b>2306069</b>	<b>25.3995</b>	<b>2130013</b>	<b>176156</b>	<b>2306169</b>	<b>25.4006</b>	<b>0.0011</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>2101436</b>	<b>215204</b>	<b>2316640</b>	<b>25.5160</b>	<b>2130704</b>	<b>185936</b>	<b>2316640</b>	<b>25.5160</b>	<b>0.00</b>
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Grand Total (A+B+C)</b>	<b>8863956</b>	<b>215204</b>	<b>9079160</b>	<b>100.00</b>	<b>8893224</b>	<b>185936</b>	<b>9079160</b>	<b>100.00</b>	<b>0.00</b>

## ii) Shareholding of Promoters-

SI No	Shareholder's Name	Shareholding at the beginning of the year (As on 01-April-2017)			Share holding at the end of the year (As on 31-March-2018)			% 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
	<b>Total</b>	<b>6762520</b>	<b>74.49</b>	<b>Nil</b>	<b>6762520</b>	<b>74.49</b>	<b>Nil</b>	<b>Nil</b>

## 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 (i)	Rajasthan Global Securities Private Limited				
	At the beginning of the year	69737	0.7680		
	Changes during the year				
	Purchase 12-May-2017	1614	0.0177	71351	0.7858
	Purchase 19-May-2017	385	0.0042	71736	0.7901
	Purchase 26-May-2017	11973	0.1318	83709	0.9219
	Purchase 09-Jun-2017	7694	0.0847	91403	1.0067
	Purchase 16-Jun-2017	1000	0.0110	92403	1.0177
	Purchase 30-Jun-2017	5648	0.0622	98051	1.0799
	Purchase 14-Jul-2017	2504	0.0275	100555	1.1075
	Sale 29-Sep-2017	-42210	0.4649	58345	0.6426
	Sale 06-Oct-2017	-9884	0.1088	48461	0.5337
	Purchase 27-Oct-2017	50	0.0005	48511	0.5343
	Sale 10-Nov-2017	-1519	0.0167	46992	0.5175
	Sale 22-Dec-2017	-5000	0.0550	41992	0.4625
	Sale 29-Dec-2017	-288	0.0031	41704	0.4593
	Sale 19-Jan-2018	-4093	0.0450	37611	0.4142
	Sale 25-Jan-2018	-3091	0.0340	34520	0.3802
	At the end of the year			34520	0.3802
1 (ii)	Rajasthan Global Securities Pvt Ltd				
	At the beginning of the year	26000	0.2863		
	Changes during the year Add: Purchase and Sales Details				
	Purchase 23-Jun-2017	7419	0.0817	7419	0.0817
	Purchase 30-Jun-2017	11573	0.1274	18992	0.2091
	Purchase 07-Jul-2017	11349	0.1250	30341	0.3341
	Purchase 14-Jul-2017	15336	0.1689	45677	0.5030
	Purchase 21-Jul-2017	15736	0.1733	61413	0.6764
	Purchase 28-Jul-2017	1208	0.0133	62621	0.6897
	Purchase 11-Aug-2017	5000	0.0550	67621	0.7447
	At the end of the year			67621	0.7447
2.	Aparna Sarees Private Limited				
	At the beginning of the year	33631	0.3704		

	Changes during the year				
	Sale 28-Apr-2017	-1602	0.0176	32029	0.3527
	Sale 05-May-2017	-24991	0.2752	7038	0.0775
	Sale 12-May-2017	-2070	0.0227	4968	0.0547
	Purchase 19-May-2017	7687	0.0846	12655	0.1393
	Purchase 26-May-2017	6140	0.0676	18795	0.2070
	Purchase 02-Jun-2017	1975	0.0217	20770	0.2287
	Sale 17-Jun-2017	-2701	0.0297	18069	0.1990
	Sale 23-Jun-2017	-395	0.0043	17674	0.1946
	Sale 07-Jul-2017	-12989	0.1430	4685	0.0516
	Sale 14-Jul-2017	-4685	0.0516	0	0.0000
	Purchase 04-Aug-2017	7405	0.0815	7405	0.0815
	Purchase 06-Oct-2017	4000	0.0440	11405	0.1256
	Sale 17-Nov-2017	-2916	0.0321	8489	0.0934
	Sale 08-Dec-2017	-1823	0.0200	6666	0.0734
	Sale 22-Dec-2017	-1900	0.0209	4766	0.0524
	Purchase 05-Jan-2018	1333	0.0146	6099	0.0671
	Purchase 12-Jan-2018	9876	0.1087	15975	0.1759
	Purchase 25-Jan-2018	4000	0.0440	19975	0.2200
	Sale 09-Feb-2018	-1117	0.0123	18858	0.2077
	Purchase 02-Mar-2018	128	0.0014	18986	0.2091
	At the end of the year			18986	0.2091
3.	Japa Investment Advisor LLP	26268	0.29		
	Changes during the year				
	Sale 11-Aug-2017	5200	0.0572	20800	0.2290
	Sale 18-Aug-2017	-2513	0.0276	18287	0.2014
	Sale 25-Aug-2017	-1089	0.0119	17198	0.1894
	Sale 01-Sep-2017	-7987	0.0879	9211	0.1014
	Sale 08-Sep-2017	-6573	0.0723	2638	0.0290
	Sale 15-Sep-2017	-2638	0.0290	0	0.0000
	At the end of the year			0	0
4	Chanda Devi Ramgopal Ranga				
	At the beginning of the year	24788	0.27		
	Changes during the year				
	Purchase 04-Aug-2017	262	0.0028	25050	0.2759
	Purchase 01-Sep-2017	650	0.0071	25700	0.2830
	Purchase 06-Oct-2017	502	0.0055	26202	0.2885
	Purchase 20-Oct-2017	251	0.0027	26453	0.2913
	Purchase 27-Oct-2017	662	0.0072	27115	0.2986
	Purchase 03-Nov-2017	10	0.0001	27125	0.2987
	Purchase 17-Nov-2017	1	0.0000	27126	0.2987
	Purchase 15-Dec-2017	5	0.0000	27131	0.2988
	Purchase 22-Dec-2017	4	0.0000	27135	0.2988
	At the end of the year			27135	0.2988
5 (i).	SaliniToppo				
	At the beginning of the year	23600	0.2599		
	Changes during the year				
	Sale 23-Jun-2017	--6000	0.0660	17600	0.1938
	Sale 30-Jun-2017	-5025	0.0553	12575	0.1385
	Sale 07-Jul-2017	-8900	0.0980	3675	0.0404
	Sale 14-Jul-2017	-1000	0.0110	2675	0.0294
	Sale 21-Jul-2017	-2675	0.0294	0	0.0000
	At the end of the year			0	0.0000
5 (ii).	SaliniToppo				
	At the beginning of the year	400	0.0044		
	Changes during the year				
	Sale 23-Jun-2017	-400	0.0044	0	0.0000
	At the end of the year			0	0.0000



6.	Anil Kumar Garg				
	At the beginning of the year	2100	0.23	21000	0.23
	Changes during the Year NIL				
	At the end of the year			21000	0.23
7	Kanak Garg				
	At the beginning of the year	21000	0.2312	21000	0.23
	Changes during the Year NIL				
	At the end of the year			21000	0.2312
8	Abbas Abdeali Merchant				
	At the beginning of the year	20754	0.2285		
	Changes during the year				
	Purchase 16-Jun-2017	1100	0.0121	21854	0.2407
	Sale 10-Nov-2017	-500	0.0055	21354	0.2351
	Sale 22-Dec-2017	-8100	0.0892	13254	0.1459
	Sale 29-Dec-2017	-400	0.0044	12854	0.1415
	Sale 05-Jan-2018	-217	0.0023	12637	0.1391
	At the end of the year			12637	0.1391
9 (i)	Angel Broking Private Limited*				
	At the beginning of the year	18894	0.2081		
	Changes during the year				
	Sale 21-Apr-2017	--535	0.0058	18359	0.2022
	Purchase 28-Apr-2017	486	0.0053	18845	0.2075
	Purchase 05-May-2017	81	0.0008	18926	0.2084
	Purchase 12-May-2017	124	0.0013	19050	0.2098
	Purchase 26-May-2017	6223	0.0685	25273	0.2783
	Purchase 09-Jun-2017	2114	0.0232	27387	0.3016
	Purchase 16-Jun-2017	6114	0.0673	33501	0.3689
	Purchase 23-Jun-2017	242	0.0026	33743	0.3716
	Purchase 30-Jun-2017	5748	0.0633	39491	0.4349
	Purchase 07-Jul-2017	3051	0.0336	42542	0.4685
	Purchase 14-Jul-2017	1434	0.0157	43976	0.4843
	Purchase 21-Jul-2017	472	0.0051	44448	0.4895
	Purchase 28-Jul-2017	915	0.0100	45363	0.4996
	Purchase 11-Aug-2017	2007	0.0221	47370	0.5217
	Sale 18-Aug-2017	-100	0.0011	47270	0.5206
	Sale 25-Aug-2017	-112	0.0012	47158	0.5194
	Sale 01-Sep-2017	-490	0.0053	46668	0.5140
	Purchase 08-Sep-2017	184	0.0020	46852	0.5160
	Purchase 15-Sep-2017	1107	0.0121	47959	0.5282
	Purchase 22-Sep-2017	406	0.0044	48365	0.5327
	Purchase 29-Sep-2017	95	0.0010	48460	0.5337
	Purchase 06-Oct-2017	79	0.0008	48539	0.5346
	Sale 13-Oct-2017	-763	0.0084	47776	0.5262
	Sale 27-Oct-2017	-45278	0.4987	2498	0.0275
	Sale 03-Nov-2017	-515	0.0056	1983	0.0218
	Purchase 10-Nov-2017	2076	0.0228	4059	0.0447
	Purchase 17-Nov-2017	10832	0.1193	14891	0.1640
	Sale 01-Dec-2017	-979	0.0107	13912	0.1532
	Purchase 08-Dec-2017	13	0.0001	13925	0.1533
	Purchase 22-Dec-2017	385	0.0042	14310	0.1576
	Sale 05-Jan-2018	-385	0.0042	13925	0.1533
	Purchase 09-Feb-2018	2428	0.0267	16353	0.1801
	Sale 16-Mar-2018	-420	0.0046	15933	0.1754
	At the end of the year			15933	0.1754

(ii)	Angel Broking Private Limited*				
	At the beginning of the year	989	0.0108		
	Changes during the year				
	Purchase 07-Apr-2017	195	0.0021	1184	0.0130
	Purchase 14-Apr-2017	634	0.0069	1818	0.0200
	Purchase 21-Apr-2017	95	0.0010	1913	0.0210
	Sale 28-Apr-2017	-293	0.0032	1620	0.0178
	Sale 05-May-2017	-241	0.0026	1379	0.0151
	Purchase 12-May-2017	20	0.0002	1399	0.0154
	Purchase 19-May-2017	41	0.0004	1440	0.0158
	Purchase 02-Jun-2017	55	0.0006	1495	0.0164
	Sale 09-Jun-2017	-65	0.0007	1430	0.0157
	Sale 16-Jun-2017	-143	0.0015	1287	0.0141
	Purchase 23-Jun-2017	2270	0.0250	3557	0.0391
	Sale 30-Jun-2017	-210	0.0023	3347	0.0368
	Sale 07-Jul-2017	-121	0.0013	3226	0.0355
	Purchase 14-Jul-2017	2694	0.0296	5920	0.0652
	Sale 21-Jul-2017	-195	0.0021	5725	0.0630
	Purchase 28-Jul-2017	54	0.0005	5779	0.0636
	Purchase 04-Aug-2017	6289	0.0692	12068	0.1329
	Purchase 11-Aug-2017	239	0.0026	12307	0.1355
	Sale 18-Aug-2017	-5129	0.0564	7178	0.0790
	Purchase 25-Aug-2017	68	0.0007	7246	0.0798
	Sale 01-Sep-2017	-791	0.0087	6455	0.0710
	Sale 08-Sep-2017	-1571	0.0173	4884	0.0537
	Sale 15-Sep-2017	-907	0.0099	3977	0.0438
	Sale 22-Sep-2017	-1074	0.0118	2903	0.0319
	Purchase 29-Sep-2017	708	0.0077	3611	0.0397
	Sale 06-Oct-2017	-340	0.0037	3271	0.0360
	Sale 13-Oct-2017	-381	0.0041	2890	0.0318
	Purchase 20-Oct-2017	55	0.0006	2945	0.0324
	Purchase 27-Oct-2017	599	0.0065	3544	0.0390
	Purchase 31-Oct-2017	5863	0.0645	9407	0.1036
	Sale 03-Nov-2017	-1393	0.0153	8014	0.0882
	Purchase 10-Nov-2017	2468	0.0271	10482	0.1154
	Sale 17-Nov-2017	-5430	0.0598	5052	0.0556
	Sale 24-Nov-2017	-480	0.0052	4572	0.0503
	Sale 01-Dec-2017	-3297	0.0363	1275	0.0140
	Purchase 08-Dec-2017	1384	0.0152	2659	0.0292
	Purchase 15-Dec-2017	1702	0.0187	4361	0.0480
	Purchase 22-Dec-2017	4	0.0000	4365	0.0480
	Sale 29-Dec-2017	-1605	0.0176	2760	0.0303
	Purchase 05-Jan-2018	831	0.0091	3591	0.0395
	Purchase 12-Jan-2018	1517	0.0167	5108	0.0562
	Purchase 19-Jan-2018	551	0.0060	5659	0.0623
	Sale 25-Jan-2018	-624	0.0068	5035	0.0554
	Sale 02-Feb-2018	-788	0.0086	4247	0.0467
	Sale 09-Feb-2018	-458	0.0050	3789	0.0417
	Purchase 16-Feb-2018	1239	0.0136	5028	0.0553
	Sale 23-Feb-2018	-200	0.0022	4828	0.0531
	Purchase 02-Mar-2018	256	0.0028	5084	0.0559
	Sale 09-Mar-2018	-1124	0.0123	3960	0.0436
	Sale 16-Mar-2018	-639	0.0070	3321	0.0365
	Sale 23-Mar-2018	-223	0.0024	3098	0.0341
	Purchase 30-Mar-2018	317	0.0034	3415	0.0376
	At the end of the year			3415	0.0376

(iii)	Angel Broking Private Limited*				
	At the beginning of the year	330	0.0036		
	Changes during the year				
	Purchase 16-Jun-2017	22	-0.0002	352	0.0038
	Sale 30-Jun-2017	-1	0.0000	351	0.0038
	Sale 07-Jul-2017	-6	0.0000	345	0.0037
	Sale 14-Jul-2017	-5	0.0000	340	0.0037
	Sale 21-Jul-2017	-10	0.0001	330	0.0036
	Purchase 04-Aug-2017	524	0.0057	854	0.0094
	Purchase 11-Aug-2017	49	0.0005	903	0.0099
	Purchase 18-Aug-2017	11	0.0001	914	0.0100
	Purchase 25-Aug-2017	144	0.0015	1058	0.0116
	Purchase 01-Sep-2017	495	0.0054	1553	0.0171
	Purchase 08-Sep-2017	1171	0.0128	2724	0.0300
	Purchase 15-Sep-2017	650	0.0071	3374	0.0371
	Purchase 22-Sep-2017	1613	0.0177	4987	0.0549
	Purchase 29-Sep-2017	1003	0.0110	5990	0.0659
	Purchase 06-Oct-2017	191	0.0021	6181	0.0680
	Purchase 13-Oct-2017	790	0.0087	6971	0.0767
	Sale 20-Oct-2017	-710	0.0078	6261	0.0689
	Sale 27-Oct-2017	-603	0.0066	5658	0.0623
	Sale 31-Oct-2017	-100	0.0011	5558	0.0612
	Purchase 03-Nov-2017	893	0.0098	6451	0.0710
	Sale 10-Nov-2017	-962	0.0105	5489	0.0604
	Purchase 17-Nov-2017	371	0.0040	5860	0.0645
	Sale 24-Nov-2017	-353	0.0038	5507	0.0606
	Sale 01-Dec-2017	-352	0.0038	5155	0.0567
	Sale 08-Dec-2017	-400	0.0044	4755	0.0523
	Sale 15-Dec-2017	-192	0.0021	4563	0.0502
	Sale 22-Dec-2017	-820	0.0090	3743	0.0412
	Sale 29-Dec-2017	-130	0.0014	3613	0.0397
	Sale 05-Jan-2018	-115	0.0012	3498	0.0385
	Purchase 19-Jan-2018	184	0.0020	3682	0.0405
	Purchase 25-Jan-2018	87	0.0009	3769	0.0415
	Purchase 02-Feb-2018	50	0.0005	3819	0.0420
	Sale 09-Feb-2018	-209	0.0023	3610	0.0397
	Sale 16-Feb-2018	-417	0.0045	3193	0.0351
	Purchase 23-Feb-2018	339	0.0037	3532	0.0389
	Purchase 02-Mar-2018	8	0.0000	3540	0.0389
	Purchase 09-Mar-2018	223	0.0024	3763	0.0414
	Sale 16-Mar-2018	-450	0.0049	3313	0.0364
	Sale 23-Mar-2018	-218	0.0024	3095	0.0340
	Sale 30-Mar-2018	-925	0.0101	2170	0.0239
	At the end of the year			2170	0.0239
(iv)	Angel Broking Private Limited*				
	At the beginning of the year	255	0.0028		
	Changes during the year				
	Sale 21-Apr-2017	-41	0.0004	214	0.0023
	Sale 28-Apr-2017	-2	0.0000	212	0.0023
	Purchase 12-May-2017	27	0.0002	239	0.0026
	Purchase 26-May-2017	19	0.0002	258	0.0028
	Sale 07-Jul-2017	-27	0.0002	231	0.0025
	Sale 04-Aug-2017	-181	0.0019	50	0.0005
	Purchase 11-Aug-2017	5	0.0000	55	0.0006
	Purchase 01-Sep-2017	181	0.0019	236	0.0025
	Sale 08-Sep-2017	-186	0.0020	50	0.0005
	Purchase 15-Sep-2017	1052	0.0115	1102	0.0121
	Sale 22-Sep-2017	-608	0.0066	494	0.0054
	Sale 29-Sep-2017	-151	0.0016	343	0.0037
	Sale 06-Oct-2017	-226	0.0024	117	0.0012
	Purchase 13-Oct-2017	173	0.0019	290	0.0031
	Sale 27-Oct-2017	-192	0.0021	98	0.0010
	Purchase 03-Nov-2017	400	0.0044	498	0.0054
	Sale 10-Nov-2017	-200	0.0022	298	0.0032
	Sale 17-Nov-2017	-248	0.0027	50	0.0005
	Sale 22-Dec-2017	-50	0.0005	0	0.0000
	At the end of the year			0	0.0000

(v)	Angel Broking Private Limited*				
	At the beginning of the year	180	0.0019		
	Changes during the year				
	Sale 07-Apr-2017	--180	0.0019	0	0.0000
	Purchase 14-Apr-2017	100	0.0011	100	0.0011
	Sale 21-Apr-2017	-50	0.0005	50	0.0005
	Purchase 28-Apr-2017	450	0.0049	500	0.0055
	Sale 05-May-2017	-476	0.0052	24	0.0002
	Purchase 12-May-2017	909	0.0100	933	0.0102
	Sale 19-May-2017	-924	0.0101	9	0.0000
	Sale 26-May-2017	-9	0.0000	0	0.0000
	Purchase 16-Jun-2017	166	0.0018	166	0.0018
	Purchase 23-Jun-2017	209	0.0023	375	0.0041
	Sale 30-Jun-2017	-332	0.0036	43	0.0004
	Sale 07-Jul-2017	-23	0.0002	20	0.0002
	Purchase 14-Jul-2017	141	0.0015	161	0.0017
	Purchase 21-Jul-2017	39	0.0004	200	0.0022
	Sale 28-Jul-2017	-200	0.0022	0	0.0000
	Purchase 04-Aug-2017	100	0.0011	100	0.0011
	Sale 11-Aug-2017	-75	0.0008	25	0.0002
	Purchase 18-Aug-2017	74	0.0008	99	0.0010
	Sale 25-Aug-2017	-99	0.0010	0	0.0000
	Purchase 22-Sep-2017	599	0.0065	599	0.0065
	Sale 29-Sep-2017	-599	0.0065	0	0.0000
	Purchase 13-Oct-2017	376	0.0041	376	0.0041
	Sale 20-Oct-2017	-346	0.0038	30	0.0003
	Sale 27-Oct-2017	-30	0.0003	0	0.0000
	Purchase 31-Oct-2017	587	0.0064	587	0.0064
	Purchase 03-Nov-2017	1651	0.0181	2238	0.0246
	Sale 10-Nov-2017	-2238	0.0246	0	0.0000
	Purchase 17-Nov-2017	800	0.0088	800	0.0088
	Sale 24-Nov-2017	-600	0.0066	200	0.0022
	Purchase 01-Dec-2017	200	0.0022	400	0.0044
	Sale 08-Dec-2017	-111	0.0012	289	0.0031
	Sale 15-Dec-2017	-282	0.0031	7	0.0000
	Purchase 22-Dec-2017	773	0.0085	780	0.0085
	Purchase 29-Dec-2017	1430	0.0157	2210	0.0243
	Sale 05-Jan-2018	-1685	0.0185	525	0.0057
	Sale 12-Jan-2018	-250	0.0027	275	0.0030
	Sale 19-Jan-2018	-185	0.0020	90	0.0009
	Purchase 25-Jan-2018	1195	0.0131	1285	0.0141
	Sale 02-Feb-2018	-942	0.0103	343	0.0037
	Purchase 09-Feb-2018	685	0.0075	1028	0.0113
	Sale 16-Feb-2018	-520	0.0057	508	0.0055
	Sale 23-Feb-2018	-503	0.0055	5	0.0000
	Purchase 02-Mar-2018	57	0.0006	62	0.0006
	Sale 09-Mar-2018	-55	0.0006	7	0.0000
	Purchase 16-Mar-2018	398	0.0043	405	0.0044
	Sale 23-Mar-2018	-405	0.0044	0	0.0000
	Purchase 30-Mar-2018	2042	0.0224	2042	0.0224
	At the end of the year		2042	0.0224	0.00
(vi)	Angel Broking Private Limited*				
	At the beginning of the year	0	0.00		
	Changes during the year				
	Purchase 27-Oct-2017	45278	0.4987	45278	0.4987
	Sale 29-Dec-2017	-1	0.0000	45277	0.4986
	Sale 19-Jan-2018	-176	0.0019	45101	0.4967
	At the end of the year			180	0.00
10	Santosh Haribhau Chaudhari				
	At the beginning of the year	18250	0.2010		
	Changes during the year				
	NIL				
	At the end of the year			18250	0.2010

\* Having same PAN

**v) Shareholding of Directors and Key Managerial Personnel:**

Sl 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	Dr. K Ellangovan IAS*				
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	T.K Jose IAS**				
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
3	Paul Antony #				
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	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
5	Raymond Merz##				
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	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
7	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
8	Dr. 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



9	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
10	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	Nil	Nil	66	Nil
11	Dr. Naotoshi Umerno				
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	Kochi Ogata <sup>§</sup>				
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	Dr. Shinya Takahashi <sup>§§</sup>				
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
14	Hiroshi Nitta <sup>%</sup>				
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
15	Seichi Nishikawa <sup>@</sup>				
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
16	Takeo Yamaki <sup>@@</sup>				
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
17	Gopalakrishnan Rajeev Kurup				
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

18	Parameswaran 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			
	At the end of the year			2424	0.03%

\*Appointed on 28/02/2018

\*\* Appointed on 03/02/2018 and Cessation on 28/02/2018

# Cessation on 03/02/2018

## Cessation on 09/05/2017 and appointed as Alternate Director to Koichi Ogata on 29/07/2017 and cessation on 03/02/2018

\$ Appointed on 09/05/2017

\$\$ Appointed on 09/05/2017

%Appointed as alternate Director to Koichi Ogata on 09/05/2017 and cessation on 29/07/2017

@Cessation 09/05/2017

@@Cessation on 01/04/2017

**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
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	67,01,96,944	16,80,09,334	-	83,82,06,278
ii) Interest due but not paid	1,62,271	-	-	1,62,271
iii) Interest accrued but not due	-	3,51,929	-	3,51,929
<b>Total (i+ii+iii)</b>	<b>67,03,59,215</b>	<b>16,83,61,263</b>	<b>-</b>	<b>83,87,20,478</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-	79,78,736	-	79,78,736
Reduction	(9,25,13,135)	-	-	(9,25,13,135)
<b>Net Change</b>	<b>(9,25,13,135)</b>	<b>79,78,736</b>	<b>-</b>	<b>(8,45,34,399)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	57,77,49,189	17,59,81,085	-	75,37,30,274
ii) Interest due but not paid	96,891	-	-	96,891
iii) Interest accrued but not due	-	3,58,914	-	3,58,914
<b>Total (i+ii+iii)</b>	<b>57,78,46,080</b>	<b>17,63,39,999</b>	<b>-</b>	<b>75,41,86,079</b>

\* Note: Unsecured loans represent liability portion of the External Commercial Borrowings and Preference Share capital re-stated as borrowings in accordance with Ind AS.

## 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	Dr. Shinya Takahashi	Total Amount
	Gross salary			
1	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,44,98,376	23,33,868	1,68,32,244
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	1,957	1,957
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil		Nil
2	Stock Option	Nil		Nil
3	Sweat Equity	Nil		Nil
4	Commission - as % of profit - others, specify...	Nil		Nil
5	Others: Contribution to Provident Fund	4,79,160	Nil	4,79,160
	<b>Total (A)</b>	<b>1,49,77,536</b>	<b>23,35,825</b>	<b>1,73,13,361</b>
	Ceiling as per the Act			<b>2,59,27,964</b>

### 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	3,06,000	2,52,000	1,80,000	54,000	1,98,000	9,90,000
	Commission	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0
	<b>Total (1)</b>	<b>3,06,000</b>	<b>2,52,000</b>	<b>1,80,000</b>	<b>54,000</b>	<b>1,98,000</b>	<b>9,90,000</b>
2	Other Non-Executive Directors	Paul Antony	Beena Mahadevan	Raymond Merz	N. Soga	Seiichi Nishikawa	Total Amount
	Fee for attending board committee meetings	54,000	36,000	0	0	0	90,000
	Commission	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0
	<b>Total (2)</b>	<b>54,000</b>	<b>36,000</b>				<b>90,000</b>
	Total (B)=(1+2)						<b>10,80,000</b>
	Total Managerial Remuneration(A+B)						<b>1,83,93,361*</b>

\*includes sitting fee

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

(In Rs)

Sl No	Particulars of Remuneration	Key Managerial Personnel other than MD/Manager/WTD		Total
		Company Secretary (Rajesh Gopalakrishnan Kurup)	CFO (Parameswaran Sahasranaman)	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	18,04,408	14,70,984	32,75,392
	(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
5	Others: Retirement benefits and food coupon	2,05,597	1,74,709	3,80,306
	<b>Total</b>	<b>20,10,005</b>	<b>16,45,693</b>	<b>36,55,698</b>

**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)
<b>A. COMPANY</b>					
Penalty		<b>NONE</b>			
Punishment		<b>NONE</b>			
Compounding		<b>NONE</b>			
<b>B. DIRECTORS</b>					
Penalty		<b>NONE</b>			
Punishment		<b>NONE</b>			
Compounding		<b>NONE</b>			
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty		<b>NONE</b>			
Punishment		<b>NONE</b>			
Compounding		<b>NONE</b>			

For and on behalf of the Board of Directors,

Kochi  
04.05.2018Sajiv K. Menon  
Managing Director  
(DIN : 00168228)Dr. M. Beena, IAS  
Director  
(DIN: 03483417)

## CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY

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.

Five (5) Board meetings were held during the financial year 2017-18 on 09/05/2017, 24/06/17, 29/07/2017, 28/10/2017 and 03/02/2018.

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 31.03.2018 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 2.02)	
								Member	Chairman
1.	Dr. K Ellangovan IAS Nominee of KSIDC and Principal Secretary, Dept. of Industries and Commerce, Dept. of NORKA (Nominated as Chairman on 28/02/2018)	Nominee Director representing KSIDC, TVM	Nil	-	No	-	4	-	-
2.	T.K Jose IAS, Nominee of KSIDC and additional Chief Secretary (Nominated as Chairman on 03/02/2018 and ceased to be the Chairman on 28/02/2018)	Nominee Director representing KSIDC, TVM	Nil	0/1	Yes	-	5	-	-
3.	Mr. Paul Antony IAS, Nominee of KSIDC and Chief Secretary Govt. of Kerala (ceased to be the Chairman w.e.f. 03/02/2018)	Nominee Director representing KSIDC, TVM*	Nil	4/4	Yes	-	9	-	-
4.	Dr. M. Beena IAS, Nominee and Director of KSIDC.	Nominee Director representing KSIDC TVM*	Nil	3/5	No	-	15	-	-
5.	Raymond Merz (Cessation on 09.05.2017 and appointed as Alternate Director on 29.07.2017 and further ceased to be Director on 03.02.2018)	Non Executive Director	Nil	2/2	Yes	-	1	-	-



6.	K.L Kumar	Non Executive Independent Director	Nil	5/5	Yes	-	2	3	-
7.	Radha Unni	Non Executive Independent Director	Nil	5/5	No	-	5	4	1
8	Dr. K. Cherian Varghese	Non Executive Independent Director	Nil	5/5	Yes	-	2	1	-
9	Sajiv K Menon	Executive Managing Director	Nil	5/5	Yes	Chairman, Bamni Proteins Ltd, Chairman Reva Proteins Ltd	4	-	-
10.	A. K Nair	Non Executive Independent Director	66 Nos Equity Shares	4/5	Yes	Director, Strides Acrolab Ltd, Bangalore	8	3	1
11	Dr. Naotoshi Umeno	Non Executive Independent	Nil	2/5	Yes	-	1	-	-
12	Koichi Ogata (Appointed as director in casual vacancy w.e.f 09/05/2017)	Casual Vacancy Director	Nil	2/2	No	-	1	-	-
13	Dr. Shinya Takahashi ( Appointed as Whole time Director w.e.f 09/05/2017)	Whole time Director	Nil	2/3	Yes	Additional Director - Bamni Proteins Limited and Reva Proteins Limited	3	-	-
14	Hiroshi Nitta (Appointed w.e.f. 09/05/2017 and Cessation on 29/07/2017)	Alternate Director	Nil	1/1	Yes	-	1	-	-
15	Seiichi Nishikawa ( ceased to be a Director w.e.f 09/05/2017)	Alternate Director	Nil	-	No	-	-	-	-
16	Takeo Yamaki (ceased w.e.f 01/04/2017)	Whole time Director	Nil	-	No	-	-	-	-

\* The Nominee Directors representing KSIDC are in the capacity of equity investor.

- 2.01 The number of Board committees in which the Director is a member or chairperson includes only Audit Committee and Stakeholders Relationship Committee.
- 2.02 The Directors have no inter-se relationship, whatsoever.
- 2.03 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 the 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 chairperson of more than 5 committees across all listed entities in which he/she is a Director.

- 2.05 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 and these directors are Dr. K Cherian Varghese, Mr. A.K. Nair, Mr. K. L. Kumar, Mrs. Radha Unni and Dr. Naotoshi Umeno, who meet the prescribed criteria of Independence during the financial year.

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 2017-18.

Mr. T.K Jose, IAS was formally appointed as Chairman representing KSIDC replacing Mr. Paul Antony, IAS with effect from 03.02.2018. The nomination of Shri T.K. Jose was withdrawn on 28/02/2018 by KSIDC and Dr. K Ellangovan IAS, Principal Secretary, was nominated as Chairman of the Company w.e.f. 28/02/2018.

Mr. Hiroshi Nitta, Nominee of Nitta Gelatin Inc. is appointed as Alternative Director w.e.f. 09/05/2017 and ceased to be Alternate Director w.e.f. 29/07/2017.

Mr. Koichi Ogata is appointed as Director in casual vacancy w.e.f. 09/05/2017.

Mr. Raymond Merz, who ceased to be Director on 09/05/2017 is appointed as Alternate Director to Mr. Koichi Ogata on 29/07/2017. Further he ceased to be Alternate Director w.e.f. 03/02/2018.

Mr. Seiichi Nishikawa ceased to be a Director w.e.f. 09/05/2017.

Mr. Sajiv K Menon, Managing Director, was re-appointed as Managing Director w.e.f. 01/04/2017 for a period of three years.

Mr. Takeo Yamaki ceased to be Whole time Director w.e.f. 01/04/2017.

Dr. Shinya Takahashi was appointed as Whole time Director w.e.f. 09/05/2017.

### **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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 web link where details of Familiarization Programme imparted to Independent Director disclosed is:

[http://gelatin.in/uploads/homecontent/FAMILIARIZATION%20PROGRAMMES\\_20160722105811.pdf](http://gelatin.in/uploads/homecontent/FAMILIARIZATION%20PROGRAMMES_20160722105811.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 financial year 2017-18 on 11.04.2017 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](http://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 AS ON 31.03.2018

### a. Dr. K Ellangovan IAS, Chairman

A senior officer of Indian Administrative Service, Dr. K Ellangovan has held various higher offices in Government. He is presently Principal Secretary, Dept. of Industries and Commerce, Dept. of NORKA, 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 33 years' experience in various capacities in Engineering and Chemical Industries before taking charge as Managing Director of NGIL on 01.04.2014.

### c. Dr. Shinya Takahashi, Wholetime Director

Dr. Shinya Takahashi is a Bachelor in General Education and Ph.D. from Chiba University- a graduate School of Advanced Integration Science at Japan. He held various positions in NGI, Japan before acting as their General Manager (QA) before joining the Board of Directors of NGIL as its Wholetime Director designated as Director (Technical).

### d. Dr. M. Beena IAS

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

### e. Mr. Koichi Ogata

Mr. Koichi Ogata is President, NGI, Japan, having earlier held senior positions in the Industry

### 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 Osaka University of Commerce.

### j. Dr. K Cherian Varghese

Dr. K Cherian Varghese has served as the CMD of Corporation Bank and Union Bank of India and Executive Director of Central Bank of India. He had served as the Chairman and CEO of South Indian Bank Ltd during the period 1991-1996. He also served as a member and Chairman of the Board for Industrial and Financial Reconstruction of Govt. of India. He holds a PhD 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, Listing Regulations outlined in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations, 2015. The Committee consists of 4 non-executive Independent Directors. The committee consisted of Dr. K Cherian Varghese, Mr. A.K. Nair, Mr. K.L. Kumar and Mrs. Radha Unni as members. Mrs. Radha Unni continues as the Chairperson of the Committee since 20<sup>th</sup> March, 2015. The terms of reference of the Audit Committee sufficiently cover the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the Securities and Exchange Board of India (Listing Obligations & Disclosure 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 2017-18, the dates of which are 09/05/2017, 29/07/2017, 28/10/2017 and 03/02/2018.

The attendance of members is as follows:

Name of Directors	Category	No. of meetings attended/Held
Mrs. Radha Unni	Chairperson	4/4
Mr. A.K.Nair	Member	3/4
Mr. K.L. Kumar	Member	4/4
Dr. K. Cherian Varghese	Member	4/4

Mrs. Radha Unni, as Chairperson of the Audit Committee, was present at the Annual General Meeting of the Company, held on 24<sup>th</sup> June, 2017 to answer shareholder queries.

#### **4. NOMINATION AND REMUNERATION COMMITTEE**

As per Regulation 19(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration committee shall comprise of atleast three directors, all of

whom shall be Non-Executive directors and at least 50% of the Directors shall be Independent Directors. The Committee consisted of Mr. A.K. Nair as chairman, Mr. K.L. Kumar and Dr. K. Cherian Varghese as members.

As per the above position, the Company had the requisite number of members on the Committee for the period from 1<sup>st</sup> April, 2017 till 31<sup>st</sup> March, 2018.

The terms of reference of the Committee include remuneration and terms and conditions of appointment of Executive Directors and Senior Management personnel. The role 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 2017-18, the Nomination and Remuneration Committee held a meeting on 09/05/2017.

The attendance of members were as follows:

Name of Directors	No. of meetings attended/held
Mr. A.K. Nair	0/1
Mr. K.L. Kumar	1/1
Dr. K. Cherian Varghese	1/1

#### **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 judgment.
- \* Demonstrated intelligence, maturity, wisdom and independent judgment.
- \* 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:

Name	Sitting fees (Rs)
Mr. Paul Antony IAS	54,000
Dr. M Beena IAS	36,000
Dr. K Cherian Varghese	1,98,000
Mr. A K Nair	2,52,000
Mr. K L Kumar	3,06,000
Mrs. Radha Unni	1,80,000
Dr. Naotoshi Umeno	54,000

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

### (c) Details of Remuneration for the Financial Year 2017-18

Name	Salary Rs.	PF Rs.	Incentive Rs.	Other Benefits Rs.	Total Rs.
Executive Directors:					
(a) Managing Director					
Mr. Sajiv K. Menon	84,96,804	4,79,160	18,97,200	41,04,372	1,49,77,536
(b) Whole Time Director:					
Dr. Shinya Takahashi	15,48,000	-	-	7,87,825	23,35,825



**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.	up to 50%	50	100000	50.01 to 80%	62.5	125000	80.01 to 100%	75	150000	100.01 to 110%	100	200000	Above 110.01%	125	250000
Increase in total Revenue (consolidated) in current period compared to corresponding pr.Yr period	up to 5%	16.67	33100	5.01 to 7.5%	20.83	41600	7.51% to 10%	25	50000	10.01% to 15%	33.33	66500	Above 15.01%	41.67	82750
Total		66.67	133100		83.33	166400		100	200000		133.33	266500		166.67	332750

Service contract with the Managing Director would end on 31.03.2020 and that of Wholetime Director on 09.05.2019 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 two non-executive Directors, Mr. A.K. Nair (Chairman), and Mr. K.L. Kumaras members.

There was no Stakeholders' Relationship Committee Meeting during the period 01.04.2017 - 31.03.2018.

Name and designation of Compliance Officer: Mr. G. Rajesh Kurup, Company Secretary.

Number of shareholders complaints received so far: Nil

Number not solved to the satisfaction of the shareholders: Nil

Number of pending complaints: Nil

All valid transfer requests received upto 31.03.2018 have been registered.

## 7. GENERAL BODY MEETING

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

AGM	Financial Year	Day	Date	Time	Location
41 <sup>st</sup>	2017	Saturday	24.06.2017	12.00 Noon	Fine Arts Hall, Ernakulam
40 <sup>th</sup>	2016	Wednesday	03.08.2016	12.00 Noon	Fine Arts Hall, Ernakulam
39 <sup>th</sup>	2015	Tuesday	08.09.2015	12.00 Noon	Fine Arts Hall, Ernakulam

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

Date of AGM	Nature of Special Resolution
24.06.2017	Re-appointment of Mr. Sajiv K. Menon as Managing Director
03.08.2016	1. Re-appointment of Mr. Takeo Yamaki as a Whole-time Director designated as Director (Operations)
08.09.2015	1. Appointment of Mr. Takeo Yamaki as a Whole-time Director designated as Director (Operations)
	2. Approval for Related party Transactions entered into by the Company.

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

No Special Resolutions were passed through postal ballot following the procedure prescribed under section 110 of the Companies Act, 2013 and Rules thereon during the financial year

- d) The Company does not intend to pass any special resolution through postal ballot during the financial year 2018-19; 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 their web-based platform, <http://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: 3<sup>rd</sup> August 2018 at 12 Noon at Fine Arts Hall, Ernakulam, Kochi-682036.
- Financial Year: 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018.
- Date of book closure: 28.07.2018 to 03.08.2018 (both days inclusive)
- Dividend payment date: (if declared at the Annual General Meeting) latest by 03.09.2018.
- 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.  
PhirozeJeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400001
- Stock Code: 506532 (BSE)
- 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, 2017 to March, 2018 is given below

Year	Month	NGIL		BSE SENSEX	
		High Price	Low Price	High Price	Low Price
2017	April	208.75	183	30184.22	29241.48
	May	222.7	182	31255.28	29804.12
	June	194	174.9	31522.87	30680.66
	July	208	183.05	32672.66	31017.11
	August	191	170.9	32686.48	31128.02
	September	189.85	172	32524.11	31081.83
	October	215.8	175.6	33340.17	31440.48
	November	232.85	195	33865.95	32683.59
	December	278.5	207.65	34137.97	32565.16
2018	January	284.9	218	36443.98	33703.37
	February	259	200.2	36256.83	33482.81
	March	232.7	192	34278.63	32483.84

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

ix) Registrars and Share Transfer Agents:

With effect from 1<sup>st</sup> 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 nine meetings.

xi) Distribution of Shareholding and Shareholder's Profile:

#### a) Distribution of shareholding as at 31st March, 2018

No of Equity Shares held	No. of Shareholders	% of shareholders	No. of shares held				
			Physical	NSDL	CDSL	Total	% of shareholding
1-500	3284	52.55	147372	60766	272021	480159	5.29
501-1000	2216	35.46	17565	272492	279869	569926	6.28
1001-10000	399	6.39	20999	174702	81313	277014	3.05
10001 and above	350	5.60	0	7561510	190551	7752061	85.38
Total	6249	100	185936	8069470	823754	9079160	100

#### b) Shareholders Profile as on 31st March, 2018

Category	No. of Shareholders	% of shareholders	No. of shares held	% of shareholding
Resident Indians	5923	94.78	1911403	21.05
Foreign Collaborator	1	0.02	3900300	42.96
Indian Collaborator	1	0.02	2862220	31.53
Domestic Companies	131	2.10	314266	3.46
Financial Institutions	1	0.02	6066	0.07
NRIs	63	1.01	19241	0.21
Overseas Corporate Bodies	0	0	0	0
Mutual Funds	6	0.10	4239	0.05
Banks	2	0.03	166	0.00
Clearing Member-NSDL /CDSL	13	0.20	3913	0.04
IEPF	1	0.02	23706	0.26
Employees	107	1.70	33640	0.37
Total	6249	100	9079160	100

- xii) Dematerialisation of Shares : As at 31<sup>st</sup> March, 2018, there are 8893224 shares, representing 97.95% of equity paid-up share capital in dematerialised form. This includes 8069470 shares (88.88%) in NSDL and 823754 shares (9.07%) 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 31.3.2018) - Nil
- xiv) The Company broadly follows a Policy of hedging for foreign currency receivables of about 60% of the foreign exchange receivables. The appropriate hedging rates are based on company's budgeted rates, market factors and related developments 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 INVESTOR CORRESPONDENCE:
1. Cameo Corporate Services Ltd,  
"Subramanian Building",  
1, Club House Road, Chennai-600 002  
Tel:044-28460390,  
Fax: 044-28460129  
Email:cameo@cameoindia.com
  2. Nitta Gelatin India Limited,  
PB No.4262, 54/1446, 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. 3.29 of Standalone 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. Besides, mention is also made in the Board's Report further attaching the relevant policies as annexure thereto. The web link where policy on dealing with Related Party Transactions is disclosed is:  
[http://gelatin.in/uploads/homecontent/RPT\\_20160725111744.pdf](http://gelatin.in/uploads/homecontent/RPT_20160725111744.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 minimization 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 under 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 disclosed is:  
[http://gelatin.in/uploads/homecontent/MS\\_20160725111613.pdf](http://gelatin.in/uploads/homecontent/MS_20160725111613.pdf) .
  - (f) The Company does not deal in commodity hedging activities and is therefore free from any risk arising there from.
- 11. The requirements of Sub paras (2)to (10) of the Corporate Governance Report as above have been complied with during the financial year ended 31.03.2018.
  - 12. 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.
  - 13. The Company has complied with Corporate Governance requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of sub Regulation (2) of regulation (46) during the financial year ended 31.03.2018.
  - 14. Designated e-mail id for investor complaints/grievance redressal:  
[investorcell@nittagelindia.com](mailto:investorcell@nittagelindia.com)



### CEO/CFO Certification:

We Shri Sajiv K Menon, Managing Director and Shri P. Sahasranaman, Chief Financial Officer of the Company, to the best of our knowledge and belief hereby certify that;

- A. We have reviewed financial statements and the cash flow statement for the financial year ended 31st March, 2018 and that to the best of our knowledge and belief:
  - (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and Audit Committee:
  - (1) significant changes in internal control over financial ;
  - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-  
SAJIV K MENON  
MANAGING DIRECTOR

Sd/-  
P. SAHASRANAMAN  
CFO

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

**(Under Schedule V(D) of the Securities and Exchange  
Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 )**

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 for the financial year ended 31st March, 2018.

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

## **CERTIFICATE**

The Members  
Nitta Gelatin India Limited  
Kochi -36

I have examined relevant records of Nitta Gelatin India Limited (“the Company”) for the purpose of certifying compliance of conditions of Corporate Governance as per Regulations 17 to 27 and clauses (b) to (i) of sub regulation (2) of Regulation 46 and para C,D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) for the financial year ended 31<sup>st</sup> March, 2018. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Company management. My examination was limited to procedures and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company. It is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of my examination of the records produced, explanations and information furnished, I certify that the Company has complied with conditions of Corporate Governance as per Regulations 17 to 27 and clauses (b) to (i) of sub regulation (2) of Regulation 46 and para C,D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) for the financial year ended 31<sup>st</sup> March, 2018.

Place: Kochi-25  
Date : 24.04.2018

(ABHILASH NEDIYALIL ABRAHAM)  
Company Secretary in Practice  
Membership No. 22601  
C.P No.14524  
Bldg No. 32/1721A, Pallisseri Kavala  
N.H. Byepass, Puthiya Road, Kochi-25

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Nitta Gelatin India Limited

#### Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Nitta Gelatin India Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity 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

2. 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 state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. 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.
5. 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 these standalone financial statements are free from material misstatement.
6. 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 controls 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.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these standalone financial statements.

## Opinion

8. 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 including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, and its profit, its cash flows and the changes in equity for the year ended on that date.

## Emphasis of Matter

9. We draw attention to note 3.04 to the standalone financial statements, regarding the Company's remaining non-current equity investment in subsidiary and advances given aggregating to ₹ 13,184,571 and ₹ 78,917,577 respectively as at 31 March 2018, which are considered as fully recoverable by the management, based on the projected operations and future expected cash flows of the subsidiary company, which are dependent on certain assumptions and estimates considered by the management, the appropriateness of which is dependent upon the realisation of the related business plans. Our opinion is not modified in respect of this matter.

## Other Matter

10. The comparative financial information for the year ended 31 March 2017 and the transition date opening balance sheet as at 1 April 2016 prepared in accordance with Ind AS included in these standalone financial statements, are based on the previously issued statutory financial statements for the year ended 31 March 2017 and 31 March 2016 respectively prepared in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), which were audited by the predecessor auditor whose reports dated 9 May 2017 and 6 May 2016 respectively expressed unmodified opinion on those standalone financial statements, and have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which

have been audited by us. Our opinion is not modified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
12. Further to our comments in Annexure I, 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 purpose 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 standalone financial statements dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;
  - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
  - f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 4 May 2018 as per Annexure II expressed unmodified opinion; and
  - 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

- i. the Company, as detailed in Note 3.31 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;
- 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;
- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Aasheesh Arjun Singh**

Partner

Membership No. 210122

Kochi

4 May 2018



**Annexure I to the Independent Auditor's Report of even date to  
the members of Nitta Gelatin India Limited,  
on the standalone financial statements for the year ended 31 March 2018**

**Annexure I**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.  
  
(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained

under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

- (iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of investments and guarantees. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under subsection(1) of Section 148 of the Act, in respect of Company's products. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and other material statutory dues, as applicable, to the appropriate authorities. Undisputed amounts payable in respect of cess, which was outstanding at the year-end for a period of more than six months from the date they became payable are as follows:

**Annexure I to the Independent Auditor's Report of even date to the members of  
Nitta Gelatin India Limited, on the standalone financial statements  
for the year ended 31 March 2018 (cont'd)**

**Statement of arrears of statutory dues outstanding for more than six months:**

Name of the statute	Nature of dues	Amount `	Period to which the amount relates	Remarks
The Water (Prevention and Control of Pollution) Cess Act, 1977	Water cess	823,805	July 2011, August 2011, April 2016, May 2016 and January 2017 to September 2017	Payment of dues is made based on the order of assessment received under the Water (Prevention and Control of Pollution) Cess Act, 1977.

**(b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:**

**Statement of Disputed Dues:**

Name of the statute	Nature of dues	Amount (`)	Amount paid under Protest (`)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income tax	79,942,039	1,161,060	AY 2009-10 to 2013-14	Commissioner of Income Tax (Appeals)
Kerala Value Added Tax Act, 2003	Value Added Tax	1,237,334	1,237,334	FY 2009-10	Deputy Commissioner of Sales Tax (Appeals)
Kerala Value Added Tax Act, 2003	Value Added Tax	4,856,016	1,431,648	FY 2010-11	Deputy Commissioner of Sales Tax (Appeals)
Central Sales Tax Act, 1956	Central Sales Tax	6,879,037	1,522,697	FY 2010-11, 2011-12 and 2013-14	Deputy Commissioner of Sales Tax (Appeals)
Customs Act, 1962	Custom duty	196,835,881	-	FY 2010-11 to FY 2016-17	Customs, Excise and Service Tax Appellate Tribunal, Bengaluru
Central Excise Act, 1944	Central excise	35,074,543	-	FY 2003-04 to 2014-15	Commissioner of Central Excise and Customs
Central Excise Act, 1944	Central excise	720,668	36,252	FY 2010-11 to 2012-13	Customs, Excise and Service Tax Appellate Tribunal, Bengaluru
Central Excise Act, 1944	Central excise	572,606	28,630	FY 2010-11 to 2012-13	Commissioner (Appeals)
Finance Act, 1994	Service tax	3,549,668	1,39,065	FY 2010-11 to 2012-13	Commissioner (Appeals)
Finance Act, 1994	Service tax	368,058	18,402	FY 2011-12	Customs, Excise and Service Tax Appellate Tribunal, Bengaluru
Finance Act, 1994	Interest on service tax demands	2,551,897	-	FY 2010-11 to 2012-13	Commissioner (Appeals)

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank during the year. The Company has no loans or borrowings payable to a financial institution or government and no dues payable to debenture-holders during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

- (xi) Managerial remuneration has been paid and provided by the company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

per **Aasheesh Arjun Singh**  
Partner  
Membership No. 210122

Kochi  
4 May 2018

## **Annexure II to the Independent Auditor's Report of even date to the members of Nitta Gelatin India Limited on the standalone financial statements for the year ended 31 March 2018**

### **Annexure II**

#### **Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the standalone financial statements of Nitta Gelatin India Limited ('the Company') as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

#### **Management's Responsibility for Internal Financial Controls**

2. The Company's Board of Directors 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 (the 'Guidance Note') 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 the Company's business, including adherence to the 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 Act.

#### **Auditor's Responsibility**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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.
5. 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 IFCoFR.

#### **Meaning of Internal Financial Controls over Financial Reporting**

6. A company's IFCoFR 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 IFCoFR include 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.

**Annexure II to the Independent Auditor's Report of even date to the  
members of Nitta Gelatin India Limited on the standalone financial  
statements for the year ended 31 March 2018 (Cont'd)**

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, 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 issued by ICAI.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Aasheesh Arjun Singh**

Partner

Membership No. 210122

Kochi

4 May 2018

## NITTA GELATIN INDIA LIMITED

### BALANCE SHEET AS AT 31 MARCH, 2018

(All amounts in ` ,  
unless otherwise stated)

	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>ASSETS</b>				
Non-current Assets				
(a) Property, Plant and Equipment	3.01	788,272,110	763,839,193	779,010,799
(b) Other Intangible Assets	3.02	3,475,481	1,537,689	2,526,725
(c) Capital Work-in-progress	3.01	100,370,399	109,495,639	69,592,173
(d) Financial assets				
(i) Investments	3.03	262,421,386	268,024,633	260,334,069
(ii) Loans	3.04	79,499,824	42,785,993	618,418
(iii) Other financial assets	3.05	14,616,281	15,236,006	14,244,537
(e) Non current tax assets (net)		54,443,521	46,171,068	41,758,787
(f) Other non-current assets	3.06	55,355,050	68,798,391	55,298,973
		<b>1,358,454,052</b>	<b>1,315,888,612</b>	<b>1,223,384,481</b>
<b>Current Assets</b>				
(a) Inventories	3.07	676,862,240	632,934,006	606,331,418
(b) Financial assets				
(i) Trade Receivables	3.08	607,240,595	522,965,366	382,371,828
(ii) Cash and Cash Equivalents	3.09	18,037,312	30,993,261	6,107,088
(iii) Bank balances other than cash and cash equivalents	3.10	10,377,873	67,485,281	187,589,273
(iv) Loans	3.04	259,045	222,711	307,387
(v) Other financial assets	3.05	42,807,808	92,009,158	78,692,337
(c) Other current assets	3.06	36,993,323	36,002,406	22,678,264
		<b>1,392,578,196</b>	<b>1,382,612,189</b>	<b>1,284,077,595</b>
<b>Assets held for sale</b>	3.11	-	<b>12,271,364</b>	<b>12,271,364</b>
<b>Total Assets</b>		<b>2,751,032,248</b>	<b>2,710,772,165</b>	<b>2,519,733,440</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity share capital	3.12	90,791,600	90,791,600	90,791,600
(b) Other equity	3.13	1,402,065,610	1,300,985,694	1,126,884,678
		<b>1,492,857,210</b>	<b>1,391,777,294</b>	<b>1,217,676,278</b>
<b>Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	3.14	182,036,133	199,829,866	220,929,473
(b) Deferred Tax Liabilities (Net)	3.15	90,459,517	125,969,678	98,499,303
(c) Provisions	3.18	27,350,157	22,962,020	23,324,066
(d) Other non-current liabilities	3.19	651,501	1,108,540	1,856,680
		<b>300,497,308</b>	<b>349,870,104</b>	<b>344,609,522</b>
<b>Current Liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	3.14	545,783,621	612,584,386	577,705,242
(ii) Trade Payables	3.16	239,289,142	182,016,525	233,694,517
(iii) Other financial liabilities	3.17	30,032,058	37,455,620	30,414,764
(b) Provisions	3.18	28,468,123	24,702,758	19,609,642
(c) Current tax liability		102,359,503	102,359,503	87,630,540
(d) Other current liabilities	3.19	11,745,283	10,005,975	8,392,935
		<b>957,677,730</b>	<b>969,124,767</b>	<b>957,447,640</b>
<b>Total equity and liabilities</b>		<b>2,751,032,248</b>	<b>2,710,772,165</b>	<b>2,519,733,440</b>

See accompanying notes forming part of these standalone financial statements.

This is the Balance Sheet referred to in our report of even date.

**For and on behalf of the Board of Directors**

For **Walker Chandiok & Co. LLP**  
Chartered Accountants

per **Aasheesh Arjun Singh**  
Partner

SAJIV K. MENON  
Managing Director  
DIN : 00168228

DR. M. BEENA IAS  
Director  
DIN : 03483417

DR. K. CHERIAN VARGHESE  
Director  
DIN : 01870530

SAHASRANAMAN P.  
Chief Financial Officer

RADHA UNNI  
Director  
DIN : 03242769

A.K. Nair  
Director  
DIN : 00009148

RAYMOND MERZ  
Director  
DIN : 07498918

K. L. KUMAR  
Director  
DIN : 00004804

Dr. SHINYA TAKAHASHI  
Director  
DIN: 07809828

G. RAJESH KURUP  
Company Secretary



**NITTA GELATIN INDIA LIMITED**  
**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH, 2018**

(All amounts in ` ,  
unless otherwise stated)

	Note	Year ended 31 March 2018	Year ended 31 March 2017
<b>INCOME</b>			
Revenue from operations	3.20	3,264,438,265	3,407,986,467
Other income	3.21	43,710,646	93,657,414
<b>Total income</b>		<b>3,308,148,911</b>	<b>3,501,643,881</b>
<b>EXPENSES</b>			
Cost of materials consumed	3.22	1,811,205,307	1,680,923,528
Purchases of stock-in-trade		11,728,800	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	3.23	(147,879,763)	136,400,708
Employee benefits expense	3.24	302,311,129	266,010,454
Finance costs	3.25	36,594,349	36,313,143
Depreciation and amortisation expense		119,100,529	104,849,378
Other expenses	3.26	951,651,162	958,820,672
<b>Total Expenses</b>		<b>3,084,711,513</b>	<b>3,183,317,883</b>
<b>Profit before tax</b>		<b>223,437,398</b>	<b>318,325,998</b>
<b>Tax expense</b>			
Current tax	3.37	109,500,000	89,121,780
Deferred tax		(31,789,065)	24,337,265
<b>Profit for the year</b>		<b>145,726,463</b>	<b>204,866,953</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
a) Re-measurement gains/ (losses) in defined benefit plans		(5,569,352)	1,336,342
Income tax effect		1,927,441	(462,481)
		<b>(3,641,911)</b>	<b>873,861</b>
b) Measurement of financial assets through OCI		(55,402)	299,456
Income tax effect		11,413	(61,688)
		<b>(43,989)</b>	<b>237,768</b>
<b>Net of items that will not be reclassified to profit or loss:</b>		<b>(3,685,900)</b>	<b>1,111,629</b>
<b>Items that will be reclassified subsequently to profit or loss:</b>			
a) Gain/ (loss) recognised on cash flow hedges		(5,149,800)	7,538,550
Income tax effect		1,782,243	(2,608,941)
		<b>(3,367,557)</b>	<b>4,929,609</b>
<b>Net of items that will be reclassified subsequently to profit or loss:</b>		<b>(3,367,557)</b>	<b>4,929,609</b>
<b>Other comprehensive income/ (loss), net of tax</b>		<b>(7,053,457)</b>	<b>6,041,238</b>
<b>Total comprehensive income for the year</b>		<b>138,673,006</b>	<b>210,908,191</b>
<b>Earnings per equity share</b>	3.27		
Basic		<b>15.27</b>	<b>23.23</b>
Diluted		<b>15.27</b>	<b>23.23</b>

See accompanying notes forming part of these standalone financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

**For and on behalf of the Board of Directors**

For **Walker Chandiok & Co. LLP**  
Chartered Accountants

per **Aasheesh Arjun Singh**  
Partner

SAJIV K. MENON  
Managing Director  
DIN : 00168228

DR. M. BEENA IAS  
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RAYMOND MERZ  
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K. L. KUMAR  
Director  
DIN : 00004804

Dr. SHINYA TAKAHASHI  
Director  
DIN: 07809828

G. RAJESH KURUP  
Company Secretary

Place: Kochi  
Date: 04<sup>th</sup> May 2018

**NITTA GELATIN INDIA LIMITED**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2018**

(All amounts in ` ,  
unless otherwise stated)

	Year ended 31 March 2018	Year ended 31 March 2017
<b>A. Cash flows from operating activities</b>		
Profit before tax	223,437,398	318,325,998
Adjustments for:		
Depreciation and amortisation expense	119,100,529	104,849,378
Loss on assets sold/written off (Net)	2,516,374	14,733,619
Provision for assets held for sale	12,271,364	-
Finance costs	36,594,349	36,313,143
Interest income	(2,239,176)	(4,128,196)
Dividend income from non current investments	(10,920)	(10,920)
Commission income	(1,031,005)	(1,922,862)
Provision for doubtful debts	498,293	294,140
Net unrealised foreign exchange loss/(gain)	1,920,059	(1,689,843)
Fair value adjustments	5,740,933	(7,038,253)
Operating profit before working capital changes	398,798,198	459,726,204
Adjustments for working capital changes:		
(Increase) in trade and other receivables	(78,905,195)	(206,938,642)
(Increase) in inventories	(43,928,234)	(26,602,588)
Increase/(decrease) in trade and other payables	59,635,689	(43,981,645)
Increase in provisions	2,584,150	6,067,412
<b>Cash generated from operations</b>	338,184,608	188,270,741
Income taxes paid	(117,772,453)	(78,805,098)
<b>Net cash generated from operating activities</b>	220,412,155	109,465,643
<b>B. Cash flows from investing activities</b>		
Payments for purchase of property, plant and equipment	(134,229,477)	(155,549,392)
Proceeds from disposal of property, plant and equipment	994,828	3,309,588
Movement in other bank balances	57,681,694	119,449,697
Interest received	2,150,185	4,195,019
Dividend received	10,920	10,920
<b>Net cash used in investing activities</b>	(73,391,850)	(28,584,168)
<b>C. Cash flows from financing activities</b>		
Movement in short term borrowings (net)	(67,837,570)	34,879,144
Repayment of long term borrowings	(17,807,221)	(18,102,615)
Dividend paid	(31,320,113)	(30,549,419)
Tax paid on dividend	(6,358,606)	(6,225,763)
Interest paid	(36,652,744)	(35,996,649)
<b>Net cash used in financing activities</b>	(159,976,254)	(55,995,302)
<b>Net decrease/(increase) in cash and cash equivalents</b>	(12,955,949)	24,886,173

	Year ended 31 <sup>st</sup> March 2018	Year ended 31 <sup>st</sup> March 2017
<b>Cash and cash equivalents at beginning of the year</b>	<b>30,993,261</b>	<b>6,107,088</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>18,037,312</b>	<b>30,993,261</b>
	<b>(12,955,949)</b>	<b>24,886,173</b>

This is the Statement of Cash Flows referred to in our report of even date.

**For and on behalf of the Board of Directors**

For **Walker Chandiok & Co. LLP**  
Chartered Accountants

SAJIV K. MENON  
Managing Director  
DIN : 00168228

RADHA UNNI  
Director  
DIN : 03242769

RAYMOND MERZ  
Director  
DIN : 07498918

per **Aasheesh Arjun Singh**  
Partner

DR. M. BEENA IAS  
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Director  
DIN : 00009148

K. L. KUMAR  
Director  
DIN : 00004804

DR. K. CHERIAN VARGHESE  
Director  
DIN : 01870530

Dr. SHINYA TAKAHASHI  
Director  
DIN: 07809828

Place: Kochi  
Date: 04<sup>th</sup> May 2018

SAHASRANAMAN P.  
Chief Financial Officer

G. RAJESH KURUP  
Company Secretary

## NITTA GELATIN INDIA LIMITED

### Statement of Changes in Equity for the year ended 31 March 2018

(All amounts in ₹, unless otherwise stated)

**A. Equity share capital****Equity shares of ₹ 10 each, fully paid-up****As at 1 April 2016**

Add: Issued and subscribed during the year

**As at 31 March 2017**

Add: Issued and subscribed during the year

**As at 31 March 2018**

	Equity shares	
	Number (in Lakhs)	Amount
As at 1 April 2016	90.79	90,791,600
As at 31 March 2017	-	-
As at 31 March 2018	90.79	90,791,600

**B. Other equity**

	Reserves and Surplus			Items of OCI			Total
	Securities premium reserve	Retained earnings	Special Ex-port Reserve	Other Equity	General Reserve	Hedge reserve	
Balance as at 1 April 2016	289,590,000	38,711,544	7,900,000	66,495,852	723,664,400	-	1,126,884,678
Profit for the year	-	204,866,953	-	-	-	-	204,866,953
Other comprehensive income/(loss)	-	-	-	-	-	-	-
Transfer to General Reserve	-	(60,000,000)	-	-	60,000,000	4,929,609	873,861
Dividend paid	-	(30,581,412)	-	-	-	-	-
Corporate Dividend Tax	-	(6,225,763)	-	-	-	-	(30,581,412)
Balance as at 31 March 2017	289,590,000	146,771,322	7,900,000	66,495,852	783,664,400	4,929,609	873,861
Profit for the year	-	145,726,463	-	-	-	-	145,726,463
Other comprehensive income/(loss)	-	-	-	-	-	(3,367,557)	(3,641,911)
Dividend paid	-	(31,234,484)	-	-	-	-	(7,053,457)
Corporate Dividend Tax	-	(6,358,606)	-	-	-	-	(31,234,484)
Balance as at 31 March 2018	289,590,000	254,904,695	7,900,000	66,495,852	783,664,400	1,562,052	716,661
							(2,768,050)
							1,402,065,610

See accompanying notes forming part of these standalone financial statements.

This is the Statement of Changes in Equity referred to in our report of even date.

**For and on behalf of the Board of Directors**

**For Walker Chandio & Co. LLP**  
Chartered Accountants

SAJIV K. MENON  
Managing Director  
DIN : 00168228

RADHA UNNI  
Director  
DIN : 03242769

RAYMOND MERZ  
Director  
DIN : 07498918

per **Aasheesh Arjun Singh**  
Partner

DR. M. BEENA IAS  
Director  
DIN : 03483417

A.K. Nair  
Director  
DIN : 00009148

K. L. KUMAR  
Director  
DIN : 00004804

DR. K. CHERIAN VARGHESE  
Director  
DIN : 01870530

Dr. SHINYA TAKAHASHI  
Director  
DIN : 07809828

Place: Kochi  
Date: 04<sup>th</sup> May 2018

SAHASRANAMAN P.  
Chief Financial Officer

G. RAJESH KURUP  
Company Secretary

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018**

(All amounts in ₹, unless otherwise stated)

### **1. GENERAL INFORMATION:**

Nitta Gelatin India Limited ('the Company'/'NGIL'), a public limited company, operates in the business of manufacture and sale of ossein, gelatin, collagen peptide. The Company's shares are listed for trading on BSE Limited in India.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **a) Statement of compliance with Indian Accounting Standards (Ind AS)**

The standalone financial statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Accounting Standards) Amendment Rules, 2016. The aforesaid financial statements have been approved by the Board of Directors in the meeting held on 4th May 2018.

For all periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with requirements of the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP"). These are the first Ind AS financial statements of the Company. The date of transition to Ind AS is 1 April 2016. Refer note 3.41 for the details of first-time adoption exemptions availed by the Company, reconciliations and descriptions of the effect of the transition. Amendments to the financial statements are permitted after approval.

#### **b) Basis of accounting and preparation**

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company is required to prepare its financial statements as per the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Accounting Standards) Amendment Rules, 2016 with effect from 1 April, 2017. Accordingly, the Company has prepared these financial statements which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statements of Cash Flows and the Statement of Changes in Equity for the year ended 31 March, 2018, and accounting policies and other explanatory information (together hereinafter referred to as "financial statements").

The financial Statements have been prepared using the significant accounting policies and measurement bases summarised below. These accounting policies have been used throughout all periods presented in these financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

The financial Statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

#### **c) Use of estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company bases its estimates and assumptions on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

### Significant management judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the amounts recognized in the financial Statements or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### *Classification of leases*

The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialised nature of the leased asset.

#### *Recognition of deferred tax assets*

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions

#### *Evaluation of indicators for impairment of assets*

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

#### *Recoverability of advances / receivables*

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

#### *Useful lives of depreciable / amortisable assets*

Management reviews its estimate of the useful lives of depreciable / amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

#### *Defined benefit obligation (DBO)*

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

#### *Fair value measurements*

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### d) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has evaluated and considered its operating cycle as 12 months.

Deferred tax assets/ liabilities are classified as non-current assets/ liabilities.

### e) Property, plant and equipment

The Company has elected to continue with the carrying value for all of its property, plant and equipment as recognized in its Previous GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016.

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by management.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

The Company depreciates plant and equipment (other than service equipment) over their estimated useful lives using the straight-line method. Depreciation on Service Equipment and other items of Property, Plant and Equipments is provided on Written Down Value Method based on the useful

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

lives prescribed in Schedule II of the Companies Act, 2013 based on a review by the management at the year-end.

Asset Category	Useful lives (in years)
Factory Building	30
Office Building	60
Plant and Machinery of Ossein Division	8.4
Plant and Machinery of Gelatin Division	15
Effluent Treatment Plant at Ossein Division	5
Effluent Treatment Plant at Gelatin	8.4
Furniture and Fixtures	10
Office equipment	5
Vehicles	8

The Company has evaluated the applicability of component accounting as prescribed under Ind AS 16 and Schedule II of the Companies Act, 2013, the management has not identified any significant component having different useful lives as the company's assets are not capable of being accounted separately as components. Schedule II requires the Company to identify and depreciate significant components with different useful lives separately.

Depreciation methods, useful lives and residual values are reviewed periodically and updated as required, including at each financial year end.

### f) Intangible assets

The Company has elected to continue with the carrying value for all of its intangible assets as recognized in its Previous GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016.

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Advances paid towards the acquisition of intangible assets outstanding at each Balance Sheet date are disclosed as other non-current assets and the cost of intangible assets not ready for their intended use before such date are disclosed as intangible assets under development.

The Company amortizes intangible over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Asset Category	Useful lives (in years)
Computer software	5

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

The residual values, useful lives and methods of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

### g) Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Company estimates

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the Statement of Profit and Loss.

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

### **h) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes, goods and service tax and amounts collected on behalf of third parties.

#### *Sale of goods*

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have been passed to the buyer and to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

#### *Interest income*

Interest income is reported on an accrual basis using the effective interest method and is included under the head "other income" in the Statement of Profit and Loss.

#### *Dividends*

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

#### *Rental income*

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss.

### **i) Employee benefits**

Employee benefits include superannuation, provident fund, employee state insurance scheme, gratuity and compensated absences. Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, Employee Benefits.

#### *Defined contribution plan*

The company has defined contribution plans for employees comprising of Superannuation Fund, 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.

#### *Defined benefit plan*

**Gratuity :** 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 liability or asset recognised in the

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

### *Long term employee benefits*

**Compensated absences:** The Company provides benefit of compensated absences under which unavailed leave are allowed to be accumulated to be availed in future. The compensated absences comprises of vesting as well as non vesting benefit. The cost of short term compensated absences are provided for based on estimates. Long term compensated absence costs are provided for based on actuarial valuation using the project unit credit method.

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Service and interest cost on the Company's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost.

Gains and losses through re-measurements of the defined benefit plans are recognized in other comprehensive income, which are not reclassified to profit or loss in a subsequent period.

### *Short-term employee benefits*

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee

## **j) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 April 2016 (date of transition to Ind AS), the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

### *Operating Lease*

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

## **k) Foreign currency transactions**

### *Functional and presentation currency*

The functional currency of the Company is the Indian Rupee. These financial statements are presented in Indian Rupees (₹)

### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018**

(All amounts in ₹, unless otherwise stated)

such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit or Loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

### **l) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### **m) 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.

### **n) Research and 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.

### **o) Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset. When the Company receives grants for non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

### **p) Investments in subsidiaries**

The Company's investment in equity instruments in subsidiaries are accounted for at cost. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

### q) Income taxes

Income tax expense comprises current and deferred income tax. Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to setoff the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### r) Provisions and contingencies

#### *Provisions:*

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

#### *Contingent liabilities:*

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

wholly within the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

### *Contingent assets:*

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

## s) Financial instruments

### Financial assets

#### Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- i. Debt instruments at amortised cost;
- ii. Debt instruments at fair value through other comprehensive income (FVOCI);
- iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL); and
- iv. Equity investments.

#### *i. Debt instruments at amortised cost*

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

#### *ii. Debt instrument at FVOCI*

A 'debt instrument' is classified as at the FVOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of profit & loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of profit & loss. Interest earned whilst holding FVOCI debt instrument is reported as interest income using the EIR method.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### *iii. Debt instrument at FVTPL*

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit & loss.

### *iv. Equity investments*

All equity investments in scope of Ind AS 109 Financial Instruments, are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 Business Combinations, applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit & loss.

### **De-recognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### **Financial liabilities**

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109 Financial Instruments.

*Gains or losses on liabilities held for trading are recognised in the profit or loss.*

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

#### *Loans and borrowings*

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

#### *Financial guarantee contracts*

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind AS 109 Financial Instruments and the amount recognised less cumulative amortisation.

### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### Derivative financial instruments and Hedge accounting

#### *Initial recognition and subsequent measurement*

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks arising from highly probable future forecasted foreign currency loans. This derivative financial instrument are designated in a cash flow hedge relationship. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedgereserve, while any ineffective portion is recognised immediately in the statement of profit and loss. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss and is reclassified to underlying hedged item. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs.

### t) Impairment of financial assets

In accordance with Ind AS 109 Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

*Trade receivables:* The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

*Other financial assets:* For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

### u) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

### **v) Cash and cash equivalents**

Cash and cash equivalent in the statement of financial position comprises cash at banks and on hand, demand deposits, short-term deposits with an original maturity of three months or less and highly liquid investments that are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value.

### **w) Assets held for sale**

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, assets arising from employee benefits and deferred tax assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

### **x) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Company is engaged in the business of manufacture and sale

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

of Gelatin, Ossein, DCP and Collagen Peptide, which form broadly part of one product group and hence constitute a single business segment.

### y) Earnings/ (Loss) per Share (EPS)

Basic EPS are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

### z) Recent accounting pronouncements

#### Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On 28 March 2018, MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

This amendment will come into force from 1 April 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

#### Ind AS 115, Revenue from Contract with Customers:

On 28 March 2018, Ministry of Corporate Affairs has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting policies, changes in accounting estimates and errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1 April 2018.

The Company will adopt the standard on 1 April 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended 31 March 2018 will not be retrospectively adjusted. The Company is still in the process of evaluating the impact on application of Ind AS 115.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018 (CONTD.)

### 3.01 Property, plant and equipment (PPE) & Capital Work in Progress (All amounts in ` , unless otherwise stated)

Particulars	Land and Development	Building	Plant & Equipment	Furniture and fixtures	Office equipment	Vehicles	Total PPE	Capital Work in Progress
<b>Gross carrying amount:</b>								
Deemed cost as at 1 April 2016	44,070,945	128,476,211	597,382,459	1,105,174	3,444,886	4,531,124	779,010,799	69,592,173
Additions		10,392,912	89,567,813	436,559	2,250,000	4,085,838	106,733,122	105,393,980
Disposals		2,051,292	14,484,897	3,386	120,160	1,383,472	18,043,207	65,490,514
<b>Balance as at 31 March 2017</b>	<b>44,070,945</b>	<b>136,817,831</b>	<b>672,465,375</b>	<b>1,538,347</b>	<b>5,574,726</b>	<b>7,233,490</b>	<b>867,700,714</b>	<b>109,495,639</b>
Additions		18,170,361	120,915,820	1,947,913	5,172,536	-	146,206,630	60,722,635
Disposals		523,468	42,858,247	55,721	490,750	-	43,928,186	69,847,875
<b>Balance as at 31 March 2018</b>	<b>44,070,945</b>	<b>154,464,724</b>	<b>750,522,948</b>	<b>3,430,539</b>	<b>10,256,512</b>	<b>7,233,490</b>	<b>969,979,158</b>	<b>100,370,399</b>

#### Accumulated depreciation

Depreciation charge for the year	12,690,895	87,269,464	517,543	2,006,048	1,377,571	103,861,521	-
Disposals	-	-	-	-	-	-	-
<b>Balance as at 1 April 2017</b>	<b>12,690,895</b>	<b>87,269,464</b>	<b>517,543</b>	<b>2,006,048</b>	<b>1,377,571</b>	<b>103,861,521</b>	<b>-</b>
Depreciation charge for the year	14,966,422	97,664,843	636,180	3,164,204	1,830,862	118,262,511	-
Disposals	115,703	39,781,759	53,309	466,213	-	40,416,984	-
<b>Balance as at 31 March 2018</b>	<b>-</b>	<b>27,541,614</b>	<b>145,152,548</b>	<b>1,100,414</b>	<b>4,704,039</b>	<b>3,208,433</b>	<b>181,707,048</b>

#### Net carrying amount

As at 1 April 2016	44,070,945	128,476,211	597,382,459	1,105,174	3,444,886	4,531,124	779,010,799	69,592,173
As at 31 March 2017	44,070,945	124,126,936	585,195,911	1,020,804	3,568,678	5,855,919	763,839,193	109,495,639
As at 31 March 2018	44,070,945	126,923,110	605,370,400	2,330,125	5,552,473	4,025,057	788,272,110	100,370,399

#### Note:

a. **Deemed carrying cost**

For property, plant and equipment existing as on the date of transition to Ind AS, i.e., 1 April 2016, the Company has used previous GAAP carrying value as deemed costs.

b. **Contractual obligations**

Refer Note 3.32

c. **Capitalised borrowing cost**

There is no borrowing costs capitalised during the year ended 31 March 2018 (31 March 2017: Nil).

d. **Property, plant and equipment pledged as security**

Refer note 3.28

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

### 3.02 Intangible assets

Particulars	Software	Total
<b>Gross carrying amount:</b>		
<b>Deemed cost as at 1 April 2016</b>	<b>2,526,725</b>	<b>2,526,725</b>
Additions	-	-
Disposals	23,596	23,596
<b>Balance as at 31 March 2017</b>	<b>2,503,129</b>	<b>2,503,129</b>
Additions	2,775,810	2,775,810
Disposals	-	-
<b>Balance as at 31 March 2018</b>	<b>5,278,939</b>	<b>5,278,939</b>
<b>Accumulated depreciation</b>		
Amortisation for the year	987,857	987,857
Disposals/ Adjustments	22,417	22,417
<b>Balance as at 31 March 2018</b>	<b>965,440</b>	<b>965,440</b>
Amortisation for the year	838,018	838,018
Disposals	-	-
<b>Balance as at 31 March 2018</b>	<b>1,803,458</b>	<b>1,803,458</b>
<b>Net carrying amount</b>		
As at 1 April 2016	2,526,725	<b>2,526,725</b>
As at 31 March 2017	1,537,689	<b>1,537,689</b>
As at 31 March 2018	3,475,481	<b>3,475,481</b>

#### Note:

#### a. Deemed carrying cost

For intangible assets existing as on the date of transition to Ind AS, i.e., 1 April 2016, the Company has used previous GAAP carrying value as deemed costs.

#### b. Contractual obligations

There are no contractual commitments for the acquisition of intangible assets

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### 3.03. Investments

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>At FVOCI, Quoted</b>			
(a) 4,200 (4,200) Equity Shares of ₹ 1 each in State Bank of India, fully paid up	1,050,420	1,104,978	805,686
(b) 100 (100) Equity Shares of ₹ 10 each in Industrial Finance Corporation of India Limited, fully paid up	1,975	2,819	2,655
<b>Aggregate amount of quoted investments</b>	<b>1,052,395</b>	<b>1,107,797</b>	<b>808,341</b>
<b>Valued at cost, Unquoted</b>			
In Subsidiary Companies:			
(a) 3,500,000 (3,500,000) fully paid up Equity Shares of ₹ 10 each in Bamni Proteins Limited	35,000,437	35,000,437	35,000,437
(b) 14,060,520 (14,060,520) fully paid up Equity Shares of ₹ 10 each in Reva Proteins Limited, [refer note 3.04 (a)]	302,249,713	302,056,625	301,703,770
Less: Provision for impairment of investments	(170,403,998)	(170,403,998)	(170,403,998)
<b>At FVTPL, Unquoted</b>			
12,500,000 (12,500,000) 6% Optionally Convertible Non-Cumulative Preference Shares of ₹ 10 each, fully paid up in Reva Proteins Limited [refer note (a) below]	90,772,839	96,513,772	89,475,519
<b>At FVOCI, Unquoted</b>			
60,000 (60,000) fully paid up Equity Shares of ₹ 10 each in Kerala Enviro Infrastructure Limited	600,000	600,000	600,000
300,000 (300,000) fully paid up Equity Shares of ₹ 10 each in Seafood Park (India) Limited	3,150,000	3,150,000	3,150,000
50,000 (50,000) fully paid up Equity Shares of ₹ 10 each in Cochin Waste 2 Energy Private Limited	500,000	500,000	500,000
Less: Provision for impairment of investments	(500,000)	(500,000)	(500,000)
<b>Aggregate amount of unquoted investments</b>	<b>261,368,991</b>	<b>266,916,836</b>	<b>259,525,728</b>
<b>Total Investments</b>	<b>262,421,386</b>	<b>268,024,633</b>	<b>260,334,069</b>

- (a) 6 % Optionally Convertible Non-Cumulative Preference Shares (OCPS) of ₹ 10 each, fully paid up of Reva Proteins Limited, the option for conversion into equity shares is to be exercised within six years from the date of allotment (23 March 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.

### 3.04 Loans

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Non-current</b>			
(Unsecured, Considered Good)			
Loan to employees	582,247	408,242	618,418
Trade advance to related party[refer note (a) below]	78,917,577	42,377,751	-
	<b>79,499,824</b>	<b>42,785,993</b>	<b>618,418</b>
<b>Current</b>			
(Unsecured, Considered Good)			
Loan to employees	259,045	222,711	307,387
	<b>259,045</b>	<b>222,711</b>	<b>307,387</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

- (a) The Board of Directors have approved a scheme of merger of its subsidiary company - Reva Proteins Limited with the Company, in their meeting held on 3rd February 2018 in view of the operational synergies emerging out of the said restructuring. The scheme provides for issuance of 4,444,444 numbers of Redeemable Preference shares of ₹ 10/- each to Nitta Gelatin Inc., as consideration for their equity holding of 4,800,000 shares in Reva Proteins Limited. The merger is proposed to be undertaken through a Scheme of amalgamation under Section 230-232 of the Companies Act, 2013 to be filed with the National Company Law Tribunal with the appointed date 1st April 2017 or as may be directed by the National Company Law Tribunal and is subject to approval by the shareholders, lenders, creditors and other regulatory approvals in this regard. The Company has filed an application before the Bombay Stock Exchange and is awaiting approval from them for the said merger.

Further, the operations of the subsidiary have been consistent with the projections of the management and in view of the above and the cash flows that will be generated in the near future, no provision has been considered necessary for the remaining value of non-current equity investments amounting to ₹ 131,845,715 and advance amounting to ₹ 78,917,577 due from the said subsidiary.

### 3.05 Other Financial Assets

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Non-current</b>			
(Unsecured, Considered Good)			
Security deposits	12,451,505	12,411,315	12,106,134
Balances with banks - Deposit accounts*	637,146	1,211,432	557,137
Earmarked balances with banks for unpaid dividend**	1,527,630	1,613,259	1,581,266
	<b>14,616,281</b>	<b>15,236,006</b>	<b>14,244,537</b>
<b>Current</b>			
(Unsecured, Considered Good)			
Advances recoverable in cash or in kind	38,185,330	35,069,137	40,986,491
Security deposits	171,339	623,475	667,902
Claims recoverable towards materials damaged in processing	-	-	10,529,864
Hedge asset	2,388,750	54,210,115	24,234,055
Interest receivable	1,034,247	945,256	1,012,079
Others	1,028,142	1,161,175	1,261,946
	<b>42,807,808</b>	<b>92,009,158</b>	<b>78,692,337</b>

\* Balance with banks in Deposit accounts include deposits held as security against Letter of Credits/ Guarantee.

\*\* Not due for deposit in the investor education and protection fund

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

### 3.06 Other assets

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Non-current</b>			
(Unsecured, Considered Good)			
Capital advance	5,597,595	18,756,083	8,269,744
Prepaid lease rental	20,319,762	20,610,008	20,610,008
Export incentive receivable [refer note (a) below]	20,847,083	20,847,083	20,847,083
VAT refund receivable	8,590,610	8,585,217	5,572,138
(Unsecured, Considered Doubtful)			
Export incentive receivable [refer note (a)&(b) below]	17,776,195	17,776,195	17,776,195
Sales tax deposit	-	-	1,100,494
Less: Provision for doubtful amounts	(17,776,195)	(17,776,195)	(18,876,689)
	<b>55,355,050</b>	<b>68,798,391</b>	<b>55,298,973</b>
<b>Current</b>			
(Unsecured, Considered Good)			
Balances with statutory authorities	10,936,775	9,674,901	5,110,245
Export incentive receivable	25,766,302	26,037,259	16,987,527
Prepaid lease rental	290,246	290,246	580,492
	<b>36,993,323</b>	<b>36,002,406</b>	<b>22,678,264</b>

Export incentives receivable includes:

(a) Claims amounting to ` 20,818,015 (31 March 2017: ` 20,818,015) under Duty Entitlement Pass Book (DEPB) Scheme recognised as income in earlier years. The Company had also availed Duty Drawback benefit for the corresponding periods amounting to ` 4,151,031 (31 March 2017: ` 4,151,031). The Dy. Director General of Foreign Trade vide letter dt 03 October 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. During the year, the Grievance Committee of the Directorate General of Foreign Trade have heard the Company's grievance application and remanded the matter back to the original adjudicating authorities for re-examining and for issuing necessary clarification based on the provisions of Foreign Trade Policy. Though the management is of the opinion that these claims are fully recoverable, provision has been created in the accounts towards Duty Drawback claim for the relevant period as a matter of abundant caution.

(b) Claim for duty drawback on furnace oil consumed relating to earlier years amounting to ` 6,461,789 (31 March 2017: ` 6,461,789) which has been decided against the company by the division bench of the Hon'ble High Court of Kerala. The Company has sought further appeal before Hon'ble Supreme Court and although the Company is hopeful of favourable order, provision has been created in respect of such disputed claims in the books of account as a matter of abundant caution.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

### 3.07 Inventories

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Raw materials	170,224,742	226,523,257	143,576,734
Raw materials in-transit	-	19,615,776	-
Work-in-progress	262,062,304	173,990,537	241,351,097
Finished goods	142,977,373	91,474,415	160,514,563
Finished goods-in-transit	8,305,038	-	-
Stores and Spares	86,682,591	114,491,101	54,177,326
Others - Packing materials	6,610,192	6,838,920	6,711,698
	<b>676,862,240</b>	<b>632,934,006</b>	<b>606,331,418</b>

Method of Valuation of Inventories - Refer 2(m) of Significant Accounting Policies.

### 3.08 Trade Receivables

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Unsecured, Considered Good	607,240,595	522,965,366	382,371,828
Unsecured, Considered Doubtful	5,423,785	4,925,492	4,631,352
	<b>612,664,380</b>	<b>527,890,858</b>	<b>387,003,180</b>
Less: Provision for Doubtful Debts	(5,423,785)	(4,925,492)	(4,631,352)
	<b>607,240,595</b>	<b>522,965,366</b>	<b>382,371,828</b>

### 3.09 Cash and Cash Equivalents

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Balance with banks			
- In Current accounts	17,876,237	30,778,944	5,264,217
Cash on hand	161,075	214,317	842,871
	<b>18,037,312</b>	<b>30,993,261</b>	<b>6,107,088</b>

### 3.10 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Balance with Banks			
- In Deposit accounts	10,377,873	67,485,281	187,589,273
	<b>10,377,873</b>	<b>67,485,281</b>	<b>187,589,273</b>

Balance with banks in Deposit accounts include ` 10,377,873 (31 March 2017: ` 9,186,963) with a maturity period of less than 12 months, which are held as security against Letter of Credits/ Guarantee and Buyers Credit and ` Nil (31 March 2017: ` 58,298,318) being other short term deposits with a maturity period of less than 12 month.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### 3.11 Assets held for sale

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Fixed assets held for sale	12,271,364	12,271,364	12,271,364
Less: Provision for assets held for sale	(12,271,364)	-	-
	<b>-</b>	<b>12,271,364</b>	<b>12,271,364</b>

Assets held for sale represents cost of plant and machinery proposed to be sold by the Company for which provisions have been made in the current year due to loss in value based on technical evaluation and non completion of disposal action as planned.

### 3.12 Equity share capital

Particulars	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	No. of Shares		No. of Shares		No. of Shares	
<b>(a) Authorised</b>						
Equity share of ₹ 10 each	20,000,000	200,000,000	20,000,000	200,000,000	20,000,000	200,000,000
	<b>20,000,000</b>	<b>200,000,000</b>	<b>20,000,000</b>	<b>200,000,000</b>	<b>20,000,000</b>	<b>200,000,000</b>
<b>(b) Issued, subscribed and fully paid-up</b>						
Equity share of ₹ 10 each	9,079,160	90,791,600	9,079,160	90,791,600	9,079,160	90,791,600
	<b>9,079,160</b>	<b>90,791,600</b>	<b>9,079,160</b>	<b>90,791,600</b>	<b>9,079,160</b>	<b>90,791,600</b>

#### (a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	No. of Shares		No. of Shares		No. of Shares	
<b>Equity share of ₹ 10 each</b>						
Opening balance	9,079,160	90,791,600	9,079,160	90,791,600	9,079,160	90,791,600
Issue of shares during the year	-	-	-	-	-	-
<b>Closing balance</b>	<b>9,079,160</b>	<b>90,791,600</b>	<b>9,079,160</b>	<b>90,791,600</b>	<b>9,079,160</b>	<b>90,791,600</b>

#### (b) Terms/ Rights attached to equity share:

The Company has only one class of shares referred to as equity shares with a face value of ₹ 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.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### (c) Details of shares held by each shareholder holding more than 5% of shares:

Particulars	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>Equity share of ₹ 10 each</b>						
Nitta Gelatin Inc. Japan	3,900,300	42.96	3,900,300	42.96	3,900,300	42.96
Kerala State Industrial Development Corporation Limited	2,862,220	31.52	2,862,220	31.52	2,862,220	31.52

### (d) Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Equity shares allotted as fully paid Bonus shares by capitalisation of reserves	579,160	579,160	579,160

### 3.13 Other equity

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Securities Premium	289,590,000	289,590,000	289,590,000
Retained earnings	254,904,695	146,771,322	38,711,544
Special Export Reserve (under the Income Tax Act, 1961)	7,900,000	7,900,000	7,900,000
Other equity	66,495,852	66,495,852	66,495,852
General Reserve	783,664,400	783,664,400	723,664,400
Other Comprehensive Income/loss (OCI)	(489,337)	6,564,120	522,882
	<b>1,402,065,610</b>	<b>1,300,985,694</b>	<b>1,126,884,678</b>

### 3.14 Borrowings

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Non current</b>			
(Secured)			
Term loans from banks:			
- Foreign currency loans	31,965,568	57,612,558	80,529,251
(Unsecured)			
Loan from related party:			
- External Commercial Borrowings (ECB) from Nitta Gelatin Inc	50,096,121	47,990,287	46,110,078
Liability component of optionally convertible preference shares	125,884,964	120,019,047	114,820,606
	<b>207,946,653</b>	<b>225,621,892</b>	<b>241,459,935</b>
Amount disclosed under "Other current financial liabilities" (refer note 3.17)	(25,910,520)	(25,792,026)	(20,530,462)
	<b>182,036,133</b>	<b>199,829,866</b>	<b>220,929,473</b>
<b>Current</b>			
(Secured)			
From Banks:			
Cash credits/working capital demand loans	288,267,147	370,056,555	383,707,294
Bills discounting [Refer note (a) below]	257,516,474	242,527,831	179,664,566
Buyer's credit	-	-	14,333,382
	<b>545,783,621</b>	<b>612,584,386</b>	<b>577,705,242</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

(a) In the previous years, bills discounted with banks were disclosed as a contingent liability. As these bills discounted are under recourse for non-payment, this has been reclassified and the related debtors and borrowings have been grossed up for the corresponding amount.

Sl. No.	Particulars	Nature of Security	Repayment details	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>(b) Non-current borrowings</b>						
<b>Term loans from banks (Secured)</b>						
i.	State Bank of India	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.	Refer note 3.14.1 The interest rate is LIBOR + 3.75 %	19,084,610	36,137,690	49,563,484
ii.	Canara Bank	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 2015-16, the term loan had been converted into foreign currency, based on the same, the quarterly instalments had been reset to an amount in Foreign Currency of USD 33122 (Rs. 2,172,803). Interest rate is LIBOR + 3.25%	12,880,958	21,474,868	30,965,767
				<b>31,965,568</b>	<b>57,612,558</b>	<b>80,529,251</b>

The interest on above term loans from banks are linked to the LIBOR rates. The effective interest rates per annum ranges between LIBOR +3.25% to 3.75%.

Sl. No.	Particulars	Nature of Security	Repayment details	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Term loans from Others (Unsecured)</b>						
i.	External Commercial Borrowings (ECB) from NGI	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 Interest rate is payable @ 6 months USD LIBOR Rate + 5.00 % at half yearly rests.	50,096,121	47,990,287	46,110,078
				<b>50,096,121</b>	<b>47,990,287</b>	<b>46,110,078</b>

The interest on above term loans from NGI are linked to LIBOR rates. The effective interest rates per annum ranges between LIBOR +5%

ii.	Optionally convertible preference shares	The Preference shares are not secured by any charge over the assets of the company	Refer note below	125,884,964	120,019,047	114,820,606
				<b>125,884,964</b>	<b>120,019,047</b>	<b>114,820,606</b>

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

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

Inc., Japan, a significant share holder. 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 was converted into equity shares till the completion of the period of 18 months from the date of allotment.

3.14.1 The principal amount of the loan is to be repaid on monthly installments in the following manner.

Particulars	Amount USD	Amount Rs.
From, February 2016 to March 2017	14,583	956,645
From, April 2017 to March 2019	21,874	1,434,934
In April 2019	28,438	1,865,533

### 3.15 Deferred Tax Liabilities (Net)

Deferred Tax Liability	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
On excess of net book value over Income tax written down value of fixed assets	93,685,000	108,293,000	104,606,000
Timing differences on assessment of income	7,215,000	7,472,000	7,472,000
Deferred Tax impact on fair value changes	15,379,517	40,569,678	26,415,303
<b>Deferred Tax Assets</b>			
On provisions	(12,263,000)	(10,394,000)	(10,236,000)
On other disallowances	(13,557,000)	(16,774,000)	(29,758,000)
Timing differences on assessment of income	-	(3,197,000)	-
<b>Deferred Tax Liabilities (Net)</b>	<b>90,459,517</b>	<b>125,969,678</b>	<b>98,499,303</b>

### 3.16 Trade payables

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Dues to micro enterprises and small enterprises (refer note (a) below)	-	473,250	189,750
Dues to creditors other than micro enterprises and small enterprises			
- Related parties	24,897,895	19,074,150	24,124,683
- 'Others	214,391,247	162,469,125	209,380,084
	<b>239,289,142</b>	<b>182,016,525</b>	<b>233,694,517</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

- (a) Dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act (MSMED), 2006 to the extent identified and information available with the Company pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006, details are mentioned below:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
i) Principal amount remaining unpaid (but within due date as per the Micro, Small and Medium Enterprises Development Act, 2006)	Nil	473,250	189,750
ii) Interest due thereon remaining unpaid	Nil	Nil	Nil
iii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period.	Nil	Nil	Nil
iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	Nil	Nil	Nil
v) Interest accrued and remaining unpaid	Nil	Nil	Nil
vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	Nil	Nil	Nil

### 3.17 Other financial liabilities

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Current</b>			
Current maturities of long term borrowings	25,910,520	25,792,026	20,530,462
Interest accrued and due on borrowings	96,891	162,271	197,706
Interest accrued but not due on borrowings	358,914	351,929	-
Unpaid dividends	1,527,630	1,613,259	1,581,266
Creditors for capital goods	294,170	7,824,935	6,252,579
Others	1,843,933	1,711,200	1,852,751
	<b>30,032,058</b>	<b>37,455,620</b>	<b>30,414,764</b>

### 3.18 Provisions

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Non Current</b>			
Provision for employee benefits	27,350,157	22,962,020	23,324,066
	<b>27,350,157</b>	<b>22,962,020</b>	<b>23,324,066</b>
<b>Current</b>			
Provision for employee benefits	5,080,755	1,315,390	2,376,025
Others	23,387,368	23,387,368	17,233,617
	<b>28,468,123</b>	<b>24,702,758</b>	<b>19,609,642</b>

### 3.19 Other liabilities

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Non Current</b>			
Uncharged guarantee commission	651,501	1,108,540	1,856,680
	<b>651,501</b>	<b>1,108,540</b>	<b>1,856,680</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Current</b>			
Statutory dues	6,791,729	7,333,121	6,345,501
Advance from customers	4,363,491	1,701,909	254,625
Uncharged guarantee commission	590,063	970,945	1,792,809
	<b>11,745,283</b>	<b>10,005,975</b>	<b>8,392,935</b>

### 3.20 Revenue from operations

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>Sale of products</b>		
Gross sales	3,215,034,526	3,330,903,616
<b>Other operating revenues</b>		
Scrap sales	7,275,938	14,089,911
Export incentive	17,386,592	25,324,160
Other miscellaneous income	24,741,209	37,668,780
	<b>49,403,739</b>	<b>77,082,851</b>
	<b>3,264,438,265</b>	<b>3,407,986,467</b>

Gross sales includes excise duty of ` 19,666,872 (31 March 2017: ` 116,459,207).

### 3.21 Other Income

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Interest income	2,239,176	4,128,196
Dividend income from non current investments	10,920	10,920
Commission income	1,031,005	1,922,862
Net gain on foreign currency translation	39,629,902	80,367,583
Change in fair value of financial instruments	-	7,038,253
Miscellaneous income	799,643	189,600
	<b>43,710,646</b>	<b>93,657,414</b>

### 3.22 Cost of materials consumed

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Opening Stock	246,139,033	143,576,734
Add: Purchases	1,735,291,016	1,783,485,827
	<b>1,981,430,049</b>	<b>1,927,062,561</b>
Less: Closing Stock	170,224,742	246,139,033
	<b>1,811,205,307</b>	<b>1,680,923,528</b>

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

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>Closing Stock</b>		
Finished Goods	151,282,411	91,474,415
Work-in-progress	262,062,304	173,990,537
	<b>413,344,715</b>	<b>265,464,952</b>



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>Less:</b>		
<b>Opening Stock</b>	91,474,415	160,514,563
Finished Goods	173,990,537	241,351,097
Work-in-progress	<b>265,464,952</b>	<b>401,865,660</b>
	<b>147,879,763</b>	<b>(136,400,708)</b>

### 3.24 Employee benefits expense

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Salaries and wages	245,782,078	205,337,989
Contribution to provident and other funds	25,466,227	28,917,668
Workmen and staff welfare expenses	39,581,511	34,365,690
	310,829,816	268,621,347
Less: Transfer to research & development expenditure	8,518,687	2,610,893
	<b>302,311,129</b>	<b>266,010,454</b>

### 3.25 Finance costs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Interest expense	28,622,599	29,234,493
Other borrowing cost	7,971,750	7,078,650
	<b>36,594,349</b>	<b>36,313,143</b>

### 3.26 Other expenses

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Conversion charges	130,310,527	136,677,486
Consumption of stores, spares and consumables	59,097,194	46,572,191
Packing materials consumed	31,377,382	28,811,730
Research and development expenditure (See Note 3.26.1)	11,934,434	7,763,819
Power, fuel, water and gas	311,385,755	288,145,156
Repairs		
- Building	20,776,623	17,860,185
- Plant and machinery	82,774,733	66,221,626
- Others	38,117,751	32,679,003
Loading, transportation and other charges on products	82,035,767	69,417,047
Freight on exports	11,781,779	14,535,026
Insurance	6,743,253	6,924,484
Rent	5,340,632	3,637,702
Rates and taxes	41,184,705	127,534,542
Postage and telephone	3,880,479	4,020,090
Printing and stationery	1,791,199	1,998,302
Travelling and conveyance	21,107,676	22,811,439
Director's sitting fee	1,089,327	743,316
Payments to the auditor (Refer Note 3.26.2 )	1,371,649	1,768,277

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Advertisement and publicity	2,499,915	2,274,147
Professional and consultancy charges	28,180,536	26,598,429
Bank charges	6,000,300	5,990,514
Expenses on corporate social responsibility activities ( Refer Note 3.26.3 )	4,350,000	2,142,276
Loss on assets sold/written off (Net)	2,516,374	14,733,619
Provision for assets held for sale	12,271,364	
Change in fair value of financial instruments	5,740,933	
Miscellaneous expenses	27,990,875	28,960,266
	<b>951,651,162</b>	<b>958,820,672</b>

### 3.26.1 Details of Research & Development Expenditure

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>Revenue expenditure</b>		
Salary and allowances	8,518,687	2,610,893
Other expenses ( Net of recoveries)	3,415,747	5,152,926
	<b>11,934,434</b>	<b>7,763,819</b>

### 3.26.2 Payments to the auditor

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Statutory audit fees	1,150,000	800,000
Other services	-	491,767
Taxation matters (including tax audit)	100,000	420,726
Others	121,649	55,784
Reimbursement of expenses	<b>1,371,649</b>	<b>1,768,277</b>

### 3.26.3 Details of expenses on Corporate Social Responsibility activities

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
a. Gross amount required to be spent by the Company during the year	4,280,696	1,943,202
b. Amount spent during the year on:		
i. Construction/acquisition of any asset	-	-
ii. On purposes other than (i) above	4,350,000	2,142,276

### 3.27 Earnings per share (EPS) (basic and diluted)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
a) Profit after tax attributable to equity shareholders	138,673,006	210,908,191
b) Weighted average number of shares outstanding	9,079,160	9,079,160
c) Nominal value of shares ( ` )	10	10
d) Basic earning per share ( ` )	15.27	23.23
e) Number of equity shares used to compute diluted earnings per share	9,079,160	9,079,160
f) Diluted earnings per share ( ` )	<b>15.27</b>	<b>23.23</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### 3.28 Assets pledged as security

Particulars	As at 31 March 2018	As at 31 March 2017
The carrying amounts of assets pledged as security for current and non-current borrowings are:		
<b>Current</b>		
<b>First charge</b>		
Financial assets		
Trade receivables	607,240,595	522,965,366
Cash and cash equivalents	18,037,312	30,993,261
Bank balances other than cash and cash equivalents	10,377,873	67,485,281
Other financial assets	42,807,808	92,009,158
Inventories	676,862,240	632,934,006
Other current assets	36,993,323	36,002,406
<b>Total current assets pledged as securities</b>	<b>1,392,319,151</b>	<b>1,382,389,478</b>
<b>Non-current</b>		
<b>First charge</b>		
Property, plant and equipment (PPE) and capital work in progress	888,642,509	873,334,832
<b>Total non-current assets pledged as securities</b>	<b>888,642,509</b>	<b>873,334,832</b>
<b>Total assets pledged as security</b>	<b>2,280,961,660</b>	<b>2,255,724,310</b>

### 3.29 Related Party Transactions

#### 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 Ltd	Subsidiary Company
v. Reva Proteins Ltd	Subsidiary Company
vi. K T Chandy Seiichi Nitta Foundation	Trust controlled by the Company
vii. Key Managerial Personnel	
Mr Sajiv K. Menon	Managing Director
Mr Takeo Yamaki	Whole Time Director (upto 31.03.2017)
Dr Shinya Takahashi	Whole Time Director ( w.e.f. 17.04.2017 )

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

### B. Detail of Transactions:

Nature of Transaction	Subsidiary Company/ Trust controlled by the Company		Enterprise having substantial interest in the Company and its Subsidiaries		Key Management Personnel		Total	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>Sale and Income</b>								
1 Sale of Goods								
Nitta Gelatin Inc	-	-	1,068,284,528	934,900,116	-	-	1,068,284,528	934,900,116
Nitta Gelatin NA Inc	-	-	372,900,553	562,850,864	-	-	372,900,553	562,850,864
Reva Proteins Ltd	-	19,347,765	-	-	-	-	-	19,347,765
2 Sale of packing materials and spares								
Reva Proteins Ltd	94,813	-	-	-	-	-	94,813	-
Bamni Proteins Ltd	186,425	190,942	-	-	-	-	186,425	190,942
3 Expenses recovered								
Bamni Proteins Ltd	776,055	689,882	-	-	-	-	776,055	689,882
Reva Proteins Ltd	3,463,829	3,453,565	-	-	-	-	3,463,829	3,453,565
4 Commission on sales								
Nitta Gelatin Inc	-	-	-	1,494,645	-	-	-	1,494,645
5 GSP duty refund received on exports to related party refunded by them								
Nitta Gelatin NA Inc	-	-	1,887,568	1,616,052	-	-	1,887,568	1,616,052
6 Guarantee commission recovered								
Reva Proteins Ltd	1,129,500	313,499	-	-	-	-	1,129,500	313,499
7 Support fee for service rendered recovered								
Reva Proteins Ltd	1,353,600	1,353,600	-	-	-	-	1,353,600	1,353,600
<b>Purchase and Expenses</b>								
1 Purchase of Goods:								
Reva Proteins Ltd	92,444,918	146,447,048	-	-	-	-	92,444,918	146,447,048
2 Commission expense:								
Nitta Gelatin Inc	-	-	525,527	1,042,796	-	-	525,527	1,042,796
- For Sale of Gelatin	-	-	525,527	1,042,796	-	-	525,527	1,042,796
- For Sale of Peptide	-	-	254,125	451,849	-	-	254,125	451,849
3 Rent paid -								
Bamni Proteins Ltd	120,000	120,000	-	-	-	-	120,000	120,000
4 Conversion charges:								
Bamni Proteins Ltd	130,310,528	134,787,664	-	-	-	-	130,310,528	134,787,664
5 Rebate/ Discount expense:								
Nitta Gelatin Inc	-	-	4,594,988	3,820,724	-	-	4,594,988	3,820,724
Nitta Gelatin NA Inc	-	-	401,939	872,090	-	-	401,939	872,090
6 Technical Assistance Fee:								
Nitta Gelatin Inc	-	-	3,170,200	1,802,911	-	-	3,170,200	1,802,911
7 Interest expense on External Commercial Borrowings								
Nitta Gelatin Inc	-	-	4,216,013	3,971,017	-	-	4,216,013	3,971,017
8 Reimbursement of Expenses (Net):								
Nitta Gelatin Inc	-	-	338,761	482,640	-	-	338,761	482,640
Reva proteins Ltd	351,433	1,617,126	-	-	-	-	351,433	1,617,126
Bamni proteins Ltd	2,231,619	5,114,331	-	-	-	-	2,231,619	5,114,331
9 Donations/Corporate Social Responsibility contribution								
K.T.Chandy Seiichi Nitta Foundation	4,428,758	1,014,886	-	-	-	-	4,428,758	1,014,886

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

Nature of Transaction	Subsidiary Company/ Trust controlled by the Company		Enterprise having substantial interest in the Company and its Subsidiaries		Key Management Personnel		Total	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Mr Sajiv K. Menon	-	-	-	-	14,977,536	13,159,438	14,977,536	13,159,438
Mr Takeo Yamaki	-	-	-	-	-	3,404,655	-	3,404,655
Dr Shinya Takahashi	-	-	-	-	2,335,825	-	2,335,825	-
<b>Guarantees given</b>								
Reva Proteins Ltd **	-	30,000,000	-	-	-	-	-	30,000,000
<b>Dividend paid on equity shares</b>								
Nitta Gelatin Inc	-	-	9,750,750	9,750,750	-	-	9,750,750	9,750,750
<b>Dividend on preference shares</b>								
Nitta Gelatin Inc	-	-	8,536,584	-	-	-	8,536,584	-

### C. Balance Outstanding as at year end:

Nature of Transaction	Subsidiary Company/Trust controlled by the Company			Enterprise having substantial interest in the Company and its Subsidiaries			Total		
	31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016
<b>Guarantees Given</b>									
1 Reva Proteins Ltd	242,500,000	242,500,000	212,500,000	-	-	-	242,500,000	242,500,000	212,500,000
<b>Investments</b>									
1 Reva Proteins Ltd #	222,618,554	228,166,399	220,775,291	-	-	-	222,618,554	228,166,399	220,775,291
2 Bamni Proteins Ltd	35,000,437	35,000,437	35,000,437	-	-	-	35,000,437	35,000,437	35,000,437
<b>Receivables</b>									
1 Nitta Gelatin Inc	-	-	-	238,160,613	151,881,926	127,594,182	238,160,613	151,881,926	127,594,182
2 Nitta Gelatin NA Inc	-	-	-	129,485,555	130,325,559	95,559,279	129,485,555	130,325,559	95,559,279
3 Reva Proteins Ltd	-	-	-	-	-	-	-	-	-
- Trade advance	78,917,567	42,377,751	-	-	-	-	78,917,567	42,377,751	-
<b>Payables</b>									
1 Bamni Proteins Ltd	24,897,895	19,074,150	18,466,307	-	-	-	24,897,895	19,074,150	18,466,307
2 Reva Proteins Limited	-	-	5,658,376	-	-	-	-	-	5,658,376
3 Nitta Gelatin Inc	-	-	-	-	-	-	-	-	-
-Term loan	-	-	-	50,096,121	47,990,287	46,110,078	50,096,121	47,990,287	46,110,078
-Other payables	-	-	-	4,663,318	8,439,297	10,340,167	4,663,318	8,439,297	10,340,167
4 Nitta Gelatin NA Inc	-	-	-	-	-	-	-	-	-
-Other payables	-	-	-	2,582,500	457,034	472,732	2,582,500	457,034	472,732

\* Does not include gratuity and compensated absences as these are provided in the books on the basis of actuarial valuation for the Company as a whole and hence individual figures cannot be determined.

\*\* 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 amounting to ` Nil (31 March 2017: ` 30,000,000 ) in compliance with Section 186 of the Companies Act, 2013.

# Net of Provision for impairment of investments ` 170,403,998 (previous year ` 170,403,998).

### 3.30. Segment Information

The Company is engaged in the manufacture and sale of products which form part of one product group which represents one operating segment, as the Chief Operating Decision Maker (CODM), reviews business performance at an overall company level. Entity-wide disclosure as required by Ind AS 108 "Operating Segment" are as follows:

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

(i) Revenues from external customers for each product or each group of similar products:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Sales of products	3,215,034,526	3,330,903,616
	<b>3,215,034,526</b>	<b>3,330,903,616</b>

(ii) Revenues from external customers attributed to the Company's country of domicile and attributed to all foreign countries from which the Company derives revenues:

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
India	1,690,620,681	1,662,896,125
Outside India	1,524,413,845	1,668,007,491
	<b>3,215,034,526</b>	<b>3,330,903,616</b>

(iii) Non-current assets (other than financial instruments and deferred tax assets) located in the Company's country of domicile and in all foreign countries in which the Company holds assets:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
India	947,473,040	943,670,912
Outside India	-	-
	<b>947,473,040</b>	<b>943,670,912</b>

(iv) The following table gives details in respect of percentage of revenues generated from top customer and revenues from transactions with customers amounts to 10 percent or more of Company's revenues from product sale:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from top customer	1,068,284,528	934,900,116
Revenue from customers contributing 10% or more to the Company's revenues from product sale	2,096,212,581	2,089,219,980

### 3.31 Provisions and Contingent liabilities

#### 3.31.1 Provisions

Nature of Provision	As at 31 March 2017	Additional Provision during the year	Amounts used/ changed during the year	Unused amounts reversed	As at 31 March 2018
Provision for Central Excise Duty. (refer Note 3.31.1 (i))	13,229,289 (11,050,417)	- (2,178,872)	- -	- -	13,229,289 (13,229,289)
Provision for Central Sales Tax (refer Note 3.31.1 (ii))	2,874,385 (2,874,385)	- -	- -	- -	2,874,385 (2,874,385)
Provision for Entry Tax (refer Note 3.31.1 (iii))	1,100,494 -	- (1,100,494)	- -	- -	1,100,494 (1,100,494)
Provision for Water Cess (refer Note 3.31.2 (iv) )	6,183,200 (6,183,200)	- -	- -	- -	6,183,200 (6,183,200)



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

**3.31.1 (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 ₹ 35,074,543 (31 March 2017 ₹ 35,074,543) 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 ₹ 13,229,289 (31 March 2017 ₹ 13,229,289) as a matter of abundant caution and the balance amount of ₹ 21,845,254 (31 March 2017 ₹ 21,845,254) has been disclosed as a contingent liability.

**3.31.1 (ii)** The Central Sales Tax authorities had raised demand on assessment for an earlier year amounting to ₹ 2,874,385 (31 March 2017 ₹ 2,874,385) 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.

**3.31.1 (iii)** The Sales Tax authorities had raised demand for entry tax on furnace oil for an amount of ₹ 2,200,998 in an earlier year and was under appeal. Against the demand an amount of ₹ 1,100,494 was deposited under protest and later a provision of equivalent amount was created for the doubtful deposit. The Supreme Court has held that levy of entry tax on furnace oil is valid constitutionally and the company has made additional provision of ₹ 1,100,494, being the balance as per the demand as a matter of abundant caution.

### 3.31.2 Contingent Liabilities not provided for:

Particular	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
1. Claims against the Company not acknowledged as debts:			
a. Income tax (refer Note 3.31.2(i))	32,742,852	27,798,822	34,783,675
b. Sales tax (refer Note 3.31.2(ii))	5,218,932	34,888,363	43,745,239
c. Excise duty and service tax (refer Note 3.31.1(i) and 3.31.2.(iii))	29,608,151	29,269,900	29,238,581
d. Water cess (refer Note 3.31.2(iv))	65,301,200	65,301,200	65,301,200
e. Customs duty (refer Note 3.31.3)	196,835,881	-	-
2. Counter guarantee issued in favour of bankers	17,464,808	10,840,610	5,961,540
3. Counter guarantee issued in favour of Subsidiary Company			
a. Reva Proteins Limited. - Amount outstanding [Amount of Guarantee - ₹ 242,500,000 (31 March 2017, ₹ 242,500,000)]	123,919,875	150,631,271	131,241,629
	<b>471,091,699</b>	<b>318,730,166</b>	<b>310,271,864</b>

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

The Company has received tax orders from the Income Tax authorities reducing brought forward losses (including unabsorbed depreciation) amounting to ₹ 8,235,581 (31 March 2017 ₹ 8,235,581), primarily on denial of certain expenditure upon completion of tax assessment for the assessment years 2006-07, 2007-08 and 2008-09. There is no tax demand on account of the above. The Company's appeal against the said demands are pending before appellate authorities in various stages of litigation.

Further, the Company has received the tax orders from the transfer pricing authorities reducing brought forward losses (including unabsorbed depreciation) amount to ₹ 51,206,777 (31 March 2017 ₹ 51,206,777), primarily on transfer pricing adjustment upon completion of tax assessment

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

for assessment years 2006-07, 2007-08 and 2008-09. There is no tax demand on account of the above. The Company's appeal against the said demands are pending before appellate authorities in various stages of litigation.

The Company is contesting these litigations and the management believes that its position will be likely to be upheld in the appellate process and therefore will not impact these financial statements. Consequently no provision has been created in the financial statements for the above.

**3.31.2(ii)** The sales tax authorities had raised demands on assessment for some earlier years amounting to ` 5,218,932 (31 March 2017 ` 34,888,363) (net of bank guarantees), excluding interest on demand not quantified by the management, which had been disputed by the Company on appeal. Based on legal advice, no provision is considered necessary towards the said demands and the amount involved is disclosed as contingent liability.

**3.31.2(iii)** Includes demands raised by the Central Excise Authorities (including penalty thereon but excluding interest) for higher excise duties on a product of the Company and towards cenvat credits availed aggregating to ` 1,293,274 (31 March 2017 ` 1,293,274) 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 ` 6,469,623 (31 March 2017 ` 6,131,372), which have been represented before adjudicating authorities. In the opinion of the management these demands/ show cause notices issued are not sustainable, so no provision is considered at this stage.

**3.31.2(iv)** During an earlier year, an amount of ` 71,484,400 was demanded as water cess for extraction of river water for industrial use during the period from 01 April 1979 to 31 December 2010, in accordance with a Government Order issued on 25 July 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'ble High Court of Kerala against the proceedings, which is pending.

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 January 2011. Further, a provision of ` 6,183,200 towards disputed charges for the period from 25 July 2009 to 31 December 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 April 1979 to 24 July 2009 amounting to ` 65,301,200, being periods prior to the issue of the Government order which has been disclosed as contingent liability.

**3.31.3** The customs authorities have issued show cause notice-cum-demand proposing classify/ reassess import of a certain item of raw materials, which has been objected by the Company. During the year, the Commissioner of Customs had issued an order confirming demand of ` 87,714,969, penalty of ` 109,120,912. The Company has filed appeal before the appellate authorities which is pending for disposal at this stage. As per the independent legal advice, the proposal of the department is legally incorrect and the matter has not reached finality as the appellate proceedings are pending for adjudication and hence no provision is considered necessary at this stage

**3.32** Estimated amount of contracts remaining to be executed on capital account - ` 9,780,290 (31 March 2017 ` 26,007,513)

**3.33** 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 ` 1,700,000 (31

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

March 2017 ₹ 1,690,000) which is required to be fulfilled at different dates until 2020. 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 ₹ 6,27,70,000 (31 March 2017: ₹ 624,80,000 ) 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. The DGFT is not considering the companies application for the extension of time for the fulfilment of export obligation, due to dispute on classification of the imported raw material as per note 3.31.3 above. Since the company's dispute on classification / reassessment of the raw material is pending for adjudication before the appellate tribunal and the company is hopeful of a favourable decision based on legal opinion received, no provision is considered necessary at this stage.

**3.34** In the opinion of the management, Current financial assets and Other current assets, have the value at which they are stated in the Balance Sheet, if realised in the ordinary course of business.

### **3.35 Disclosure with respect to operating leases**

The lease expenses for cancellable operating leases during the year ended 31 March 2018 is ₹ 5,340,632 (31 March 2017: ₹ 3,637,702)

The Company's significant leasing arrangements in respect of operating leases for office premises, which includes both cancellable leases generally range between 4 months to 11 months and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent under note 3.26 to the financial statements.

### **3.36 Capital management**

For the purpose of the Company's capital management, capital includes issued capital, additional paid up capital and all other equity reserves attributable to the equity holders of the company. The primary objective of the Company's capital management is to maximise the share holder value.

In order to achieve this overall objective, The Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest bearing loan and borrowing in the current period.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade payables less cash.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Long term borrowings	182,036,133	199,829,866	220,929,473
Current maturities of long term borrowings	25,910,520	25,792,026	20,530,462
Short term borrowings	545,783,621	612,584,386	577,705,242
Trade payables	239,289,142	182,016,525	233,694,517
Less: Cash and cash equivalents	(18,037,312)	(30,993,261)	(6,107,088)
Less: Bank balances other than cash and cash equivalents	(10,377,873)	(67,485,281)	(187,589,273)
<b>Net debt</b>	<b>964,604,231</b>	<b>921,744,261</b>	<b>859,163,333</b>
Equity	90,791,600	90,791,600	90,791,600
Other Equity	1,402,065,610	1,300,985,694	1,126,884,678
<b>Capital and net debt</b>	<b>2,457,461,441</b>	<b>2,313,521,555</b>	<b>2,076,839,611</b>
<b>Gearing ratio</b>	<b>39%</b>	<b>40%</b>	<b>41%</b>

### 3.37 Income Tax

The major components of income tax expense are:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Current income tax:		
Current income tax charge	109,500,000	89,121,780
<b>Deferred tax charge/ (credit)</b>		
Relating to the origination and reversal of temporary differences	(31,789,065)	24,337,265
<b>Income tax expense reported in Statement of Profit and Loss</b>	<b>77,710,935</b>	<b>113,459,045</b>
<b>Deferred tax related to items recognised in OCI</b>		
Income tax relating to re-measurement gains on defined benefit plans	(1,927,441)	462,481
Income tax relating to measurement of financial assets through OCI	(11,412)	61,688
Income tax relating to gain on cash flow hedges	(1,782,243)	2,608,941
	<b>(3,721,096)</b>	<b>3,133,110</b>
<b>Reconciliation of deferred tax (net)</b>	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>
Opening balance	125,969,678	98,499,303
Tax credit/ (expense) during the year recognized in statement of profit and loss	(31,789,065)	24,337,265
Tax expense during the year recognised in OCI	(3,721,096)	3,133,110
<b>Closing balance</b>	<b>90,459,517</b>	<b>125,969,678</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate	Year ended 31 March 2018	Year ended 31 March 2017
<b>Accounting profit before tax and exceptional item</b>	223,437,398	318,325,998
Tax on accounting profit at statutory income tax rate [34.608%]	77,327,215	110,166,261
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
Donations u/s 80G	131,898	171,304
Corporate social responsibility	1,505,448	876,292
Research and development expenditure	(2,569,026)	(1,538,058)
Disallowance of capital/ non-business expenditure	6,175,684	3,714,558
Other disallowances	(2,486,648)	(369,083)
Reversal of additional provision disallowed earlier	-	437,772
Difference in deferred tax assets for drawback	(2,373,637)	-
<b>At the effective income tax rate of 34.78% (35.64%)</b>	<b>77,710,935</b>	<b>113,459,045</b>
Income tax expense reported in the Statement of Profit and Loss	77,710,935	113,459,045

### 3.38 A. Defined benefit plan

The Company has gratuity fund for its employees. The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity at the rate of 15 days basic salary for each year of service until the retirement age. As at 31 March 2018 and 31 March 2017 the plan assets were invested in insurer managed funds.

The following tables set out the funded status of gratuity plans and the amount recognized in Company's financial statements :

Particulars	31 March 2018	31 March 2017
<b>1 The amounts recognized in the Balance Sheet are as follows:</b>		
Present value of the obligation as at the end of the year	63,748,838	53,028,658
Fair value of plan assets as at the end of the year	(60,281,335)	(54,061,719)
Net liability/ (assets) recognized in the Balance Sheet	<b>3,467,503</b>	<b>(1,033,061)</b>
Current	3,467,503	(1,033,061)
Non-current	-	-
<b>2 Changes in the present value of defined benefit obligation</b>		
Defined benefit obligation as at beginning of the year	53,028,658	50,387,798
Current service cost	4,147,240	3,563,555
Interest cost	4,132,670	4,173,566

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

Particulars	31 March 2018	31 March 2017
Actuarial losses/(gains) arising from		
- change in demographic assumptions	-	-
- change in financial assumptions	5,569,352	(1,336,342)
- experience variance (i.e. actual experiences assumptions)	-	-
Benefits paid	(3,129,082)	(3,759,919)
Defined benefit obligation as at the end of the year	<b>63,748,838</b>	<b>53,028,658</b>
<b>3 Changes in the fair value of plan assets</b>		
Fair value as at the beginning of the year	54,061,719	51,680,106
Expected return on plan assets	4,324,937	4,134,408
Actual return on plan assets over expected interest	(4,324,937)	(3,413,089)
Contributions	9,348,698	5,420,213
Benefits paid	(3,129,082)	(3,759,919)
Fair value as at the end of the year	<b>60,281,335</b>	<b>54,061,719</b>
<i>Assumptions used in the above valuations are as under:</i>		
Discount rate	7.50%	8.00%
Expected rate of increase in compensation level	5.00%	5.00%
Expected rate of return on plan assets	8.00%	8.75%
Superannuation age	58	58
Mortality	Indian Assured Lives Mortality [1994-96] Ultimate	
<b>4 Net gratuity cost for the year ended 31 March 2018 and 31 March 2017 comprises of following components:</b>		
Current service cost	4,147,240	3,563,555
Net interest cost on the net defined benefit liability	4,132,670	3,452,247
Components of defined benefit costs recognized in Statement of Profit and Loss	<b>8,279,910</b>	<b>7,015,802</b>
<b>5 Other Comprehensive Income</b>		
Change in financial assumptions	(5,569,352)	1,336,342
Experience variance (i.e. actual experience vs assumptions)	-	-
Change in demographic assumptions	-	-
Components of defined benefit costs recognized in other comprehensive income	<b>(5,569,352)</b>	<b>1,336,342</b>
<b>6 Experience adjustments</b>		
Defined benefit obligation as at the end of the year	63,748,838	53,028,658
Plan assets	60,281,335	54,061,719
Surplus/(deficit)	3,467,503	(1,033,061)
Experience adjustments on plan liabilities	-	-
Experience adjustments on plan assets	<b>(4,324,937)</b>	<b>(3,413,089)</b>



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### 3.38 B. Defined contribution plan

The Company provides benefits in the nature of defined contribution plans viz, provident fund, employee state insurance scheme and superannuation fund for qualifying employees. Under these Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 25,466,227 (31 March 2017: ₹ 28,917,668) towards contribution for mentioned funds in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

### C. Sensitivity analysis

#### Description of Risk Exposures

Valuations are performed on certain basic set of pre-determined assumptions which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit which are as follows:

**Interest Rate Risk:** The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of liability (as shown in financial statements).

**Liquidity Risk:** This is the risk that the Company is not able to meet the short term benefit payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

**Salary Escalation Risk:** The present value of the above benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

**Demographic Risk:** The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

**Regulatory Risk:** Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (for example, increase in the maximum liability on gratuity of 2,000,000).

**Asset Liability Mismatching or Market Risk:** The duration of the liability is longer compared to duration of assets exposing the company to market risks for volatilities/fall in interest rate.

**Investment Risk:** The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### Gratuity

Particulars	Year ended 31 March 2018		Year ended 31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount Rate (- / + 1%)	57,518,328	71,094,981	47,993,459	58,942,236
Salary Growth Rate (- / + 1%)	70,535,347	57,876,691	58,506,277	48,274,793
Attrition rate (- / + 1%)	63,394,429	64,150,729	43,872,182	44,422,195

Sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There are no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

There is no change in the method of valuation for the prior period.

### 3.38 D. Long Term Employee Benefits

Compensated absences (Vesting and Non Vesting): Unfunded Obligation

The following tables set out the status of Compensated absences (Vesting and Non Vesting) and the amount recognized in Company's financial statements :

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>1 The amounts recognized in the Balance Sheet are as follows:</b>		
Present value of the obligation as at the end of the year	28,963,409	24,277,410
Fair value of plan assets as at the end of the year	-	-
Net liability recognized in the Balance Sheet	<b>28,963,409</b>	<b>24,277,410</b>
<b>2 Changes in the present value obligation</b>		
Present value of obligation at the beginning of the year	24,277,410	25,700,091
Service cost	10,685,038	9,446,187
Interest cost	2,221,494	2,433,856
Actuarial losses/(gains) arising from	(4,078,430)	(8,746,803)
Benefits paid	(4,142,103)	(4,555,921)
Defined benefit obligation as at the end of the year	<b>28,963,409</b>	<b>24,277,410</b>

Assumptions used in the above valuations are as under:

Discount rate	7.50%	8.00%
Salary increase	5.00%	5.00%
Mortality	Indian Assured Lives Mortality[1994-96] Ultimate	

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

Net (Asset)/ Liability recognized in the Balance Sheet as at year end	2017-18	2016-17	2015-16	2014-15	2013-14
Present value of obligation at the end of the year	28,963,409	24,277,410	25,700,091	22,822,389	18,108,478
Fair value of plan assets at the end of the year	-	-	-	-	-
Net present value of funded obligation recognized as (asset)/ liability in the Balance Sheet	28,963,409	24,277,410	25,700,091	22,822,389	18,108,478

Expenses recognized in the Statement of Profit and Loss	Year ended 31 March 2018	Year ended 31 March 2017
Current Service Cost	10,685,038	9,446,187
Interest Cost	2,221,494	2,433,856
Actuarial (gain)/ loss recognized in the period	(4,078,430)	(8,746,803)
Past Service Cost (if applicable)	-	-
Total expenses recognized in the Statement of Profit and Loss for the year	8,828,102	3,133,240

### 3.39 Fair value measurements

#### (i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2018 were as follows:

Particulars	Notes	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI
<b>Assets:</b>				
Investments	3.03	166,846,152	90,772,839	4,802,395
Cash and cash equivalents	3.09	18,037,312	-	-
Bank balances other than cash and cash equivalents	3.10	10,377,873	-	-
Trade receivable	3.08	607,240,595	-	-
Loans	3.04	79,758,869	-	-
Other financial assets	3.05			
Security Deposits		12,622,844	-	-
Balances with Bank - Deposit Accounts		637,146	-	-
Earmarked balances with banks for unpaid dividend		1,527,630	-	-
Advances recoverable in cash or in kind		38,185,330	-	-
Hedge asset		-	2,388,750	-
Interest receivable		1,034,247	-	-
Others		1,028,142	-	-
<b>Total</b>		<b>937,296,140</b>	<b>93,161,589</b>	<b>4,802,395</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

Particulars	Notes	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI
Liabilities:				
Borrowings	3.14	727,819,754	-	-
Trade payable	3.16	239,289,142	-	-
Other financial liabilities	3.17			
Current maturities of long term borrowings		25,910,520	-	-
Unpaid Dividend		1,527,630	-	-
Interest accrued and due on borrowings		96,891	-	-
Interest accrued but not due on borrowings		358,914	-	-
Creditors for capital goods		294,170	-	-
Others - Recoveries Payable		1,843,933	-	-
<b>Total</b>		<b>997,140,954</b>	<b>-</b>	<b>-</b>

The carrying value and fair value of financial instruments by categories as of 31 March 2017 were as follows:

Particulars	Notes	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI
<b>Assets:</b>				
Investments	3.03	166,653,064	96,513,772	4,857,797
Cash and cash equivalents	3.09	30,993,261	-	-
Bank balances other than cash and cash equivalents	3.10	67,485,281	-	-
Trade receivable	3.08	522,965,366	-	-
Loans	3.04	43,008,704	-	-
Other financial assets	3.05			
Security Deposits		13,034,790	-	-
Balances with Bank - Deposit Accounts		1,211,432	-	-
Earmarked balances with banks for unpaid dividend		1,613,259	-	-
Advances recoverable in cash or in kind		35,069,137	-	-
Hedge asset		-	54,210,115	-
Interest receivable		945,256	-	-
Others		1,161,175	-	-
<b>Total</b>		<b>884,140,725</b>	<b>150,723,887</b>	<b>4,857,797</b>
<b>Liabilities:</b>				
Borrowings	3.14	812,414,252	-	-
Trade payable	3.16	182,016,525	-	-
Other financial liabilities	3.17			
Current maturities of long term borrowings		25,792,026	-	-
Unpaid Dividend		1,613,259	-	-
Interest accrued and due on borrowings		162,271	-	-

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

Particulars	Notes	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI
Interest accrued but not due on borrowings		351,929	-	-
Creditors for capital goods		7,824,935	-	-
Others - Recoveries Payable		1,711,200	-	-
<b>Total</b>		<b>1,031,886,397</b>	<b>-</b>	<b>-</b>

The carrying value and fair value of financial instruments by categories as of 01 April 2016 were as follows:

Particulars	Notes	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI
<b>Assets:</b>				
Investments	3.03	166,300,209	89,475,519	4,558,341
Cash and cash equivalents	3.09	6,107,088	-	-
Bank balances other than cash and cash equivalents	3.10	187,589,273	-	-
Trade receivable	3.08	382,371,828	-	-
Loans	3.04	925,805	-	-
Other financial assets	3.05			
Security Deposits		12,774,036	-	-
Balances with Bank - Deposit Accounts		557,137	-	-
Earmarked balances with banks for unpaid dividend		1,581,266	-	-
Advances recoverable in cash or in kind		40,986,491	-	-
Hedge asset		-	24,234,055	-
Claims recoverable towards materials damaged in processing		10,529,864		
Interest receivable		1,012,079	-	-
Others		1,261,946	-	-
<b>Total</b>		<b>811,997,022</b>	<b>113,709,574</b>	<b>4,558,341</b>
<b>Liabilities:</b>				
Borrowings	3.14	798,634,715	-	-
Trade payable	3.16	233,694,517	-	-
Other financial liabilities	3.17			
Current maturities of long term borrowings		20,530,462	-	-
Unpaid Dividend		1,581,266	-	-
Interest accrued and due on borrowings		197,706	-	-
Interest accrued but not due on borrowings		-	-	-
Creditors for capital goods		6,252,579	-	-
Other Payables		-	-	-
Others - Recoveries Payable		1,852,751	-	-
<b>Total</b>		<b>1,062,743,996</b>	<b>-</b>	<b>-</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

The management assessed that the fair value of cash and cash equivalents, trade receivables, loans, other financial assets, trade payables, working capital loans and other financial liabilities approximate the carrying amount largely due to short-term maturity of this instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

### (ii) Fair value of financial assets and liabilities measured at amortised cost

The management assessed that for amortised cost instruments, fair value approximate largely to the carrying amount.

### (iii) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** quoted prices (unadjusted) in active markets for financial instruments.

**Level 2:** the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

### a) Assets and liabilities measured at fair value - recurring fair value measurement

As at 31 March 2018	Notes	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>					
Non current investments	3.03	1,052,395	-	94,522,839	95,575,234
<b>Derivatives designated as cash flow hedges</b>					
Foreign exchange forward contracts	3.05	-	2,388,750	-	2,388,750
As at 31 March 2017	Notes	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>					
Non current investments	3.03	1,107,797	-	100,263,772	101,371,569
<b>Derivatives designated as cash flow hedges</b>					
Foreign exchange forward contracts	3.05	-	54,210,115	-	54,210,115
As at 01 April 2016	Notes	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>					
Non current investments	3.03	808,341	-	93,225,519	94,033,860
<b>Derivatives designated as cash flow hedges</b>					
Foreign exchange forward contracts	3.05	-	24,234,055	-	24,234,055

Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The valuation techniques uses the exchange rates provided by banks for revaluation of balance in forward contracts as on the reporting dates.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### (iv) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the fair value of quoted investments is determined using the market value for the investment. The fair value estimates are included in level 1.
- the fair value of foreign exchange forward contracts is determined using market observable inputs, including prevalent forward rates for the maturities of the respective contracts and interest rate curves as indicated by banks and third parties.
- the fair value of other equity instruments have been computed based on income approach using a discounted cash flow model, which discounts the estimated cash flows using the appropriate discount rates.

### 3.40 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange exposure risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

The Company's risk management activity focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below.

#### (A) Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company, resulting in a financial loss. The Company is exposed to this risk for various financial instruments. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets, as summarised below:

Assets under credit risk	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Trade receivable	607,240,595	522,965,366	382,371,828
Advances to subsidiary	78,917,577	42,377,751	-
Loans to employees	841,292	630,953	925,805
Security deposit	12,622,844	13,034,790	12,774,036
Balances with Bank - Deposit Accounts	637,146	1,211,432	557,137
Earmarked balances with banks for unpaid dividend	1,527,630	1,613,259	1,581,266
Advances recoverable in cash or in kind	38,185,330	35,069,137	40,986,491
Claims recoverable towards materials damaged in processing	-	-	10,529,864
Interest receivable	1,034,247	945,256	1,012,079
Hedge asset	2,388,750	54,210,115	24,234,055
Investments	262,421,386	268,024,633	260,334,069
Cash and Cash Equivalents	18,037,312	30,993,261	6,107,088
Other bank balances	10,377,873	67,485,281	187,589,273
Others	1,028,142	1,161,175	1,261,946
	<b>1,035,260,124</b>	<b>1,039,722,409</b>	<b>930,264,937</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### A1 Trade and other receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India, USA, Japan and Europe. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company is exposed to a concentration of customer risk with respect to its trade receivable balances. At the reporting date, trade receivable balance from three customer represented 73% (2017 - 73%) of the total trade receivable balances, respectively. On account of adoption of Ind AS 109, Financial Instruments, the Company uses expected credit loss model to assess the impairment loss or gain. The provision for expected credit loss takes into account available external and internal credit risk factors and Company's historical experience for customers.

Movement in the allowance for doubtful debts:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Balance at the beginning	4,925,492	4,631,352	4,631,352
Impairment loss recognised	498,293	294,140	-
Impairment loss reversed	-	-	-
<b>Balance at the end</b>	<b>5,423,785</b>	<b>4,925,492</b>	<b>4,631,352</b>

### A2 Cash and cash equivalents

The credit risk for cash and cash equivalents, and derivative financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

#### Financial assets that are neither past due nor impaired

Cash and cash equivalents, advances recoverable, loans and advances to employees, security deposit and other financial assets are neither past due nor impaired.

#### Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired.

### (B) Liquidity risk

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, usually on a month on month basis. Long-term liquidity needs for a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Company's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Company's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### Maturities of financial liabilities

As at 31 March 2018	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	571,694,141	71,055,048	-	642,749,189
Trade payable	239,289,142	-	-	239,289,142
Other financial liabilities	30,032,058	-	-	30,032,058
<b>Total</b>	<b>841,015,341</b>	<b>71,055,048</b>	<b>-</b>	<b>912,070,389</b>

As at 31 March 2017	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	638,376,412	31,820,532	65,000,000	735,196,944
Trade payable	182,016,525	-	-	182,016,525
Other financial liabilities	37,455,620	-	-	37,455,620
<b>Total</b>	<b>857,848,557</b>	<b>31,820,532</b>	<b>65,000,000</b>	<b>954,669,089</b>

As at 1 April 2016	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	598,235,704	59,998,789	65,000,000	723,234,493
Trade payable	233,694,517	-	-	233,694,517
Other financial liabilities	30,414,764	-	-	30,414,764
<b>Total</b>	<b>862,344,985</b>	<b>59,998,789</b>	<b>65,000,000</b>	<b>987,343,774</b>

### (C) Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from both its operating and investing activities.

#### (C1) Foreign currency sensitivity

The Company operates internationally and a significant portion of the business is transacted in USD, JPY and EURO currencies and consequently the Company is exposed to foreign exchange risk through its sales and purchases from overseas suppliers in various foreign currencies. The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below. These include outstanding derivatives contracts entered into by the Company and unhedged foreign currency exposures.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

Particulars		As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
Included In	Currency	Amount in foreign currency	Amount in `	Amount in foreign currency	Amount in `	Amount in foreign currency	Amount in `
<b>Financial assets</b>							
Trade receivables	USD	2,017,414	130,526,648	809,864	52,155,267	1,011,197	66,607,550
	EURO	6,600	524,172	173,000	11,838,390	172,000	12,745,200
<b>Financial liabilities</b>							
Trade payables	USD	129,508	8,495,695	176,660	11,535,903	202,958	13,551,535
	EURO	6,094	494,703	6,050	423,681	16,958	1,287,351
	Japanese YEN	2,212,707	1,367,453	2,741,730	1,620,467	2,741,730	1,605,543
Non current borrowings	USD	487,280	31,965,568	882,275	57,612,558	1,206,070	80,529,251
Current borrowings	USD	8,292,848	544,010,824	9,307,968	607,810,298	8,130,575	542,878,514

Conversion rates	Financial Assets		Financial Liabilities		
	USD	EUR	USD	EUR	JPY
As at 31 March 2018	64.70	79.42	65.60	81.18	0.62
As at 31 March 2017	64.40	68.43	65.30	70.03	0.59
As at 1 April 2016	65.87	74.10	66.77	75.91	0.59

### Sensitivity

The following table details the Company's sensitivity to a 1% increase and decrease in the ` against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where ` strengthens 1% against the relevant currency. For a 1% weakening of ` against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

Particulars	Increase 31 March 2018	Decrease 31 March 2018	Increase 31 March 2017	Decrease 31 March 2017
<b>Sensitivity</b>				
INR/USD	(4,459,268)	4,459,268	(6,154,733)	6,154,733
INR/EURO	402	(402)	114,244	(114,244)
INR/YEN	(13,719)	13,719	(16,176)	16,176

### Derivative financial instruments

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

The following table gives details in respect of outstanding foreign exchange forward contracts

Particulars	31 March 2018	31 March 2017	1 April 2016
Forward Contracts In USD	3,900,000	12,000,000	16,300,000

The foreign exchange forward contracts mature within twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Balance Sheet date:

Particulars	31 March 2018	31 March 2017	1 April 2016
Not later than one month	1,200,000	1,200,000	1,500,000
Later than one month and not later than three months	1,200,000	3,600,000	4,500,000
Later than three months and not later than a year	1,500,000	7,200,000	10,300,000

### (C2) Interest rate risk

#### (i) Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2018, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Company's investments in fixed deposits all pay fixed interest rates.

#### *Interest rate risk exposure*

Below is the overall exposure of the Company to interest rate risk:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Variable rate borrowing	207,946,653	225,621,892	241,459,935
Fixed rate borrowing	-	-	-
Total borrowings	207,946,653	225,621,892	241,459,935
Amount disclosed under other current financial liabilities	25,910,520	25,792,026	20,530,462
Amount disclosed under borrowings	182,036,133	199,829,866	220,929,473

#### *Sensitivity*

Below is the sensitivity of profit or loss in interest rates.

Particulars	31 March 2018	31 March 2017
<b>Interest sensitivity</b>		
Interest rates – increase by 100 basis points (100 bps)	2,079,467	2,256,219
Interest rates – decrease by 100 basis points (100 bps)	(2,079,467)	(2,256,219)

#### (ii) Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

### 3.41 First time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('previous GAAP').

Accordingly, the Company has prepared the standalone financial statements for the comparative period as at and for the year ended 31 March 2017 that comply with the applicable Ind AS, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements, including the balance sheet as at 1 April 2016 and the comparative financial statements as at and for the year ended 31 March 2017.

### A Ind AS optional exemptions

#### A1. Deemed cost for property, plant and equipment, and intangible assets

Ind AS 101 First-time Adoption of Indian Accounting Standards, permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

#### A2. Deemed cost for investments in subsidiaries

Ind AS 101 First-time Adoption of Indian Accounting Standards, permits a first-time adopter to elect to continue with the carrying value for investments in subsidiaries as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has elected to measure its investments in subsidiaries in the standalone financial statements at their previous GAAP carrying value.

#### A3. Lease

Appendix C to Ind AS 17, Leases, requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, Leases, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101, First-time Adoption of Indian Accounting Standards, provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such contracts/ arrangements.

### B. Ind AS mandatory exemptions

#### B1. Estimates

In accordance with Ind AS, as at the date of transition to Ind AS an entity's estimates shall be consistent with the estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP except impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition this was not required under the previous GAAP.

#### B2. Classification and measurement of financial assets and liabilities

The classification and measurement of financial assets will be made considering whether the



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

conditions as per Ind AS 109 Financial Instruments are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

- a) The effects of the retrospective application or retrospective restatement are not determinable; or
- b) The retrospective application or restatement requires assumptions about what management's intent would have been in that period; or
- c) The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

### **B3. De-recognition of financial assets and liabilities**

Ind AS 101 First-time Adoption of Indian Accounting Standards, requires a first-time adopter to apply the de-recognition provisions of Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 First-time Adoption of Indian Accounting Standards, allows a first-time adopter to apply the de-recognition requirements in Ind AS 109, Financial Instruments, retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109, Financial Instruments, to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109, Financial Instruments, prospectively from the date of transition to Ind AS.

### **C. Reconciliations between previous GAAP and Ind AS**

Ind AS 101 First-time Adoption of Indian Accounting Standards, requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS as at the periods specified below.

#### **C1. Reconciliation of other equity**

The Company has also prepared a reconciliation of equity as at 31 March 2017 and 1 April 2016 under the previous GAAP with the equity as reported in these financial statements under Ind AS, that reflect the impact of Ind AS on the components of statement of Balance sheet which is presented below:

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

Particulars	Note	As at 31 March 2017	As at 1 April 2016
<b>Equity as per previous GAAP</b>		<b>1,719,035,032</b>	<b>1,495,680,239</b>
(i) Impairment of investment in equity shares of Reva Proteins	12	(170,403,998)	(170,403,998)
(ii) Deferred tax impact of forward contract and PCFC loans	10,11	(14,097,618)	(5,226,606)
<b>Restated equity as per previous GAAP</b>		<b>1,534,533,416</b>	<b>1,320,049,635</b>
<b>Adjustments on account of:</b>			
(i) Reconciliation of preference shares of issued from equity	1	(120,019,047)	(114,820,606)
(ii) Fair valuation of external commercial borrowing from related party	2	17,009,713	18,889,922
(iii) Fair valuation of investment in preference shares in subsidiary	3	(28,486,228)	(35,524,481)
(iv) Fair valuation of investments carried through OCI	4	957,997	658,541
(v) Expected credit loss assessment for trade receivables	5	(1,710,639)	(1,236,492)
(vi) Accounting for financial guarantee to subsidiary	6	15,964,142	14,041,281
(vii) Reversal of provision for proposed dividend	7	-	36,807,175
(viii) Deferred tax impact on the above adjustments	14	(26,472,060)	(21,188,697)
<b>Equity as per IND AS</b>		<b>1,391,777,294</b>	<b>1,217,676,278</b>

### C2. Reconciliation of Balance sheet as at 1 April 2016 (date of transition to Ind AS)

ASSETS	Note	Previous GAAP *	Adjustments	Ind AS Adjustments	Ind AS
<b>Non-current assets</b>					
Property, plant and equipment	8	800,201,299	-	(21,190,500)	779,010,799
Other Intangible assets		2,526,725	-	-	2,526,725
Capital work in progress		69,592,173	-	-	69,592,173
Financial assets					
Investments	3,4,6,12	447,913,238	(170,403,998)	(17,175,171)	260,334,069
Loans		618,418	-	-	618,418
Other financial assets		12,663,271	-	1,581,266	14,244,537
Non current tax assets (net)		41,758,787	-	-	41,758,787
Other non-current assets	8	34,688,965	-	20,610,008	55,298,973
		<b>1,409,962,876</b>	<b>(170,403,998)</b>	<b>(16,174,397)</b>	<b>1,223,384,481</b>
<b>Current assets</b>					
Inventories		606,331,418	-	-	606,331,418
Financial assets					
Trade receivables	5	383,608,320	-	(1,236,492)	382,371,828
Cash and cash equivalents		7,688,354	-	(1,581,266)	6,107,088
Bank balances other than cash and cash equivalents		187,589,273	-	-	187,589,273
Loans		307,387	-	-	307,387
Other financial assets		78,692,337	-	-	78,692,337
Other current assets	8	22,097,772	-	580,492	22,678,264
		<b>1,286,314,861</b>	<b>-</b>	<b>(2,237,266)</b>	<b>1,284,077,595</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

ASSETS	Note	Previous GAAP *	Adjustments	Ind AS Adjustments	Ind AS
<b>Assets held for sale</b>		<b>12,271,364</b>			<b>12,271,364</b>
<b>TOTAL ASSETS</b>		<b>2,708,549,101</b>	<b>(170,403,998)</b>	<b>(18,411,663)</b>	<b>2,519,733,440</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Equity share capital		90,791,600	-	-	90,791,600
Other equity	12,16	1,404,888,639	(170,403,998)	(107,599,963)	1,126,884,678
		<b>1,495,680,239</b>	<b>(170,403,998)</b>	<b>(107,599,963)</b>	<b>1,217,676,278</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Financial liabilities					
Borrowings	1,2	124,998,789	-	95,930,684	220,929,473
Deferred tax liabilities (net)	14	72,084,000	-	26,415,303	98,499,303
Other liabilities	6	-	-	1,856,680	1,856,680
Provisions		23,324,066	-	-	23,324,066
		<b>220,406,855</b>	<b>-</b>	<b>124,202,667</b>	<b>344,609,522</b>
<b>Current liabilities</b>					
Financial Liabilities					
Borrowings		577,705,242	-	-	577,705,242
Trade payables		233,694,517	-	-	233,694,517
Other financial liabilities		30,414,764	-	-	30,414,764
Provisions	7	56,416,817	-	(36,807,175)	19,609,642
Current tax liability		87,630,540	-	-	87,630,540
Other current liabilities	6	6,600,127	-	1,792,808	8,392,935
		<b>992,462,007</b>	<b>-</b>	<b>(35,014,367)</b>	<b>957,447,640</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,708,549,101</b>	<b>(170,403,998)</b>	<b>(18,411,663)</b>	<b>2,519,733,440</b>

\* The Previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

### C3. Reconciliation of Balance sheet as at 31 March 2017

Particulars	Note	Previous GAAP*	Adjustments	Ind AS Adjustments	Ind AS
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	8	784,739,447	-	(20,900,254)	763,839,193
Other Intangible assets		1,537,689	-	-	1,537,689
Capital work in progress		109,495,639	-	-	109,495,639
Financial assets					
Investments	3,4,6,12	447,913,237	(170,403,998)	(9,484,606)	268,024,633

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

Particulars	Note	Previous GAAP*	Adjustments	Ind AS Adjustments	Ind AS
Loans		42,785,993	-	-	42,785,993
Other financial assets		15,236,006	-	-	15,236,006
Non current tax assets (net)		46,171,068	-	-	46,171,068
Other non-current assets	8	48,188,383	-	20,610,008	68,798,391
		<b>1,496,067,462</b>	<b>(170,403,998)</b>	<b>(9,774,852)</b>	<b>1,315,888,612</b>
<b>Current assets</b>					
Inventories		632,934,006	-	-	632,934,006
Financial assets					
Trade receivables	5	524,676,005	-	(1,710,639)	522,965,366
Cash and cash equivalents		30,993,261	-	-	30,993,261
Bank balances other than cash and cash equivalents		67,485,281	-	-	67,485,281
Loans		222,711	-	-	222,711
Other financial assets		92,009,158	-	-	92,009,158
Other current assets	8	35,712,161	-	290,245	36,002,406
		<b>1,384,032,583</b>	<b>-</b>	<b>(1,420,393)</b>	<b>1,382,612,189</b>
<b>Assets held for sale</b>					
		<b>12,271,364</b>	<b>-</b>	<b>-</b>	<b>12,271,364</b>
<b>TOTAL ASSETS</b>		<b>2,892,371,409</b>	<b>(170,403,998)</b>	<b>(11,195,246)</b>	<b>2,710,772,165</b>

### EQUITY AND LIABILITIES

#### Equity

Equity share capital		90,791,600	-	-	90,791,600
Other equity	12,16	1,628,243,432	(170,403,998)	(156,853,740)	1,300,985,694
		<b>1,719,035,032</b>	<b>(170,403,998)</b>	<b>(156,853,740)</b>	<b>1,391,777,294</b>

#### Liabilities

##### Non-current liabilities

##### Financial liabilities

Borrowings	1,2	96,820,532	-	103,009,334	199,829,866
Deferred tax liabilities (net)	14	85,400,000	-	40,569,678	125,969,678
Provisions		22,962,020	-	-	22,962,020
Other liabilities	6	-	-	1,108,540	1,108,540
		<b>205,182,552</b>	<b>-</b>	<b>144,687,552</b>	<b>349,870,104</b>

##### Current liabilities

Financial liabilities					
Borrowings		612,584,386	-	-	612,584,386
Trade payables		182,016,525	-	-	182,016,525
Other financial liabilities		37,455,620	-	-	37,455,620
Provisions		24,702,758	-	-	24,702,758
Current tax liability		102,359,503	-	-	102,359,503

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

Particulars	Note	Previous GAAP*	Adjustments	Ind AS Adjustments	Ind AS
Other liabilities	6	9,035,033	-	970,942	10,005,975
		<b>968,153,825</b>	<b>-</b>	<b>970,942</b>	<b>969,124,767</b>

<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,892,371,409</b>	<b>(170,403,998)</b>	<b>(11,195,246)</b>	<b>2,710,772,165</b>
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\* The Previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

### C4. Reconciliation of profit or loss for the year ended 31 March 2017

Particulars	Note	Previous GAAP *	Adjustments	Ind AS Adjustments	Ind AS
<b>INCOME</b>					
Revenue from operations	9	3,291,527,260	-	116,459,207	3,407,986,467
Other income	3,6,10,11	43,961,156	40,735,143	8,961,115	93,657,414
<b>TOTAL</b>		<b>3,335,488,416</b>	<b>40,735,143</b>	<b>125,420,322</b>	<b>3,501,643,881</b>

#### EXPENSES

Cost of material consumed		1,680,923,528	-	-	1,680,923,528
Changes in inventories of finished goods, work-in-progress		136,400,708	-	-	136,400,708
Employee benefits expense	13	264,674,112	-	1,336,342	266,010,454
Finance cost	1,2	29,234,493	-	7,078,650	36,313,143
Depreciation and amortisation expense	8	105,139,624	-	(290,246)	104,849,378
Other expenses	5,8,9	841,597,071	-	117,223,601	958,820,672
<b>TOTAL</b>		<b>3,057,969,536</b>	<b>-</b>	<b>125,348,347</b>	<b>3,183,317,883</b>

<b>Profit before tax</b>		<b>277,518,880</b>	<b>40,735,143</b>	<b>71,975</b>	<b>318,325,998</b>
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#### Tax expense:

Current tax		89,121,780	-	-	89,121,780
Deferred tax	14	13,316,000	-	11,021,265	24,337,265

<b>Profit after tax</b>		<b>175,081,100</b>	<b>40,735,143</b>	<b>(10,949,290)</b>	<b>204,866,953</b>
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#### Other Comprehensive Income

##### Other comprehensive income not to be reclassified to profit or loss in subsequent periods:

Remeasurement (losses)/gains in defined benefit plans	13	-	-	1,336,342	1,336,342
Income tax effect	13	-	-	(462,481)	(462,481)
		<b>-</b>	<b>-</b>	<b>873,861</b>	<b>873,861</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

Particulars	Note	Previous GAAP *	Adjustments	Ind AS Adjustments	Ind AS
Measurement of financial assets through OCI	15	-	-	299,456	299,456
Income tax effect	15	-	-	(61,688)	(61,688)
		-	-	<b>237,768</b>	<b>237,768</b>
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		-	-	<b>1,111,629</b>	<b>1,111,629</b>
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>					
Effective portion of cash flow hedge	15	-	-	7,538,550	7,538,550
Income tax effect	15	-	-	(2,608,941)	(2,608,941)
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		-	-	<b>4,929,609</b>	<b>4,929,609</b>
<b>Other comprehensive income, net of tax</b>		-	-	<b>6,041,238</b>	<b>6,041,238</b>
<b>Total Comprehensive Income for the Year</b>		<b>175,081,100</b>	<b>40,735,143</b>	<b>(4,908,052)</b>	<b>210,908,191</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

### C5. Reconciliation of Cash flow statement for the year ended 31 March 2017

The transition from previous GAAP to Ind AS has not made a material impact on the statement of cash flows.

### C6 Notes

#### 1 Issue of preference shares

The Company has issued optionally convertible redeemable preference shares to its significant shareholder Nitta Gelatin Inc. However the option of conversion had expired on the date of transition. The preference shares carry fixed cumulative dividend which is non-discretionary. Hence, the instrument has been considered as a pure liability instrument. Under the Previous GAAP, the preference shares were classified as equity and dividend payable thereon was treated as distribution of profit. Under Ind AS 32, Financial Instruments: Presentation, such instruments are separated into liability and equity components based on the terms of the contract. The difference between carrying value of financial liability and fair value on initial recognition has been considered as equity contribution by the holding company and shown as part of 'Other equity'. Interest expense on financial liability is charged to the Statement of Profit and Loss using the effective interest method.

#### 2 Borrowings from related parties

Under the Previous GAAP, all financial liabilities were carried at cost. Under Ind AS 109, Financial Instruments, borrowings from Nitta Gelatin Inc have been measured at amortised cost. The difference between carrying value of borrowings and fair value on initial recognition has been



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

considered as equity contribution by the company and shown as part of 'Other equity'. Interest expense on amortised cost is charged to the Statement of Profit and Loss using the effective interest method.

### **3 Fair valuation of investments**

Investments in preference shares have been measured at fair value through profit or loss (FVTPL) as against cost less diminution of other than temporary nature, if any, under the Previous GAAP. The difference between the fair value and previous GAAP carrying value on transition date has been recognized as an adjustment to opening retained earnings. Subsequent fair value changes have been recorded in the Statement of Profit and Loss.

### **4 Measurement of investments at fair value through OCI**

Under the Previous GAAP, the Company accounted for long term investments in quoted and unquoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVOCI investments. Ind AS requires FVOCI investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in the FVOCI reserve, net of related deferred taxes.

### **5 Expected credit loss assessment for trade receivables**

Under the Previous GAAP, the Company has created a provision for impairment of receivables only with respect to specific amount for losses incurred. Under Ind AS 109, Financial Instruments, impairment allowance has been determined based on Expected Loss model (ECL). On application of the ECL model, the Company impaired part of its trade receivable on 1 April 2016 which has been adjusted with retained earnings. The impact for year ended on 31 March 2017 has been recognised in the Statement of Profit and Loss.

### **6 Financial guarantee**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified subsidiary fails to make a payment when due in accordance with the terms of a debt instrument. Under the Previous GAAP, there was no requirement to account for financial guarantees given by the Company. Under Ind AS, financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109, 'Financial Instruments' and the amount recognized less cumulative amortization.

### **7 Adjustment for proposed dividend**

Under the Previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend included under provisions has been reversed with corresponding adjustment to retained earnings.

### **8 Leasehold land**

Under the Previous GAAP, the leasehold land had been capitalized under property, plant and equipment and depreciation on the same had been claimed. Under Ind AS 17 Leases, all leases have to be assessed as per the criteria of finance and operating lease. Accordingly, the Company

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

has classified the arrangement for leasehold land as an operating lease. The net block appearing under PPE has been reclassified to Prepaid lease rentals and the aforementioned depreciation has been reclassified as rent expense.

### 9 **Excise duty**

Under the Previous GAAP, revenue from sale of goods was presented net of excise duty whereas under Ind AS the revenue from sale of goods is presented inclusive of excise duty. Accordingly, the excise duty has been included in revenue and other expenses respectively.

### 10 **Foreign exchange forward contracts**

Under the Previous GAAP, the company had adopted the principles of hedge accounting as per Accounting standard 30, Financial Instruments: Recognition and Measurement, and accordingly designated the foreign exchange forward contracts in a cash flow hedge relationship. However, for certain hedge relationships all the conditions for hedge accounting were not met. Consequent to above, the unrealised gain/(loss) on such hedges have been reclassified to opening retained earnings on the transition date and to the Statement of profit and loss for the year ended 31 March 2017, respectively. In addition to above, the Company had not recorded the consequent deferred tax impact on the aforesaid adjustments which have now been given effect in these financial statement.

### 11 **Foreign exchange gain/ (loss) on PCFC loans**

Under the Previous GAAP the Company had recorded the gain/ loss on PCFC loans in the hedging reserve which has been adjusted in the opening retained earnings and statement of profit and loss for the year ended 31 March 2017 respectively. In addition to above, the Company had not recorded the consequent deferred tax impact on the aforesaid adjustments which have now been given effect in these financial statement.

### 12 **Impairment of investments**

Under the Previous GAAP, the Company had not recorded impairment on its investments in one of the subsidiary. Accordingly, the same has been recorded as an adjustment in the opening retained earnings.

### 13 **Defined benefit obligation**

Both under the Previous GAAP and Ind AS, the Company recognized costs related to its post-employment defined benefit plan on an actuarial basis. Under previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is reduced by such amount with a corresponding adjustment on defined benefit plans has been recognized in the OCI net of tax.

### 14 **Deferred tax**

Under the Previous GAAP, deferred tax was accounted using the income statement approach, on the timing differences between the taxable profit and accounting profits for the period. Under Ind AS 12, Income Tax, deferred taxes are recognized following the balance sheet approach on the temporary differences between the carrying amount of asset or liability in the balance sheet and its tax base.

### 15 **Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the Statement of Profit

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

and Loss as 'other comprehensive income' includes re-measurements of defined benefit plans, effective portion of gains and losses on cash flow hedging instruments and fair value gains or (losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under Previous GAAP.

### 16 Other equity

Adjustments to retained earnings as at 1 April 2016 and 31 March 2017 has been adjusted consequent to the above Ind AS transition adjustments.

This is the summary of accounting policies and other explanatory information referred to in our report of even date

#### For and on behalf of the Board of Directors

For **Walker Chandiok & Co. LLP**  
Chartered Accountants

SAJIV K. MENON  
Managing Director  
DIN : 00168228

RADHA UNNI  
Director  
DIN : 03242769

RAYMOND MERZ  
Director  
DIN : 07498918

per **Aasheesh Arjun Singh**  
Partner

DR. M. BEENA IAS  
Director  
DIN : 03483417

A.K. Nair  
Director  
DIN : 00009148

K. L. KUMAR  
Director  
DIN : 00004804

DR. K. CHERIAN VARGHESE  
Director  
DIN : 01870530

Dr. SHINYA TAKAHASHI  
Director  
DIN: 07809828

Place: Kochi  
Date: 04 May 2018

SAHASRANAMAN P.  
Chief Financial Officer

G. RAJESH KURUP  
Company Secretary

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Nitta Gelatin India Limited

#### Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Nitta Gelatin India Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Consolidated Financial Statements

2. 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 ('the Act') that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. The respective Board of Directors/management 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; 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, 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

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. 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.
5. 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 these consolidated financial statements are free from material misstatement.
6. 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 controls 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.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 11 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

## Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, 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 (consolidated financial position) of the Group, as at 31 March 2018, and their consolidated profit (consolidated financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

## Emphasis of Matter

9. We draw attention to the following emphasis of matters to the audit opinion on the financial statements of Reva Proteins Limited, a subsidiary of the Holding Company issued by an independent firm of Chartered Accountants vide its report dated 03 May 2018 reproduced by us as under:
  - a. Note No. 2.33 to the consolidated financial statements, which states that in view of the revised business plans of the Reva Proteins Limited, which is expected to bring in positive cash flows in the near future and the proposed amalgamation with the holding company which is pending final approval of National Company Law Tribunal, the management is of the opinion that there are no uncertainties which might affect the entity's ability to continue as a going concern.
  - b. Note No. 2.1(d) to the consolidated financial statements, which states that based on an impairment testing of the carrying value of Property, Plant and Equipment carried out by the management as at 31 March, 2018, in the manner prescribed in Ind AS 36 - Impairment of Assets, there is no Impairment in the Value of the Property, Plant and Equipment of the subsidiary company to be recognized at this stage

Our opinion is not modified in respect of these matters.

## Other Matters

10. We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹ 569,296,745 and net assets of ₹ 52,048,939 as at 31 March 2018, total revenues of ₹ 397,283,866 and net cash inflows amounting to ₹ 8,046,711 for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors. Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.
11. The Holding Company had prepared separate sets of consolidated financial statements for the year ended 31 March 2017 and 31 March 2016 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), which were audited by the predecessor auditor whose reports dated 9 May 2017 and 6 May 2016 respectively expressed unmodified opinion on those consolidated financial statements. These separate sets of consolidated financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by us. Our opinion is not modified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

12. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries, 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 purpose 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 and the reports of the other auditors;
- c) the consolidated financial statements 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 Ind AS specified under Section 133 of the Act;
- e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies covered under the Act, none of the directors of the Group companies covered under the Act, are disqualified as on 31 March 2018 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 Holding Company, and its subsidiary companies covered under the Act and the operating effectiveness of such controls, refer to our separate report in 'Annexure 1'; and
- 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 Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:
  - (i) the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 2.30 to the consolidated financial statements.
  - (ii) the Group 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 Holding Company and its subsidiary companies covered under the Act; and
  - (iv) the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Aasheesh Arjun Singh**

Partner

Membership No. 210122

Kochi

4 May 2018



## Annexure I to the Independent Auditor's Report of even date to the members of Nitta Gelatin India Limited on the consolidated financial statements for the year ended 31 March 2018

### Annexure I

#### **Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the consolidated financial statements of Nitta Gelatin India Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company and its subsidiary companies, which are companies covered under the Act, as at that date.

#### **Management's Responsibility for Internal Financial Controls**

2. The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies covered under the Act, 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 (the 'Guidance Note') 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 the company's business, including adherence to the 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 Act.

#### **Auditor's Responsibility**

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company and its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on

Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company and its subsidiary companies, as aforesaid.

#### **Meaning of Internal Financial Controls over Financial Reporting**

6. A company's IFCoFR 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 IFCoFR include 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**

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

8. In our opinion and based on the consideration of the reports of the other auditors on IFCoFR of the subsidiary companies, the Holding Company and its subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal

financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, 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 issued by ICAI.

#### **Other Matter**

9. We did not audit the IFCoFR in so far as it relates to two subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ` 569,296,745 and net assets of ` 52,048,939 as at 31 March 2018, total revenues of ` 397,283,866 and net cash inflows amounting to ` 8,046,711 for the year ended on that date, as considered in the consolidated financial statements. The IFCoFR in so far as it relates to such subsidiary companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company and its subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Aasheesh Arjun Singh**

Partner

Membership No. 210122

Kochi

4 May 2018

# NITTA GELATIN INDIA LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2018

(All amounts in ` ,  
unless otherwise stated)

Particulars	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>ASSETS</b>				
Non-current Assets				
(a) Property, Plant and Equipment	2.1	1,128,608,805	1,098,959,232	1,118,957,981
(b) Other Intangible Assets	2.2	5,153,776	3,756,849	4,384,860
(c) Intangible Assets under development		300,000	-	-
(d) Capital Work-in-progress		102,541,439	128,209,812	83,763,129
(e) Financial assets				
(i) Investments	2.3	8,942,395	8,997,797	8,098,341
(ii) Loans	2.4	582,247	408,242	618,419
(iii) Other financial assets	2.5	35,200,783	34,217,545	33,629,076
(f) Non current tax assets (net)		56,266,573	49,741,016	49,597,202
(g) Other non-current assets	2.6	112,862,157	126,936,462	113,964,332
		<b>1,450,458,175</b>	<b>1,451,226,955</b>	<b>1,413,013,340</b>
<b>Current Assets</b>				
(a) Inventories	2.7	728,575,125	738,583,746	614,529,166
(b) Financial assets				
(i) Trade Receivables	2.8	614,672,845	524,331,662	388,030,204
(ii) Cash and Cash Equivalents	2.9	31,816,010	36,725,248	10,275,003
(iii) Other Bank balances	2.10	41,950,870	114,055,917	259,516,177
(iv) Loans	2.4	259,045	222,711	307,387
(v) Other financial assets	2.5	43,702,471	93,132,629	69,288,372
(c) Other current assets	2.6	42,965,896	37,869,088	23,297,496
		<b>1,503,942,262</b>	<b>1,544,921,001</b>	<b>1,365,243,805</b>
<b>Assets held for sale</b>		<b>-</b>	<b>12,271,364</b>	<b>12,271,364</b>
<b>Total Assets</b>		<b>2,954,400,437</b>	<b>3,008,419,320</b>	<b>2,790,528,509</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity share capital	2.11	90,791,600	90,791,600	90,791,600
(b) Other equity	2.12	1,267,249,618	1,244,684,334	1,134,078,491
(c) Non Controlling Interest		(524,911)	28,693,694	48,034,039
		<b>1,357,516,307</b>	<b>1,364,169,628</b>	<b>1,272,904,130</b>
<b>Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	2.13	342,569,967	397,689,296	415,583,122
(b) Deferred Tax Liabilities (Net)	2.14	85,965,418	118,758,478	92,139,303
(c) Provisions	2.17	31,668,166	26,621,566	38,746,055
		<b>460,203,551</b>	<b>543,069,340</b>	<b>546,468,480</b>
<b>Current Liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	2.13	593,236,597	636,946,735	577,705,242
(ii) Trade Payables	2.15	274,423,496	244,800,482	234,552,406
(iii) Other financial liabilities	2.16	73,279,581	68,023,193	40,761,530
(b) Provisions	2.17	29,311,238	25,784,025	22,563,627
(c) Current tax liability		102,359,503	104,004,809	87,630,540
(d) Other current liabilities	2.18	64,070,164	21,621,108	7,942,554
		<b>1,136,680,579</b>	<b>1,101,180,352</b>	<b>971,155,899</b>
<b>Total equity and liabilities</b>		<b>2,954,400,437</b>	<b>3,008,419,320</b>	<b>2,790,528,509</b>

See accompanying notes forming part of these Consolidated financial statements.

This is the Consolidated Balance Sheet referred to in our report of even date.

### For and on behalf of the Board of Directors

For **Walker Chandiok & Co. LLP**  
Chartered Accountants

SAJIV K. MENON  
Managing Director  
DIN : 00168228

RADHA UNNI  
Director  
DIN : 03242769

RAYMOND MERZ  
Director  
DIN : 07498918

per **Aasheesh Arjun Singh**  
Partner

DR. M. BEENA IAS  
Director  
DIN : 03483417

A.K. Nair  
Director  
DIN : 00009148

K. L. KUMAR  
Director  
DIN : 00004804

DR. K. CHERIAN VARGHESE  
Director  
DIN : 01870530

Dr. SHINYA TAKAHASHI  
Director  
DIN: 07809828

Place: Kochi  
Date: 04 May 2018

SAHASRANAMAN P.  
Chief Financial Officer

G. RAJESH KURUP  
Company Secretary

# NITTA GELATIN INDIA LIMITED

## CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH, 2018

(All amounts in ` , unless otherwise stated)

Particulars	Note	Year ended 31 March 2018	Year ended 31 March 2017
<b>INCOME</b>			
Revenue from operations	2.19	3,435,318,672	3,557,240,767
Other income	2.20	39,979,488	90,478,192
<b>Total income</b>		<b>3,475,298,160</b>	<b>3,647,718,959</b>
<b>EXPENSES</b>			
Cost of materials consumed	2.21	1,850,536,746	1,803,235,785
Purchases of stock-in-trade		11,728,800	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.22	(108,187,692)	62,957,746
Employee benefits expense	2.23	372,083,401	331,463,951
Finance costs	2.24	60,470,991	63,588,435
Depreciation and amortisation expense	2.1	150,320,433	137,144,279
Other expenses	2.25	1,018,769,371	1,009,567,602
<b>Total Expenses</b>		<b>3,355,722,050</b>	<b>3,407,957,798</b>
<b>Profit before tax</b>		<b>119,576,110</b>	<b>239,761,161</b>
<b>Tax expense</b>			
Current tax		109,789,486	93,772,870
Deferred tax		(28,868,458)	23,625,538
<b>Profit for the year</b>		<b>38,655,082</b>	<b>122,362,753</b>
<b>Profit attributable to:</b>			
Equity holders of the Company		67,779,241	141,653,260
Non-controlling interest		(29,124,159)	(19,290,507)
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
a) Re-measurement losses in defined benefit plans		(6,434,714)	865,551
Income tax effect		2,130,947	(323,008)
		<b>(4,303,767)</b>	<b>542,543</b>
b) Measurement of financial assets through OCI		(55,402)	299,456
Income tax effect		11,413	(61,688)
		<b>(43,989)</b>	<b>237,768</b>
<b>Net of items that will not be reclassified to profit or loss:</b>		<b>(4,347,756)</b>	<b>780,311</b>
<b>Items that will be reclassified subsequently to profit or loss:</b>			
a) Gain/ (loss) recognised on cash flow hedges		(5,149,800)	7,538,550
Income tax effect		1,782,243	(2,608,941)
		<b>(3,367,557)</b>	<b>4,929,609</b>
<b>Net of items that will not be reclassified to profit or loss:</b>		<b>(3,367,557)</b>	<b>4,929,609</b>
<b>Other comprehensive income/ (loss), net of tax</b>		<b>(7,715,313)</b>	<b>5,709,920</b>
<b>Other comprehensive income/(loss) attributable to:</b>			
Equity holders of the Company		(7,620,867)	5,759,758
Non controlling interest		(94,446)	(49,838)
<b>Total comprehensive profit for the year</b>		<b>30,939,769</b>	<b>128,072,673</b>
<b>Total comprehensive income / (loss) attributable to:</b>			
Equity holders of the Company		60,158,374	147,413,018
Non controlling interest		(29,218,605)	(19,340,345)
<b>Earnings per equity share</b>	2.26		
Basic		<b>6.63</b>	<b>16.24</b>
Diluted		<b>6.63</b>	<b>16.24</b>

See accompanying notes forming part of these consolidated financial statements.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandiok & Co. LLP**  
Chartered Accountants

For **Aasheesh Arjun Singh**  
Partner

Place: Kochi  
Date: 04 May 2018

**For and on behalf of the Board of Directors**

SAJIV K. MENON  
Managing Director  
DIN : 00168228

DR. M. BEENA IAS  
Director  
DIN : 03483417

DR. K. CHERIAN VARGHESE  
Director  
DIN : 01870530

RADHA UNNI  
Director  
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A.K. Nair  
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DIN : 07498918

K. L. KUMAR  
Director  
DIN : 00004804

Dr. SHINYA TAKAHASHI  
Director  
DIN: 07809828

SAHASRANAMAN P.  
Chief Financial Officer

G. RAJESH KURUP  
Company Secretary

**NITTA GELATIN INDIA LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2018**

(All amounts in ₹, unless otherwise stated)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>A. Cash flows from operating activities</b>		
Profit before tax	119,576,110	239,761,161
Adjustments for:		
Depreciation and amortisation expense	150,320,433	137,144,279
Loss on assets sold/written off (Net)	2,516,374	3,153,337
Provision for assets held for sale	12,271,364	15,303,285
Finance Costs	60,470,991	63,588,435
Interest income	(5,270,978)	(8,719,025)
Dividend income from non current investments	(10,920)	(10,920)
Provision for doubtful debts	498,293	86,680
Net unrealised foreign exchange (gain)/loss	1,969,840	(2,692,531)
Operating profit before working capital changes	<b>342,341,507</b>	<b>447,614,701</b>
Adjustments for working capital changes:		
(Increase) in trade and other receivables	(59,348,066)	(172,094,919)
Decrease / (increase) in inventories	10,008,621	(124,054,580)
Increase in trade and other payables	86,491,195	48,727,045
Increase/(decrease) in provisions	2,139,099	(8,038,540)
<b>Cash generated from Operations</b>	<b>381,632,356</b>	<b>192,153,707</b>
Income taxes paid	(111,434,792)	(77,398,601)
<b>Net cash generated from operating activities</b>	<b>270,197,564</b>	<b>114,755,106</b>
<b>B. Cash flows from investing activities</b>		
Payments for purchase of property, plant and equipment	(154,163,187)	(190,544,372)
Proceeds from disposal of property, plant and equipment	1,073,699	2,547,778
Movement in other bank balances	72,105,047	145,460,260
Investment in shares	-	(600,000)
Interest received	5,248,595	8,796,773
Dividend received	10,920	10,920
<b>Net cash used in investing activities</b>	<b>(75,724,926)</b>	<b>(34,328,641)</b>
<b>C. Cash flows from financing activities</b>		
Movement in short term borrowings (net)	(44,746,943)	59,241,493
Repayment of long term borrowings	(55,132,816)	(14,896,834)
Dividend paid	(31,320,113)	(30,549,419)
Corporate dividend tax	(6,358,606)	(6,225,763)
Interest paid	(61,823,398)	(61,545,697)
<b>Net cash used in financing activities</b>	<b>(199,381,876)</b>	<b>(53,976,220)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,909,238)</b>	<b>26,450,245</b>

**NITTA GELATIN INDIA LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2018**

(All amounts in ₹, unless otherwise stated)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Cash and cash equivalents at beginning of the year	36,725,248	10,275,003
Cash and cash equivalents at the end of the year	31,816,010	36,725,248
	(4,909,238)	26,450,245

This is the Consolidated Statement of Cash Flows referred to in our report of even date.

**For and on behalf of the Board of Directors**

For **Walker Chandiok & Co. LLP**  
Chartered Accountants

SAJIV K. MENON  
Managing Director  
DIN : 00168228

RADHA UNNI  
Director  
DIN : 03242769

RAYMOND MERZ  
Director  
DIN : 07498918

For **Aasheesh Arjun Singh**  
Partner

DR. M. BEENA IAS  
Director  
DIN : 03483417

A.K. Nair  
Director  
DIN : 00009148

K. L. KUMAR  
Director  
DIN : 00004804

DR. K. CHERIAN VARGHESE  
Director  
DIN : 01870530

Dr. SHINYA TAKAHASHI  
Director  
DIN: 07809828

Place: Kochi  
Date: 04 May 2018

SAHASRANAMAN P.  
Chief Financial Officer

G. RAJESH KURUP  
Company Secretary



# NITTA GELATIN INDIA LIMITED

## Consolidated Statement of Changes in Equity for the year ended 31 March 2018

(All amounts in ₹, unless otherwise stated)

### A. Equity share capital

#### Equity shares of ₹ 10 each, fully paid-up

##### As at 1 April 2016

Add: Issued and subscribed during the year

##### As at 31 March 2017

Add: Issued and subscribed during the year

##### As at 31 March 2018

	Number (in lakhs)	Equity shares	Amount
As at 1 April 2016	90.79		90,791,600
Add: Issued and subscribed during the year	-		-
As at 31 March 2017	90.79		90,791,600
Add: Issued and subscribed during the year	-		-
As at 31 March 2018	90.79		90,791,600

### B. Other equity

Particulars	Reserves and Surplus				Items of OCI			Total other equity	Non-control-ling interests	Total
	Securities premium reserve	Retained earnings	Special Export Reserve	Other Equity	General Reserve	Hedge reserve	Equity Instruments through OCI	Other items of other comprehensive income / (loss)		
Balance as at 1 April 2016	289,590,000	29,893,881	7,900,000	82,507,328	723,664,400	-	522,882	-	1,134,078,491	1,182,112,530
Profit for the year	-	141,653,260	-	-	-	-	-	-	141,653,260	122,362,753
Other comprehensive income/(loss)	-	-	-	-	-	4,929,609	237,768	592,381	5,759,758	5,709,920
Addition during the year	-	-	-	-	-	-	-	-	-	-
Transfer to General Reserve	-	(60,000,000)	-	-	60,000,000	-	-	-	-	-
Dividend paid	-	(30,581,412)	-	-	-	-	-	-	(30,581,412)	(30,581,412)
Corporate Dividend Tax	-	(6,225,763)	-	-	-	-	-	-	(6,225,763)	(6,225,763)
Balance as at 31 March 2017	289,590,000	74,739,966	7,900,000	82,507,328	783,664,400	4,929,609	760,650	592,381	1,244,684,334	1,273,378,028
Profit for the period	-	67,779,241	-	-	-	-	-	-	67,779,241	38,655,082
Other comprehensive income/(loss)	-	-	-	-	-	(3,367,557)	(43,989)	(4,209,321)	(7,620,867)	(7,715,313)
Addition during the year	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	(31,234,484)	-	-	-	-	-	-	(31,234,484)	(31,234,484)
Corporate Dividend Tax	-	(6,358,606)	-	-	-	-	-	-	(6,358,606)	(6,358,606)
Balance as at 31 March 2018	289,590,000	104,926,117	7,900,000	82,507,328	783,664,400	1,562,052	716,661	(3,616,940)	1,267,249,618	1,266,724,707

See accompanying notes forming part of these Consolidated Financial Statements.

This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

### For and on behalf of the Board of Directors

**For Walker Chandiook & Co. LLP**  
Chartered Accountants

SAJIV K. MENON  
Managing Director  
DIN : 00168228

RADHA UNNI  
Director  
DIN : 03242769

RAYMOND MERZ  
Director  
DIN : 07498918

**For Aasheesh Arjun Singh**  
Partner

DR. M. BEENA IAS  
Director  
DIN : 03483417

A.K. Nair  
Director  
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K. L. KUMAR  
Director  
DIN : 00004804

DR. K. CHERIAN VARGHESE  
Director  
DIN : 01870530

Dr. SHINYA TAKAHASHI  
Director  
DIN : 07809828

Place: Kochi  
Date: 04 May 2018

SAHASRANAMAN P.  
Chief Financial Officer

G. RAJESH KURUP  
Company Secretary

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### 1. GENERAL INFORMATION:

Nitta Gelatin India Limited ('the Holding Company'/'NGIL'), a public limited company, operates in the business of manufacture and sale of ossein, gelatin, collagen peptide. The Company's shares are listed for trading on BSE Limited in India.

The consolidated financial statements include the consolidated Balance sheet, consolidated statement of Profit and loss, consolidated Cash flow statement and consolidated Statement of changes in equity of the Holding company and its Subsidiaries (hereinafter referred to as the "Group").

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Statement of compliance with Indian Accounting Standards (Ind AS)

The Consolidated Financial statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Accounting Standards) Amendment Rules, 2016. The aforesaid financial statements have been approved by the Board of Directors in the meeting held on 4th May 2018.

For all periods up to and including the year ended 31 March 2017, the Group prepared its financial statements in accordance with requirements of the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP"). These are the first Ind AS financial statements of the Group. The date of transition to Ind AS is 1 April 2016. Refer note no.2.40 for the details of first-time adoption exemptions availed by the Group, reconciliations and descriptions of the effect of the transition. Amendments to the financial statements are permitted after approval.

#### b) Basis of accounting and preparation

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group is required to prepare its financial statements as per the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Accounting Standards) Amendment Rules, 2016 with effect from 1 April, 2017. Accordingly, the Group has prepared these financial statements which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statements of Cash Flows and the Statement of Changes in Equity for the year ended 31 March, 2018, and accounting policies and other explanatory information (together hereinafter referred to as "Consolidated financial statements").

The financial Statements have been prepared using the significant accounting policies and measurement bases summarised below. These accounting policies have been used throughout all periods presented in these financial statements, except where the Group has applied certain accounting policies and exemptions upon transition to Ind AS.

The financial Statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### c) Basis of consolidation

The consolidated financial statements of the group include :

	Country of incorporation	Percentage of share holding/ voting power	
		31 March 2018	31 March 2017
Subsidiaries:			
Bamni Proteins Limited	India	82.35%	82.35%
Reva Proteins Limited	India	74.55%	74.55%

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies. The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

### *Consolidation procedure:*

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Non-controlling interest represents the amount of equity not attributable, directly or indirectly, to the Company at the date on which investment in a subsidiary is made and its share of movements in equity since that date. Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, consolidated statement of changes in equity and Consolidated balance sheet respectively.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

### **d) Use of estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Group bases its estimates and assumptions on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

(All amounts in ₹, unless otherwise stated)

### **Significant management judgements**

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the amounts recognized in the financial Statements or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### *Classification of leases*

The Group enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialised nature of the leased asset.

#### *Recognition of deferred tax assets*

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions

#### *Evaluation of indicators for impairment of assets*

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

#### *Recoverability of advances / receivables*

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

#### *Useful lives of depreciable / amortisable assets*

Management reviews its estimate of the useful lives of depreciable / amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

#### *Defined benefit obligation (DBO)*

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

#### *Fair value measurements*

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

### e) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has evaluated and considered its operating cycle as 12 months.

Deferred tax assets/ liabilities are classified as non-current assets/ liabilities.

### f) Property, plant and equipment

The Group has elected to continue with the carrying value for all of its property, plant and equipment as recognized in its Previous GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016.

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by management.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

The Group depreciates plant and equipment (other than service equipment) over their estimated useful lives using the straight-line method. Depreciation on Service Equipment and other items of Property, Plant and Equipments is provided on Written Down Value Method based on the useful lives prescribed in Schedule II of the Companies Act, 2013 based on a review by the management at the year-end.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

<b>Asset Category</b>	<b>Useful lives (in years)</b>
Factory Building	30
Office Building	60
Plant and Machinery of Ossein Division	8.40
Plant and Machinery of Gelatin Division	15
Effluent Treatment Plant at Ossein Division	5
Effluent Treatment Plant at Gelatin	8.40
Furniture and Fixtures	10
Office equipment	5
Vehicles	8

The Group has evaluated the applicability of component accounting as prescribed under Ind AS 16 and Schedule II of the Companies Act, 2013, the management has not identified any significant component having different useful lives as the Group's assets are not capable of being accounted separately as components. Schedule II requires the Group to identify and depreciate significant components with different useful lives separately.

Depreciation methods, useful lives and residual values are reviewed periodically and updated as required, including at each financial year end.

### g) Intangible assets

The Group has elected to continue with the carrying value for all of its intangible assets as recognized in its Previous GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016. \

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Advances paid towards the acquisition of intangible assets outstanding at each Balance Sheet date are disclosed as other non-current assets and the cost of intangible assets not ready for their intended use before such date are disclosed as intangible assets under development.

The Group amortizes intangible over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows as per the indicative useful life prescribed in Schedule II to the Companies Act, 2013:

<b>Asset Category</b>	<b>Useful lives (in years)</b>
Computer software	5

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

The residual values, useful lives and methods of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

### h) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Group estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If, at the reporting date there is an indication

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the Statement of Profit and Loss.

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

### i) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

#### *Sale of goods*

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer and to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

#### *Interest income*

Interest income is reported on an accrual basis using the effective interest method and is included under the head "other income" in the Statement of Profit and Loss.

#### *Dividends*

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

#### *Rental income*

Rental income arising from operating leases is accounted over the lease terms and is included in other income in the statement of profit or loss.

### j) Employee benefits

Employee benefits include superannuation, provident fund, employee state insurance scheme, gratuity and compensated absences. Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, Employee Benefits.

#### *Defined contribution plan*

The Group 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.

#### *Defined benefit plan*

##### *Gratuity*

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 Group make contributions under the said scheme. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### *Long term employee benefits*

#### *Compensated absences*

The Group provides benefit of compensated absences under which unavailed leave are allowed to be accumulated to be availed in future. The compensated absences comprises of vesting as well as non vesting benefit. The cost of short term compensated absences are provided for based on estimates. Long term compensated absence costs are provided for based on actuarial valuation using the project unit credit method.

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost.

#### *Short-term employee benefits*

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee

### **k) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 April 2016 (date of transition to Ind AS), the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

#### **Finance Lease**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at fair value of the leased property or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life, whichever is lower. However, if there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset.

#### **Operating Lease**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### l) Foreign currency transactions

#### *Functional and presentation currency*

The functional currency of the Company is the Indian Rupee. These financial statements are presented in Indian Rupees (₹)

#### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit or Loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

### m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### n) 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.

### o) Research and development

Capital expenditure ( net of recoveries ) on Research & Development is capitalized as fixed assets and depreciated in accordance with the depreciation policy of the Group. 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.

### p) Income taxes

Income tax expense comprises current and deferred income tax. Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Current income tax for current and prior periods is recognised at the amount expected to be paid

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to setoff the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### q) Provisions and contingencies

#### *Provisions:*

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

#### *Contingent liabilities*

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

#### *Contingent assets*

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

### r) Financial instruments

#### Financial assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- i. Debt instruments at amortised cost;
- ii. Debt instruments at fair value through other comprehensive income (FVOCI);
- iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL); and
- iv. Equity investments.

##### *i. Debt instruments at amortised cost*

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

##### *ii. Debt instrument at FVOCI*

A 'debt instrument' is classified as at the FVOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of profit & loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of profit & loss. Interest earned whilst holding FVOCI debt instrument is reported as interest income using the EIR method.

##### *iii. Debt instrument at FVTPL*

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as



## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

(All amounts in ₹, unless otherwise stated)

‘accounting mismatch’). The Group has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit & loss.

### *iv. Equity investments*

All equity investments in scope of Ind AS 109 Financial Instruments, are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 Business Combinations, applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit & loss.

### **De-recognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Group’s balance sheet) when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement and either (i) the Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### **Financial liabilities**

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109 Financial Instruments.

*Gains or losses on liabilities held for trading are recognised in the profit or loss.*

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

#### *Loans and borrowings*

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### Derivative financial instruments and Hedge accounting

#### *Initial recognition and subsequent measurement*

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks arising from highly probable future forecasted loans. This derivative financial instrument are designated in a cash flow hedge relationship. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship,

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss and is reclassified to underlying hedged item. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs.

### s) Impairment of financial assets

In accordance with Ind AS 109 Financial Instruments, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### *Trade receivables*

The Group applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

#### *Other financial assets*

recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

### t) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

### u) Cash and cash equivalents

Cash and cash equivalent in the statement of financial position comprises cash at banks and on hand, demand deposits, short-term deposits with an original maturity of three months or less and highly liquid investments that are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value.

### v) Assets held for sale

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, assets arising from employee benefits and deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

### w) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group 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.

### x) Earnings/ (Loss) per Share (EPS)

Basic EPS are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

(All amounts in ₹, unless otherwise stated)

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Group (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

### **y) Recent accounting pronouncements**

#### **Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:**

On 28 March 2018, MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

This amendment will come into force from 1 April 2018. The Group has evaluated the effect of this on the consolidated financial statements and the impact is not material.

#### **Ind AS 115, Revenue from Contract with Customers:**

On 28 March 2018, MCA has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting policies, changes in accounting estimates and errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1 April 2018.

The Group will adopt the standard on 1 April 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended 31 March 2018 will not be retrospectively adjusted. The Group is still in the process of evaluating the impact on application of Ind AS 115.

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

## 2.1 Property, plant and equipment (PPE)

Particulars	Land and Development	Building	Plant & Equipment	Furniture and fixtures	Office equipment	Vehicles	Total PPE	Capital Work in Progress
<b>Cost or Deemed Cost</b>								
Deemed cost as at 1 April 2016	46,996,926	229,019,312	830,877,718	2,245,745	5,152,880	4,665,400	1,118,957,981	83,763,129
Additions	-	25,061,655	104,093,776	556,099	2,824,670	4,085,838	136,622,038	130,049,599
Disposals	-	2,225,673	17,224,914	4,597	165,744	1,383,472	21,004,400	85,602,916
<b>Balance as at 31 March 2017</b>	<b>46,996,926</b>	<b>251,855,294</b>	<b>917,746,580</b>	<b>2,797,247</b>	<b>7,811,806</b>	<b>7,367,766</b>	<b>1,234,575,619</b>	<b>128,209,812</b>
Additions	-	30,357,043	142,610,013	1,962,913	5,392,574	1,268,653	181,591,196	62,799,729
Disposals	-	523,468	42,858,247	55,721	491,466	134,276	44,063,178	88,468,102
<b>Balance as at 31 March 2018</b>	<b>46,996,926</b>	<b>281,688,869</b>	<b>1,017,498,346</b>	<b>4,704,439</b>	<b>12,712,914</b>	<b>8,502,143</b>	<b>1,372,103,637</b>	<b>102,541,439</b>
<b>Accumulated depreciation</b>								
Depreciation charge for the year	-	25,322,422	105,112,856	836,058	2,918,997	1,426,054	135,616,387	-
Disposals/Adjustments	-	-	-	-	-	-	-	-
<b>Balance as at 1 April 2017</b>	-	<b>25,322,422</b>	<b>105,112,856</b>	<b>836,058</b>	<b>2,918,997</b>	<b>1,426,054</b>	<b>135,616,387</b>	-
Depreciation charge for the year	-	25,982,634	115,337,004	885,942	3,956,810	2,189,160	148,351,550	-
Disposals	-	115,703	39,781,759	53,309	466,213	56,121	40,473,105	-
<b>Balance as at 31 March 2018</b>	-	<b>51,189,353</b>	<b>180,668,101</b>	<b>1,668,691</b>	<b>6,409,594</b>	<b>3,559,093</b>	<b>243,494,832</b>	-
<b>Net block</b>								
As at 1 April 2016	46,996,926	229,019,312	830,877,718	2,245,745	5,152,880	4,665,400	1,118,957,981	83,763,129
As at 31 March 2017	46,996,926	226,532,872	812,633,724	1,961,189	4,892,809	5,941,712	1,098,959,232	128,209,812
As at 31 March 2018	46,996,926	230,499,516	836,830,245	3,035,748	6,303,320	4,943,050	1,128,608,805	102,541,439

Note:

a. **Deemed carrying cost**

For property, plant and equipment existing as on the date of transition to Ind AS, i.e., 1 April 2016, the Company has used previous GAAP carrying value as deemed costs.

b. **Contractual obligations**

Refer Note 2.31

c. **Capitalised borrowing cost**

There is no borrowing costs capitalised during the year ended 31 March 2018 (31 March 2017: Nil).

d. In view of the existence of certain indicators of impairment in Reva Proteins Limited, a subsidiary company, as stated in Note 2.33, the management of the subsidiary company has conducted an impairment testing on the carrying value of fixed assets as at Balance Sheet date in the manner prescribed in IndAS 36 - Impairment of Assets and having regard to the improved cash flows expected in the future and other positive factors as stated above, the management of the subsidiary company has assessed that there is no impairment in the value of Fixed Assets of the subsidiary company to be recognised at this stage.

e. **Property, plant and equipment pledged as security**

Refer Note 2.27

f.

Assets held for sale	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Fixed assets held for sale	12,271,364	12,271,364	12,271,364
Less: Provision for assets held for sale	(12,271,364)	-	-
	<b>12,271,364</b>	<b>12,271,364</b>	<b>12,271,364</b>

Assets held for sale in the previous year represents cost of plant and machinery proposed to be sold by the Company for which provisions have been made in the current year due to loss in value based on technical evaluation & non completion of disposal action as planned.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### 2.2 Intangible assets

Particulars	Software	Total
<b>Cost or Deemed Cost</b>		
<b>Deemed cost as at 1 April 2016</b>	<b>4,384,860</b>	<b>4,384,860</b>
Additions	901,059	901,059
Disposals	23,596	23,596
<b>Balance as at 31 March 2017</b>	<b>5,262,323</b>	<b>5,262,323</b>
Additions	3,365,810	3,365,810
Disposals	-	-
<b>Balance as at 31 March 2018</b>	<b>8,628,133</b>	<b>8,628,133</b>
<b>Accumulated depreciation</b>		
Depreciation charge for the year	1,527,891	1,527,891
Disposals/ Adjustments	22,417	22,417
<b>Balance as at 1 April 2017</b>	<b>1,505,474</b>	<b>1,505,474</b>
Depreciation charge for the year	1,968,883	1,968,883
Disposals	-	-
<b>Balance as at 31 March 2018</b>	<b>3,474,357</b>	<b>3,474,357</b>
<b>Net block</b>		
As at 1 April 2016	4,384,860	4,384,860
As at 31 March 2017	3,756,849	3,756,849
As at 31 March 2018	5,153,776	5,153,776

#### Note:

#### a. Deemed carrying cost

For intangible assets existing as on the date of transition to Ind AS, i.e., 1 April 2016, the Company has used previous GAAP carrying value as deemed costs.

#### b. Contractual obligations

There are no contractual commitments for the acquisition of intangible assets

### 2.3. Investments

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
At FVOCI, Quoted			
(a) 4,200 (4,200) Equity Shares of ₹ 1 each in State Bank of India, fully paid up	1,050,420	1,104,978	805,686
(b) 100 (100) Equity Shares of ₹ 10 each in Industrial Finance Corporation of India Limited, fully paid up	1,975	2,819	2,655
<b>Aggregate amount of quoted investments</b>	<b>1,052,395</b>	<b>1,107,797</b>	<b>808,341</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>At FVOCI, Unquoted</b>			
60,000 (60,000) fully paid up Equity Shares of ` 10 each in Kerala Enviro Infrastructure Limited	600,000	600,000	600,000
414,000 (414,000) fully paid up Equity Shares of ` 10 each in Narmada Clean Tech Limited	4,140,000	4,140,000	3,540,000
300,000 (300,000) fully paid up Equity Shares of ` 10 each in Seafood Park (India) Limited	3,150,000	3,150,000	3,150,000
50,000 (50,000) fully paid up Equity Shares of ` 10 each in Cochin Waste 2 Energy Private Limited	500,000	500,000	500,000
Less: Provision for impairment of investments	(500,000)	(500,000)	(500,000)
<b>Aggregate amount of unquoted investments</b>	<b>7,890,000</b>	<b>7,890,000</b>	<b>7,290,000</b>
	<b>8,942,395</b>	<b>8,997,797</b>	<b>8,098,341</b>

### 2.4 Loans

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Non-current</b>			
(Unsecured Considered Good)			
Loan to employees	582,247	408,242	618,419
	<b>582,247</b>	<b>408,242</b>	<b>618,419</b>
<b>Current</b>			
(Unsecured, Considered Good)			
Loan to employees	259,045	222,711	307,387
	<b>259,045</b>	<b>222,711</b>	<b>307,387</b>

### 2.5 Other Financial Assets

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Non-current</b>			
(Unsecured, Considered Good)			
Security deposits	33,036,007	31,392,854	31,490,673
Balances with banks - Deposit accounts*	637,146	1,211,432	557,137
Earmarked balances with banks for unpaid dividend**	1,527,630	1,613,259	1,581,266
	<b>35,200,783</b>	<b>34,217,545</b>	<b>33,629,076</b>
<b>Current</b>			
(Unsecured, Considered Good)			
Advances recoverable in cash or in kind	38,690,846	35,860,852	41,778,209
Security deposits	411,189	739,325	775,252
Hedge asset	2,388,750	54,210,115	24,234,055
Interest receivable	1,183,545	1,161,162	1,238,910
Others	1,028,141	1,161,175	1,261,946
	<b>43,702,471</b>	<b>93,132,629</b>	<b>69,288,372</b>

\* Balance with banks in Deposit accounts include deposits held as security against Letter of Credits/ Guarantee.

\*\* Not due for deposit in the investor education and protection fund

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

### 2.6 Other assets

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Non-current</b>			
(Unsecured, Considered Good)			
Capital advance	5,597,595	18,756,083	9,652,370
Prepaid lease rental	76,822,122	77,712,541	77,262,602
Advance recoverable in cash or kind	1,004,747	1,035,538	630,139
Export incentive receivable [refer note (a) below]	20,847,083	20,847,083	20,847,083
VAT refund receivable	8,590,610	8,585,217	5,572,138
(Unsecured, Considered Doubtful)			
Export incentive receivable [refer note (a)&(b) below]	17,776,195	17,776,195	17,776,195
Sales tax deposit	-	-	1,100,494
Less: Provision for doubtful amounts	(17,776,195)	(17,776,195)	(18,876,689)
	<b>112,862,157</b>	<b>126,936,462</b>	<b>113,964,332</b>
<b>Current</b>			
(Unsecured, Considered Good)			
Balances with statutory authorities	15,645,671	10,158,155	5,110,245
Export incentive receivable	26,429,806	26,820,514	16,987,527
Prepaid lease rental	890,419	890,419	1,199,724
	<b>42,965,896</b>	<b>37,869,088</b>	<b>23,297,496</b>

#### Export incentives receivable includes:

(a) Claims amounting to ` 20,818,015 (31 March 2017: ` 20,818,015) under Duty Entitlement Pass Book (DEPB) Scheme recognised as income in earlier years. The Company had also availed Duty Drawback benefit for the corresponding periods amounting to ` 4,151,031 (31 March 2017: ` 4,151,031). The Dy. Director General of Foreign Trade vide letter dt 03 October 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. During the year, the Grievance Committee of the Directorate General of Foreign Trade have heard the Company's grievance application and remanded the matter back to the original adjudicating authorities for re-examining and for issuing necessary clarification based on the provisions of Foreign Trade Policy. Though the management is of the opinion that these claims are fully recoverable, provision has been created in the accounts towards Duty Drawback claim for the relevant period as a matter of abundant caution.

(b) Claim for duty drawback on furnace oil consumed relating to earlier years amounting to ` 6,461,789 (31 March 2017: ` 6,461,789) which has been decided against the Company by the division bench of the Hon'ble High Court of Kerala. The Company has sought further appeal before Hon'ble Supreme Court and although the Company is hopeful of favourable order, provision has been created in respect of such disputed claims in the books of account as a matter of abundant caution.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

### 2.7 Inventories

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Raw materials	175,400,985	246,388,131	143,576,734
Raw materials in-transit	-	19,615,776	-
Work-in-progress	266,892,570	233,100,731	241,351,097
Finished goods	180,203,036	105,807,183	160,514,563
Stores and Spares	98,758,656	126,313,773	62,061,613
Loose Tools	396,979	131,897	131,183
Others - Packing materials	6,922,899	7,226,255	6,893,976
	<b>728,575,125</b>	<b>738,583,746</b>	<b>614,529,166</b>

Method of Valuation of Inventories - Refer 2(q) of Significant Accounting Policies.

### 2.8 Trade Receivables

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Unsecured, Considered Good	614,672,845	524,331,662	388,030,204
Unsecured, Considered Doubtful	5,423,785	4,925,492	4,838,812
	<b>620,096,630</b>	<b>529,257,154</b>	<b>392,869,016</b>
Less: Provision for Doubtful Debts	(5,423,785)	(4,925,492)	(4,838,812)
	<b>614,672,845</b>	<b>524,331,662</b>	<b>388,030,204</b>

### 2.9 Cash and Cash Equivalents

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Balance with banks			
- In Current accounts	31,200,589	36,197,482	9,299,147
Cash on hand	615,421	527,766	975,856
	<b>31,816,010</b>	<b>36,725,248</b>	<b>10,275,003</b>

### 2.10 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Balance with Banks			
- In Deposit accounts *	41,950,870	114,055,917	259,516,177
	<b>41,950,870</b>	<b>114,055,917</b>	<b>259,516,177</b>

\* Balance with banks in Deposit accounts include ` 11,531,435 (31 March 2017: ` 9,186,963) with a maturity period of less than 12 months, which are held as security against Letter of Credits/ Guarantee and Buyers Credit.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### 2.11 Equity share capital

Particulars	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	No. of Shares		No. of Shares		No. of Shares	
<b>(a) Authorised</b>						
Equity share of ₹ 10 each	20,000,000	200,000,000	20,000,000	200,000,000	20,000,000	200,000,000
	<b>20,000,000</b>	<b>200,000,000</b>	<b>20,000,000</b>	<b>200,000,000</b>	<b>20,000,000</b>	<b>200,000,000</b>
<b>(b) Issued, subscribed and fully paid-up</b>						
Equity share of ₹ 10 each	9,079,160	90,791,600	9,079,160	90,791,600	9,079,160	90,791,600
	<b>9,079,160</b>	<b>90,791,600</b>	<b>9,079,160</b>	<b>90,791,600</b>	<b>9,079,160</b>	<b>90,791,600</b>

#### (a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	No. of Shares		No. of Shares		No. of Shares	
<b>Equity share of ₹ 10 each</b>						
Opening balance	9,079,160	90,791,600	9,079,160	90,791,600	9,079,160	90,791,600
Issue of shares during the year	-	-	-	-	-	-
<b>Closing balance</b>	<b>9,079,160</b>	<b>90,791,600</b>	<b>9,079,160</b>	<b>90,791,600</b>	<b>9,079,160</b>	<b>90,791,600</b>

#### (b) Terms/ Rights attached to equity share holders:

The Holding company has only one class of shares referred to as equity shares with a face value of ₹ 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.

#### (c) Details of shares held by each shareholder holding more than 5% of shares:

Particulars	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>Equity share of ₹ 10 each</b>						
Nitta Gelatin Inc. Japan	3,900,300	42.96	3,900,300	42.96	3,900,300	42.96
Kerala State Industrial Development Corporation Limited	2,862,220	31.52	2,862,220	31.52	2,862,220	31.52

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

### (d) Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Equity shares allotted as fully paid Bonus shares by capitalisation of reserves	579,160	579,160	579,160

### 2.12 Other equity

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Securities Premium	289,590,000	289,590,000	289,590,000
Retained earnings	104,926,117	74,739,966	29,893,881
Special Export Reserve (under the Income Tax Act, 1961)	7,900,000	7,900,000	7,900,000
Other equity	82,507,328	82,507,328	82,507,328
General Reserve	783,664,400	783,664,400	723,664,400
Other Comprehensive Income (OCI)	(1,338,227)	6,282,640	522,882
	<b>1,267,249,618</b>	<b>1,244,684,334</b>	<b>1,134,078,491</b>

### 2.13 Borrowings

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Non current</b>			
(Secured)			
Term loans from banks:			
- Foreign currency loans	31,965,568	57,612,558	80,529,251
- Rupee Loans	8,590,807	9,085,935	12,491,628
Term loan from others			
- Kerala State Industrial Development Corporation	115,329,068	139,894,082	118,845,046
(Unsecured)			
Loan from related party:			
- External Commercial Borrowings (ECB) from Nitta Gelatin Inc	126,782,374	123,191,073	116,991,340
Liability component of optionally convertible preference shares	125,884,964	120,019,047	114,820,606
	<b>408,552,781</b>	<b>449,802,695</b>	<b>443,677,871</b>
Amount disclosed under "Other current financial liabilities (refer note 2.16)	(65,982,814)	(52,113,399)	(28,094,749)
	<b>342,569,967</b>	<b>397,689,296</b>	<b>415,583,122</b>
<b>Current</b>			
(Secured)			
From Banks:			
Cash credits/working capital demand loans	335,720,123	394,418,904	383,707,294
Bills discounting (Refer note (a) below)	257,516,474	242,527,831	179,664,566
Buyer's credit	-	-	14,333,382
	<b>593,236,597</b>	<b>636,946,735</b>	<b>577,705,242</b>

(a) In the previous years, bills discounted with banks were disclosed as a contingent liability. As these bills discounted are under recourse for non-payment, this error has been rectified and the related debtors & borrowings have been grossed up for the amount.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

Sl. No.	Particulars	Nature of Security	Repayment details	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016														
Non-current borrowings																				
Term loans from banks (Secured)																				
i.	State Bank of India	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 %	Refer note 2.13.1	19,084,610	36,137,690	49,563,484														
ii.	Canara Bank	Exclusive charge over the fixed assets created with the term loan assistance.  Interest rate is LIBOR + 3,25%	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 2015-16, the term loan had been converted into foreign currency, the quaterly installments had been reset to an amount in foreign currency of USD 33,122 ( ` 2,172,803)	12,880,958	21,474,868	30,965,767														
The interest on above term loans from banks are linked to the respective banks base rates. The effective interest rates per annum ranges between LIBOR +3.25% to 3.75%																				
iii.	HDFC Bank	Secured by way of exclusive first charge over the fixed assets financed out of the term loan, second charge over the existing fixed assets of the company and Corporate Guarantee of the Holding Company - M/s Nitta Gelatin India Limited.  Interest is payable @ Base Rate + 1.5% per annum	The loan is repayable in 72 equated monthly installments (including interest), commencing from 07.06.2015 in the following manner. <table><tr><td>Period</td><td>Amount in Rs.</td></tr><tr><td>From March 2016 to May 2016</td><td>116,667</td></tr><tr><td>From June 2016 to April 2021</td><td>273,029</td></tr><tr><td>In May 2021</td><td>34,588</td></tr></table>	Period	Amount in Rs.	From March 2016 to May 2016	116,667	From June 2016 to April 2021	273,029	In May 2021	34,588	8,590,807	9,085,935	12,491,628						
Period	Amount in Rs.																			
From March 2016 to May 2016	116,667																			
From June 2016 to April 2021	273,029																			
In May 2021	34,588																			
				40,556,375	66,698,493	93,020,879														
Term loans from others (Secured)																				
iii.	Kerala State Industrial Development Corporation	Secured by way of exclusive first charge over the fixed assets of the company including leasehold assets, both present and future and Corporate Guarantee of the Holding Company - M/s Nitta Gelatin India Limited.  Interest is payable @ 10.50% p.a till 30/10/2017 and 9% p.a thereafter linked to RBI's base rate  Secured by way of simple motgage by way of extention of exclusive first charge over the lease hold property held under lease deed number 1237 of 2010 dated 07-07-2010 SRO Jhagadia and Corporate Guarantee of the holding company M/s Nitta Gelatin India Limited.  Interest is payable as when applied. Interest rate is 12.5% pa till 30-10-2017 and 11% pa thereafter linked to RBI's base rate.	The principal is repayable in 22 quaterly installments, commencing from 11.03.2017 in the following manner. <table><tr><td>Period</td><td>Amount in Rs.</td></tr><tr><td>From March 2017 to March 2022</td><td>5,400,000</td></tr><tr><td>In June 2022</td><td>5,350,000</td></tr></table> The principal is repayable in 28 quaterly installments, commencing from 11.03.2017 in the following manner. <table><tr><td>Period</td><td>Amount in Rs.</td></tr><tr><td>From March 2017 to December 2019</td><td>625,000</td></tr><tr><td>From December 2019 to December 2022</td><td>1,250,000</td></tr><tr><td>From March 2022 to December 2023</td><td>1,875,000</td></tr></table>	Period	Amount in Rs.	From March 2017 to March 2022	5,400,000	In June 2022	5,350,000	Period	Amount in Rs.	From March 2017 to December 2019	625,000	From December 2019 to December 2022	1,250,000	From March 2022 to December 2023	1,875,000	115,329,068	139,894,082	118,845,046
Period	Amount in Rs.																			
From March 2017 to March 2022	5,400,000																			
In June 2022	5,350,000																			
Period	Amount in Rs.																			
From March 2017 to December 2019	625,000																			
From December 2019 to December 2022	1,250,000																			
From March 2022 to December 2023	1,875,000																			
				115,329,068	139,894,082	118,845,046														

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

Sl. No.	Particulars	Nature of Security	Repayment details	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Unsecured</b>						
i.	Optionally convertible preference shares	The Preference shares are not secured by any charge over the assets of the company.	Refer note below	125,884,964	120,019,047	114,820,606
ii.	ECB from Nitta Gelatin Inc	ECB is not secured by any charge over the assets of the company.	The principal is repayable in 20 equal quarterly installments of Rs 4,500,000 each, commencing from 15.09.2018. Interest is payable on quarterly basis along with principal at 6 months USD LIBOR Rate + 5.00 % p.a.	76,686,253	75,200,786	70,881,262
iii.	ECB from Nitta Gelatin Inc	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.	50,096,121	47,990,287	46,110,078
<b>Total</b>				<b>252,667,338</b>	<b>243,210,120</b>	<b>231,811,946</b>

The interest on above term loans from banks are linked to the respective banks base rates. The effective interest rates per annum ranges between LIBOR +5%

Note: 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, a significant shareholder. 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 (ie 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 was converted into equity shares till the completion of the period of 18 months from the date of allotment.

2.13.1 The principal amount of the loan is to be repaid on monthly installments in the following manner.

Particulars	Amount USD	Amount Rs.
From, February 2016 to March 2017	14,583	956,645
From, April 2017 to March 2019	21,874	1,434,934
In April 2019	28,438	1,865,533

### 2.14 Deferred Tax Liabilities (Net)

Deferred Tax Liability	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
On excess of net book value over Income tax written down value of fixed assets	93,685,000	101,081,800	104,706,000
Temporary differences on assessment of income	7,215,000	7,472,000	7,472,000
Deferred tax impact on fair value changes	15,379,517	40,569,678	26,415,303
<b>Deferred Tax Assets</b>			
On Provisions	(12,263,000)	(10,394,000)	(10,236,000)
On excess of income tax written down value over book value	(727,158)	-	(69,000)
On other disallowances	(15,139,455)	(16,774,000)	(36,149,000)
Temporary differences on assessment of income	-	(3,197,000)	-
MAT credit entitlement	(2,184,486)	-	-
<b>Deferred Tax Liabilities (Net)</b>	<b>85,965,418</b>	<b>118,758,478</b>	<b>92,139,303</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### 2.15 Trade payables

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Dues to micro enterprises and small enterprises	-	473,250	189,750
Dues to creditors other than micro enterprises and small enterprises	274,423,496	244,327,232	234,362,656
	<b>274,423,496</b>	<b>244,800,482</b>	<b>234,552,406</b>

(a) Dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act (MSMED), 2006 to the extent identified and information available with the Company pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006, details are mentioned below:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
i) Principal amount remaining unpaid (but within due date as per the Micro, Small and Medium Enterprises Development Act, 2006)	Nil	473,250	189,750
ii) Interest due thereon remaining unpaid	Nil	Nil	Nil
iii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period.	Nil	Nil	Nil
iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	Nil	Nil	Nil
v) Interest accrued and remaining unpaid	Nil	Nil	Nil
vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	Nil	Nil	Nil

### 2.16 Other financial liabilities

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Current</b>			
Current maturities of long term borrowings	65,982,814	52,113,399	28,094,749
Interest accrued and due on borrowings	204,889	1,564,281	197,706
Interest accrued but not due on borrowings	683,148	676,163	-
Unpaid dividends	1,527,630	1,613,259	1,581,266
Creditors for capital goods	1,159,775	8,892,817	8,364,874
Others	3,721,325	3,163,274	2,522,935
	<b>73,279,581</b>	<b>68,023,193</b>	<b>40,761,530</b>

### 2.17 Provisions

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Non Current</b>			
Provision for employee benefits	31,668,166	26,621,566	38,746,055
	<b>31,668,166</b>	<b>26,621,566</b>	<b>38,746,055</b>
<b>Current</b>			
Provision for employee benefits	5,923,870	2,396,657	4,686,557
Others	23,387,368	23,387,368	17,877,070
	<b>29,311,238</b>	<b>25,784,025</b>	<b>22,563,627</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

### 2.18 Other liabilities

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<b>Current</b>			
Statutory dues	10,344,451	8,515,791	7,687,929
Advance from customers	53,725,713	13,105,317	254,625
	<b>64,070,164</b>	<b>21,621,108</b>	<b>7,942,554</b>

### 2.19 Revenue from operations

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>Sale of products</b>		
Gross sales	3,385,231,918	3,489,021,584
<b>Other operating revenues</b>		
Scrap sales	7,337,635	14,477,912
Export incentive	18,007,910	26,724,672
Other miscellaneous income	24,741,209	27,016,599
	<b>50,086,754</b>	<b>68,219,183</b>
	<b>3,435,318,672</b>	<b>3,557,240,767</b>

Gross sales includes excise duty of ` 19,666,872 (31 March 2017: ` 116,459,207).

### 2.20 Other Income

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Interest income	5,270,978	8,719,025
Dividend income from non current investments	10,920	10,920
Net gain on foreign currency translation	34,697,590	81,370,271
Miscellaneous income	-	377,976
	<b>39,979,488</b>	<b>90,478,192</b>

### 2.21 Cost of materials consumed

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Opening Stock	265,973,907	143,576,734
Add: Purchases	1,759,963,824	1,925,662,958
	<b>2,025,937,731</b>	<b>2,069,239,692</b>
Less: Closing Stock	175,400,985	266,003,907
	<b>1,850,536,746</b>	<b>1,803,235,785</b>

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

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Closing Stock</b>		
Finished Goods	180,203,036	105,807,183
Work-in-progress	266,892,570	233,100,731
	<b>447,095,606</b>	<b>338,907,914</b>
<b>Less:</b>		
<b>Opening Stock</b>		
Finished Goods	105,807,183	160,514,563
Work-in-progress	233,100,731	241,351,097
	<b>338,907,914</b>	<b>401,865,660</b>
	<b>108,187,692</b>	<b>(62,957,746)</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### 2.23 Employee benefits expense

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Salaries and wages	297,379,374	261,703,242
Contribution to provident and other funds	31,059,347	32,606,739
Workmen and staff welfare expenses	52,163,367	39,764,863
	380,602,088	334,074,844
Less: Transfer to research & development expenditure	8,518,687	2,610,893
	<b>372,083,401</b>	<b>331,463,951</b>

### 2.24 Finance costs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Interest expense	52,499,241	56,076,350
Other borrowing cost	7,971,750	7,512,085
	<b>60,470,991</b>	<b>63,588,435</b>

### 2.25 Other expenses

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Consumption of stores, spares and consumables	115,405,471	104,565,184
Packing materials consumed	32,322,094	29,552,188
Research and development expenditure (refer note 2.25.1)	11,934,434	7,763,819
Power, fuel, water and gas	369,512,053	346,384,284
Repairs		
- Building	21,895,336	19,005,677
- Plant and machinery	96,647,642	77,033,863
- Others	44,750,034	37,216,501
Loading, transportation and other charges on products	88,778,829	77,119,495
Freight on exports	11,781,779	14,535,026
Insurance	8,268,084	8,074,575
Rent	6,012,805	4,347,834
Rates and taxes	42,750,313	129,104,439
Postage and telephone	5,092,026	5,155,088
Printing and stationery	2,277,732	2,542,025
Travelling and conveyance	30,054,688	30,984,370
Director's sitting fee	1,211,327	855,926
Payments to the auditor (refer note 2.25.2)	2,163,826	2,368,716
Advertisement and publicity	2,591,297	2,338,702
Professional and consultancy charges	30,402,532	29,034,643
Bank charges	6,622,946	6,355,325
Expenses on corporate social responsibility activities (refer note 2.25.3)	4,350,000	2,142,276
Loss on assets sold/written off (Net)	14,787,738	15,303,285
Miscellaneous expenses	69,156,385	57,784,361
	<b>1,018,769,371</b>	<b>1,009,567,602</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

### 2.25.1 Details of Research & Development Expenditure

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Revenue expenditure		
Salary and allowances	8,518,687	2,610,893
Other expenses ( Net of recoveries)	3,415,747	5,152,926
	<b>11,934,434</b>	<b>7,763,819</b>

### 2.25.2 Payments to the auditors

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Statutory audit fees	1,670,000	1,230,000
Other services		
Taxation matters (including tax audit)	272,177	662,206
Others	100,000	420,726
Reimbursement of expenses	121,649	55,784
	<b>2,163,826</b>	<b>2,368,716</b>

### 2.25.3 Details of expenses on Corporate Social Responsibility activities

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
a. Gross amount required to be spent by the Company during the year	4,280,696	1,943,202
b. Amount spent during the year on:		
i. Construction/acquisition of any asset	-	-
ii. On purposes other than (i) above	4,350,000	2,142,276

### 2.26 Earnings per share (EPS) (basic and diluted)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
a) Profit after tax attributable to equity shareholders	60,158,374	147,413,018
b) Weighted average number of shares outstanding	9,079,160	9,079,160
c) Nominal value of shares (`)	10	10
d) Basic earning per share (`)	<b>6.63</b>	<b>16.24</b>
e) Number of equity shares used to compute diluted earnings per share	9,079,160	9,079,160
f) Diluted earnings per share (`)	<b>6.63</b>	<b>16.24</b>

### 2.27 Assets pledged as security

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
The carrying amounts of assets pledged as security for current and non-current borrowings are:		
<b>Current</b>		
<b>First charge</b>		
Financial assets		
Trade receivables	614,672,845	524,251,859
Cash and cash equivalents	32,126,563	37,116,932
Bank balances other than cash and cash equivalents	40,703,309	113,913,301
Other financial assets	55,719,129	104,805,376



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Inventories	724,290,929	734,480,925
Other current assets	43,859,031	38,904,626
<b>Total current assets pledged as securities</b>	<b>1,511,371,806</b>	<b>1,553,473,019</b>
<b>Non-current</b>		
<b>First charge</b>		
Property, plant and equipment (PPE)	1,080,819,742	1,061,834,087
<b>Total non-current assets pledged as securities</b>	<b>1,080,819,742</b>	<b>1,061,834,087</b>
<b>Total assets pledged as security</b>	<b>2,592,191,548</b>	<b>2,615,307,106</b>

### 2.28 Related Party Transactions

#### A. Related parties and nature of relationship

- |      |                                     |   |
|------|-------------------------------------|---|
| i.   | Nitta Gelatin Inc.                  | Enterprise having substantial interest in the Holding Company |
| ii.  | Nitta Gelatin NA Inc.               | Subsidiary of Nitta Gelatin Inc                               |
| iii. | Nitta Gelatin Canada Inc.           | Subsidiary of Nitta Gelatin Inc                               |
| iv.  | K T Chandy Seiichi Nitta Foundation | Trust controlled by the Holding Company                       |
| v.   | <u>Key Managerial Personnel</u>     |   |

##### 1. In case of Holding Company

- |                     |   |
|---------------------|---|
| Mr Sajiv K. Menon   | Managing Director                         |
| Mr Takeo Yamaki     | Whole Time Director (upto 31.03.2017)     |
| Dr Shinya Takahashi | Whole Time Director ( w.e.f. 17.04.2017 ) |

##### 2. In case of Subsidiaries

- |                   |   |
|-------------------|---|
| Mr E. Kesavan     | Managing Director - Bamni Proteins Limited (w.e.f 02.02.2018) |
| Mr M.A. Xavier    | Managing Director - Bamni Proteins Limited (upto 01.02.2018)  |
| Mr M.A. Xavier    | Managing Director - Reva Proteins Limited (w.e.f 05.02.2018)  |
| Mr Noriyuki Tsuji | Managing Director - Reva Proteins Limited (upto 04.02.2018)   |

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

### B. Detail of Transactions:

Nature of Transaction	Enterprise having substantial interest in the Holding Company and its Subsidiaries/Trust controlled by the Company		Key Management Personnel		Total	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b><u>Sale and Income</u></b>						
1 Sale of Goods						
Nitta Gelatin Inc	1,186,509,905	1,074,951,284	-	-	1,186,509,905	1,074,951,284
Nitta Gelatin NA Inc	372,900,553	562,850,864			372,900,553	562,850,864
2 Commission on sales						
Nitta Gelatin Inc	-	1,494,645	-	-	-	1,494,645
3 GSP duty refund received on exports to related party refunded by them						
Nitta Gelatin NA Inc	1,887,568	1,616,052	-	-	1,887,568	1,616,052
<b><u>Purchase and Expenses</u></b>						
1 Commission expense:						
Nitta Gelatin Inc						
- For Sale of Gelatin	525,527	1,042,796	-	-	525,527	1,042,796
- For Sale of Peptide	254,125	451,849	-	-	254,125	451,849
2 Rebate/ Discount expense:						
Nitta Gelatin Inc	4,594,988	3,820,724	-	-	4,594,988	3,820,724
Nitta Gelatin NA Inc	401,939	872,090	-	-	401,939	872,090
3 Technical Assistance Fee:						
Nitta Gelatin Inc	3,170,200	1,802,911	-	-	3,170,200	1,802,911
4 Interest expense on External Commercial Borrowings						
Nitta Gelatin Inc	4,216,013	3,971,017	-	-	4,216,013	3,971,017
5 Reimbursement of Expenses (Net):						
Nitta Gelatin Inc	338,761	482,640	-	-	338,761	482,640
6 Interest on Borrowings						
Nitta Gelatin Inc	8,786,974	8,402,172	-	-	8,786,974	8,402,172
7 Donations/Corporate Social Responsibility contribution						
K.T.Chandy Seiichi Nitta Foundation(See Note 3.29.3)	4,428,758	1,014,886	-	-	4,428,758	1,014,886
8 Remuneration*						
Mr Sajiv K. Menon	-	-	14,977,536	13,159,438	14,977,536	13,159,438
Mr Takeo Yamaki	-	-	-	3,404,655	-	3,404,655
Dr Shinya Takahashi	-	-	2,335,825	-	2,335,825	-
Mr M.A. Xavier	-	-	3,047,212	2,627,672	3,047,212	2,627,672
Mr E. Kesavan	-	-	527,549	-	527,549	-
Mr. Noriyuki Tsuji	-	-	2,006,420	3,567,246	2,006,420	3,567,246
<b>Dividend paid on equity shares</b>						
Nitta Gelatin Inc	9,750,750	9,750,750	-	-	9,750,750	9,750,750
<b>Dividend on preference shares</b>						
Nitta Gelatin Inc	8,536,584	-	-	-	8,536,584	-

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### C. Balance Outstanding as at year end:

Nature of Transaction	Enterprise having substantial interest in the Holding Company and its Subsidiaries/Trust controlled by the Company			Total		
	31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016
<b>Receivables</b>						
- Nitta Gelatin Inc	238,160,613	151,881,926	127,594,182	238,160,613	151,881,926	127,594,182
- Nitta Gelatin NA Inc	129,485,555	130,325,559	95,559,279	129,485,555	130,325,559	95,559,279
<b>Payables</b>						
- Nitta Gelatin Inc						
Term loan	126,782,374	123,191,075	116,775,112	126,782,374	123,191,075	116,775,112
Other payables	4,663,318	8,439,297	10,340,167	4,663,318	8,439,297	10,340,167
Trade Advance	49,362,233	11,403,408	-	49,362,233	11,403,408	-
- Nitta Gelatin NA Inc						
Other payables	2,582,500	457,034	472,732	2,582,500	457,034	472,732

\* Does not include gratuity and compensated absences as these are provided in the books on the basis of actuarial valuation for the Company as a whole and hence individual figures cannot be determined.

### 2.29 Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Group 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. Entity-wide disclosure as required by Ind AS 108 "Operating segment" are as follows:

(i) Revenues from external customers for each product or each group of similar products:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Sales of products	3,385,231,918	3,489,021,584
	<b>3,385,231,918</b>	<b>3,489,021,584</b>

(ii) Revenues from external customers attributed to the Company's country of domicile and attributed to all foreign countries from which the Group derives revenues:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
India	1,741,971,378	1,678,559,725
Outside India	1,643,260,540	1,810,461,859
	<b>3,385,231,918</b>	<b>3,489,021,584</b>

(iii) Non-current assets (other than financial instruments and deferred tax assets) located in the Company's country of domicile and in all foreign countries in which the Group holds assets:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
India	1,349,466,177	1,357,862,355
Outside India	-	-
	<b>1,349,466,177</b>	<b>1,357,862,355</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

(iv) The following table gives details in respect of percentage of revenues generated from top customer and revenues from transactions with customers amounts to 10 percent or more of Grop's revenues from product sale:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from top customer	1,186,509,905	1,074,951,284
Revenue from customers contributing 10% or more to the Company's revenues from product sale	2,214,437,958	2,229,271,148

### 2.30 Provisions and Contingent liabilities

#### 2.30.1 Provisions

Nature of Provision	As at 31 March 2017	Additional Provision during the year	Amounts used/ changed during the year	Unused amounts reversed	As at 31 March 2018
Provision for Central Excise Duty. (refer note 2.30.1 (i))	13,229,289 (11,050,417)	- (2,178,872)	- -	- -	13,229,289 (13,229,289)
Provision for Central Sales Tax (refer note 2.30.1 (ii))	2,874,385 (2,874,385)	- -	- -	- -	2,874,385 (2,874,385)
Provision for Entry Tax (refer note 2.30.1 (iii))	1,100,494 -	- (1,100,494)	- -	- -	1,100,494 (1,100,494)
Provision for Water Cess (refer note 2.30.2 (iv))	6,183,200 (6,183,200)	- -	- -	- -	6,183,200 (6,183,200)

**2.30.1 (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 ` 35,074,543 (31 March 2017: ` 35,074,543) 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 ` 13,229,289 (31 March 2017: ` 13,229,289) as a matter of abundant caution and the balance amount of ` 21,845,254 (31 March 2017: ` 21,845,254) has been disclosed as a contingent liability.

**2.30.1 (ii).** The Central Sales Tax authorities had raised demand on assessment for an earlier year amounting to ` 2,874,385 (31 March 2017: ` 2,874,385) 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.

**2.30.1 (iii).** The Sales Tax authorities had raised demand for entry tax on furnace oil for an amount of ` 2,200,998 in an earlier year and was under appeal. Against the demand an amount of ` 1,100,494 was deposited under protest and later a provision of equivalent amount was created for the doubtful deposit. The Supreme Court has held that levy of entry tax on furnace oil is valid constitutionally and the company has made additional provision of ` 1,100,494, being the balance as per the demand as a matter of abundant caution.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### 2.30.2 Contingent Liabilities not provided for:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
1. Claims against the Company not acknowledged as debts:			
a. Income tax (refer note 2.30.2 (i))	32,742,852	27,798,822	34,783,675
b. Sales tax (refer note 2.30.2 (ii))	5,218,932	34,888,363	43,745,239
c. Excise duty (refer note 2.30.1 (i) and 2.30.2 (iii))	29,608,151	29,269,900	29,238,581
d. Water cess (refer note 2.30.2 (iv))	65,301,200	65,301,200	65,301,200
e. Customs duty (refer note 2.30.2. (v))	196,835,881	-	-
2. Counter guarantee issued in favour of bankers	17,464,808	11,640,610	6,261,540
3. Corporate Guarantee issued in favour of subsidiary Company			
a. Reva Proteins Limited - Amount outstanding (Amount of Guarantee - 242,500,000 [31 March 2017 - 242,500,000])	123,919,875	150,631,271	131,241,629
	<b>471,091,699</b>	<b>319,530,166</b>	<b>310,571,864</b>

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

The Company has received tax orders from the Income tax authorities reducing brought forward losses (including unabsorbed depreciation) amounting to ₹ 8,235,581 (31 March 2017: ₹ 8,235,581), primarily on denial of certain expenditure upon completion of tax assessment for the assessment years 2006-07, 2007-08 and 2008-09. There is no tax demand on account of the above. The Company's appeal against the said demands are pending before appellate authorities in various stages of litigation.

Further, the Company has received tax orders from the transfer pricing authorities reducing brought forward losses (including unabsorbed depreciation) amounting to ₹ 51,206,777 (31 March 2017: ₹ 51,206,777), primarily on transfer pricing adjustments upon completion of tax assessment for assessment years 2006-07, 2007-08 and 2008-09. There is no tax demand on account of the above. The Company's appeal against the said demands are pending before appellate authorities in various stages of litigation.

The Company is contesting these litigations and the management believes that its position will be likely to be upheld in the appellate process and therefore will not impact these financial statements. Consequently no provision has been created in the financial statements for the above.

**2.30.2(ii)** The sales tax authorities had raised demands on assessment for some earlier years amounting to ₹ 5,218,932 (31 March 2017: ₹ 34,888,363) (net of bank guarantees), excluding interest on demand not quantified by the management, which had been disputed by the Company on appeal. Based on legal advice, no provision is considered necessary towards the said demands and the amount involved is disclosed as contingent liability.

**2.30.2(iii)** Includes demands raised by the Central Excise Authorities (including penalty thereon but excluding interest) for higher excise duties on a product of the Company and towards cenvat credits availed aggregating to ₹ 7,067,525 (31 March 2017: ₹ 6,729,274) 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 ₹ 695,372 (31 March 2017: ₹ 695,372), which have been represented before adjudicating authorities. In the opinion of the management these demands/ show cause notices issued are not sustainable, so no provision is considered at this stage.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

**2.30.2(iv)** During an earlier year, an amount of ` 71,484,400 was demanded as water cess for extraction of river water for industrial use during the period from 01 April 1979 to 31 December 2010, in accordance with a Government Order issued on 25 July 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'ble High Court of Kerala against the proceedings, which is pending.

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 January 2011. Further, a provision of ` 6,183,200 towards disputed charges for the period from 25 July 2009 to 31 December 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, based on independent legal advice, no provision is considered necessary for charges for periods from 01 April 1979 to 24 July 2009 amounting to ` 65,301,200, being periods prior to the issue of the Government order which has been disclosed as contingent liability.

**2.30.2 (v)** The customs authorities have issued show cause notice-cum-demand proposing classify/reassess import of a certain item of raw materials, which has been objected by the Company. During the year, the Commissioner of Customs had issued an order confirming demand of ` 87,714,969 along with a penalty of ` 109,120,912. The Company has filed appeal before the appellate authorities which is pending for disposal at this stage. As per the independent legal advice, the proposal of the department is legally incorrect and the matter has not reached finality as the appellate proceedings are pending for adjudication and hence no provision is considered necessary at this stage.

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

- a. Nitta Gelatin India Limited (Holding Company) - ` 9,780,290 (31 March 2017: ` 26,007,513)
- b. Bamni Proteins Limited (Subsidiary) - ` 450,000 (31 March 2017: ` 132,683)
- c. Reva Proteins Limited (Subsidiary) - Nil (31 March 2017: ` 16,572,384)

**2.32** 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 ` 1,700,000 (31 March 2017: ` 1,690,000) which is required to be fulfilled at different dates until 2020. 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 ` 62,770,000 (31 March 2017: ` 62,480,000) 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. The DGFT is not considering the company's application for the extension of time for the fulfilment of export obligation, due to dispute on classification of the imported raw material as per note 2.30.3 above. Since the Company's dispute on classification / reassessment of the raw material is pending for adjudication before the appellate tribunal and the company is hopeful of a favourable decision based on legal opinion received, no provision is considered necessary at this stage.

**2.33** The Board of Directors have approved a scheme of merger of its subsidiary company - Reva Proteins Limited with the Holding Company, in their meeting held on 03rd February 2018 in view of the operational synergies emerging out of the said restructuring. The scheme provides for issuance of 4,444,444 numbers of Redeemable Preference shares of ` 10/- each to Nitta Gelatin Inc., as consideration for their equity holding of 4,800,000 shares in Reva Proteins Limited. The



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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merger is proposed to be undertaken through a Scheme of amalgamation under Section 230-232 of the Companies Act, 2013 to be filed with the National Company Law Tribunal with the appointed date 1 April 2017 or as maybe directed by the National Company Law Tribunal and is subject to approval by the shareholders, lenders, creditors and other regulatory approvals in this regard. The Company has filed an application before the Bombay Stock Exchange and is awaiting approval from them for the said merger.

Further, the operations of the subsidiary have been consistent with the projections of the management and in view of the above and the cash flows that will be generated in the near future, no provision has been considered necessary for the remaining value of non-current equity investments amounting to ` 131,845,715 and advances amounting to ` 78,917,577 due from the said subsidiary.

### 2.34 Disclosure with respect to operating leases

The lease expenses for non-cancellable operating leases during the year ended 31 March 2018 is ` 6,012,805 (31 March 2017: ` 4,347,834)

The Company's significant leasing arrangements in respect of operating leases for office premises, which includes cancellable leases generally range between 4 months to 11 months and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent under note 2.25 to the financial statements.

### 2.35 Capital management

For the purpose of the Group's capital management, capital includes issued capital, additional paid in capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Group, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

The Group manages its capital structure and make adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to share holders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade payables less cash.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Long term borrowings	342,569,967	397,689,296	415,583,122
Current maturities of long term borrowings	65,982,814	52,113,399	28,094,749
Short term borrowings	593,236,597	636,946,735	577,705,242
Trade payables	274,423,496	244,800,482	234,552,406
Less: Cash and cash equivalents	(31,816,010)	(36,725,248)	(10,275,003)
Less: Bank balances other than cash and cash equivalents	(41,950,870)	(114,055,917)	(259,516,177)
<b>Net debt</b>	<b>1,202,445,994</b>	<b>1,180,768,747</b>	<b>986,144,339</b>
Equity	90,791,600	90,791,600	90,791,600
Other Equity	1,267,249,618	1,244,684,334	1,134,078,491
<b>Capital and net debt</b>	<b>2,560,487,212</b>	<b>2,516,244,681</b>	<b>2,211,014,430</b>
<b>Gearing ratio</b>	<b>47%</b>	<b>47%</b>	<b>45%</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### 2.36 Income Tax

The major components of income tax expense are:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>Current income tax:</b>		
Current income tax charge	109,789,486	93,772,870
<b>Deferred tax charge/ (credit)</b>		
Relating to the origination and reversal of temporary differences	(28,868,458)	23,625,538
<b>Income tax expense reported in Statement of Profit and Loss</b>	<b>80,921,028</b>	<b>117,398,408</b>
<b>Deferred tax related to items recognised in OCI</b>		
Income tax relating to re-measurement gains on defined benefit plans	(2,130,947)	323,008
Income tax relating to measurement of financial assets through OCI	(11,412)	61,688
Income tax relating to gain on cash flow hedges	(1,782,243)	2,608,941
	<b>(3,924,602)</b>	<b>2,993,637</b>
<b>Reconciliation of deferred tax (net)</b>	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>
Opening balance	118,758,478	92,139,303
Tax credit/ (expense) during the year recognized in statement of profit and loss	(28,868,458)	23,625,538
Tax expense during the year recognised in OCI	(3,924,602)	2,993,637
<b>Closing balance</b>	<b>85,965,418</b>	<b>118,758,478</b>
<b>Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate</b>	<b>Year ended 31 March 2018</b>	<b>Year ended 31 March 2017</b>
<b>Accounting profit before tax and exceptional item</b>	<b>119,576,110</b>	<b>239,761,161</b>
Tax on accounting profit at statutory income tax rate [34.608%]	41,382,900	82,976,543
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
Donations u/s 80G	131,898	171,304
Corporate social responsibility	1,505,448	876,292
Research and development expenditure	(2,569,026)	(1,538,058)
Disallowance of capital/ non-business expenditure	6,175,684	3,714,558
Other disallowances	(4,872,933)	2,817,609
Reversal of additional provision disallowed earlier	-	437,772
Difference in deferred tax assets for drawback	(2,373,637)	-
Tax impact on losses of Reva Proteins Limited	41,540,694	27,942,388
<b>At the effective income tax rate of 34.78% (35.64%)</b>	<b>80,921,028</b>	<b>117,398,408</b>
Income tax expense reported in the Statement of Profit and Loss	80,921,028	117,398,408

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### 2.37 A. Defined benefit plan

The Group has gratuity fund for its employees. The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity at the rate of 15 days basic salary for each year of service until the retirement age. As at 31 March 2018 and 31 March 2017 the plan assets were invested in insurer managed funds.

The following tables set out the funded status of gratuity plans and the amount recognized in Company's financial statements :

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>1 The amounts recognized in the Balance Sheet are as follows:</b>		
Present value of the obligation as at the end of the year	78,791,344	67,499,488
Fair value of plan assets as at the end of the year	(73,917,058)	(67,021,950)
Net liability/ (assets) recognized in the Balance Sheet	<b>4,874,286</b>	<b>477,538</b>
Current	4,874,286	477,538
Non-current	-	-
<b>2 Changes in the present value of defined benefit obligation</b>		
Defined benefit obligation as at beginning of the year	67,499,488	64,677,417
Service cost	5,030,311	4,334,058
Interest cost	5,251,097	5,318,992
<i>Actuarial losses/(gains) arising from</i>		
- change in demographic assumptions	-	-
- change in financial assumptions	6,434,714	(865,551)
- experience variance (i.e. actual experiences assumptions)	-	-
Benefits paid	(5,424,266)	(5,965,428)
Defined benefit obligation as at the end of the year	<b>78,791,344</b>	<b>67,499,488</b>
<b>3 Changes in the fair value of plan assets</b>		
Fair value as at the beginning of the year	67,021,950	51,680,106
Expected return on plan assets	5,361,755	4,134,408
Actual return on plan assets over expected interest	(4,626,755)	(3,413,089)
Contributions	11,487,491	18,380,444
Benefits paid	(5,327,383)	(3,759,919)
Fair value as at the end of the year	<b>73,917,058</b>	<b>67,021,950</b>
<i>Assumptions used in the above valuations are as under:</i>		
Discount rate	7.50%	8.00%
Expected rate of increase in compensation level	5.00%	5.00%
Expected rate of return on plan assets	8.00%	8.75%
Superannuation age	58	58
Mortality	Indian Assured Lives Mortality [1994-96] Ultimate	

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>4 Net gratuity cost for the year ended 31 March 2018 and 31 March 2017 comprises of following components:</b>		
Service cost	5,030,311	4,334,058
Net interest cost on the net defined benefit liability	4,516,097	4,597,673
Components of defined benefit costs recognized in Statement of Profit and Loss	<b>9,546,408</b>	<b>8,931,731</b>
<b>5 Other Comprehensive Income</b>		
Change in financial assumptions	(6,434,714)	865,551
Experience variance (i.e. actual experience vs assumptions)	-	-
Change in demographic assumptions	-	-
Components of defined benefit costs recognized in other comprehensive income	<b>(6,434,714)</b>	<b>865,551</b>
<b>6 Experience adjustments</b>		
Defined benefit obligation as at the end of the year	78,791,344	67,499,488
Plan assets	73,917,058	67,021,950
Surplus/(deficit)	4,874,286	477,538
Experience adjustments on plan liabilities	-	-
Experience adjustments on plan assets	<b>(4,626,755)</b>	<b>(3,413,089)</b>

### B. Defined contribution plan

The Group provides benefits in the nature of defined contribution plans viz, provident fund, employee state insurance scheme and superannuation fund for qualifying employees. Under these Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ` 31,059,347 (31 March 2017: ` 32,606,739) towards contribution for mentioned funds in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

### C. Sensitivity analysis

#### Description of Risk Exposures

Valuations are performed on certain basic set of pre-determined assumptions which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit which are as follows:

**Interest Rate Risk:** The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of liability (as shown in financial statements).

**Liquidity Risk:** This is the risk that the Company is not able to meet the short term benefit payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

**Salary Escalation Risk:** The present value of the above benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

**Demographic Risk:** The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

**Regulatory Risk:** Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (for example, increase in the maximum liability on gratuity of 1,000,000).

**Asset Liability Mismatching or Market Risk:** The duration of the liability is longer compared to duration of assets exposing the company to market risks for volatilities/fall in interest rate.

**Investment Risk:** The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

### Gratuity

Particulars	Year ended 31 March 2018		Year ended 31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount Rate (- / + 1%)	70,758,400	86,311,898	60,921,751	73,854,724
Salary Growth Rate (- / + 1%)	85,634,451	71,207,915	73,306,946	61,288,204
Attrition rate (- / + 1%)	77,434,459	78,431,904	57,612,282	58,395,780

Sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There are no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

There is no change in the method of valuation for the prior period.

### D. Long Term Employee Benefits

Compensated absences (Vesting and Non Vesting): Unfunded Obligation

The following tables set out the status of Compensated absences (Vesting and Non Vesting) and the amount recognized in Company's financial statements :

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>1 The amounts recognized in the Balance Sheet are as follows:</b>		
Present value of the obligation as at the end of the year	32,717,750	27,507,624
Fair value of plan assets as at the end of the year	-	-
Net liability recognized in the Balance Sheet	<b>32,717,750</b>	<b>27,507,624</b>
<b>2 Changes in the present value obligation</b>		
Present value of obligation at the beginning of the year	27,507,624	29,142,993
Service cost	12,187,536	10,709,718
Interest cost	2,520,103	2,722,550
Actuarial losses/(gains) arising from	(3,332,626)	(9,838,427)
Benefits paid	(6,164,887)	(5,229,210)
Defined benefit obligation as at the end of the year	<b>32,717,750</b>	<b>27,507,624</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Assumptions used in the above valuations are as under:		
Discount rate	7.50%	8.00%
Salary increase	5.00%	5.00%
Mortality	Indian Assured Lives Mortality[1994-96] Ultimate	

Net (Asset)/ Liability recognized in the Balance Sheet as at year end	2017-18	2016-17	2015-16	2014-15	2013-14
Present value of obligation at the end of the year	32,717,750	27,507,624	39,892,849	38,496,787	32,802,430
Fair value of plan assets at the end of the year	-	-	-	-	-
Net present value of funded obligation recognized as (asset)/ liability in the Balance Sheet	32,717,750	27,507,624	39,892,849	38,496,787	32,802,430

Expenses recognized in the Statement of Profit and Loss	Year ended 31 March 2018	Year ended 31 March 2017
Current Service Cost	12,187,536	10,709,718
Interest Cost	2,520,103	2,722,550
Actuarial (gain)/ loss recognized in the period	(3,332,626)	(9,838,427)
Past Service Cost (if applicable)	-	-
Total expenses recognized in the Statement of Profit and Loss for the year	<b>11,375,013</b>	<b>3,593,841</b>

### 2.38 Fair value measurements

#### (i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2018 were as follows:

Particulars	Notes	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI
<b>Assets:</b>				
Investments	2.3	-	-	8,942,395
Cash and cash equivalents	2.9	31,816,010	-	-
Bank balances other than cash and cash equivalents	2.10	41,950,870	-	-
Trade receivable	2.8	614,672,845	-	-
Loans	2.4	841,292	-	-
Other financial assets	2.5			
Security Deposits		33,447,196	-	-
Balances with Bank - Deposit Accounts		637,146	-	-



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

Particulars	Notes	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI
Earmarked balances with banks for unpaid dividend		1,527,630	-	-
Advances recoverable in cash or in kind		38,690,846	-	-
Hedge asset		-	2,388,750	-
Interest receivable		1,183,545	-	-
Others		1,028,141	-	-
<b>Total</b>		<b>765,795,521</b>	<b>2,388,750</b>	<b>8,942,395</b>
Liabilities:				
Borrowings	2.13	935,806,564	-	-
Trade payable	2.15	274,423,496	-	-
Other financial liabilities	2.16			
Current maturities of long term borrowings		65,982,814	-	-
Unpaid Dividend		1,527,630	-	-
Interest accrued and due on borrowings		204,889	-	-
Interest accrued but not due on borrowings		683,148	-	-
Creditors for capital goods		1,159,775	-	-
Others - Recoveries Payable		3,721,325	-	-
<b>Total</b>		<b>1,283,509,641</b>	<b>-</b>	<b>-</b>

The carrying value and fair value of financial instruments by categories as of 31 March 2017 were as follows:

Particulars	Notes	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI
<b>Assets:</b>				
Investments	2.3	-	-	8,997,797
Cash and cash equivalents	2.9	36,725,248	-	-
Bank balances other than cash and cash equivalents	2.10	114,055,917	-	-
Trade receivable	2.8	524,331,662	-	-
Loans	2.4	630,953	-	-
Other financial assets	2.5			
Security Deposits		32,132,179	-	-
Balances with Bank - Deposit Accounts		1,211,432	-	-
Earmarked balances with banks for unpaid dividend		1,613,259	-	-
Advances recoverable in cash or in kind		35,860,852	-	-
Hedge asset		-	54,210,115	-
Interest receivable		1,161,162	-	-
Others		1,161,175	-	-
<b>Total</b>		<b>748,883,839</b>	<b>54,210,115</b>	<b>8,997,797</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

Particulars	Notes	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI
<b>Liabilities:</b>				
Borrowings	2.13	1,034,636,031	-	-
Trade payable	2.15	244,800,482	-	-
Other financial liabilities	2.16			
Current maturities of long term borrowings		52,113,399	-	-
Unpaid Dividend		1,613,259	-	-
Interest accrued and due on borrowings		1,564,281	-	-
Interest accrued but not due on borrowings		676,163	-	-
Creditors for capital goods		8,892,817	-	-
Others - Recoveries Payable		3,163,274	-	-
<b>Total</b>		<b>1,347,459,706</b>	<b>-</b>	<b>-</b>

The carrying value and fair value of financial instruments by categories as of 01 April 2016 were as follows:

Particulars	Notes	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI
<b>Assets:</b>				
Investments	2.3	-	-	8,098,341
Cash and cash equivalents	2.9	10,275,003	-	-
Bank balances other than cash and cash equivalents	2.10	259,516,177	-	-
Trade receivable	2.8	388,030,204	-	-
Loans	2.4	925,806	-	-
Other financial assets	2.5			
Security Deposits		32,265,925	-	-
Balances with Bank - Deposit Accounts		557,137	-	-
Earmarked balances with banks for unpaid dividend		1,581,266	-	-
Advances recoverable in cash or in kind		41,778,209	-	-
Hedge asset		-	24,234,055	-
Interest receivable		1,238,910	-	-
Others		1,261,946	-	-
<b>Total</b>		<b>737,430,583</b>	<b>24,234,055</b>	<b>8,098,341</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

Particulars	Notes	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI
<b>Liabilities:</b>				
Borrowings	2.13	993,288,364	-	-
Trade payable	2.15	234,552,406	-	-
Other financial liabilities	2.16			
Current maturities of long term borrowings		28,094,749	-	-
Unpaid Dividend		1,581,266	-	-
Interest accrued and due on borrowings		197,706	-	-
Creditors for capital goods		8,364,874	-	-
Others - Recoveries Payable		2,522,935	-	-
<b>Total</b>		<b>1,268,602,300</b>	<b>-</b>	<b>-</b>

The management assessed that the fair value of cash and cash equivalents, trade receivables, loans, other financial assets, trade payables, working capital loans and other financial liabilities approximate the carrying amount largely due to short-term maturity of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

### (ii) Fair value of financial assets and liabilities measured at amortised cost

The management assessed that for amortised cost instruments, fair value approximate largely to the carrying amount.

### (iii) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** quoted prices (unadjusted) in active markets for financial instruments.

**Level 2:** the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

### a) Assets and liabilities measured at fair value - recurring fair value measurement

As at 31 March 2018	Notes	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>					
Non current investments	2.3	1,052,395	-	7,890,000	8,942,395
<b>Derivatives designated as cash flow hedges</b>					
Foreign exchange forward contracts	2.5	-	2,388,750	-	2,388,750

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

As at 31 March 2017	Notes	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>					
Non current investments	2.3	1,107,797	-	7,890,000	8,997,797
<b>Derivatives designated as cash flow hedges</b>					
Foreign exchange forward contracts	2.5	-	54,210,115	-	54,210,115
As at 01 April 2016	Notes	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>					
Non current investments	2.3	808,341	-	7,290,000	8,098,341
<b>Derivatives designated as cash flow hedges</b>					
Foreign exchange forward contracts	2.5	-	24,234,055	-	24,234,055

Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The valuation techniques uses the exchange rates provided by banks for revaluation of balance in forward contracts as on the reporting dates.

### (iv) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the fair value of quoted investments is determined using the market value for the investment. The fair value estimates are included in level 1.
- the fair value of foreign exchange forward contracts is determined using market observable inputs, including prevalent forward rates for the maturities of the respective contracts and interest rate curves as indicated by banks and third parties.
- the fair value of other equity instruments have been computed based on income approach using a discounted cash flow model, which discounts the estimated cash flows using the appropriate discount rates.

## 2.39 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange exposure risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

The Group's risk management activity focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### (A) Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group, resulting in a financial loss. The Group is exposed to this risk for various financial instruments. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets, as summarised below:

Assets under credit risk	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Trade receivable	614,672,845	524,331,662	388,030,204
Loans to employees	841,292	630,953	925,806
Security deposit	33,447,196	32,132,179	32,265,925
Balances with Bank - Deposit Accounts	637,146	1,211,432	557,137
Earmarked balances with banks for unpaid dividend	1,527,630	1,613,259	1,581,266
Advances recoverable in cash or in kind	38,690,846	35,860,852	41,778,209
Hedge asset	2,388,750	54,210,115	24,234,055
Interest receivable	1,183,545	1,161,162	1,238,910
Investments	8,942,395	8,997,797	8,098,341
Cash and Cash Equivalents	31,816,010	36,725,248	10,275,003
Other bank balances	41,950,870	114,055,917	259,516,177
Others	1,028,141	1,161,175	1,261,946
	<b>777,126,666</b>	<b>812,091,751</b>	<b>769,762,979</b>

### A1 Trade and other receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India, USA, Japan and Europe. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business.

On account of adoption of Ind AS 109, Financial Instruments, the Group uses expected credit loss model to assess the impairment loss or gain. The provision for expected credit loss takes into account available external and internal credit risk factors and Group's historical experience for customers.

Movement in the allowance for doubtful debts:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Balance at the beginning	4,925,492	4,838,512	4,838,812
Impairment loss recognised	498,293	86,680	-
Impairment loss reversed	-	-	-
<b>Balance at the end</b>	<b>5,423,785</b>	<b>4,925,492</b>	<b>4,838,812</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

### A2 Cash and cash equivalents

The credit risk for cash and cash equivalents, and derivative financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

#### Financial assets that are neither past due nor impaired

Cash and cash equivalents, advances recoverable, loans and advances to employees, security deposit and other financial assets are neither past due nor impaired.

#### Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired.

### (B) Liquidity risk

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, usually on a month on month basis. Long-term liquidity needs for a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

#### Maturities of financial liabilities

As at 31 March 2018	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	619,147,117	365,402,629	4,500,000	989,049,746
Trade payable	274,423,496	-	-	274,423,496
Other financial liabilities	73,279,581	-	-	73,279,581
<b>Total</b>	<b>966,850,194</b>	<b>365,402,629</b>	<b>4,500,000</b>	<b>1,336,752,823</b>
As at 31 March 2017	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	662,738,761	348,630,430	87,500,000	1,098,869,191
Trade payable	244,800,482	-	-	244,800,482
Other financial liabilities	68,023,193	-	-	68,023,193
<b>Total</b>	<b>975,562,436</b>	<b>348,630,430</b>	<b>87,500,000</b>	<b>1,411,692,866</b>



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

As at 1 April 2016	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	598,235,704	358,182,823	105,804,581	1,062,223,108
Trade payable	234,552,406	-	-	234,552,406
Other financial liabilities	40,761,530	-	-	40,761,530
<b>Total</b>	<b>873,549,640</b>	<b>358,182,823</b>	<b>105,804,581</b>	<b>1,337,537,044</b>

### (C) Market risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both its operating and investing activities.

#### Foreign Exchange Risk

The Group operates internationally and a significant portion of the business is transacted in USD, JPY and EURO currencies and consequently the Group is exposed to foreign exchange risk through its sales and purchases from overseas suppliers in various foreign currencies. The Group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. These include outstanding derivatives contracts entered into by the Group and unhedged foreign currency exposures.

Particulars	Currency	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
Included In		Amount in foreign currency	Amount in `	Amount in foreign currency	Amount in `	Amount in foreign currency	Amount in `
<b>Financial assets</b>							
Trade receivables	USD	2,017,414	130,526,648	809,864	52,155,267	1,011,197	66,607,550
	EURO	6,600	524,172	173,000	11,838,390	172,000	12,745,200
<b>Financial liabilities</b>							
Trade payables	USD	129,508	8,495,695	176,660	11,535,903	202,958	13,551,535
	EURO	6,094	494,703	6,050	423,681	16,958	1,287,351
	Japanese YEN	2,212,707	1,367,453	2,741,730	1,620,467	2,741,730	1,605,543
Non current borrowings	USD	487,280	31,965,568	882,275	57,612,558	1,206,070	80,529,251
Current Borrowings	USD	8,292,848	544,010,824	9,307,968	607,810,298	8,130,575	542,878,514

Conversion rates	Financial Assets		Financial Liabilities		
	USD	EUR	USD	EUR	JPY
As at 31 March 2018	64.70	79.42	65.60	81.18	0.62
As at 31 March 2017	64.40	68.43	65.30	70.03	0.59
As at 1 April 2016	65.87	74.10	66.77	75.91	0.59

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

### Sensitivity

The following table details the Group's sensitivity to a 1% increase and decrease in the ` against the relevant foreign currencies net of forward contracts. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where ` strengthens 1% against the relevant currency. For a 1% weakening of ` against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

Particulars	Increase 31 March 2018	Decrease 31 March 2018	Increase 31 March 2017	Decrease 31 March 2017
<b>Sensitivity</b>				
INR/USD	(4,459,268)	4,459,268	(6,154,733)	6,154,733
INR/EURO	402	(402)	114,244	(114,244)
INR/YEN	(13,719)	13,719	(16,176)	16,176

### Derivative financial instruments

The Group holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or in directly observable in the marketplace.

The following table gives details in respect of outstanding foreign exchange forward contracts

Particulars	31 March 2018	31 March 2017	1 April 2016
Forward Contracts			
In USD	3,900,000	12,000,000	16,300,000

The foreign exchange forward contracts mature within twelve months. The table below analyses the derivative financial instruments.

Particulars	31 March 2018	31 March 2017	1 April 2016
Not later than one month	1,200,000	1,200,000	1,500,000
Later than one month and not later than three months	1,200,000	3,600,000	4,500,000
Later than three months and not later than a year	1,500,000	7,200,000	10,300,000

### Interest rate risk

#### (i) Liabilities

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2018, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Group's investments in fixed deposits all pay fixed interest rates.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### *Interest rate risk exposure*

Below is the overall exposure of the Company to interest rate risk:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Variable rate borrowing	284,632,906	300,822,678	312,341,197
Fixed rate borrowing	123,919,875	148,980,017	131,336,674
<b>Total borrowings</b>	<b>408,552,781</b>	<b>449,802,695</b>	<b>443,677,871</b>
Amount disclosed under other current financial liabilities	65,982,814	52,113,399	28,094,749
Amount disclosed under borrowings	342,569,967	397,689,296	415,583,122

### *Sensitivity*

Below is the sensitivity of profit or loss in interest rates.

Particulars	31 March 2018	31 March 2017
<b>Interest sensitivity</b>		
Interest rates – increase by 100 basis points (100 bps)	2,846,329	3,008,227
Interest rates – decrease by 100 basis points (100 bps)	(2,846,329)	(3,008,227)

### (ii) **Assets**

The Group's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

### **2.40 First time adoption of Ind AS**

These are the Group's first financial statements prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2017, the Group prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('previous GAAP').

Accordingly, the Group has prepared the consolidated financial statements for the comparative period as at and for the year ended 31 March 2017 that comply with the applicable Ind AS, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at 1 April 2016, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its previous GAAP financial statements, including the balance sheet as at 1 April 2016 and the comparative financial statements as at and for the year ended 31 March 2017.

### **A Ind AS optional exemptions**

#### **A1. Deemed cost for property, plant and equipment, investment property and intangible assets**

Ind AS 101 First-time Adoption of Indian Accounting Standards, permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Group has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### A2. Lease

Appendix C to Ind AS 17, Leases, requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, Leases, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101, First-time Adoption of Indian Accounting Standards, provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Group has elected to apply this exemption for such contracts/ arrangements.

## B. Ind AS mandatory exemptions

### B1. Estimates

In accordance with Ind AS, as at the date of transition to Ind AS an entity's estimates shall be consistent with the estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP except impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition this was not required under the previous GAAP.

### B2. Classification and measurement of financial assets and liabilities

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 Financial Instruments are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

- a) The effects of the retrospective application or retrospective restatement are not determinable; or
- b) The retrospective application or restatement requires assumptions about what management's intent would have been in that period; or
- c) The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

### B3. De-recognition of financial assets and liabilities

Ind AS 101 First-time Adoption of Indian Accounting Standards, requires a first-time adopter to apply the de-recognition provisions of Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 First-time Adoption of Indian Accounting Standards, allows a first-time adopter to apply the de-recognition requirements in Ind AS 109, Financial Instruments, retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109, Financial Instruments, to

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the de-recognition provisions of Ind AS 109, Financial Instruments, prospectively from the date of transition to Ind AS.

### C. Reconciliations between previous GAAP and Ind AS

Ind AS 101 First-time Adoption of Indian Accounting Standards, requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS as at the periods specified below.

#### C1. Reconciliation of other equity

The Group has also prepared a reconciliation of equity as at 31 March 2017 and 1 April 2016 under the previous GAAP with the equity as reported in these financial statements under Ind AS, that reflect the impact of Ind AS on the components of statement of Balance sheet which is presented below:

Particulars	Note	As at 31 March 2017	As at 1 April 2016
<b>Equity as per previous GAAP</b>		1,492,051,254	1,339,686,364
(i) Deferred Tax impact on forward contracts and PCFC loans	8,9	(14,097,618)	(5,226,606)
<b>Restated equity as per previous GAAP</b>		<b>1,477,953,636</b>	<b>1,334,459,758</b>
<b>Adjustments on account of:</b>			
(i) Reclassification of preference shares issued from equity	1	(120,019,047)	(114,820,606)
(ii) Fair valuation of external commercial borrowing from related party	2	33,459,741	38,224,451
(iii) Fair valuation of investments carried through OCI	3	957,997	658,541
(iv) Expected credit loss assessment for trade receivables	4	(1,710,639)	(1,236,492)
(v) Reversal of provision for proposed dividend	5	-	36,807,175
(vi) Deferred tax impact on the above adjustments	11	(26,472,060)	(21,188,697)
<b>Equity as per IND AS</b>		<b>1,364,169,628</b>	<b>1,272,904,130</b>

#### C2. Reconciliation of Balance sheet as at 1 April 2016 (date of transition to Ind AS)

ASSETS	Note	Previous GAAP *	Ind AS Adjustments	Ind AS
<b>Non-current assets</b>				
Property, plant and equipment	6	1,140,148,481	(21,190,500)	1,118,957,981
Other Intangible assets		4,384,860	-	4,384,860
Capital work in progress		83,763,129	-	83,763,129
Financial assets				
Investments	3	7,439,801	658,540	8,098,341
Loans		618,419	-	618,419
Other financial assets		33,629,076	-	33,629,076
Non current tax assets (net)		49,597,202	-	49,597,202
Other non-current assets	6	93,354,324	20,610,008	113,964,332
		<b>1,412,935,292</b>	<b>78,048</b>	<b>1,413,013,340</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

ASSETS	Note	Previous GAAP *	Ind AS Adjustments	Ind AS
<b>Current assets</b>				
Inventories		614,529,166	-	614,529,166
Financial assets				
Trade receivables	4	389,266,696	(1,236,492)	388,030,204
Cash and cash equivalents		10,275,003	-	10,275,003
Bank balances other than cash and cash equivalents		259,516,177	-	259,516,177
Loans		307,387	-	307,387
Other financial assets		69,288,372	-	69,288,372
Other current assets	6	22,717,004	580,492	23,297,496
		<b>1,365,899,805</b>	<b>(656,000)</b>	<b>1,365,243,805</b>
<b>Assets held for sale</b>		<b>12,271,364</b>		<b>12,271,364</b>
<b>TOTAL ASSETS</b>		<b>2,791,106,461</b>	<b>(577,952)</b>	<b>2,790,528,509</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital		90,791,600	-	90,791,600
Other equity	13	1,205,470,934	(71,392,443)	1,134,078,491
Non Controlling Interest		43,423,830	4,610,209	48,034,039
		<b>1,339,686,364</b>	<b>(66,782,234)</b>	<b>1,272,904,130</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings	1,2	338,986,968	76,596,154	415,583,122
Deferred tax liabilities (net)	11	65,724,000	26,415,303	92,139,303
Provisions		38,746,055	-	38,746,055
		<b>443,457,023</b>	<b>103,011,457</b>	<b>546,468,480</b>
<b>Current liabilities</b>				
Financial Liabilities				
Borrowings		577,705,242	-	577,705,242
Trade payables		234,552,406	-	234,552,406
Other financial liabilities		40,761,530	-	40,761,530
Provisions	5	59,370,802	(36,807,175)	22,563,627
Current tax liability		87,630,540	-	87,630,540
Other current liabilities		7,942,554	-	7,942,554
		<b>1,007,963,074</b>	<b>(36,807,175)</b>	<b>971,155,899</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,791,106,461</b>	<b>(577,952)</b>	<b>2,790,528,509</b>

\* The Previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

### C3. Reconciliation of Balance sheet as at 31 March 2017

Particulars	Note	Previous GAAP*	Ind AS Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6	1,119,859,486	(20,900,254)	1,098,959,232
Other Intangible assets		3,756,849	-	3,756,849
Capital work in progress		128,209,812	-	128,209,812
Financial assets				
Investments	3	8,039,800	957,997	8,997,797
Loans		408,242	-	408,242
Other financial assets		34,217,545	-	34,217,545
Non current tax assets (net)		49,741,016	-	49,741,016
Other non-current assets	6	106,326,454	20,610,008	126,936,462
		<b>1,450,559,204</b>	<b>667,751</b>	<b>1,451,226,955</b>
<b>Current assets</b>				
Inventories		738,583,746	-	738,583,746
Financial assets				
Trade receivables	4	526,042,301	(1,710,639)	524,331,662
Cash and cash equivalents		36,725,248	-	36,725,248
Bank balances other than cash and cash equivalents		114,055,917	-	114,055,917
Loans		222,711	-	222,711
Other financial assets		93,132,629	-	93,132,629
Other current assets	6	37,578,842	290,246	37,869,088
		<b>1,546,341,394</b>	<b>(1,420,393)</b>	<b>1,544,921,001</b>
<b>Assets held for sale</b>				
		<b>12,271,364</b>	<b>-</b>	<b>12,271,364</b>
<b>TOTAL ASSETS</b>				
		<b>3,009,171,962</b>	<b>(752,642)</b>	<b>3,008,419,320</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital		90,791,600	-	90,791,600
Other equity	13	1,382,222,042	(137,537,708)	1,244,684,334
Non controlling interest		19,037,612	9,656,082	28,693,694
		<b>1,492,051,254</b>	<b>(127,881,626)</b>	<b>1,364,169,628</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
Borrowings	1,2	311,129,990	86,559,306	397,689,296
Deferred tax liabilities (net)	11	78,188,800	40,569,678	118,758,478
Provisions		26,621,566	-	26,621,566
		<b>415,940,356</b>	<b>127,128,984</b>	<b>543,069,340</b>



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

Particulars	Note	Previous GAAP*	Ind AS Adjustments	Ind AS
<b>Current liabilities</b>				
Financial liabilities				
Borrowings		636,946,735	-	636,946,735
Trade payables		244,800,482	-	244,800,482
Other financial liabilities		68,023,193	-	68,023,193
Provisions		25,784,025	-	25,784,025
Current tax liability		104,004,809	-	104,004,809
Other liabilities		21,621,108	-	21,621,108
		<b>1,101,180,352</b>	<b>-</b>	<b>1,101,180,352</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,009,171,962</b>	<b>(752,642)</b>	<b>3,008,419,320</b>

\* The Previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

### C4. Reconciliation of profit or loss for the year ended 31 March 2017

Particulars	Note	Previous GAAP *	Adjustments	Ind AS Adjustments	Ind AS
<b>INCOME</b>					
Revenue from operations	7	3,440,781,560	-	116,459,207	3,557,240,767
Other income	8.9	49,743,049	40,735,143	-	90,478,192
		<b>3,490,524,609</b>	<b>40,735,143</b>	<b>116,459,207</b>	<b>3,647,718,959</b>
<b>EXPENSES</b>					
Cost of material consumed		1,803,235,785	-	-	1,803,235,785
Changes in inventories of finished goods, work-in-progress and Stock-in-trade		62,957,746	-	-	62,957,746
Employee benefits expense	10	330,598,400	-	865,551	331,463,951
Finance cost	1,2	53,625,287	-	9,963,148	63,588,435
Depreciation and amortisation expense	6	137,434,525	-	(290,246)	137,144,279
Other expenses	4,6,7	892,343,999	-	117,223,603	1,009,567,602
		<b>3,280,195,742</b>	<b>-</b>	<b>127,762,056</b>	<b>3,407,957,798</b>
<b>Profit before tax</b>		<b>210,328,867</b>	<b>40,735,143</b>	<b>(11,302,849)</b>	<b>239,761,161</b>
<b>Tax expense:</b>					
Current tax		93,772,870	-	-	93,772,870
Deferred tax	11	12,464,800	-	11,160,738	23,625,538
<b>Profit after tax</b>		<b>104,091,197</b>	<b>40,735,143</b>	<b>(22,463,587)</b>	<b>122,362,753</b>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹, unless otherwise stated)

Particulars	Note	Previous GAAP *	Adjustments	Ind AS Adjustments	Ind AS
<b>Other Comprehensive Income</b>					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Remeasurement (losses)/ gains in defined benefit plans	10	-	-	865,551	865,551
Income tax effect	10	-	-	(323,008)	(323,008)
		-	-	<b>542,543</b>	<b>542,543</b>
Measurement of financial assets through OCI	12	-	-	299,456	299,456
Income tax effect	12	-	-	(61,688)	(61,688)
		-	-	<b>237,768</b>	<b>237,768</b>
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		-	-	<b>780,311</b>	<b>780,311</b>
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>					
Effective portion of cash flow hedge	12	-	-	7,538,550	7,538,550
Income tax effect	12	-	-	(2,608,941)	(2,608,941)
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		-	-	<b>4,929,609</b>	<b>4,929,609</b>
<b>Other comprehensive income, net of tax</b>		-	-	<b>5,709,920</b>	<b>5,709,920</b>
<b>Total Comprehensive Income for the Year</b>		<b>104,091,197</b>	<b>40,735,143</b>	<b>(16,753,667)</b>	<b>128,072,673</b>

\* The Previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

### C5. Reconciliation of cash flow statement for the year ended 31 March 2017

The transition from Previous GAAP to Ind AS has not made a material impact on the statement of cash flows.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

### **C6 Notes**

#### **1 Issue of preference shares**

The Company has issued optionally convertible redeemable preference shares to its significant shareholder, Nitta Gelatin Inc. However the option of conversion had expired on the date of transition. The preference shares carried fixed cumulative dividend which is non-discretionary. Hence, the instrument has been considered as a pure liability instrument. Under the Previous GAAP, the preference shares were classified as equity and dividend payable thereon was treated as distribution of profit. Under Ind AS 32, Financial Instruments: Presentation, such instruments are separated into liability and equity components based on the terms of the contract. The difference between carrying value of financial liability and fair value on initial recognition has been considered as equity contribution by the Company and shown as part of 'Other equity'. Interest expense on financial liability is charged to the Statement of Profit and Loss using the effective interest method.

#### **2 Borrowings from related parties**

Under the Previous GAAP, all financial liabilities were carried at cost. Under Ind AS 109, Financial Instruments, borrowings from Nitta Gelatin Inc have been measured at amortised cost. The difference between carrying value of borrowings and fair value on initial recognition has been considered as equity contribution by the Company and shown as part of 'Other equity'. Interest expense on amortised cost is charged to the Statement of Profit and Loss using the effective interest method.

#### **3 Measurement of investments at fair value through OCI**

Under the Previous GAAP, the Company accounted for long term investments in quoted and unquoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in the FVTOCI reserve, net of related deferred taxes.

#### **4 Expected credit loss assessment for trade receivables**

Under the Previous GAAP, the Company has created a provision for impairment of receivables only with respect to specific amount for losses incurred. Under Ind AS 109, Financial Instruments, impairment allowance has been determined based on Expected Loss model (ECL). On application of the ECL model, the Company impaired part of its trade receivable on 1 April 2016 which has been adjusted with retained earnings. The impact for year ended on 31 March 2017 has been recognised in the Statement of Profit and Loss.

#### **5 Adjustment for proposed dividend**

Under the Previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend included under provisions has been reversed with corresponding adjustment to retained earnings.

#### **6 Leasehold land**

Under the Previous GAAP, the leasehold land had been capitalized under property, plant and equipment and depreciation on the same had been claimed. Under Ind AS 17 Leases, all leases have to be assessed as per the criteria of finance and operating lease. Accordingly, the Company has classified the arrangement for leasehold land as an operating lease. The net block appearing

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

(All amounts in ₹, unless otherwise stated)

under PPE has been reclassified to Prepaid lease rentals and the aforementioned depreciation has been reclassified as rent expense.

### **7 Excise duty**

Under the Previous GAAP, revenue from sale of goods was presented net of excise duty whereas under Ind AS the revenue from sale of goods is presented inclusive of excise duty. Accordingly, the excise duty has been included in revenue and other expenses respectively.

### **8 Foreign exchange forward contracts**

Under the Previous GAAP, the company had adopted the principles of hedge accounting as per Accounting standard 30, Financial Instruments: Recognition and Measurement, and accordingly designated the foreign exchange forward contracts in a cash flow hedge relationship. However, for certain hedge relationships all the conditions for hedge accounting were not met. Consequent to above, the unrealised gain/(loss) on such hedges have been reclassified to opening retained earnings on the transition date and to the Statement of profit and loss for the year ended 31 March 2017, respectively. In addition to above, the Company had not recorded the consequent deferred tax impact on the aforesaid adjustments which have now been given effect in these financial statement.

### **9 Foreign exchange gain/ (loss) on PCFC loans**

Under the Previous GAAP the Company had recorded the gain/ loss on PCFC loans in the hedging reserve which has been adjusted in the opening retained earnings and statement of profit and loss for the year ended 31 March 2017 respectively. In addition to the above, the Company had not recorded the consequent deferred tax impact on the aforesaid adjustments which have now been given effect in these financial statement.

### **10 Defined benefit obligation**

Both under the Previous GAAP and Ind AS, the Company recognized costs related to its post-employment defined benefit plan on an actuarial basis. Under previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is reduced by such amount with a corresponding adjustment on defined benefit plans has been recognized in the OCI net of tax.

### **11 Deferred tax**

Under the Previous GAAP, deferred tax was accounted using the income statement approach, on the timing differences between the taxable profit and accounting profits for the period. Under Ind AS 12, Income Tax, deferred taxes are recognized following the balance sheet approach on the temporary differences between the carrying amount of asset or liability in the balance sheet and its tax base.

### **12 Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the Statement of Profit and Loss as 'other comprehensive income' includes re-measurements of defined benefit plans, effective portion of gains and losses on cash flow hedging instruments and fair value gains or (losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under the Previous GAAP.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ` , unless otherwise stated)

### 13 Other equity

Adjustments to retained earnings as at 1 April 2016 and 31 March 2017 has been adjusted consequent to the above Ind AS transition adjustments.

This is the summary of accounting policies and the other explanatory information referred to in our report of even date.

#### For and on behalf of the Board of Directors

For **Walker Chandiok & Co. LLP**  
Chartered Accountants

SAJIV K. MENON  
Managing Director  
DIN : 00168228

RADHA UNNI  
Director  
DIN : 03242769

RAYMOND MERZ  
Director  
DIN : 07498918

DR. M. BEENA IAS  
Director  
DIN : 03483417

A.K. Nair  
Director  
DIN : 00009148

K. L. KUMAR  
Director  
DIN : 00004804

For **Aasheesh Arjun Singh**  
Partner

DR. K. CHERIAN VARGHESE  
Director  
DIN : 01870530

Dr. SHINYA TAKAHASHI  
Director  
DIN: 07809828

Place: Kochi  
Date: 04 May 2018

SAHASRANAMAN P.  
Chief Financial Officer

G. RAJESH KURUP  
Company Secretary

## Awards & Accolades



Mr. A.N. Kannan General Works Manager (Ossien Division) receiving on 23rd June'18 the "Best Corporate Citizen Award" for the Company, instituted by the National Institute of Personnel Management (NIPM) from Mr. Mohammed Hanish IAS, Managing Director, Kochi Metro Rail Corporation Limited (KMRL).



Mr. Sahasranaman, CFO of the Company receiving on 18th July 2017, the 14th National Awards for Excellence in Cost Management - 2016 instituted by the Institute of Cost Accountants of India, from Shri Arjun Ram Meghwal, Hon'ble Minister for Finance and Corporate Affairs, Govt. of India. This was in recognition of the Company's efforts to enhance operational cost efficiency.





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